



**SUPRIYA LIFESCIENCE LTD.**

*Creating true values that bind global health*

Date: June 5, 2024

To,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai – 400 001  
**Scrip Code: 543434**

To,  
**National Stock Exchange of India Limited**  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex  
Bandra (E), Mumbai – 400 051  
**Scrip Symbol: SUPRIYA**

Dear Sir (s),

**Subject: Transcript of the Earnings Call for the quarter and year ended March 31, 2024**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we hereby enclose the transcript of the Earnings call held on Wednesday, May 29, 2024 at 11.00 A.M. IST to discuss operational and financial performance of the Company for the quarter and year ended March 31, 2024.

This is for your information and records.

Thanking you,

Yours faithfully,  
**For Supriya Lifescience Limited**

**Shweta Singh**  
**Company Secretary & Compliance Officer**  
**Membership No.: A44973**

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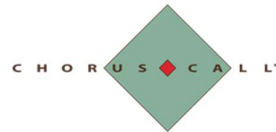
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“Supriya Lifescience Limited  
Q4 FY '24 Earnings Conference Call”  
May 29, 2024



**MANAGEMENT:** DR. SATISH WAGH – CHAIRMAN AND MANAGING  
DIRECTOR – SUPRIYA LIFESCIENCE LIMITED  
DR. SALONI WAGH – WHOLE TIME DIRECTOR –  
SUPRIYA LIFESCIENCE LIMITED  
MR. KRISHNA RAGHUNATHAN – CHIEF FINANCIAL  
OFFICER – SUPRIYA LIFESCIENCE LIMITED

**MODERATOR:** MR. IRFAN RAEEN – ORIENT CAPITAL

**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 and FY '24 Earnings Conference Call of Supriya Lifescience Limited. As a reminder, all participants' 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 touch-tone phone. Please note that this conference is being recorded.

And I'll hand the conference over to Mr. Irfan Raeen from Orient Capital. Thank you. And over to you, sir.

**Irfan Raeen:** Thank you, Neha. Good morning, everyone. On behalf of Supriya Lifescience Limited, I extend a very warm welcome to all participants. Before we begin the call, I would like to give a short disclaimer. This call may contain some of the forward-looking statements, which are completely based upon our belief, expectation. As of today, these statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties.

With this, I would like to hand over the call to Satish, sir, for his opening remarks. Over to you, sir. Thank You

**Satish Wagh:** Good morning and a warm welcome to all the participants. Thank you for joining us today to discuss the Q4 Financial Year 24 results of Supriya Lifescience Limited. To take us through the results and answers to your questions, along me are Dr. Saloni Wagh, Whole-Time Director, Mr. Krishna Raghunathan, Chief Financial Officer, and our Investor Relations Department, Orient Capital. I hope everyone got the opportunity to go through the financial results and investor presentation, which have been uploaded on the stock exchanges as well as the company website.

It gives me immense pleasure to announce that the company has achieved a revenue of INR570 crores, which is a 24% growth as compared to the previous year, while maintaining a healthy EBITDA margin of 30%. This achievement is a testament to the successful execution of our long-term and sustainable strategy, which includes:

- a) Penetration and focus of the company on more regulated markets
- b) Widening our product basket in regulated markets
- c) Widening our portfolio by introducing new molecules and therapies.d)Integrating production, manpower, and the latest technology.
- e) Enhancing operational efficiency and superior cost management.
- ef)Implementing backward integration to extend our value chain and secure more regulatory registrations
- g) Focusing on R&D investments and ensuring supply chain stability.

The company continues to deepen investments in systems, risk understanding, alternative markets, and responsiveness. During the year, the company enhanced its presence in regulated markets, resulting in a large share of revenue contribution from the European region, increasing from 31% in financial year '23 to 41% in financial year '24. This shift is significant as margins in the regulated markets are higher as compared to semi-regulated markets.

The company has created a pipeline of a new products extending beyond its long-standing competence in anti-stimulants to include anti-diabetics, anesthetics, etcetera and other therapeutic areas. These products will be launched by Q3 FY '25. We intend to build our contract development and manufacturing organization, CDMO, business portfolio.

Our site in Ambarnath will be ready by Q2 FY '25, where we will be further expanding our CMO and CDMO activities. This year, we are very pleased to announce that we have proposed 40% dividend as against of 30% last year for all our esteemed shareholders. With this, I hand over the call to our CFO, Mr. Krishna Raghunathan, to share Q4 final year '24 financial highlights with you all. Over to you, Mr. Krishna.

**Krishna Raghunathan:** Thank you, sir. Hello, everyone, and good morning. I will now share the operational performance of the quarter, and following which, we will open the floor for questions and answers.

The company reported **revenue** from operations of INR158 crores in Q4 FY '24 as against INR140 crores in Q3 FY '24, plus registering a growth of 13% quarter-on-quarter.

**EBITDA** in Q4 FY '24 stood at INR56 crores as against INR41 crores in Q3 FY '24, and EBITDA margin stood at 35% for Q4 FY '24 as against 29.% in Q3 FY '24.

**Profit before tax** was INR53 crores for Q4 FY '24 as against INR40 crores in Q3 FY '24 and the growth is around 33%.

**PAT** stood at INR36 crores in Q4 FY '24 as against INR30 crores in Q3 FY '24. PAT margins stood at 23% compared with 21% in Q3 FY '24.

#### **Moving to full-year performance**

**Revenue** from operations of INR570 crores in FY '24 as against INR461 crores in FY '23, we reported a growth of around 24% compared with FY '23.

**EBITDA** in FY '24 stood at INR173 crores as against INR129 crores in FY '23, and EBITDA margin stood at 30% for FY '24 as against 28% in FY '23.

**Profit before tax** was INR166 crores for FY '24 as against INR123 crores in FY '23, and the growth is around 34%.

**PAT** stood at INR119 crores in FY '24 as against INR90 crores in FY '23. PATs margins stood at 21%.

We have improved our working capital days from 235 days to 124 days. This is mainly due to reduction in overall inventory days from 233 to 165. There has been a slight increase in get-out days due to higher sales during this quarter end, which would even out. On borrowings, we would like to report that for the last six months, we have not utilised any working capital limits except for letter of credits and bank guarantees.

Now, we can open the floor for questions and answers. Thanks to all of you.

**Moderator:** Thank you very much. We will now begin the question and answer session. Anyone wishes to ask a question may press star and one on their touch tone telephone. If you wish to remove yourself from the question queue you may press star and two. Participants are request to use

handsets while asking a questions. Ladies and gentleman we will wait for a movement while the question (sound not clear 7.45) The first question is from the line of Raghav Agarwal from Vriddhi capital. Please go ahead.

**Raghav Agarwal:** Hello. Am I audible sir? (8.01)

Moderator: Yes, you are audible.

Raghav Agarwal: Good morning, everybody. Congratulations, sir, for the great set of numbers. I just had a question regarding the Brazil orders and the Brazil approvals that you were talking about last time. You had mentioned that you had got some approvals from there. Can you throw some light on that?

**Saloni Wagh:** Yes, we have. So, we had our ANVISA audit from the Brazilian authority in the month of January, and we have cleared that audit with zero observations. So, it is a big step for us because recently the authority had opened up the portal because most of their current sources are from China. So, they are looking at replacement sources, and they had opened up this portal wherein if you can get the products registered and you can get the site audited and approved, then you will become the first source for those products, and all the local companies would have to buy those products from you. So, we have actually taken great advantage of this situation. We got the audit done.

Like I said, we cleared the audit with zero observations, and as of now, we have already registered about 10 products with CADIFA. Around eight additional products are currently under registration. So, by end of this year, we will have about 17 to 18 products registered with the authority.

This actually opens up a very big market for us because for our existing products also, the market in Brazil is growing, plus the new products what we are introducing in the basket, for those also the Brazilian market is quite large. Our anticipation is that in the next three years, because of this registration in Brazil, at least INR200-odd crores we will be able to add to our top line. So, this is just some light on the registrations and why we have aggressively pursued this.

**Raghav Agarwal:** Thank you so much, ma'am, for that answer. I also wanted to understand the DMS project. How is that going on? And you had also mentioned that there is a possibility of getting similar orders like the European DMS order that we received. Can you also talk about that?

**Management:** If I am not wrong, you are asking about DSM, right?

**Raghav Agarwal:** Yeah, Yes, exactly..

**Saloni Wagh:** **Okay.** So, yes, it is one of our, as you are aware, that in the last couple of quarters, we have really focused on expanding our CMO, CDMO kind of opportunities, and DSM is one such long contract that we have got. We are the exclusive suppliers for vitamin B2 for them. Initially, they were manufacturing this product, but in the last few quarters, they have completely suspended their production, and now we will be their sole supplier going forward globally for this product.

The project is moving really well. We have already started commercial supply for food grade material, and the CEP, USDMF, and the Japan DMF are currently under filing. So, once that is done, even the pharma you know business, we will start getting. For FY'25, we are anticipating at least 25 to 30 tons of you know material from the DSM contract, and we definitely have a lot of other similar contracts in the pipeline where we have some assured business of advanced intermediates as well as APIs, which will -- you will see that some of them will start commercializing in FY'25, maybe the second half of FY'25, but there are a lot of other opportunities on the same line.

**Raghav Agarwal:** That's it from my side. Thank you so much. Thank you.

**Saloni Wagh:** Thank you.

**Moderator:** Thank you. The next question is from the line of Aditya from MSA Capital Partners. Please go ahead.

**Aditya:** Thank you so much for the opportunity. So, just wanted to quickly understand a few things. So, what would be the overall thought process of the management when we are coming out with new molecules? What is the size of molecules that we look at? What are the margins that we look at when doing R&D? If you can just give me a quick colour on this.

**Satish Wagh:** See, we focus on the molecules. Normally, if you see, you know, many products are -- we're depending upon China. So, our intention is that the therapeutic products which we select, we have our in-house complete backward integration, and then we launch. And we normally see a sizable amount of tonnage and business. We, therefore, have already increased our capacity of one of the plant which is going into operation. Validation is going on now.

That is 370 KLD. So, you can understand, we already have next three years future considering the capacity is 1,020 KLD. And many countries today I have seen are very keen to buy from India than China. So, we mostly focus on that because we are in exports for almost more than 38 years. And you have seen our ratio is 80% and above.

So, our meetings which we meet to the customer, customer has intention to expand the business with Supriya Life Science because of the regulatory support and many other options which we give to our customers.

**Aditya:** Understood, understood. Thank you so much for the answer, sir. Also, from introduction, that is when we developed the product and we launched it in the market, how fast, in your experience, how fast does a molecule scale up? And for example, what would be the revenue percentage of the molecule that you had introduced two years back as part of our revenues today?

**Saloni Wagh:** So, usually it takes around two to three years for any molecule to scale up significantly because it takes anywhere between 12 to 18 months for getting different kind of regulatory approval. About six to nine months for us to actually launch the product and get the validation completed and start the commercial production. But in regulated market, 12 to 18 months to register the product.

So, for you to see a sizable contribution from a particular new product to our top line, minimum two years are required. In semi-regulated market, this time is slightly shorter. You can see that in semi-regulated market, between 12 to 18 months, as soon as the commercial launch of the product happens, we can start applying some quantity. But the better margins and the higher revenues come when the product goes into the more regulated market.

**Aditya:** And if you were just to quantify the product that we had launched two years back or three years back, if you have the number ready with you, what would be the contribution from those products today?

**Saloni Wagh:** So, not exactly. We are not able to quantify that exact number. But what has also happened is in the last couple of years, we have actually worked on our existing products because if you look at our revenues in the last two-three years also, we were not present for a lot of our existing products in the regulated market space.

So, last two-three years, our main focus was capacity enhancement and then catering for existing products in the regulated market which we were entering. And that is also reflected in the number. Most of the major new product launches will start happening from this financial year because this year we are planning to launch almost four-five new products. So, now you will see more and significant contribution from the new product launches.

**Aditya:** Understood.

**Satish Wagh:** Also the strategy of the company, as you were asking normally any development API takes two to two and half years. But we have decided, Yes, but we have decided after meeting the customers because our customer base is 1,700 customers currently present in 128 countries. You can see and analyze that. This is the big basket. We have decided to catch hold of big companies where we will not be selling the API but validated drugmaster files for the N-1 intermediate we will give them. And today the demand is from them that they don't want to go to China but they need N-1 intermediate where volumes are there.

So, such type of products we are already talking with three-four customers who are using in a very big way. There, if you get your interest, you get your margins, we are very happy. So, we will not be fighting for API but we will see that we consume our entire capacity for N-1 intermediates and move ahead. First and the second, you must under last that we are a debt-free company that is our strong presence. We have cash in our hand. We don't borrow anything.

As of today, you see the balance sheet. We don't have any limits utilized by us. That's the stronghold of the company, principles and integrity.

**Aditya:** So, there's no doubt that you've played a phenomenal business just trying to get a better sense for myself and handle on the company. So, that's why these qualitative questions that I'm trying to get a sense of. Sir and Mam So, when we look at our sales cycle and if you can -- how long would it be, what would be the process and in terms of wallet share, do we monitor our wallet share in terms of our clients' API spends and what would be the quantum of competition within that wallet share?

**Saloni Wagh:** So, as far as competition is concerned in most of the products that we manufacture, I wouldn't say that we have a comparable competitor only because we are present mainly in the very regulated markets where we are supporting our customers not only with the complete regulatory compliance, but for most of these products, we have a completely backward integrated product.

So, in terms of supply, in terms of the best cost, in terms of even the quality of the product itself, I feel in most of our products because you know that for a majority of the products which almost contribute to about 75% of our revenue, we are fully backward integrated. So, for those products, at least we don't see that there is a comparable competitor and with the customer also, we are their first approved source.

So, more than 80%-90% of their demand, we are catering currently.

**Satish Wagh:** And sir, one thing I would like to highlight. This is a regulated pharmaceutical industry. It's not a grocery market of competitions. Let's understand that. Competition, you can create and you can lose. You can become NPA and get out of the business. That's the story in India. You must understand that this is not possible. In a regulated industry, regulated things are discussed. The buyer should be confident to work with you. That confidence has to be created because today somebody comes, gives X price, Y price and just takes the business.

We have seen what is the fate of the business today. So business is always there on your integrity, quality and your sustainability. You go anywhere and say INR10 down, INR20 down nobody can buy from you because in the world today people talk about quality.

The manager who sits he wants to buy at least 4 products, 5 products and reduce the number of vendors that is the attitude of the multinationals and big companies today. People are fed up on China and people always want to know who is ready to give a good product. So yes the the pharmaceutical industry is [inaudible 20:48].

**Moderator:** Sorry to interrupt you sir. I request you to come back for a follow up question.

**Aditya:** All right.

**Moderator:** Thank you. The next question is from the line of Afzal Shaikh from M3 Investments. Please go ahead.

**Afzal Shaikh:** Am I audible?

**Moderator:** Yes you are audible.

**Afzal Shaikh:** Good morning, ma'am and congratulations for the good setup number. So, I have three questions. First one is how much revenue we have generated from regulated markets from this financial year and second one is about like how much revenue we have generated from top 3 APIs, top 5 APIs and top 10 APIs that's all?

**Saloni Wagh:** So thank you for the question. In terms of the revenue share just to give you a little background 80% of our revenue is generated through exports and only 20% is from domestic markets and in



this 80% also about 50% is coming in from regulated markets. If you see for regulated markets our share has gone up in Europe also from 33% to almost 41%.

The other markets like North America, Latin America they are stable. And in fact in the next couple of quarters you will see that the share of these markets will also go up. So that's as far as the revenue contribution from the regulated markets. Then for the top products it will not be possible for us to say what would be the revenue of the top three or top five, but we are consistently working on adding new products into the basket so that the revenue is more diversified.

Of course, we will continue to have leadership position for some molecules, but overall we are working on derisking the portfolio so that the revenue generation is more diversified.

**Afzal Shaikh:** **ok** But as you mentioned in previous years and previous quarters you said your top three product contribution is around 44% to 45%. So is it the same thing or what?

**Saloni Wagh:** Yeah, So currently it is almost similar, but going forward you will definitely see as the new products and new opportunities grow. I mean of course the top three products are also growing they are not degrowing products, but the revenue generation and their contribution to the total revenue will go on decreasing as the new products and the new opportunities kick in.

**Afzal Shaikh:** **Yeah ok**, and how much is revenue generated from top three customers you have numbers can you please share us?

**Krishna Raghunathan::** We don't discuss anything on what you call customer specific or product specific in an open forum. I hope you understand.

**Afzal Shaikh:** Okay, got it. And I want to know about there is only 11% growth in your quarter-on-quarter basis. So, could you please give me like why this growth is like only 11%?

**Krishna Raghunathan:** I think it has already been discussed. We have told very clearly that our guidance I hope you are looking at our guidance also. We said that the overall revenue growth would be around 20%. I think we had grown at 23%. And we said that EBITDA we will grow by around 30%. I think the overall year's EBITDA is at around 30-plus percentages. I don't understand did we say anything wrong [inaudible 24:52]. No, I don't think we have done anything like that. Is there anything else you would like to understand sir?

**Afzal Shaikh:** No. Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Aditya Sen from RoboCapital. Please go ahead.

**Aditya Sen:** Hi, thank you for the opportunity. Sir, in the previous call also you shared the guidance of 20% revenue growth for the following year, FY'25. So, will this be from the existing products and like from the existing business only including the new products? Or this includes the revenue from the Amarnath capacity which will get commissioned in Q2?

**Saloni Wagh:** So, no, this basically guidance is on the overall blended portfolio. Of course, this can be higher once Amarnath goes into complete production. But for Amarnath to generate peak revenues, it

will not be possible in this financial year because only in quarter 2 of this financial year the production will start.

So, the validation and then for the commercial production to start and for it to reach peak capacity, we are looking at least 2 years, 3 years. So, this 20% plus guidance on the revenue growth is on the blended portfolio. This includes our current basket of APIs, some of the new products that we are launching, the CMO activities that we are doing and of course Amarnath.

So, as and when some of these projects kick in, they definitely have a higher potential in terms of growth as well as margin also. But whenever we are giving a guidance, it's more on the conservative side on the entire blended portfolio. So, that is why we are maintaining that 20% plus revenue growth.

**Aditya Sen:** Alright, and how much is this Amarnath supposed to contribute at peak potential in the coming 2 years, 3 years?

**Saloni Wagh:** So, that would be very early to say that how much Amarnath would contribute. But overall, the CMO, CDMO portfolio that we have in the next 3 years, we anticipate that it should contribute at least 20%, 25% of our total revenue. Because Amarnath facility is also meant for CMO, CDMO activities. So, that is just an extension and expansion of our CMO capabilities. So, that's why I am saying that the overall CMO will give us about 20%, 25% of total revenue.

**Aditya Sen:** Alright, and this module E got commissioned last quarter?

**Saloni Wagh:** So, module E will get commissioned probably end of this month. There was a slight one month delay due to some of the other factors like the construction work getting delayed slightly because of the climatic conditions there. But it will get commissioned end of this month. So, we are anticipating that by quarter 2 of FY'25, we should start commercial production.

**Aditya Sen:** same as Amarnath right?

**Saloni Wagh:** Same as Amarnath.

**Aditya Sen:** This will also take 2 years, 3 years to reach peak potential?

**Saloni Wagh t:** Yes.

**Aditya Sen:** Okay, alright. Thank you.

**Moderator:** Thank you. The next question is from the line of Nirali Shah from Ashika Stock Broking. Please go ahead.

**Nirali Shah:** Yes, hi. I have a quick question regarding our current strategy. We have been focusing on expanding our portfolio for flu range. Could you provide an update on our progress in this area? Specifically, I would like to understand the key milestones we have achieved so far. Any challenges that we are facing and the next steps in our expansion plan?

**Saloni Wagh:** So, like we said expansion for new products, we are now evaluating newer therapies like anti-diabetic, anti-anxiety. We already have a very strong presence in an aesthetic portfolio. So, that is another basket of products that we would like to expand on. There is a lot of potential in an aesthetic basket like our chairman said that there are a lot of products in this basket, which are purely being imported currently from China, and there is a lot of dependence globally there.

So, we would be one of the first manufacturers globally to develop an indigenous product in India from the basic chemical. So, we are currently focusing on the backward integration for the new products what we are launching. We expect most of these new products to be launched somewhere around quarter 3 of FY'25.

That is when at least we will be able to start supplying commercially to some of the non-reg markets. And of course, the regulatory approvals will take about 12 months to 18 months. So, this is where we are in terms of the new product launches and the thought process behind the new basket.

**Nirali Shah:** Okay, got it. That's it. Thank you.

**Moderator::** So our next question is from the line of Monica Joshi from Hornbill Capital. Please go ahead.

**Monica Joshi:** Hi guys. Thank you for this opportunity. I just wanted to understand earlier we had this thing of volatility or let us say seasonality in the revenues and there was this September and March which used to be kind of a little lumpy in terms of revenues, but that does not seem to be the case anymore. So, is that now completely ironed out? So if we see the March quarter now versus the December quarter 23 it's kind of flattening out. So do you think this is now a new normal you have achieved that kind of stability in your revenue?

**Saloni Wagh;** So Monica to answer to your question, yes, previously there was a lot of seasonality aspect to some of the major products that we were where we had the leadership was the anti-histamine anti-allergic where there is a definite seasonal impact, but if you have tracked the company in the last couple of quarters we have consciously put a lot of effort of growing our other basket of products in some of the regulated geographies.

So that is why you will definitely see that moving forward there would be much more stable quarters. It is not completely gone. There will still be a seasonal impact because anti-histamine still is a key product in our portfolio, but with some of the other products growing or you will definitely see that the quarters are more stable.

**Monica Joshi:** Got it because though it is kind of reflecting in the revenues it is not as much reflecting in your gross margins. So your margins tend to still show that variance. So you had this bump up in gross margins in March and that volatility continues. So how does one read into understanding when we are projecting your numbers? How does one read into understanding where this really goes because is that volatility likely to stay if not in revenues then in margins?

**Saloni Wagh:** So the volatility in the margins also you will see will be quite stable moving forward. The volatility is mainly happening because of certain products having a bigger reach in the regulated markets and we have said this in the past also that regulated markets are giving better selling

prices as compared to the semi-regulated markets. So wherever the sales in those markets is higher for that particular quarter you will see that the margins are also slightly higher.

But moving forward, even that I would say would be more stable and we have always maintained this and we continue to maintain this moving forward also that we would like our investors to have a more long term approach and look at the margins on an annualized basis rather than quarterly basis and on an annualized basis 28% to 30% margin is something that we are very confident of maintaining.

And that is also getting reflected in the last couple of quarters' numbers. So moving forward also, the same guidance that please look at the margins on an annualized basis where we are very confident that 28% to 30% we will be able to maintain. The company definitely has potential to achieve higher than 30% because a lot of the new projects the same opportunities come at a more premium margin that is what we benchmark ourselves against.

But 28% to 30% is a confident number that we are very assured that we will be able to maintain along with the 20%-plus revenue growth year-on-year.

**Monica Joshi:** Correct, So you're maintaining the 20% guidance so that's about a INR1000 crores of revenue by FY27 and the 28% to 30% margin guidance. So we are clear about that still stays?

**Saloni Wagh:** yes, Absolutely.

**Monica Joshi:** And when you just missed that one small part when you said the 25% contribution from CMO, CDMO you were referring to the INR1000 crores in that you expect about 25% to come from CMO, CDMO. Is that correct?

**Saloni Wagh:** In the INR1,000 crores we anticipate about 18% to 20% coming in from CMO, CDMO.

**Monica Joshi:** And in your estimate that is definitely not margin dilutive. It is in fact a better margin proposition than what you are guiding at 28% to 30%.

**Saloni Wagh:** Yes.

**Monica Joshi:** Got it. Thanks a lot so much.

**Saloni Wagh:** **Thank you.**

**Moderator:** Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited. Please go ahead.

**Dixit Doshi:** Yes thanks for the opportunity. Some of the questions are answered just a couple of questions you mentioned one is our Ambernath capex and one more capex is going on if you can elaborate on that and how much would be capex amount for both the capex?

**Saloni Wagh:** So we are anticipating about INR100 crores of capex in FY25. This will be mainly for Ambernath as well as some part of the new module E which is coming up. We are also doing some debottlenecking activities for enhancing our current product basket capacity. So like some

of the older blocks in the manufacturing facility like the B block and all we are just refurbishing to increase the capacity.

So all this will be mainly for these reasons the INR100 crores and at the end of this our capacity would be somewhere around 1020 KL for the Lote side and for Ambernath it will be about 200 odd KL.

**Dixit Doshi:** Okay. And for Ambernath how much would be the total capex including whatever we have already spent?

**Saloni Wagh:** It would be about INR75 crores.

**Dixit Doshi:** And currently what would be our broad capacity utilization?

**Krishna Raghunathan: :** See for the current year we were at around 86%. With the E block coming up we believe that since like what Dr. Saloni has already told that we will be able to meet our revenue guidance for next 2 years to 3 years from the existing Lote facility. So I think that should be the answer of the capacity utilization.

**Dixit Doshi:** And also when we say 86% capacity utilization we manufacture lot of different products. So at peak what kind of utilization we can do, can we go to 100 or 90, 95 would be?

**Krishna Raghunathan::** 100 is not at all possible. See we have a regular maintenance schedules which needs to be taken compulsorily. See I don't think -- see this itself is the highest optimal limit what we have touched. In fact, our manufacturing teams along with our CEO they had a lot of sessions around this and that is why in fact we had the bottleneck most of the areas. Otherwise in a multiproduct facility anything around 75% to 80% itself is what you call a nice percentage to maintain.

**Dixit Doshi:** And one last question in the current year how much would be contribution from CMO and CDMO?

**Saloni Wagh:** We don't discuss what do you call business wise or anything in any of our what do you call calls. So I think this is something which we generally don't give it out.

**Dixit Doshi:** Okay fine. That's it from my side.

**Moderator:** Thank you. The next question is from the line of Shubham from Purnartha Investment Advisers Pvt. Ltd.. Please go ahead.

**Shubham:** As on FY25 growth drivers?

**Moderator:** Can you repeat the question?

**Shubham:** Can you discuss in detail on FY25 growth drivers?

**Saloni Wagh:** So for FY25 we categorize the growth drivers into three major baskets. One is the existing product portfolio what we have, other than the top three products. We have a good basket of about 10 products 11 products where we are currently present only in the semi-regulated market

and we have already registered these products in the regulated market. We are just waiting for the approvals to come through.

So the first would be the scale-up of these products into the more regulated market space that will not only add to the revenue, but it will also help to further improve the margins. The second one is the CMO, CDMO opportunities that we have. Similar to DSM there are at least two to three other opportunities where we are at a very advanced discussion where there is a fixed volume of advanced intermediates. In certain cases APIs also which we have to manufacture for certain multinationals.

So, those contracts will also start coming in, I mean, the commercial volumes will also start kicking in. So that I would say is the second area for growth and the third definitely would be the new product launches. So as we have mentioned before we are trying to expand our existing product basket. So we are adding new products in the anaesthetic category, in fact, four new products we are adding there. We are also adding newer therapies like anti-diabetic, anti-anxiety. So these new product launches also will start adding to the revenue.

So, these I think would be the three major growth drivers. On the CMO, CDMO front to talk a little bit more in detail with the Ambarnath site coming up, there is a possibility of us moving into forward integration also for CMO kind of contract. So, that would be another new area for us, where we can get more traction and that can also really add to the revenue in the coming few years.

**Shubham:** But like you are saying, existing product and new regulated market but did we get registrations and all that has been completed or still we are waiting for that?

**Saloni Wagh:** So, it is an ongoing process because we are talking about 10-11 products there are some products where we have already received the registration, some are currently under registration. So, different products are at a different stage, I would say.

**Shubham:** And in CMO opportunities, which two, three opportunities you are talking about that are in advanced stage, so that might get benefited from, I think the second half of the year?

**Saloni Wagh:** Yes. So, that some part commercially might get added in FY '25 but majority of the CMO revenues will start coming in other than DSM and one or two which are at advanced discussion, most of them you will see that the revenue generation will start from FY '26.

**Shubham:** Okay. Thank you for that.

**Moderator:** Thank you. The next question is from the line of Nikhil from Securities Investment Management, Private Limited. Please go ahead.

**Nikhil:** Yes. Hi. Good morning. And congrats on good set of numbers. I hope I am audible.

**Saloni Wagh:** Yes. You are audible. Thank you.

**Nikhil:** Yes. Just two questions. One is on this INR1000 crores revenue target where we are mentioning 18% to 20% income from CDMO and in our previous call, we have talked about two or three

projects but from today where we are and the revenue which you gave for DSM, what gives you the confidence that this INR200 crores kind of a top line can be achieved? Like, if you can just talk probably not quantitatively but qualitatively, what is the kind of interest you are getting from customers or some sense to build a confidence on what is building this INR200 crores?

**Saloni Wagh:**

So, basically because of the existing market as well as the new product, we are very confident because like our chairman said, we have taken a very different approach for adding new products in the basket. It is very strategic where global dependence on China is there for certain products. So, there customers are desperately looking for an alternative source and we have tried to capitalize on that aspect.

We have a lot of strength when it comes to R&D and developing the product. And backward integration, as you know has been a key strength of the company for a very long time. So, all these products which we have been able to newly infuse into the basket we have been able to completely backward integrate those and get the manufacturing process done completely in India.

So, indigenous products we have been able to develop where we are very confident that the kind of costing that we are able to get for the product now, we are able to compete on a global scale with the Chinese manufacturers. So, there is a lot of confidence there when it comes to our existing basket, of course and the new products that we have infused. On the CMO front also as I said this will be at the end of FY '27.

There is a fair level of confidence because two, three opportunities in this, like I said are a very advanced stage where we have already supplied the validation batches to them. And commercial production will start any time. So, there is a volume commitment which we have already received from these customers.

And contracts have been signed that in the next two to three years these are the kind of volumes that they will buy from us. And these are binding contracts. So, there is a fair level of confidence that, yes, in the next two to three years most of these CMO opportunities, we will be able to scale up to that extent.

**Nikhil:**

Okay. I got it. So, in conclusion would it be right to say that these are projects we've been working for the last one year and now everything is done, largely it is validation and once customer approvals come, they will get commercialized. So, largely the R&D and everything is already done on those.

**Saloni Wagh:**

Yes, absolutely. These are the products and projects which we have been working, which have been in the pipeline for over a year now. And now most of these projects on the CMO front, as well as even the new product launches which we are planning to do in this year, we are at a very advanced, stage of discussion with all the customers, wherein they are just waiting for our validations to be completed and for us to start the commercial supply.

So, that is why there is a very, good level of confidence, I would say, that the INR1000 crores with the margins we are committing, we will be able to achieve that. In fact, if anything, like I've said in the past also, we have achieved higher margins as well as higher revenue in the past.

So, there is a lot of opportunity for us that once all the CMO kicks in, the Amarnath project also kicks in, we can definitely do even better than what these numbers are.

**Nikhil:**

And just an extension here, Saloni, see, what we are hearing from a lot of companies is there is a lot of interest for CDMO, CMO projects towards India, because of this China plus one. Not specifically, but if you have to understand the projects we are working at the R&D versus what we were doing, say, one years or two years back, how is that pipeline build up for us today?

Because the pipeline which we are working today will probably fructify in the next two years or three years. So, if you can talk about how is that pipeline scaling up and how is that inquiry level we are working with?

**Saloni Wagh:**

So, definitely that China plus one strategy has benefited a lot of companies and we are also one of those companies who is focusing on that. Like our chairman said, our pipeline is also, focusing on that area only. The 4, 5 products which we plan to launch, we would be one of the first manufacturers in India or globally to have a completely backward integrated product other than China.

So, that is one key area where we are focusing. We are also trying to complement that with our existing therapies. For example, Anesthetic basket is one area where we are aggressively working. In our R&D, we have four products currently in this Anesthetic basket. We already have a very strong presence globally in our Anesthetic products. We are global leaders in some of the products.

So, we also wanted to build on that capability and also have a backward integrated product which would compete with China. So, you will see in the next couple of months, we will be launching four products where there is only dependence on China globally for the API. And a lot of the larger companies are very interested and in fact, some of the discussions are already at an advanced stage where they have told us, this is the volume that we are currently buying from China which we would completely like to move to you.

So, most of them are at a very advanced discussion and the R&D pipeline is also in that way. So, main focus is on Anesthetics, anti-diabetics because that is a new therapy for us where we have been able to, develop a product which is fully backward integrated where again there is a lot of dependence on China today. And then anti-anxiety where we already have some strength because we already are catering to customers globally for these therapies. So, they wanted us to add certain more products. So, this is how the R&D basket is developing.

**Nikhil:**

Okay. And last question.

**Moderator:**

Sorry to interrupt you, sir. I request you to come back for a follow-up question.

**Nikhil:**

Okay. Fine. I will come back.

**Moderator:**

Thank you. Ladies and Gentlemen you may press star and one. The next question is from the line of Ashwini Agarwal from Demeter Advisors, LLP. Please go ahead.



- Ashwini Agarwal:** Good morning, Dr. Saloni and team. Quick question. On the new products, that oral blue and the gauze products that you have been studying, new chemical entities if I may call them, is there any update that you can share on those?
- Saloni Wagh:** For the new products, like I said, we are now through R&D. We are actually now at the validation phase because we anticipate that this newer basket of Anesthetic products can -- Just one second.[inaudible 49:48]
- Ashwini Agarwal:** Yes. I was talking about the cancer detection blue product. And that, the other, that you have the artificial skin for burns that you guys have been working on in chemical trial, etc.
- Saloni Wagh:** **Sorry**, I did not understand the question earlier. Both the projects are moving really well. First, our focus is on the cancer detection kit. We have already, I mean, the clinical trials will begin very soon.
- We have already identified a partner who's going to support us with the clinical trials. Already in India, the patent has been filed. We are also looking at neighboring geographies, like certain Southeast Asian countries like Indonesia, Malaysia, from where we are also getting a lot of interest from the big formulation companies there, where they want to put the patent and they also want to partner with us on this technology.
- So the oral cancer kit is moving really well. We anticipate that in another 2 years, we will be ready with the final product and the product can be launched in the market, because that is how much time it will take for the clinical trials and everything to be completed. The gel also, yes, it is moving fairly well, but for us, the first launch will be the oral cancer detection kit, then followed by the gel.
- Ashwini Agarwal:** And you mentioned, and maybe I heard it incorrectly, I'm not very sure you mentioned that the DSM is 25-30 tons of supply is anticipated in '25, is that correct?
- Saloni Wagh:** Yes, we are anticipating about 20-25 metric tons of material supply to DSM in FY '25.
- Ashwini Agarwal:** And what would that revenue number be?
- Krishna Raghunathan:** Ashwini, DSM contract at its peak would be somewhere around INR60-INR70 crores on the top line, Ashwini.
- Ashwini Agarwal:** Okay, all right. Thank you so much, all the best, and I look forward to seeing you back.
- Moderator:** Thank you. The next question is from the line of Ketan Chheda, a retail investor. Please go ahead.
- Ketan Chheda:** Yes, hi. Thank you for the opportunity. I'd like to know, with respect to the U.S., this year, how much would be the revenue? Because if I see the last year versus this FY '24, our revenues have slightly decreased. So any outlook that you can give where we would be in terms of U.S. revenue, directionally, not any guidance, but directionally?

- Saloni Wagh:** The U.S. has been, I would say, it's a good place, it's a good job. It's in the high to 60s range. We have also said in past that in the current portfolio, what we have inherently is a larger market for these products has been the European region and the Latin American region.
- But there are a lot of new products which we are registering in the U.S., where they have good potential. Products like dextromethorphan, allopurinol, Tramadol, these products have very good potential in the U.S. market. And we are already started registering.
- If you see, we have about 15 US DMS filed as of now. Also in the next few quarters, in fact, for this financial year also, we are anticipating that the contribution from U.S. would be slightly higher than what it is today. Europe will still remain, at least for the next 2 years, Europe will still remain our major market. But definitely US will improve.
- Ketan Chheda:** Okay, thank you for that. And the second question is in respect to the concentration. Now when I say concentration, it is with respect to the customers as well as your key therapeutic areas. In both of these, we have not seen a significant reduction in terms of concentration.
- Like 49% revenues are coming from top 10 clients and anaesthetic therapies contributing about 46% without overall revenues. So again, what would be our plan to kind of reduce the concentration both on the customer side as well as on the therapeutic side?
- Saloni Wagh:** So on the customer side, definitely as some of the other products in the basket, therapies like antihypertensive, vitamins, as some of these products grow, automatically you will see that the customer and the geographic concentration will reduce because it will be a more distributed portfolio. In terms of therapies, see in the anaesthetic basket also, we have a lot of products. It's not only one product where we are driving the revenues.
- There are a few products in that basket. So therapy-wise also, we are adding new therapies like anti-diabetic we are adding now, anti-anxiety we are adding now. Anaesthetic basket also we are adding, but new products. So the customer base would be new, the geographies would be new. So this is how we are trying to de-risk the portfolio as well as the therapy customer concentration by adding new products which would scale up in different geographies.
- Ketan Chheda:** Okay, and last question. On slide 17, you mentioned that there are some anaesthetic therapy, 3 ANDA projects, and other ANDA projects for anti-hypertensive and vitamins. So when I see these ANDA projects mentioned here, is it that we are working on only APIs or intermediates or these would be formulations part of the CMO, CDMO projects?
- Krishna Raghunathan:** Well, it would be for APIs first and for certain of our existing therapy products, we might do some forward integration once Ambernath is up and running.
- Ketan Chheda:** So that would be our own formulations, is that correct?
- Krishna Raghunathan:** No, that would be only for CMO opportunities.
- Ketan Chheda:** Okay, thank you so much for answering the questions. Thanks.

**Moderator:**

Thank you. Ladies and gentlemen, due to time constraint, that was the last question. On behalf of Supriya Lifescience Ltd., that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you, ma'am.