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May 28, 2026

To
Listing / Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

BSE CODE: 543329

To
Listing / Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

NSE SYMBOL: WINDLAS

Dear Sir/ Madam,

Subject: Q4 & FY26 Earnings Conference Call Transcript

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Q4 & FY26 Earnings Conference Call Transcript.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For Windlas Biotech Limited
ANANTA NARAYAN PANDA
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Ananta Narayan Panda
Company Secretary & Compliance Officer

Encl: As above

“Windlas Biotech Limited

Q4 & FY26 Earnings Conference Call”

May 22, 2026

MANAGEMENT: **MR. HITESH WINDLASS – MANAGING DIRECTOR – WINDLAS BIOTECH LIMITED**
MS. KOMAL GUPTA – CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER – WINDLAS BIOTECH LIMITED

MODERATOR: **MR. ANKIT JAIN – STELLAR INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day, and welcome to Q4 and FY26 Earnings Conference Call for Windlas Biotech Limited. 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 conference is being recorded.

I now hand the conference over to Mr. Ankit Jain from Stellar Investor Relations. Thank you, and over to you, Mr. Jain.

Ankit Jain: Thank you, Nirav. Good afternoon, everyone and thank you for joining us today. To discuss Q4 and FY26 business performance, we have with us senior management team of Windlas Biotech Limited, represented by Mr. Hitesh Windlass, Managing Director; and Ms. Komal Gupta, CEO and CFO.

Before we proceed with this call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made. Documents relating to the company's financial performance, including investor presentation, has been uploaded on the stock exchanges and company's website.

I now hand over the conference call to Mr. Hitesh. Thank you, and over to you, sir.

Hitesh Windlass: Thank you, Ankit. Good afternoon, everyone, and thank you for joining us today for our financial results for the quarter and full year ended 31st March 2026. We have uploaded the press release and investor presentation on our website as well as on the stock exchanges. I hope everyone must have gotten an opportunity to go through it.

Initially, I would like to discuss the outlook and way forward for Windlas Biotech, followed by financial highlights for Q4 and FY '26, which will be shared by our CEO and CFO, Ms. Komal Gupta. The Indian pharma market registered a Y-o-Y volume growth of 2.7% in FY '26. Despite moderate industry volume growth, we are pleased to report another year of strong performance, with revenue growing 19% Y-o-Y to INR904 crores in FY '26.

While Q4 FY '26 revenue increased 18% Y-o-Y to INR238 crores. This performance demonstrates our focus on scalability, durability and profitability, along with consistent delivery and the strong trust we have built with our customers over the years. The year gone by was not merely about delivering growth, but about reinforcing the quality of that growth.

We reported our highest post-listing EPS of INR31.60, while continuing to sustain ROCE and ROE above 25% mark, a reflection of both operating discipline as well as capital efficiency. Equally important, the business generated INR105 crores of net operating cash flows, enabling us to close the year with a strong net liquidity position of INR251 crores.

At a time when capital efficiency and liquidity are becoming increasingly critical, we believe these metrics place the company in a position of distinct strength. During FY '26, Plant 4 and

Plant 5, our injectable facility, received GMP certificate from Philippines. Our injectables and Plant 2 extension facilities continue to drive overall business growth, reflecting the strength of our strategic investments.

Meanwhile, Plant 6 has achieved mechanical completion, and we remain on track for commercialization by H1 of FY '27. Looking ahead, we are optimistic about the growth prospects across the industry and remain focused on enhancing long-term value for shareholders through diversification of client base, increasing operational efficiencies, retaining and rewarding of key talent and expansion of dosage forms.

I will now request Mr. Komal Gupta, our CEO and CFO, to discuss the financial performance highlights. Over to you, Komal.

Komal Gupta: Thank you, Hitesh. Good afternoon, everyone. FY '26 was a defining year for the company in more ways than one. Beyond the financial performance, what stood out was the consistency with which the business continues to scale despite a dynamic operating environment. During the year, we crossed INR900 crores in annual revenue for the first time, closing FY '26 at INR904 crores with 19% Y-o-Y growth.

Q4 FY '26 revenue stood at INR238 crores, up 18% Y-o-Y, while the company extended its track record to 13 consecutive quarters of record revenue. In Generic Formulations CDMO vertical, we achieved revenue of INR664 crores and INR176 crores in FY '26 and Q4 FY '26, reflecting 20% Y-o-Y growth. We believe our growing relevance as a dependable and agile manufacturing partner continues to strengthen our position within the CDMO space.

The Trade Generics and Institutional vertical grew 13% to INR195 crores during FY '26, while Q4 FY '26 revenue remained INR46 crores. This vertical retained strong strategic relevance with long-term growth potential, supported by enabling policies and growing acceptance of generics.

Our export vertical revenue grew by 40% to INR46 crores in FY '26, while Q4 FY '26 increased by 67% Y-o-Y to INR17 crores, given the longer lead time. Associated with export markets, we view this as an encouraging validation of efforts towards regulatory approvals and product registrations over the past few years.

On profitability, the underlying performance of the business remains strong, with FY '26 adjusted EBITDA at INR121 crores, 13.4%; and PAT at INR83 crores, 9.2%. And Q4 FY '26 adjusted EBITDA at INR33 crores, 13.6%; and PAT, INR23 crores, 9.7%, adjusting for ESOP cost, which are noncash in nature. Reported EBITDA for FY '26 grew 11% to INR105 crores, while reported PAT rose 9% to INR66 crores. In Q4 FY '26, reported EBITDA stood at INR25 crores and PAT at INR16 crores.

We remain equally mindful of maintaining a balanced approach towards capital allocation during the year, with clear emphasis on balancing growth investments alongside shareholder returns. The completion of the INR47 crores buyback without promoter participation were considered reflections of the Board's confidence in the intrinsic strength and future potential of the company. In addition, in line with our dividend policy, the company has proposed a dividend of INR13 crores, INR6.3 per share for FY '26.

As we transition into the next phase of growth, our priorities continue to center around capability enrichment, unlocking efficiency and broadening reach across key markets. We approach the future with ambition, but equally with discipline and a long-term perspective.

Thank you for your continued trust and support in the company. We'll now open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Sajal Kapoor from Antifragile Thinking.

Sajal Kapoor: Yes. Team, amazing cash flow performance yet again. So I think that's one thing that stands out. Apart from the CDMO division that has grown 20% Y-o-Y, which now contributes about 73% of the revenue, CDMO, that is. Can you help us understand how concentrated this business is today? That is contribution from top 1, top two and top three customers?

Komal Gupta: Hi Sajal, so about -- can you give me a minute.

Hitesh Windlass: Yes, just 1 minute.

Sajal Kapoor: Sure.

Komal Gupta: Our highest customer is at 6.5% for the year. And top 10, we are at about 32%. Top 20 would be around 40%, 41%.

Sajal Kapoor: No, that's fine. That's reasonable. So we are pretty diversified. We are not banking on a single customer. That's what I was trying to get to.

Komal Gupta: Absolutely.

Sajal Kapoor: Yes. Yes, yes. And then with the company now is scaling injectables, exports and complex generics, regulatory intensity will naturally increase, right? Ours is a regulated business, and we are dealing with human lives here. So what additional investments are being made in quality systems, compliance infrastructure and talent to ensure that future inspections and global regulatory expectations do not become a bottleneck to growth?

Hitesh Windlass: Thank you, Sajal ji. This is actually a very important area that you have pointed out. And as you also hinted, whether it is the global authorities, we have one EU-GMP approved unit. I also mentioned that we have received Philippines inspection. There is also the -- India has own Schedule M, which has significantly increased the quality system demand on units.

And this is something that is a strategic differentiator also. When we are in a CDMO business, regardless of the end product quality, the system itself is a very important as entity that our customers look at. So as I was sharing earlier also, we get audited almost 70 to 80x in a year across the 4 facilities. So almost every week, there is 1 or 2 audits happening from customers.

But now I think that the focus of audits by regulators, whether they are in -- from external regulatory authorities or within India, is shifting on to quality by design, how the formulations that we are manufacturing are well-characterized and validated. How our systems, our people

and our documentation is following the GMP principles of building quality at every step, rather than only at the quality control final testing levels.

And how open and transparent the company's culture is to self investigate quality events, correct them, take the collective action and preventive action and transfer that learning across units where that event may not even have happened. So these are very, very important elements. And of course, you are never really done on this journey.

And what we have focused on is -- first is to make all our learning management systems across every single employee who is working in production, formulation development, quality control, quality assurance or any aspect that touches the plant engineering. Every single person is judged across which procedures they are authorized to execute on, which has to be -- they use during their work.

And they have a learning metric that is identified for them. Again, every year, it is reassessed. And those SOP trainings are done through a learning management system for them, each of them. There are refreshers, every time when they took exchanges, they are refreshed. And then there is a test where everybody must score at least 80% in order to be authorized to continue the work.

So this is something that we've built in -- having this electronically is a big advantage, and we are one of the few organizations who have done it in the Indian market. We are also focused on external subject matter expert training, where there are advancements happening in test methods, in production methods and all of those in engineering controls.

And time to time, we bring in seminars. And in fact, our customers are very, very keen in this because there are sometimes the knowledge holders, some multinational accounts as well as others. And we bring subject matter experts to come and train, have seminars at the site and look at increasing the awareness of the key people towards these kind of advancements.

So this is something that we are constantly working on, whether it is infrastructure, whether it is in terms of systems and processes that control quality and compliances, and finally, also in terms of people and culture. So I think all of those things keep -- are important, and we are taking the steps required for them.

Sajal Kapoor: And lastly, resources and investments plan to propel the exports business, please?

Hitesh Windlass: Sure. I think on the export business, as you know, Sajal ji, we have been targeting mostly our ROW markets and semi-regulated markets. And this makes our -- a lot of these markets are small in nature. They don't have local domestic production for pharmaceutical. And our -- you have to compete and gain market share based on the breadth of the product portfolio and the range that you bring in.

So this is something that we are doing as we have geared up significantly. We have increased our team in terms of regulatory affairs. We have implemented software systems to allow for faster gap identification in our dossiers. And we are also trying to accelerate our query response times to various authorities once our dossiers are permitted. So this is in parallel to increasing our business development team on the export side to bring in more queries and more open more

relationships across countries and deepening the relationships in which we are already supplying.

Moderator: Next question is from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai: Congratulations for, again, a fantastic execution. Also appreciate the buyback that you guys did. I think you guys are doing a fantastic job on capital allocation. So my first question is, if we look at the trade generics, there is some softness since last 2 quarters. If you can help us what happened this quarter?

I assume it is largely to do with the codeine thing that was -- that came in the Q4. And if that is the case going forward next 3 quarters also the codeine business will be in the base. So should we expect some growth on the trade generics or it will be more on the flattish side going forward?

Komal Gupta: So we remain positive, very, very positive about the long-term growth potential of trade generics and institutional verticals also going forward, which is supported by favourable macroeconomic factors, increasing demand for affordable health care, our own AAA strategy. And so growth in this vertical, it has to be there in long term.

And it will be driven by geographic expansion, portfolio expansion and new institutional accounts to be added with a strongly aligned sales force. Having said that, as you rightly mentioned, our Q3 and Q4 got affected with trade generics by mainly two factors. One, as we mentioned, codeine.

So it has impacted the trade generics vertical. We are trying to fill in that portion of codeine business lost with alternate. And that we are doing. Some of it has already been done in Q4, and we hope to do that. Exactly in which vertical we should be able to fill that is something to be seen in the upcoming quarters.

Hitesh Windlass: Just to add to that, Dhwanil ji, these products and brand based discontinuity and additions, like the one regarding codeine, are part of our regular business. And we are always working with a pipeline of new ideas. And these products will -- in the past also we've had that. Our focus is always to maximize ideas which can bring quick growth to us.

Now new launches in India has also changed with regards to the regulatory guidelines for how fast or what data is needed to do new launches. But we believe that the quality system, the strong customer track record, the established history of -- this is now our 25th year. We will be successful in building this business in a very good way in the longer term.

Komal Gupta: And there is one more factor, institutional, which is part of trade generics and institutional business, which is a bit lumpy in nature. So a couple of quarters, it's good, and there are other quarters when it's not that high. So a combination of these 2 factors. So short term, we can't really say. But long term, we continue to see -- have the exact same mindset and story that we have maintained for the trade generics side and institutional vertical, to compare.

Dhwanil Desai: Got it. Got it. Second question is on the injectable side, if you can give some colour on ramp-up of course without numbers, but how it is kind of scaling up in terms of approvals, customer

offtake? And also any -- on the EU GMP side, what is the progress? What is the time line that we are looking at? Some broad qualitative colour on that would be helpful?

Komal Gupta: So as Hitesh mentioned, we have gotten the regulatory approval from Philippines for our injectables plant. And we are continuously also working for EU GMP approval or the readiness and the preparedness is working, -- is on track. In terms of business, business is scaling. There was a lag earlier in terms of timeline against what we were thinking. And we seem to be catching up in line with where we want it to be in terms of injectable particular dosage.

Dhwanil Desai: Any timeline for EU GMP as I was thinking, containing then?

Hitesh Windlass: No, this is something that we don't want to comment.

Dhwanil Desai: Okay. And last question, I think our export has done very well this quarter. And of course, all the registrations and effort that we did in the last few years, kind of seems to be finally falling in place. So going forward, generally, once we get into a market, there is always a upward scale up, right? So should we assume what run rate that we got in Q1, maybe not on a quarter-to-quarter basis. But on a run rate basis, yearly basis, that is the kind of number that one can expect? That's how we should look at it?

Komal Gupta: Yes. In terms of run rate, we do not -- as you are aware, do not give guidance. But we have seen positive traction in exports. We continue to work, but -- and we were also earlier mentioning this product brand-based discontinuities and additions is a regular part of business for us. So we remain very, very positive looking at and we are also encouraged looking at what we were able to deliver in FY '26. Our continuous endeavour to keep growing at the highest rate possible that we maintain.

Moderator: Thank You. Dhwanil, I request you to come back for a follow up question. Next question is from the line of Gautam Gosar from Monarch AIF.

Gautam Gosar: Congratulations on good set of numbers. So just continuing with the previous participant's question on codeine-based syrup. So I just wanted to understand, like it was a big product for us, around INR50 crores, INR60 crores kind of a top line on an annual basis. So since you mentioned that we have already started with alternate products on similar lines over there, can you help us understand how much compensation has already been taking place of the -- on a run rate basis? Is it like 30%, 50%? Any colour on that?

Komal Gupta: It's very difficult to give that kind of breakup because honestly, when even in the running course of business, not only just the liquid, that one particular line, but overall, liquid, capsule, sachet, tablet, different, different machines. It keeps varying on the basis of kind of order book for the month that we have.

So it can be 30% for a particular machine or a particular line, in one hand and it becomes 70% in the next line. So honestly, that kind of detailing in -- may be difficult to give, and in fact, more lot of you for us or for you, we shouldn't look at it like that. Overall, we will have to continue to look at the overall scheme of business. And we think that, to be at least did not let the loss of business coming from big business, which wasn't there at least for 2 months in Q4. We did not let it affect the overall revenue, and that is what we intend to do going forward also.

Gautam Gosar: Sure. Understood. And secondly, on our capital allocation going forward as well as the Plant 6 coming up. So since we've done around INR240 crores of top line this quarter. So on an annual basis, we are already surpassing INR950 crores mark. So how should we look at growth for next couple of years from here? So basically, the Plant 6 contribution will obviously take in from H2 onwards. But apart from that, what are your plans on the capital allocation part? Could you help us understand that?

Komal Gupta: In terms of growth, we would want to grow as much as possible, and we would continue to work accordingly. About capital allocation, our Plant 6 is what should get over in H1 of FY '27. And post that, the regular maintenance capex is what we would -- is what we would finish on.

Hitesh Windlass: And our philosophy is that when we look at growth from a manufacturing perspective, we think of it either in the core, which is our oral solids, liquids, tablets, capsule, sachets, all of this and new dosage forms. So we added injectables earlier. Our philosophy is that as we stabilize new dosage form, it becomes part of the core.

And then we do a growth-based expansion in capacity wherever needed. So we've come up with plans. As you know, in last almost 5 years, we've added the injectable facility. We've added Plant 2 extension, and now we're adding a Plant 6. So we want to keep this tandem going.

And also, we want to say that from a capital allocation strategy perspective, we do not want -- or we do not see ourselves doing a capex, which is like 5 years kind of we're creating capacity for the next 5 years. We want to do it more like 1.5 to 2.5 years kind of chunk. And that's the sweet spot that we believe is most suitable for us.

Gautam Gosar: Okay. Understood. Sir, maybe in the next capex cycle, when should we assume that? It should be in the next 1 year, something like you have some announcement on that?

Komal Gupta: Yes. So FY '27, it depends on what kind of numbers we are nearing. It also depends on how low we are towards peak capacity utilization. When we are around 60%, we start building something else. That is how we generally do. So FY '27, we'll keep judging, but we don't expect FY '27, any organic capex other than the maintenance capex. And if we are able to deliver very good numbers, maybe FY '28, we go for additional capacity, which everyone would love.

Gautam Gosar: And lastly, on the working capital. So our working capital days have reduced significantly from around 40 days to 20, 25 days. So is it a new sustainable base or is there any one-off over there?

Komal Gupta: So inventory receivables on all three areas, we are very conscious and we try to maintain as much discipline as it is. As we have earlier also mentioned, everyone, all the departments, not just finance, is very, very focused on what are the working capital -- their role in maintaining a good working capital level. So we continually drive striving that. Having said that, 10, 15 days plus or minus is always possible in a broader scheme of things that happen depending on the external factors. But we don't expect too much of a variation as of now.

Moderator: Thank you. Gautam, I request you to come back for a follow up question. Next question is from the line of Ishit Desai from Fods Family Office. Please go ahead.

Ishit Desai: Congratulations to the entire team on a very good set of numbers and execution. Sir, my first question is in continuation with previous participants on the trade generic side, the codeine effect. I think you mentioned about filling up the plant capacity with alternate products. But I wanted to understand more on the sales channel side, right?

I believe this codeine was across multiple manufacturers in the country. And so do we have an alternate product on the cough therapy itself? I mean, how -- and if at all, you were to rebuild and fill up type channel, how much -- what is the procedure? What time line does it take? So is there any market share movement because of this product moving out and other, we are able to capture that? So if you could throw some colour on that filling up this particular -- the application, etcetera?

Hitesh Windlass: Sure. So the codeine-based cough syrups where we are usually prescribed for cough COPD. So our asthma COPD patients who have a persistent irritating cough, which does not go away through other coughs -- other interventions. Now a lot of the regulatory oversight has come in codeine syrups because at a patient level.

It is very difficult for government to monitor who is taking it and whether they are taking it on prescription or not. So in our case, as some of the -- like 2 large, very, very large, in fact, 2 of the largest brands in the Indian pharma market owned by multinationals have now exited the market.

So -- but other cough syrups have come in. We have also added more sort of Ayurvedic type of cough syrups in our range. There are non-codeine based cough syrups that we have also seen a little bit pickup in our own trade generics channel. From customer side, however, from the production line perspective, it clearly doesn't matter.

Whether you are filling a cough syrup in a liquid line or you are filling a liver enzyme -- a liver enzyme supplement or you are filling some kind of a Lactulose solution. So the line itself is not cough syrup dedicated. And so we are focusing on adding as many liquid products based on our capacity to cover. We are not restricting ourselves to cough syrups.

But we see an opportunity in the cough syrup market also where as codeine gets replaced by other cough syrups, there is a demand that we expect to increase in there. So those places we are seeing our brands and our formulations in all the 2 verticals primarily, trade generics as well as CDMO.

Ishit Desai: All right. And second question on the export side, sir, the previous part you mentioned that, obviously, you don't comment on the -- any guidance or run rate. But just wanted to understand, from a traction perspective, what -- I mean, are we far -- are we at a far better position and confidence level as compared to where we were 1 or 2 years back, but we're trying to figure out how to scale it up. And now with the regulatory approvals and the product basket in place, do you think that we are at a far better position? I mean these numbers might come out in a year to whichever way it is. But are we in a far better position in terms of speeding up the export number? Because in the overall context, the potential is much larger, but we are still at a smaller base in this business. So I think we -- is it fair to assume that we are in a far better position now as compared to what we were previous back? Is that an assumption?

Komal Gupta: We have always been very confident in our export vertical, and we continue to be. Even earlier, whenever the questions that this vertical is so small and even putting bandwidth there and then. What we have always maintained is that this business nature is like this where there is a longer period which you have to invest and the results are binary many times.

So a lot of efforts that you put in, sometimes results is not much of our revenue. And when it does, it takes a little bit more time than the other business verticals. And that continues to be the nature of business. We would want to go for as many wins as possible. So that's why we continue to put in effort. We continue to financially and manpower investments -- our bandwidth investment because we see potential there and it is a high-margin vertical. So we continue to maintain what we used to have, and we continue to have the confidence that we are earlier had.

Ishit Desai: Sure. Just last quick one. So which is Plant 6 commercial operations coming through? What is the peak turnover potential we are looking at across all plants?

Komal Gupta: So about -- excluding injectables, which is about 100 cr, we can deliver about 1,000 cr revenue with Plant 6. However, as mentioned earlier, there is an upside potential in terms of efficiency, which always we have been able to bring in through tweaks in the system, which we are able to unlock as plant is commercialized and we keep working. So we keep figuring out ways to get more -- unlocking the capacity that is what and percent probably have been able to earlier increase and we hope to do that going forward as well.

Moderator: Next question is from the line of Abhishek Singhal from Perpetuity Ventures.

Abhishek Singhal: I just wanted to get your understanding about the GLP-1 market now, given the fact that it's been 60-odd days since the launch has happened. And earlier, we spoke about a potential wide launch and you've seen that a wide launch in India is now working in almost 30% or I think 25% of the market is with vials and is growing and the market is quite price sensitive.

And given the fact that we do have injectable facility where vial filling is possible, what are your preliminary thoughts around that? And specifically, if this product picks up, its potential impact on your oral antidiabetic portfolio as well. So in that context, how are you seeing this play out for you?

Hitesh Windlass: Yes. So Abhishek, so certainly, GLP-1, we have been watching the space very keenly because it is such a game changer in all the other global markets. And for India also, recently, there's an article which talks about Obesity, being the largest problem for Indians in the next 10 years or so.

GLP-1, we -- so with respect to the vial format for GLP-1, our facility can fill those vials already, okay? So that is one important thing. And our question is that as the volume picks up and the people who have done the launches so far have done it from their in-house facilities. And as the volumes pick up, they have to go out to CDMOs like us.

Definitely, we want to position ourselves as a "viable option" for filling those vials, right? So -- but there is also now with oral GLP-1 launch, that is being talked about in the West also and for India also, whether it can actually be a much, much bigger opportunity. So there are some interesting things, how things will play out.

Right now, it is more in the hands of very few limited players who have the marketing potential to generate prescription and convert doctors over from older medicines to newer ones. As this actually changes prescription behavior and new launches from much larger base of marketeers happens, then our CDMO team will have a new category to create some markets.

So we -- definitely, this is a very exciting space. There is obviously some concerns also, whereas drugs which go into a very, very large market, the number of patients who take it increases. And so more information comes around side effects and things like that. The particular GLP-1, which has come off patent, has had many more side effects than the ones that are still patented. So there is going to be some between GLP-1 also, some preferences that come from Indian doctors and how exactly the mass market picks it up. But we are very keenly watching this. And as I want to just say that our injectable facility can fill the vials for GLP1.

Abhishek Singhal: But as we speak, there is no pipeline planned on a trade generic side because the price of the retail have also collapsed significantly. So you're developing your own product to take it from the trade generic. Your thoughts around that as we speak today?

Hitesh Windlass: No. This is something that we are not looking at right now on the trade generic route because -- see, on the trade generic, Abhishek ji, the prescription is substituted by the retailer. So you cannot create new prescriptions. And the trade generic also works more in the B, C, D, kind of towns and interiors, where the adoption of -- and the GLP-1s, which are currently taking off are more the metro products, right, which is where the lifestyle diseases are also there, obviously, it is also more a metro phenomena.

And so we -- it is still not the best fit for trade generic route. But yes, first, CDMO players, as more and more marketeers who operate in the obesity, diabetics, metabolic syndrome categories want to launch more products. This is an area that our capacities and our ability to build products for them can be there. But still, the initial investment requirement is very large. It's very expensive API. And some of those things also, over a period of time, will come down, which is what I think will eventually unlock the mass market for it.

Abhishek Singhal: We've had some of these larger trade chains or the retail pharmacies organized players trying to look for their own store brands, so as to say, being a vial format or the pen format as well. And in that context, these are the players who are also working with you for their oral antidiabetics. So no talks with some of these large retail chains in India around this?

Hitesh Windlass: No, no. So far, nobody has really come out. There is a little bit of misuse angle also where some of these GLP-1s have been pushed in as fashion drugs, pre-matrimony drugs, and they are being prescribed by gyms and beauty parlors. And there's a lot of -- all that is going. And you would have seen recent regulatory action by the drug controller to, in fact, ban all injectables from being considered as beauty products or things like that. So there's a lot going on. So far, we have not had any large trade generic players or retail pharmacy chain players have expressed interest with us on launching something like this.

Abhishek Singhal: Got it. Just one last question on this injectable side. You talked about Philippines approval. I just want to understand, you've been selling injectables in India through the 3 formats that you have the trade generics format. The Philippines is the export market. So in terms of realization, do

you think it's a much profitable market versus India? And is this -- could this be a large opportunity for you all or is it that one regulatory authority has come to?

Hitesh Windlass: So see, one is that definitely, the margin realizations in export are higher across categories, across products. So my expectation would be that it would follow even for injectables. The other thing is how big a market it is. If you see the rest of the world, ROW markets, there is very little domestic productions that these markets have.

And so it's like Southeast Asia, CIS countries, Africa, a lot of pharmaceuticals is imported. And injectables -- so definitely, they don't have, because they don't even have trained manpower to manufacture injectable products locally. So we think it's a long-term play. Getting access to Philippines, then increasing the product portfolio there is going to be meaningful. But it will also be a stepping stone to other markets where there -- the same dossier will go and the plant approvals will follow.

Moderator: Thank you. Abhishek , I request you to come back. Next question is from the line of Suruchi Parmar from NX Wealth Management. Please go ahead.

Suruchi Parmar: Yes. Hello. I hope I'm audible?

Hitesh Windlass: Yes.

Suruchi Parmar: Can you talk about management's vision for next 3 years down the line for the company? And can you highlight about the revenue mix you're going to follow in those years, if possible?

Hitesh Windlass: So I think in terms of our vision and mission, we say that we want to be a partner of choice for the Indian pharma business customers that we have in CDMO. We want to be a partner of choice, not only in their outsourcing plans, but also in product development plans. And this contract development and manufacturing is a very important aspect.

So we will invest in capabilities which are developmental in nature. We will invest in capabilities which are higher upgradation of quality aspects across manufacturing and our operations, and we will invest in capabilities in bringing new products to market. With respect to our own label products, some of them are -- all of our trade generics core range are in that.

We also see institutional, where the government buying will increase because of the various coverage programs that the government has announced, and just the sheer size of India's population, right? So again, this is a place where a manufacturer like us who has a huge number of formulations already established and sold for many, many years in a high-quality setup has a natural advantage. And we would want to focus and bring that advantage home.

And of course, as we talked about, our third vertical is exports. And pushing that to grow and grow as fast as possible is again a key focus. So in short, I mean, I think that we see the next 3 to 5 years as a story of greater scale across our three verticals and deeper and more meaningful relationships with our customers across our three verticals.

Suruchi Parmar: And about your trade generics business, do you focus on the Tier 2 like.

Moderator: Sorry, we lost your audio. Can you repeat your question once again, please?

Suruchi Parmar: Yes. Am I audible?

Moderator: Yes.

Suruchi Parmar: I just want to know the trade generics business is particularly for the trade Tier 3, Tier 4 cities or you're focusing it also for Tier 1 and Tier 2?

Hitesh Windlass: Yes. So Suruchi, the way -- if you see, there are only about 300 or 400 towns in India, which have more than 1 lakh population, right? And 60% -- 65% of people in India are living in Kasbah and villages, of which, the number is more than 6.5 lakh villages, right? So how does a pharma company, which has a medical rep -- you can approach these 400 towns very well. You can have lots of people, 15,000, 20,000 reps targeting doctors. But where do you go to sell to 6.5 lakh villages. And this is where the trade generic vertical has been existing for the last 40 years. This is also not new, right? Cipla has been having a trade generic business for the last 40 years.

So the idea is that there is a mass population whose incomes are increasing, their expenditure on health and wellness is also increasing. And they are going to need products. But the standard model of having a medical rep generate a prescription from the doctor is not scalable because there is going to be no doctors present. And the Tier 3, Tier 4 towns will basically work the way they are, where the chemist is the one who is giving -- the pharmacist is the one who is giving the drug to the patient. And so definitely, the trade generics focus has been there so far.

But what we are seeing now is that as products, which are offered in that Tier 3 verticals, claim and justify their own quality. They are being demanded in the Tier 2 and Tier 1 verticals also, because while does -- especially the savings that application potentially gets is much more. So while today, the business is more focused on Tier 2 and 3, eventually, even Tier 1 markets may see some volume share going to trade generic.

Suruchi Parmar: Okay. And regarding your EBITDA margins, can we see more improvement in this going forward as we scale up our operations?

Komal Gupta: Yes. So the operational EBITDA, as you must have seen, if we exclude the ESOP expenses has actually improved a lot. And in the long run, we maintained that we expect the overall EBITDA level to grow.

Moderator: Thank you. Suruchi, I request you to come back. Next question is from the line of Deepak Kumar from Verdure Growth. The line for the participant dropped. We move on to the next participant. Next question is from the line of Ameya from Value Equity. Please go ahead.

Ameya: Thanks for the opportunity. Am I audible?

Komal Gupta: Yes.

Ameya: Yes. So I just wanted to ask, so on the on the R&D development and as you have highlighted about you want to be your partner for capabilities as well going forward, right? So what are some of the capabilities or R&D efforts that are new from what we've done last year from -- like I was

reading your annual report, right, medicated chewing gums and chocolate-flavored chewables. But is there something that we are investing into a new capability addition capability building? I just wanted to get some flavor on that?

Hitesh Windlass: So see, in our space, there are -- R&D happens in 2 ways. One is where the ideation comes from our customers from their wish list and then we pick the projects and feed them. The second is on our own initiated investments where we believe that there is a strong potential demand for it.

We do not normally sort of list out these ideas because they become somewhat of a competitive information. But there is also a large change that is happening in India in terms of what is the data set required for launches of new drugs. And the regulator is continuously upping the standard, asking more data. Now earlier bioequivalence studies, now even Phase III or Phase IV clinical trials.

So some of the R&D pipeline and the ideation for the entire pharma industry, not just for Windlas, is getting rethought and rebuilt, in terms of how over the next 5 years, new product development will happen, what kind of launches will happen. People are also trimming their wish list. People are also focusing on their mother brand and extensions and things like that. So a lot of our R&D will follow the needs of the market from that perspective.

Ameya: So I mean are we positively positioning ourselves to be at the front of these new products? Because you said if it's customer-driven, then -- what are the things that we're doing that is going to keep enabling us to invest into these newer products?

Hitesh Windlass: We can -- what we try to do is be very conscious of not doing things just for the sake of being first or for the sake of them being new. We -- what we do is we look at what is the business potential because as a CDMO, we have to then commercialize that R&D investment or extract a return for that R&D investment from multiple customers.

That's how we will generate volume in that particular scale. And the applicable -- while one customer might be very, very gung-ho about something. But if it is not applicable to a larger base, then it probably doesn't justify the R&D investment from our side. So there are -- it's a very complex sort of decision-making process that we come up with.

Our goal is that in certain therapeutic areas and certain dosage forms, we are the first port of call for our customers. And that confidence that they have in us, we want to maintain that, while having the flexibility to say no to certain product development projects and choosing what we want to do based on our business interest.

Moderator: Ameya, I request you to come back. Next question is from the line of Aniket Nikumb from ABN Capital.

Aniket Nikumb: Congratulations on your continued good execution. I have 2 questions. I'll just put them out. First one is, can you comment a little bit about the current API environment and how does the company manage raw material dislocation for pricing? And the second one was, if you can also comment a little bit about working capital, we seem to have really tightened it. So how do you see that going forward?

Hitesh Windlass: On the API side, we -- of course, there have been supply disruptions and price increases based on the West Asia crisis, the fuel price surge, following prices have gone up, although we are not an API-centric manufacturing, so very little solvent usage for us. But otherwise, also API prices are increasing. But if you look at what happened in COVID time, they were -- KSM supplies from China were restricted because of containers not come being available. There were a lot of supply disruptions. There were a lot of manufacturing disruption. But pharmaceutical industry, by and large -- it's not just Windlas, by and large, found solution and continue to actually do even better.

My sense is that, at least in our CDMO vertical, we have an open, transparent cost sheet. So the price increases are discussed with the customers, the customer then validates them and then continues. On the trade generic side and other -- our own brand side, we are looking at where we may need to also do the price increase. And on export side, again, the customers and distributors that we work with, are conscious of the global API price things. I mean nobody really expects us as a contract manufacturer to absorb all the price increases. And we also try to be very careful on this.

Komal Gupta: And about the working capital question, Aniket, the consistency in our working capital metric is, as we mentioned, organization, while financial discipline and conscious decision-making around liquidity is the base for these working capital levels. They have maintained these kinds of levels for about 3 years and tried to improve, in fact.

And we remain focused to sustain levels like this. And as we mentioned earlier, there are sometimes external factors or internal product mix or vertical mix variations, which might change them 10 to 15 days plus/minus, but we remain very focused to keep good working capital levels.

Moderator: Next question is from the line of Dhwanil Desai from Turtle Capital Partners.

Dhwanil Desai: So 2 questions. One is, you probably said that as of now, FY '27, we are not looking at only -- we're looking at the maintenance kind of capex as we see today. But INR1,000 crores and plus INR100 crores or INR1,100 crores, if we're growing at, let's say, 18%, 20%, which is a historical rate that we have grown at, we will probably reach a very good utilization level by FY '27. And given the lead time that we have for a new capex greenfield or brownfield. so don't you think that we will be in a tight spot on the capacity side? That's the first question?

Komal Gupta: No. As we mentioned, we are very confident of bringing capacity efficiency, and 10% to 15% is also the level that we mentioned beyond these levels. So INR1,000 plus 100 crores of injectables. We have already said that this Plant 6, we will be, company level, ready for INR1,100 crores with on INR1,000 crores.

We are seeing that further 10% to 15% capacity expansion possibility is what we already seem confident about, which throughout the year, we should be able to unlock. So we don't think that capacity -- we would never let capacity become a concern. And we always are judging in terms of what we are doing. If we are at a very good spot, we would love to have a problem where we can deliver much more than having built the capacity or fixing that is an area about which we feel more confident. We should be able to fix that very quickly if something like that comes.

Dhwanil Desai: Got it. Very clear. And second question on the -- I think we have been discussing this on multiple calls in the past also on the new dosage form part. And I think we keep looking for inorganic things and also look at organic things. Now that injectable is kind of playing out as per your plan that things are stabilizing, any thoughts on that? Are you guys thinking anything beyond injectables? If you can talk a bit about that?

Hitesh Windlass: So there are several dosage forms where we currently are not present, right? We don't have anything in ointment. We don't have anything in steroids, beta-lactam antibiotics. We don't have anything in soft-gel hormones. And even on the protein powders and nutra side, our capacities are very, very small. So there is a lot of eye drops, right? There is a lot of dosage forms, which we currently don't have. And in some sense, if you see the largest player in our industry, one of the ways they really grew was to bring that kind of infrastructure on day 1 to the market. And so dosage form expansion, which serves all 3 verticals, is very important for us.

On the inorganic side, while we keep looking at ideas and units and businesses, one of the things that has been very important discipline for us has been that we don't want to walk into somebody else's problem. Even if it is coming for a very cheap price because a lot of effort goes into fixing something that is really -- you don't know the depth of it when you are buying a new -- into a new business.

So we have been sort of filtering ideas based on, okay, we will look at those things which -- where there is a good established business and room to grow. And we are happy to look at paying a premium for those as well. So that's been our thought process. And it makes the filter much tighter than it reduces the options on the table. But that's -- so be it. We have to work under these defined guard rails.

Komal Gupta: So we haven't really finalized on any organic building of a plan for any of these areas that we just mentioned, if that is what you were trying to understand. We haven't decided on doing that, while we said that we are at a -- but we are not reaching the peak capacity utilization levels when we would go for another dosage form addition. No plans to do it like now right now.

Moderator: Ladies and gentlemen, we will take that as a last question. I'll now hand the conference over to the management for closing comments.

Hitesh Windlass: Thank you very much, everyone. Wishing you a good weekend. Thank you.

Komal Gupta: Thank you.

Moderator: On behalf of Windlas Biotech Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.