



pharmaceuticals Limited

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Date: 30th May, 2026

To,
The Manager,
Corporate Filings Department,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

The Manager,
Listing Compliance Department,
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051.

Security Code: 532815

Symbol: SMSPHARMA

Dear Sir/Madam,

Sub: Transcript of the Conference Call held on 27th May, 2026.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find the attached transcript of the Conference Call held on Wednesday, 27th May, 2026 for the fourth quarter and year ended 31st March, 2026.

A copy of the said Transcript is being uploaded on the website of the Company www.smspharma.com

Kindly take the same on record and disseminate on your website.

Thanking you

Yours Faithfully

For SMS Pharmaceuticals Limited

**Thirumalesh Tumma
Company Secretary**



“SMS Pharmaceuticals Limited
Q4 & FY26 Earnings Conference Call”
May 27, 2026

Disclaimer: E&OE - This transcript has been edited for clarity. In case of discrepancy, the audio recordings uploaded to the stock exchanges on 27th May 2026 will prevail.



**MANAGEMENT: MR. VAMSI KRISHNA POTLURI – EXECUTIVE
DIRECTOR – SMS PHARMACEUTICALS LIMITED
MR. LAKSHMI NARAYANA TAMMINEEDI – CHIEF
FINANCIAL OFFICER – SMS PHARMACEUTICALS
LIMITED
MR. THIRUMALESH TUMMA – COMPANY SECRETARY
AND COMPLIANCE OFFICER – SMS
PHARMACEUTICALS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to SMS Pharmaceuticals Limited Q4 and FY26 Earnings Conference Call. Today, we have with us Mr. Vamsi Krishna Potluri, Executive Director; Mr. Lakshmi Narayana Tammineedi, Chief Financial Officer, Mr. Thirumalesh Tumma, Company Secretary and Compliance Officer.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vamsi Krishna Potluri, Executive Director. Thank you, and over to you, Mr. Potluri. Speakers, please go ahead.

Vamsi Krishna Potluri: Good morning, everyone, and thank you for joining us today. I appreciate your time and continued interest in SMS Pharma. FY26 was an important year for the company. While the operating environment remained dynamic across several API segments, we remain focused on increasing market share in our key APIs, strengthening backward integration and building a diverse product portfolio.

These efforts enabled us to deliver 13% revenue growth, expand the EBITDA margins to 20% and continue investing in future growth platforms. More importantly, FY26 was a year of rebuilding the foundation for the next phase of growth. Over the last 3 years, we have invested significantly in backward integration, product registrations, plant engineering and capacity expansion. Much of this work requires time before it translates to commercial results.

We believe FY27 and FY28 will increasingly reflect the benefits of these investments through higher revenue, stronger volumes and improved profitability. Before discussing developments across our business segments, let me briefly review our financial performance for the quarter and full year. Turning to our financial performance. Revenue for Q4 FY26 stood at INR238 crores. For the full year, revenue increased by 13% to INR887 crores, supported by strong growth across our anti-inflammatory and ARV segment.

Gross profit for Q4 stood at INR81 crores. For FY26, gross profit increased 14% to INR303 crores, while gross margins remained healthy at 34%. EBITDA in Q4 was INR40 crores with margins at 17%. For the full year, EBITDA stood at INR171 crores, up 23% with margins improving to 20%, reflecting the benefits of backward integration, favorable product mix and operating leverage.

In Q4 FY26, PAT was INR33 crores, including a INR12 crores contribution from our associate company, VKT Pharma. Excluding this share of profit, PAT stood at INR21 crores compared to INR20 crores in Q4 FY26. For FY26 PAT rose 47% to INR102 crores supported by margin

expansion and a INR14 crores contribution from VKT Pharma. We anticipate VKT Pharma's full year contribution to be sustainable and strengthen into FY27. Extending our share of VKT Pharma's profit, PAT grew 28% to INR88 crores compared to INR67 crores in FY25.

Across our key therapeutic segments, we continue to see encouraging developments. In the ARV portfolio, our superior cost structure has enabled us to gain market share and strengthen customer relationships. We are also witnessing encouraging traction from recently commercialized products. In the anti-inflammatory APIs, we continue to see progressive volume growth with a significant portion of our planned capacity already committed for the coming year.

Upon completion of our current capex program in FY27, our installed capacity will increase to 800 metric tons per month. We expect capacity utilization to reach a high level by FY28. Let me also address the anti-diabetic segment, which has been a key area of discussion over the past few quarters. Anticipating the evolving pricing and demand environment, we proactively adjusted our strategy at the beginning of Q3 FY26 before the impact became visible. We consciously redirected time, focus and resources towards segments where we see stronger long-term opportunities and more sustainable unit economics, particularly ARVs and anti-inflammatory APIs.

With that overview of our business performance, let me discuss the strategic initiatives that are laying the foundation for our future growth. A key pillar of our strategy is maintaining a robust product pipeline. In line with this objective, we filed 12 DMFs and CEPS during FY26 and intend to maintain this pace with 10 additional filings targeted in FY27 and further 10 filings planned for FY28.

Our brownfield expansion project is progressing as planned. Against the total planned investment of approximately INR280 crores, we have already invested around INR130 crores. This expansion includes multiple high-margin molecules that are expected to generate profitability above our current portfolio average. We expect these products to begin contributing meaningfully during FY28 with further scale-up expected in FY29.

We are also making encouraging progress in peptides. We have already invested in peptides R&D capabilities and initial results are promising. Currently, we are working on multiple products, and we will give greater clarity on the commercial road map after the next 2 quarters. While the peptides remain a medium-term opportunity, we believe the foundation being built today can become an important growth driver with meaningful contributions expected from FY29 onwards.

Similarly, our CDMO initiative remains an area of strategic focus. We continue to evaluate opportunities and build the required capabilities. The project is progressing well, and we expect to be in a better position to provide a more comprehensive update after the next 2 quarters. Taken together, our core API business, new product launches, brownfield expansion, peptide platform and CDMO initiatives provide a strong platform for sustainable growth throughout FY30 and beyond.

Our objectives remain clear to build a larger, more diversified and higher-margin business while maintaining our focus on operational excellence and disciplined capital allocation. Coming to FY27, while we remain optimistic about the opportunities ahead, we are adopting a prudent approach in our outlook.

Ongoing geopolitical developments in the Middle East have introduced uncertainties around logistics, freight movements and supply chain stability for both raw materials and finished products. Taking these factors into account, we are guiding for 15% revenue growth while aiming to further improve upon our FY26 EBITDA margin of 20%.

At the same time, if the external environment stabilizes and logistics conditions improve, we believe there is potential for growth to exceed our current guidance given the opportunities we see for our products. Overall, we believe the investments made over the last several years have positioned the company well for the next phase of growth. We are entering FY27 with stronger capabilities, a broader product portfolio, improving market positions and multiple growth drivers that provide a long runway for growth.

With that, I would like to conclude my remarks and open the floor for questions. Thank you.

- Moderator:** The first question comes from the line of Vihaan Bagri with Umayo Advisors.
- Vihaan Bagri:** Yes, am I audible?
- Vamsi Krishna Potluri:** Yes, you're audible. Please go ahead.
- Vihaan Bagri:** So my first question is, what was the reason behind the decline in gross margin on a quarter-on-quarter basis?
- Vamsi Krishna Potluri:** Okay. So, the reason for decline in gross profit margin for quarter-on-quarter -- so, it's a 2% decrease on quarter-on-quarter gross margin from compared. This is mainly due to increase of raw material consumption. And this is due to increase in solvent cost in March. So because of the war, the solvent costs have increased drastically, and that resulted in increase of raw material cost for the product.
- Vihaan Bagri:** All right. I have another question, it's regarding the capex. So I wanted to understand the breakup of the capex as well as the time line of the launch of the different projects?
- Vamsi Krishna Potluri:** Breakup of the product -- project is for backward integration project for -- we are investing on ibuprofen to further enhance our capacity. We are currently sitting at 500 tons per month capacity. Now we are increasing our capacity to 800 metric tons because we are almost 80% already utilizing our existing capacity. So, we foresee a good incremental increase in our sales. So, we are increasing our capacity to 800 metric tons.
- So that is one. And we are doing a brownfield project. We are building dedicated block for 4, 5 new APIs that we are filing, the DMF that we file, we have to commercialize it. Our existing capacities do not support the commercialization of the products that we are filing. So, we are creating a block for high-value, high-margin products.

- Vihaan Bagri:** And by when do you expect these projects to be commissioned?
- Vamsi Krishna Potluri:** So, this will be completed by FY27, March, and the capex will be completed, and we expect incremental revenues from FY28.
- Vihaan Bagri:** All right. And over the next 2 to 3 years, what could be the EBITDA margins we would aspire to do?
- Vamsi Krishna Potluri:** So, see, our all-time high EBITDA margin was around 22%. And definitely, we are targeting that this year. And the subsequent years, we are trying to probably exceed that. Our historical highest was 22% in the company's history. So, this year, we are at 20% already. But next year, we are trying to reach 22%.
- Moderator:** Next question comes from the line of Maitri Shah with Sapphire Capital.
- Maitri Shah:** Yes. Hello. Am I audible?
- Vamsi Krishna Potluri:** Yes, please go ahead.
- Maitri Shah:** A few questions. Firstly, you said EBITDA margins we see increasing to over 22% this year. What do you think is driving such growth in the EBITDA margins when the supply chain is like facing a lot of disruptions currently? What kind of, I would say, molecules are driving this EBITDA margin growth, if you could explain on?
- Vamsi Krishna Potluri:** See, I think the main important driver will be the backward integration because for a very key important product like ibuprofen, if we have not backward integrated, like we've not taken this call of backward integration a couple of years back, we would have probably been in a very bad situation now because of the current market scenarios, because of price escalations, we wouldn't have been able to survive in the market.
- But because we've backward integrated, we are manufacturing our own intermediates, and this has actually helped us improve the margins as well as stabilize our -- I mean, customer confidence also on SMS Pharma in delivering products. And definitely, there is a price increase also that is happening in products like ibuprofen, which -- so definitely, because of this war, the price. So just to quickly answer the previous question.
- So the main reason that we are able to sustain the EBITDA margins this year is because of our strong backward integration. Couple of years back when we've taken this decision of backward integration. So that actually enabled us to make sure that, you know, we are competitive in the market at this point of time. So, this is the major, major road driver for the EBITDA margin increase for coming years, because the actual potential of these backward integration projects will be taking effect in this financial year.
- Maitri Shah:** That is great. So, the 22% margins we are targeting is through the backward integration and post that, the four or five new APIs that we are adding will kind of drive it even further.
- Vamsi Krishna Potluri:** Exactly. The four or five new APIs that we drive at will definitely drive the margins better.

- Maitri Shah:** That is great. So, these four or five new APIs that we are adding, what therapeutic areas are we targeting? Are they in the inflammatory side, any kind of color on that? And also, what sort of market size do these have? How do we see the growth coming from these?
- Vamsi Krishna Potluri:** See, one is the anti-retroviral. There are multiple segments. It's not in any particular therapeutic category as such that we are currently working on. I mean, the major, none of them are in any of the major categories. They are new category segments.
- Maitri Shah:** And how do you see the high value share kind of inching up with these coming on board? I think we are at 44, 47%. So how do you see that kind of contribution going up in the years going forward?
- Vamsi Krishna Potluri:** I'm sorry, could you repeat that again?
- Maitri Shah:** The high value product share is I think currently at 47% of our total sales. With these new APIs kind of adding onto it, how do you see the share going up in the medium term?
- Vamsi Krishna Potluri:** Yes, definitely. We see the share going up.
- Maitri Shah:** And any quantification on that?
- Vamsi Krishna Potluri:** Probably around like 60%.
- Maitri Shah:** And the last thing I wanted to ask on within the chemo side, I think they're doing it with the JV. Any updates on that if you could share with us?
- Vamsi Krishna Potluri:** So, it's a continuous, so the JV products are, so the JV business is continuously happening. So, we are already developing five new products for them. So, which will be commercialized in this financial year.
- Maitri Shah:** Five products, are we expecting them to commercialize this?
- Vamsi Krishna Potluri:** Yes.
- Maitri Shah:** And what do you see for that going forward?
- Vamsi Krishna Potluri:** So definitely it's a big, these are good strong products, high value products. And we definitely have a very strong partner in chemo who will promote these products across the world. So, we anticipate good sales from these JV products. Similar to ones that you've seen on the anti-diabetic segment, similar kind of growth could happen going forward.
- Maitri Shah:** And secondly, on currency, which sort of export percentage do we have from our India business?
- Vamsi Krishna Potluri:** Export percent, just give me a second. I think 70% will be exports for us.
- Maitri Shah:** And do you expect this to scale up with the new APIs coming on board or they are more domestic?

- Vamsi Krishna Potluri:** Yes, it will be around that range, growth of maybe 4%, 5%, yes. I think it will be around 70%, 75%.
- Maitri Shah:** And this 15% growth you said for this year, is on the conservative side with the market scenario. Post everything kind of solved, we have the new capex on front. FY28, '29, how do you see the growth kind of shaping up?
- Vamsi Krishna Potluri:** So definitely, see our target is to hit at least 20% to 25%. That is our actual target. But conservatively, we project a little lower just in case some things happen like war and all that are not in our control. So, we are a little conservative on the projections. So, we anticipate at least a 20%, 25% growth rate going forward.
- Moderator:** Next question comes from the line of Bhavani Prasad Kulkarni from PMS.
- Bhavani Prasad Kulkarni:** Yes, I had -- I was just going through the revenue share. So, are we trying to increase anything in anti-erectile and anti-ulcer?
- Vamsi Krishna Potluri:** So, these are our very old segments. We've been on the anti-ED and anti-ulcer segment for a long time. And definitely, I think new products are coming out in these segments which we are focusing on. And for sure, I mean, these are very stable segments for SMS Pharma. These are one of the top 3 segments for us as well.
- Bhavani Prasad Kulkarni:** Correct. So, on the same ground, a follow-up question, that's why I asked this question. There is this OCF conversion ratio also. I was just looking at -- it has increased commensurately compared to '23-'24. So is the OCF conversion ratio, are we looking at increasing it further?
- Lakshmi Narayana:** Obviously, we plan to further strengthen the OCF conversion ratio.
- Bhavani Prasad Kulkarni:** Right, sir. Right. So, I had one last question on anti-inflammatory sales. So, this year, we have almost seen 182% CAGR since 2021 because that's when I started investing in SMS. That's why I was asking this question. So, is there a further scope of improvement on this, sir?
- Vamsi Krishna Potluri:** Could you please repeat that question again?
- Bhavani Prasad Kulkarni:** Absolutely. So anti-inflammatory sales Okay. We have considerably increased from '21 FY -- FY21 to FY25. So, are we seeing any further increase? Because I see a little bit of decrease from FY24 and '25. So, are we concentrating on anti-inflammatory sales further? Or is it in the -- we are just not concentrating that's not a core sector?
- Vamsi Krishna Potluri:** No. See, that segment, we have one big product, ibuprofen, that contributes the majority in that sector. For sure, we are doing all the capex to increase that revenue. So that will be the major driver for the company also. So obviously, at the same time, we are increasing the sales. With backward integration, we are trying to increase the margins as well. So that is a very, very critical product for us.
- Bhavani Prasad Kulkarni:** Absolutely. If I have any other questions, I will reach out to the Investor Relations officer. If I have time, I have one more question, last question. So, sir, if I'm looking at this investor

presentation, I see that revenue by customer size in FY26, one of the largest customers is giving us 28% of the total revenue, right? So, I'm feeling that are we not completely concentrated on that basis because 28% comes from a single client?

Vamsi Krishna Potluri: Single customer, but it is from multiple products. It is not a single product contribution. So, it's from multiple products, yes.

Bhavani Prasad Kulkarni: So, is it from -- I mean, if I may ask, is it from Teva or Sun Pharma?

Vamsi Krishna Potluri: No, we cannot disclose the name of the customers here in this platform, but if there's anything we can...

Bhavani Prasad Kulkarni: Got it. I was just being wishful. I was just being wishful.

Moderator: Next question comes from the line of Jaiprakash with Korman Capital. Mr. Jaiprakash, you are not audible. Can you please come in the range and speak a little louder?

Jaiprakash: Yes. Let me know if I'm audible. Sir, my question is related to this related-party transaction you have. I think the VKT Pharma and SMS Life Sciences, there is -- I think you own as a company, 34% stake in VKT Pharma and SMS Life Sciences, I'm not able to understand how much. But you have some related party transactions of like INR40 crores in VKT Pharma and about INR20 crores in SMS Life Sciences. If you can just throw some light on that, why that is required?

Vamsi Krishna Potluri: Sure. So, I think the related party transactions have been disclosed. And see, for example, VKT Pharma, SMS has around 34%, 35% stake in VKT Pharma. But SMS Pharma does not have as such any investment in SMS Life Sciences. That is a different company altogether.

But the promoters -- see it's been coming under the related party because the promoters have some investment in SMS Life Sciences. So that's the reason it's under the related-party transaction category. But for VKT, the sales -- definitely VKT buys APIs from SMS. So definitely, the sales of INR40 crores that you see are from that sales from SMS Pharma to VKT Pharma. And from Life Sciences, SMS buys some intermediates and raw materials. So that is the relation between procurement from SMS Pharma and SMS Life Sciences.

Jaiprakash: Got it, sir. Any future guidance in terms of bringing these companies in your fold just to streamline the transaction?

Vamsi Krishna Potluri: At this point of time, no, it's again, as I told you, SMS Life Sciences is a separately run -- it's an independent company. It's nothing to do with SMS Pharma. And with VKT Pharma at this point of time, we have no such plans. And definitely, I think they are in a different category. They are a finished dosage company. So, they are a formulation company. So, nothing related to SMS Pharma. So, at this point of time, we have no such plans.

Jaiprakash: Okay. Sir, and if you can just give us this ibuprofen, how much it makes of the total revenue?

Vamsi Krishna Potluri: Roughly around 20%. It is roughly around 20%. Let me just double check. I think it's around 20%. Yes, it's 20%.

Moderator: Ladies gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to Mr. Vamsi Krishna Potluri for closing comments.

Vamsi Krishna Potluri: Thank you. We appreciate your continued trust and interest in SMS Pharma's journey. For any further questions or clarifications, please feel free to reach out to our Investor Relations partner, Eqspontent. Wishing you a great day ahead. Thank you so much.

Moderator: Thank you. On behalf of SMS Pharmaceuticals Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.