SUPRIYA LIFESCIENCE LTD.
Creating true values that bind global health

November 13, 2026

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001
Scrip Code: 543434

National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051
NSE Symbol: SUPRIYA

Dear Sir/Madam,

Subject: Transcript of the Earnings Call for the quarter and half year ended September 30, 2026.

Further to our earlier Letters in this regard, we would like to inform you that the Transcript of the Earnings Call held on November 06, 2026, with respect to Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2026, is available on the Company's website at: https://www.supriyalifescience.com/ir-financial.php.

Kindly take the information on record.

Thanking you,

For Supriya Lifescience Limited

Prachi Suhas Sathe

Digitally signed by Prachi Suhas Sathe
Date: 2026.11.13 15:29:54 +05'30'

Prachi Sathe
Company Secretary & Compliance Officer

Corporate office *:* 207/208, Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai – 400 063. Maharashtra, India.
Tel: +91 22 40332727 / 66942507 Fax : +91 22 26860011 GSTIN: 27AALCS8686A1ZX
CIN: L51900MH2008PLC180452 E-mail: **supriya@supriyalifescience .com** Website: **www.supriyalifescience.com**

Factory *:* A-5/2, Lote Parshuram Industrial Area, M.I.D.C. Tal.– Khed, Dist. – Ratnagiri, Pin :415 722, Maharashtra, India.
Tel: +91 2356 272299 Fax: +91 2356 272178 E-mail: factory@supriyalifescience.com

SUPRIYA LIFESCIENCE LTD.

"Supriya Lifescience Limited

Q2 FY27 Earnings Conference Call"

November 06, 2026

SUPRIYA LIFESCIENCE LTD.

EY Shape the future with confidence

CHORUS CALL

MANAGEMENT: **DR. SALONI WAGH – MANAGING DIRECTOR – SUPRIYA LIFESCIENCE LIMITED**
MS. SHIVANI WAGH – JOINT MANAGING DIRECTOR – SUPRIYA LIFESCIENCE LIMITED
MR. KRISHNA RAGHUNATHAN – CHIEF FINANCIAL OFFICER – SUPRIYA LIFESCIENCE LIMITED

MODERATOR: **MS. SNEHA SALIAN – EY INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day and welcome to Supriya Lifescience Limited Q2 FY27 Earnings Call. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this call is being recorded. I now hand over the conference to Ms. Sneha Salian from EY Investor Relations. Thank you, and over to you, ma'am.

Sneha Salian: Thank you, Arshi. A warm welcome to all the participants to the Supriya Lifescience Limited Q2 FY27 Earnings Conference Call. The investor presentation and the financial results are available on the company's website and on the stock exchanges. Please note anything said on this call, which reflects our outlook for the future, or which can be construed as a forward-looking statement must be viewed in conjunction with the risks that the company faces.

This conference call is being recorded and the transcript along with the audio of the same will be made available on the website of the company as well as on the exchanges. Please also note that the audio of the conference call is copyright material of Supriya Lifescience Limited and it cannot be copied, rebroadcasted or attributed in press or media without specific and written consent of the company.

To give you a brief business update and to take you through the results, from the management team, we have Dr. Saloni Wagh, Managing Director; Ms. Shivani Wagh, Joint Managing Director; and Mr. Krishna Raghunathan, Chief Financial Officer. I would now request Ms. Shivani Wagh to provide you with a brief update on the quarter. Over to you, ma'am.

Shivani Wagh: Good evening, everyone. I am Shivani Wagh, Joint Managing Director of Supriya Lifescience Limited. It is a pleasure to welcome you all to our Q2 FY '27 earnings call. Before we begin, I would like to take this opportunity to wish you and your families a very happy and prosperous festive season. With that, let me take you through our performance for the quarter.

I hope you have had the opportunity to review our results and investor presentation. Revenue for the quarter stood at INR206 crores, registering growth of 3.2% year-on-year. Our sales performance during the quarter was impacted by regulatory changes in the LATAM market, which affected demand for certain products. EBITDA for the quarter stood at INR45 crores, a decline of 37.5%, with an EBITDA margin of 22%.

Let me briefly touch upon the key factors that impacted our margins during the quarter. Firstly, the regulatory changes in LATAM market affected demand for some of our higher-margin products. This resulted in a shift in our product and geographic mix with a higher share of sales coming from semi-regulated markets during the quarter.

Secondly, we incurred higher operating expenses at our Ambernath facility, which is currently in the ramp-up phase. As commercial production and sales from the facility scale up in the coming quarters, we expect to see better absorption of these costs and an improvement in operating leverage.

Thirdly, due to the ongoing war and geopolitical tensions, raw material and solvent prices remained high, which has also impacted on our margins during the quarter. While these factors weighed on margins, we remain focused on improving our product mix, scaling up new launches and driving better operating leverage from our investments.

Moving to our geographical performance. Exports continued to be a key contributor to the business, accounting for 80% of revenue in Q2 FY '27. Within exports, Europe contributed 43%; Asia, 36%; and LATAM, 12%.

Before I move on, I would like to take a moment to welcome Mr. Mangesh Vaze, who has joined us as our Chief Operating Officer. With over 30 years of experience in API manufacturing and operations, he will lead operations across our API and formulation businesses. We are pleased to have Mr. Mangesh Vaze on board.

Coming back to business, we continue to make steady progress on our backward integration strategy. Products that are fully backward integrated now account for approximately 74% of total revenue, giving us greater control over our supply chain and cost structure.

Coming to new product launches, as guided in our Q1 FY '27 earnings call, we launched 2 new anesthetic liquid inhalation products from our Ambernath facility during Q2 FY '27. These products are currently in early stages of commercialization, and we expect their contribution to increase progressively over the coming quarters. In addition, we have 2 ADHD products in the pipeline, which will further expand our portfolio and contribute to growth as they are commercialized.

We are also seeing encouraging traction in the products launched during FY '26, which gives us confidence in the strength of our product pipeline and the opportunities ahead. Looking ahead, we remain focused on achieving our INR1,000 crores revenue milestone by FY '27. Our growth outlook continues to be supported by a healthy product pipeline and demand across key therapeutic segments, including anesthetics, antidiabetics, anti-anxiety, vitamins and ADHD.

At the same time, considering our current product and geographic mix, the ramp-up phase of the Ambernath facility and the prevailing raw material and solvent prices, we are revising our EBITDA margin guidance downwards to 23% - 25%. We expect the margin profile to improve progressively as commercial sales from Ambernath scale up, the product mix improves and raw material and solvent costs normalize.

As we have highlighted previously, growth may remain nonlinear across quarters as new products scale up, and market conditions evolve. However, our underlying growth drivers remain firmly in place, and we remain confident in the medium-term prospects of the business.

With that, I now invite our CFO, Mr. Krishna Raghunathan to take you through the detailed financial performance for Q2 FY '27.

Krishna Raghunathan: Thank you, Shivani. Good evening, everyone. Let me take you all through the operational highlights of the quarter, following which we will open the floor for questions and answers. For Q2 FY '27, the company reported revenue from operations of INR206 crores as against

INR200 crores in Q2 FY '26, a growth of 3.2% year-on-year. EBITDA for the quarter stood at INR45 crores as against INR73 crores in Q2 FY '26 while EBITDA margin stood at 22% for Q2 FY '27. As Shivani explained in her opening remarks, the margins were impacted due to 2 to 3 specific reasons. While margins would moderate in FY '27, we view this as an aberration rather than a change in the underlying DNA of our business. The fundamental economics of the business remain intact, and we remain committed to delivering sustainable growth with healthy margins and consistent returns over the long term. PAT stood at INR29 crores as against INR50 crores in Q2 FY '26. PAT margin stood at 14.2% for Q2 FY '27.

For H1 FY '27 revenue from operations stood at INR396 crores as against INR345 crores in H1 FY '26, a growth of 14.8% year-on-year. EBITDA stood at INR93 crores as against INR124 crores in H1 FY '26, a degrowth of 25.3% year-on-year. EBITDA margins are at 23.4% for H1 FY '27. PAT stood at INR53 crores as against INR85 crores in H1 FY '26. PAT margins were at 13.5% for H1 FY '27.

Our capex for Q2 FY '27 stood at INR18.8 crores, whereas for H1 FY '27, it stood at INR35.4 crores. This was largely driven by spends on the Ambernath facility along with the maintenance capex and smaller projects, including the Ribo block and formulation plant requirements. On borrowing, we would like to report that for the full year we have not utilized any working capital limits except for letter of credit and bank guarantees. With that, we can open the floor for questions and answers. Thank you.

Moderator: The first question is from the line of Mr. Aashish from InvesQ PMS.

Aashish: So just wanted to understand a bit better on this issue on the regulatory side in LATAM. Can you tell us what percentage of our top line has got affected because of this? And what exactly regulations? Has it affected our realizations on a permanent basis is what you're saying and hence margins and the overall business?

Dr. Saloni Wagh: So no, let me correct you. The margin profile dip is not on a permanent basis. This is more of a transient midterm kind of a situation, which we are expecting to correct over the next couple of quarters. As far as the regulatory change goes, a lot of our high-margin controlled products in LATAM have recently been categorized as controlled substances.

So earlier, they were getting freely imported across several markets like Colombia, Peru, Uruguay. So, these markets now have made these products controlled because of which a lot of our customers now have to apply for import authorizations for these products. And because this is a regulatory change, which has recently happened, most of the customers are now in the process of getting their import authorization. So once the import authorizations are received by the customers, business will continue as normal. But typically, this process does take a couple of months. And that is why we believe it's just a short to midterm kind of an impact and not a long-term impact on margins.

Aashish: So, what is the proportion of our total business that gets affected in the intermediate term? And so, is this effective immediately, is it what the regulation there is? I mean people are not aware of the fact that there was no advance notice on this. Is it that way?

Dr. Saloni Wagh: Yes. So, it has been implemented by the authorities, effective immediately. And there was no time given for the customers to sort of, import and keep some stock. So, it was made effective. And now for any shipment, they will have to get the import authorization.

And this has not happened in only one country. It happened in 3, 4 countries together where they changed the regulations of classifying this product as controlled because of which they are taking a bit of a time. So that's one of the main reasons why I would say the product mix has sort of changed. So instead of these high-margin products moving in those markets, that volume got impacted.

And at the same time, the new launch products that we have done in the last couple of quarters, they are seeing good traction, but that is mainly happening in semi-regulated markets where the average selling prices for the products are not as high as the regulated markets. So that is the reason the product mix as well as the market mix has changed, which has impacted the margins mainly.

So, if you look at our typical margin profile, it ranges anywhere between 34% to 35%. And if I look at the current margin profile, it's down by 11% to 12%. So, the main split across this 11% to 12%, I would say 6% is because of the expenses of Ambernath, which were not there for the last year.

And the balance 6%, I would say 3% is coming in because of this regulatory change and the product mix change and the balance 3%, I would attribute to the increase in the raw material and the solvent prices. So, at a very broad level, this would be the main percentage contributing to the dip in the margin.

Aashish: And this 23%, 24% is for FY '27, whatever guidance you gave. And hopefully, FY '28 onwards, we are coming back to normal margins. Is that the way we should look at it?

Dr. Saloni Wagh: Yes. So, we are looking at about 25% for the remaining part of FY '27. So, for the full year, it would be around 25%. While all effort is ongoing to improvise that margin profile also with better controls in the raw materials, solvents and trying to push the sale more in regulated markets of the other products. So, we are trying to improve that as much as possible.

But yes, once this year is completed, Ambernath comes into operation, we are scheduled for an EU audit in the month of November for Ambernath, in fact, starting next week. So once that approval is in place and the products start moving from that site as well and start contributing, the sales to LATAM are regularized, new products scale up in regulated markets for the next year, we expect the margin profile to sort of normalize.

Moderator: The next question is from the line of Sajal Kapoor from Antifragile Thinking.

Sajal Kapoor: Team, what H2 revenue and material gross margins are you budgeting internally? And what specific assumptions that get you there for H2?

Dr. Saloni Wagh: So Sajal, thank you for the question. Normally, we don't talk on gross margin. But what we are envisaging that will happen in H2 is, a lot of the other product scale-ups will happen because

we have already seen good traction of the newly launched products in semi-regulated markets. And that's the reason we are confident of maintaining our revenue guidance in spite of having a muted margin.

So, the sales mix will still continue to grow, and those products will keep on growing in semi-regulated markets. In terms of betterment of the margin, as things stand today, like I said before, 25% is the margin that we would like to guide. But if we are able to reduce the raw material pricing, we are able to have better control of the solvent pricing, if geopolitical issues go down, and if we are able to get any push from some of the newer products into regulated markets, I think then there is a possibility that the margin could be slightly better than 25%.

A lot of effort is ongoing for the newer products specifically like the anesthetic product that we launched, we recently got the CEP. So, we are trying to break through the Europe market. We are also getting USDMF approval for that product very soon. So that revenue will start coming in. Plus, one large CMO opportunity that we are discussing, on the anesthetic project that is very close to signing. Hopefully, in the next coming weeks, we'll be able to announce that.

And once that is done and that volume comes in from the regulated market, that would also sort of help to change the sales mix back to more regulated market and less semi-regulated markets. So, all these efforts are ongoing to ensure that the margins are back on track. Ambernath expense is something that we cannot immediately counter.

The site will need to have all the regulatory approvals, and the product would have to scale up from that site to start contributing to revenue. So, I think that would still remain a large impact on the margin because we are looking at almost INR60 crores of expenses from Ambernath for the full year. So that is a direct hit to the margin, I would say, which cannot be recovered this year, but yes, of course, in the next financial year, it would sort of normalize.

Sajal Kapoor: So, on the revenue part, and Dr. Saloni, if I heard Shivani correctly in her opening remarks, she still alluded to that INR1,000 crores number for the full year. Now H1 revenues are coming in at INR396 crores, which means H2 run rate must be closer to INR600 crores to get closer to that INR1,000 crores mark, albeit with a much lower EBITDA margin of, let's say, 23%, 24%, maybe 25%. How confident are we on the revenue side? Because I see there is a fair bit of inventory in the system, about INR265 crores as well. So, what is the realistic H2 revenue plan?

Dr. Saloni Wagh: So, we are very confident that we will be able to achieve our guidance of INR1,000 crores. Like you mentioned rightly, there is a lot of inventory. We do have the order book in place. So, in terms of the revenue, I think we'll still be able to achieve the guidance that we have given.

Moderator: The next question is from the line of Mr. Dheeraj from AlphaSqr.

Dheeraj: I somehow feel the communication systems of Supriya are quite weak. As in like every quarter, I mean, for the last two quarters, there has been some transition which every investor has been facing with this company. And company seems to come back with some sort of optimism by saying that we'll achieve this sort of EBITDA guidance and this sort of revenue when things are slightly volatile in nature and I feel management has to like slightly either

come or communicate with investor community whenever there is this sort of flux. I'm not sure if that has been done by Supriya Lifesciences. Are there any reasons for this or any explanation from the management side?

Dr. Saloni Wagh: So whatever numbers we guide, they are based on the historical performance of the company and what the growth drivers of the company are. So, in the past also, we have demonstrated successfully EBITDA margins of 35%, 36%, even 37%. And that is because of the product mix that we have, the baseline business that we have and the new launches that we are doing. So, guidance, in my opinion, is always given based on the current situation of the business.

However, as you are aware, in the last 2 quarters, we have faced issues which were unanticipated and regulatory changes are something that we cannot control, and they have happened suddenly. So, we were not given any prior notice when regulatory changes happen in any market.

Also on the raw material front, I think it's not just Supriya, I think all the companies across the industry are facing the problem. And we clearly said that in quarter 1 commentary as well that there is a lot of pressure when it comes to raw materials and solvents. So, from quarter 1, we have been facing pressures of margin. So whatever best we are able to communicate given the dynamism in the situation that we are doing. But there is always room for improvement, and we'll take this as constructive feedback, and we'll try to improve communication moving forward.

Dheeraj: That is very helpful. Ma'am, my second question is, like now anyway, given that FY '27 you've already spoken about. But if it comes to FY '28, how do you see the growth drivers? And how you can assure the investor community on bridging this gap of EBITDA margin. I mean, I want to understand two things?

One, from the INR1,000 crores, which you are fairly confident about. And from there, how do you see the growth trajectory in FY '28? What are the fundamental drivers? And then when it comes to EBITDA margin, how do you see this going back to whatever range, if you can probably help us understand because of whatever reasons there?

Dr. Saloni Wagh: So, as I mentioned before, we have always guided and we continue to guide 20% plus growth in revenue. So, I think that's the same we would like to continue moving forward in the next 3, 4 years. That's on the revenue part.

Dheeraj: I want to understand the drivers also. I wanted to understand the drivers of that 20% growth. I mean what are the launches which we are seeing?

Dr. Saloni Wagh: Correct. So, we have 3 main growth drivers for achieving this 20% growth in revenue. Number one is the existing baseline business which continues to remain strong, and it continues to grow across regulated markets.

The second one would be the launch of new products, which we have been consistently doing in the last couple of quarters. And all the new products that we have launched so far, we have

been able to see very good traction in semi-regulated and domestic markets, and we also know the potential of these products in regulated markets once we have regulatory approvals.

And the third would be the CMO, CDMO space. We are already discussing two, three very large opportunities in this space for API as well as finished formulation. So, I think once these 3 things are in place, they would drive the growth moving forward.

Ambernath is also one area which can be a big growth driver because once we have the EU approval, that site is designed to generate at least INR450 crores, INR500 crores of revenue moving forward. We have injection lines, we have tablets, capsules, and liquid inhalation lines. So, I think once all those approvals come in and those contracts start kicking in, they will also significantly add to the revenue. And because all three, four things are still fundamentally in place, we are very optimistic that these would be the growth drivers for the future.

And that also sort of interlinks back to the margin profile normalizing. I think once the Ambernath expense is taken care of by the Ambernath revenue in regulated markets, that would take care of that down pull from Ambernath as a cost center today. And when the new launches also move to regulated markets where their average selling prices improve, that will sort of take care of that margin. So, I think these are a couple of things where we feel that, yes, the margins as well as the revenue would normalize, to what we have been guiding.

Moderator: The next question is from the line of Mr. Priyank from Singularity Asset Management Company.

Priyank: Ma'am, first question is about our ability to pass on the raw material price to our customers. Because if I recollect correctly, we in the last quarter said that we are able to pass on these cost increases to our customers very easily because the way we structure our contracts allows us to do that. So that is my first question?

Dr. Saloni Wagh: As we work more on purchase order kind of a model, we are able to pass on to the customers most of the price hike, however, the impact you will be able to see in the next 2-3 quarters, because we already had a lot of contracts in place for the regulated markets. For the larger customers, who are buying big volumes there were already contracts in place. So, the new prices have been communicated to them. The POs at the new prices have also started coming in. But the full effect of that will only be seen in the next 2 quarters, it will not be seen immediately. So, there is always a bit of a lag which will be there.

Priyank: Understood. My second question is about the CMO contract that you mentioned that would be taking place in near future, is it dependent on the Ambernath facility getting approved by European Authorities or is it independent to that event?

Dr. Saloni Wagh: Because the larger contract that I'm talking about is for both API and formulation. But the first couple of years of this contract are going to be more API-centric. And once Ambernath gets all the approvals in multiple markets because this is a larger contract spanning across several countries. So once all those approvals are in place, then it will move to the finished formulations. But earlier on in the contract, it's mainly going to be API driven for which we already have all the approvals.

Moderator: The next question is from the line of Mukesh Savla from Shah and Savla LLP.

Mukesh Savla: Again, I'm concerned with the EBITDA margin. I distinctly remember in Q1 call when the specific question was asked about the year-end guidance, we firmly said that our top line and margins are likely to continue to be the same in spite of whatever hiccups we had in Q1 quarter?

And I also understand that war is continuing since quarter 1. Our Ambernath facility was likely to be made operative, which was known in last quarter as well. It is only probably the regulatory changes in LATAM countries that might have been a new reason for any downside in the margin. So, I'm still unable to digest such a vast variation in the EBITDA margin. If you can please guide us or give us some color on that?

Dr. Saloni Wagh: Yes, this change in the regulatory requirement from LATAM came after quarter 1. So, we could not have pre-empted that there could be a regulatory impact. And because the regulatory change impacts on high volume of high-margin products, that is definitely a direct hit to the margin. And because these are higher-margin products and even higher pricing in Latin American market because it being so regulatory-focused market, the hit of that lost volume of sales is a hit to us in terms of revenue as well as margin.

Mukesh Savla: So, you assign 30% loss of margin to that reason. So, I am unable to adjust the other reduction in the margin.

Dr. Saloni Wagh: So, no, it cannot be fully or 100% attributed to that reason. Like I said before at the beginning of the call also, typically, we do 34% to 35% margins. And today, we are down to 22%. So, the reduction in terms of percentage, which is 12%, from that, if I look at the full year expense, what Ambernath is going to be, it's going to be closer to INR60 crores.

So that 6% comes in from Ambernath. What we had initially pre-empted was that from quarter 3, Ambernath would start generating revenues because the EU audit was scheduled to happen much earlier. But because the EU audit is getting pushed and the EU audit is now happening in the third quarter, it's scheduled for next week.

So, we have practically lost 1 quarter of revenue from Ambernath also. So Ambernath regulatory approvals have also taken longer time than expected. So, the revenue generation, which was to happen from Ambernath for this financial year might be closer to 0 for this year now because of the delay in the regulatory approvals. So that INR60 crores impact is still a large contributor.

Almost 6% of that is coming in because of the Ambernath expense and 0 revenue contribution from that site, which was earlier expected to be a certain number, which we were not able to get. And then the raw material prices and the solvent prices, which were there in quarter 1 continue to be.

In fact, they have further increased in a lot of raw materials, KSM, solvents, the prices, it's not like they were controlled at the price increase of the first quarter. They have continued to sort

of increase even further. And as I explained in the previous question, some of the larger contracts which we have, we have to cater at the previous prices.

So, the increased price differential will only now kick in from the next 2 quarters. Having said that, the Ambernath expense and the loss of LATAM sales remain. And that's the reason we are not revising our guidance to the higher margin. We are saying that we would like to revise it downwards to 25%, pre-empting the LATAM sales might not come because it will take 4 - 5 months for the customers to get their permit. So, it will be a touch-and-go situation for the next 2 quarters as well. So that's the reason we are revising. So, if you ask me, it's actually a combined impact of all the 3 things which have happened together, which have brought down the margin.

Mukesh Savla: Okay. So, coming back to these LATAM countries, you said that customers might get about 2 months to get the approval. So, do you think Q4 could again be where we will be able to resume the supplies to those countries?

Dr. Saloni Wagh: No, I said that it will take at least 4 to 5 months for them to get the import permits. Because these are individual customers, if some of them are able to get it slightly earlier, then yes, we'll be able to get that sales. But at a broader level, if it takes 4 to 5 months it would be difficult to get that full effect of sales in this particular financial year, which is precisely the reason why we are guiding the muted margin because the revenue we'll be able to make up for by the sale of the anesthetic products, cardiovascular, advanced intermediates because they have already started scaling up in semi-regulated markets.

So, from the revenue perspective, I'm not too worried, but the margin loss, which will come because of the higher-margin products, I think that will still remain in the next two quarters.

Moderator: The next question is from the line of Mr. Karan from Invexa Capital.

Karan: Ma'am, thank you for the clarification on the outstanding issues that led to maybe a slightly disappointing set of numbers. First, quick clarification. So, this year, we are not sure of the timing when the sales from LATAM will come. So, it's not demand destruction, but maybe a timing issue of when the demand will get realized, which is why we are not sure of revising the guidance on margin front. Is that a fair assumption?

Dr. Saloni Wagh: Yes, that is a fair assumption because for most of these customers, initially in quarter 1, when we mentioned that we were confident of maintaining the margins, that's because we had full visibility of the POs of these customers. But now even though we have the POs and the visibility of firm orders, because of the regulation change, it is deferred. And that's the reason for the revision in the margin guidance.

Karan: Got it. But ma'am, if this is a regulatory thing, and obviously, if it shifts to a narcotic product for LATAM as well, or the regulatory conditions tighten up, over the medium term, this is an opportunity for organized players like Supriya Life to actually gain market share in this market?

Dr. Saloni Wagh: Yes. So, looking at the larger picture, these are growing markets. If you look at the historic quarters also, LATAM had scaled almost from 10% to 21%, which has gone back to 12% in this quarter. So definitely, these are very good growth countries. And once things sort of normalize, we will definitely have more opportunities, larger volumes coming in from these countries.

Karan: On the other hand, despite ketamine or rather the product that you mentioned, despite the issues with that product, if you have managed to hold on to your revenue guidance for this year, this means ma'am, that your other products are probably tracking ahead of expectations. So, would it be fair to assume that your normalized growth guidance of 20%, 25% over this year's base, there could be upside surprise possible if the LATAM issue is resolved and your other products continue to gain traction for next year?

Dr. Saloni Wagh: Yes. So, like I said before, I mean, the baseline business is growing. The new products are seeing good traction across different markets. So, there is a possibility that if things streamline, we could do a little bit better in margin. But like I mentioned before, the timeline for getting the licenses is slightly longer. So, for the full year, I think we would still like to stick to 25% margin guidance.

Karan: No. What I mean is for next year, the growth guidance that we are giving, can we assume that if your Ambernath plant starts to ramp up, your new products are tracking ahead of schedule in terms of scaling up and your LATAM issue resolved, then next year, maybe our growth guidance of normalized guidance of 20%, 25%, there's an upside surprise possible for next year?

Dr. Saloni Wagh: Yes. If Ambernath moves into commercialization immediately after the EU audit, then yes, there could be an upside to that.

Karan: You mentioned the anesthetic product that we are expecting an approval soon. I think we also mentioned contrast media sometime in H2 of this year. And we had the cardio intermediate product that we launched recently. So, some very meaningful products have either been launched or are due to be launched this year. If you can highlight some qualitative aspects of what kind of potential exists over the next couple of years for these looking beyond the current set of numbers?

Dr. Saloni Wagh: So, all the new products that we have launched may be anesthetic, cardiovascular advanced intermediates, ADHD, they are globally very large molecules. For example, the anesthetic molecule itself is at about $400 million, $500 million and it sort of continues for the other products as well.

So, there is definitely a very large potential market that we are able to tap. And because we are fully backward integrated and we were able to develop processes which were different from the available market processes, a lot of the customers are very keen to move to Supriya. So, these new launches and even the ones which are in pipeline for the next couple of quarters, I think they have very large potential. And as and when we start getting the approvals for these products, they would open up a much larger market for us.

Moderator: The next question is from the line of Mr. Aditya from MSA Capital Partners.

Aditya: Large part of my questions has been answered. Just trying to wrap my head around the margin pressure. So, I understand 6% is from Ambernath and that can't be really substituted. But if I look at the issue in solvent pricing, so solvent pricing is an industrial-wide phenomena. And across the board, pharma companies that have listed have reported strong set of numbers, both in terms of revenue growth and in terms of margin sustainability?

But removing the 9%, that is 6% of Ambernath and 3% of LATAM. So why is it impacting us so much? Because we are backward integrated. We have our own chemistry strengths. We have our own raw material sustainability strengths, but it seems to me that raw material is impacting us more than the industry where it should have been the reverse. So, if I can just understand that?

Krishna Raghunathan: Aditya, when it comes to what you call solvents, I think there could be only one change which is possible, people buying in drums versus people filling it up in ISO tanks where there could be some bit of a price differential. In fact, on that front also, we are trying to address. But having said that, see, the amount of solvents which are being used and we may have backward integration for the materials, but certain of the basic chemicals, what we buy are crude derivatives, which every of the vendors has increased the prices.

And in fact, on certain of the customers who are large pharma, in their commentary also, they are saying that they are under RM pressure. Okay. So, having said all of this, we are trying to push as much as possible on all these RM prices to all the customers, but there has been some bit of resistance across even on certain of the Indian big pharma, which have reported RM pricing pressure, but they are pushing back on us when it comes to RM prices, okay? So, this is what it is, and we are pushing all the prices up. That is something which we will try and sort it out over the next couple of quarters.

Aditya: Understood. Because the reason that I've asked this is that this margin revision downwards is quite surprising for a company like Supriya because we are a strong company in terms of raw material sustainability, very low-cost manufacturing setup?

Dr. Saloni Wagh: Just to add to what Krishna said, it's not just the impact. So, I think like I said before also, it's a combination of the couple of things which are playing around. And that's the main reason why the margin is dipped. It cannot be singularly pinpointed to only the raw material prices or the solvent prices. But along with the raw material pressure, there is a change in the sales and the product and the market mix plus an increase in the expense. So, I think it's a combined effect of all these 3 things that have impacted the margins.

Aditya: All right. On Ambernath, the EU audit is supposed to be next week. And if the large CMO contract that we are talking about, if that is also signed and hopefully, that gets signed, when do we see Ambernath breaking even? As in what is the timeline or what is the revenue figure that we need Ambernath to generate to break even?

The reason I'm asking this is that once it reaches an optimum capacity utilization, Ambernath, the overall EBITDA margins of the company should be far higher because we are making the

API, we are making the specialty chemicals that goes into API and then we are making the formulation. So, everything is being done in-house, and our gross margins should see an uplift. So that is what I'm trying to wrap my head around. So, if you can just help me understand this aspect?

Krishna Raghunathan: Ambernath, I believe that, say, somewhere around INR160 crores to INR200 crores would be the sweet spot for the plan to have its breakeven set. Why I am saying this, somewhere around INR60 crores as of now, at the current rate, we are investing on the expenses front. So, see, technically, if we have to ramp up, we need to spend much on the R&D side there for what you call improving the formulation portfolio. So, we believe that somewhere around INR160 crores to INR200 crores would be a sweet spot and which will also help us in ramping up the formulation business. I think that is what we are thinking at this stage, Aditya.

Moderator: Thank you. The next question is from the line of Mr. Abhishek from Fortitude Fund Management.

Abhishek: Just wanted to get some clarity on the Ambernath plant. You said about INR160 crores to INR200 crores would be the sweet spot. By when do we plan to get there? And that would be the breakeven number, right?

Krishna Raghunathan: Yes, that would be the breakeven number. See, at the end of the day, we have to get our approvals right. I think we are having the audit like Dr. Saloni had already pointed out, we are having the EU audit sometime next week, the entire week. Once the positive news is there on that front, I think from then on, maybe it might take at least 1.5 years for it to ramp up because we have to even want to get the products in line also. All the product registrations are needed to happen. And we believe that around 1, 1.5 years would be the timeline in which we will be able to get Ambernath to a meaningful number.

Abhishek: Right. Sir, in that case, wouldn't this sort of 6% hit that we are sort of seeing in the margins? I mean, I'm coming to, let's say, I understand what happens for FY '27. But let's say, when we get to FY '28, that impact is still there, right? It may not be 6%, but a 3% or a 4% hit on the margins may continue until we build scale, right?

Krishna Raghunathan: It will have some bit of an effect. But once you have approvals, you will also have a lot of rest of the world sales coming from that plant and one of the CDMO contracts, which we are looking at, there could be some rest of the world sales also in that. So those are the places, I think, where we would be able to capitalize and the hit might not be so bad as we are having it today.

Abhishek: Right. So, what I'm trying to understand is, let's say, we are down to 25% for this year. What is the number that we should assume for next year? Because I mean, I'm presuming getting back to that 33% to 35% might be a longer journey than maybe just a couple of quarters, right?

Because the Ambernath hit is going to be there for quite some time. Maybe LATAM might come back, and other issues might sort of be resolved, but this 3%, 4% hit on the margins and plus Ambernath ramp-up also will be non-regulatory markets for the time being. So that will

also be further lower margins. So, all put together, should we look at 27%, 28%? Should we look at 30%, 31%? Maybe some clarity would be helpful, sir?

Krishna Raghunathan: At this point, we are not guiding for the next financial year. I think we will come in the next couple of quarters, and then we will come and let you know what sort of a margin profile because see, there are a lot of things which are contingent upon the EU approval. I think once we have the EU approval in place, then we would be able to really know what sort of R&D spend also we would like to do on the plant.

And then only we will be able to come back with the guidance. So, at this point in time, we don't want to guide anything beyond this. So, look at how things will pan out over the next couple of weeks and then we will have to internally decide what sort of sales which can happen out of that plant and then only come back to guidance. I don't think we can give anything at this stage.

Abhishek: I'm a little disappointed where the last call we had was 48 days into the quarter. And in spite of that, we've maintained the margin guidance. I'm sure we would have had some visibility, and the Ambernath issue doesn't seem to be going away in a quarter or 2, right?

So that visibility of ramp-up, the hit on the margins would have been known. So, it seems like a clear communication gap between what the investors understood and what was clearly communicated. I mean, I actually pulled out the transcript again, and it says that we are very confident of maintaining margin levels between 32% to 35%. I mean some sort of indication should have come. I mean it's constructive feedback as shareholders of the company. We want it to be better over a period of time.

Dr. Saloni Wagh: Just one minute, just to answer that question. I explained in my earlier question as well that for the Latin American sales, we already had very firm visibility and POs in hand. So, when we gave guidance on the margin number, the higher margin sales in that particular market were accounted, which would then have the impact of only Ambernath. It would not have been of the other combined factors.

But because that regulation had not changed when we had the earnings call and it changed post that, a lot of those purchase orders, a lot of those POs, which were supposed to come in, we were not able to get. And that is one of the main reasons why the margin has not come closer to what we guided.

Had we known that or had we pre-empted that we would have given the margin guidance aligned with that. But because this was a sudden change, which was not notified to even the customers or us, it came as an abrupt regulatory change, we could not have preempted that. So again, yes, when it comes to improving the communication, we'll keep that in mind, but you also have to factor the situation and how dynamic it was and the regulatory change that happened and the level of magnitude of impact that it had on the sales and the high-margin products. Just to clarify that.

Moderator: The next question is from the line of Mr. Rishabh Tripathi from Multi-Dimensional Thinking.

Rishabh Tripathi: So, my first question, we saw the notification in terms of the bail. So, I just wanted to know in terms of the employee, what type of support that we are providing because that person was occupied into the custody for so long, what type of support we are providing to the family in terms of health, mental health, psychologically, financial support to the person that was involved in the case? That's my question number one?

Dr. Saloni Wagh: So, during the time when he was in judicial custody, we have fully supported the family financially. We ensured that whatever he was taking home in terms of salary was given to him with same regards. And now the bail has been granted. So, the person is officially out of judicial custody. And we have now moved to the Supreme Court for quashing of the matter. So, by 15 December, we should have a positive verdict on that as well.

Rishabh Tripathi: And hopefully, the support will continue even let's say, for next 6 months or 12 months, it will take some time to get out of such thing. Okay. So, my second question would be with respect to the contrast media in a year or so, you used to also talk about some kind of high-end whey that we were working on. So, there are two things, contrast media, we were talking about, we are working on improving our processes to further bring down the cost. So, where are we in terms of that? And second one is like the whey protein that we were working on, what's happening with that?

Dr. Saloni Wagh: So, Whey protein, we have actually made some progress on that. We have been successfully able to send out the samples and customers have approved of. And we are looking at starting of the commercial orders. They might not be very high volumes at this stage, but we are expecting commercial POs from some customers because they will now make the formulation and put it out in the market just to do a test run. So that is moving positively. It is moving a little slowly, but yes, we have seen some positive development there. And in terms of the contrast media, I think we are very close to launching that product. Hopefully, by next quarter, we would be in a position to launch it and at least do a commercial scale up at plant.

Moderator: The next question is from the line of Mr. Rupesh from Long Equity Partners.

Rupesh: I have a few questions. The first one is on this liquid anesthetic contract. You said the initial 2 years will be for API. So, do we have enough capacity to serve the customers' requirements? Would we need to do some API capex? Any color around that? That is one. And then I think you also said we secured one contract in ROW for Ambernath. So, is it for the same liquid anesthetic formulation?

Dr. Saloni Wagh: Yes. So, in terms of the API capacity, when we were designing module E, we had already accounted for the scale-up of this product in module E. So, the maximum capacity, of course, will take 4, 5 years for the customer to reach. That is fully accounted for even today. So, we can take up the product to almost 1,100 tonnes, that capacity we have already created. In terms of the ROW contract, yes, this is from Ambernath for the same anesthetic product.

Rupesh: And this is a different customer, right, completely different customer?

Dr. Saloni Wagh: Yes. It's a different customer. It's not a very large commercial contract. On commercial scale, it is quite small, but it's just a breakthrough for us to enter the ROW market. But it's a different

customer. So once the contract for this large customer is done, then we would be moving to an exclusive model, and we will only be working with this particular customer for the entire anesthetic product.

Rupesh: Okay. Understood. The second question is this Statins intermediate, how is the scale-up going? How is acceptance? How is our competitive position in margins? And do you see significant scale up in this product next year?

Dr. Saloni Wagh: So, the reception of the product is very good. We already have a couple of large contracts being discussed. The scale-up is also happening well. Monthly, we are churning out, I would say, mid-level of volumes. I think next year it would definitely add significant revenue to our top line because by then, I think all the contracts would be in place and all the customers, we have already approved of the product so the quality and everything is done. So, I think once the contracts are signed next year, we can have the full volume of these customers.

Rupesh: So just to clarify, we are the only producer of this intermediate in India, and we are competitive with China in pricing. That assumption still holds, right?

Dr. Saloni Wagh: Yes. So, we are still the only fully integrated producer of this API in India. And yes, China is our biggest competitor. So, we are competing with them on the pricing. But because of the backward integration, we are able to still compete with them.

Rupesh: Okay. And just quickly final question. These 2 new ADHD products that we're working on, are these controlled substances? Any idea about the market size, dosage forms? Any color around that would be great?

Dr. Saloni Wagh: So, on the API front, yes, these are controlled substances. And we are, in fact, working on a contract with a U.S.-based company, a long-term contract for supplying the advanced intermediate of these APIs. And it's a quite large contract, but it is at a very initial stage. And on the finished formulation also, it has a very large market. At the API level, I think the market potential is about $100 million, $150 million.

And for the finished formulations, I still have to check. I don't have that number with me right now. But definitely, it has very large potential not just in U.S., but also Europe and Latin America, that is a very large market size for this one. And we are just in the phase of getting all our regulatory approvals in, which I think should be done in another 3, 4 months. So, I think starting next year this can meaningfully contribute to our revenue.

Moderator: Ladies and gentlemen, due to time constraints, we would consider this as the last question. Remaining participants in the queue, you can get in touch with EY Investor Relations. On behalf of Supriya Lifescience Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

(This document was edited for readability purpose)