Management – CMD: A very good afternoon, everyone, and thank you very much for joining us today. Over the last few years, many conversations around Granules have understandably focused on our regulatory journey, earnings quality, earnings recovery, and the challenges we faced as an organization. Today, I would like to shift that conversation. I would like to spend a few minutes talking about what comes next for Granules.

After nearly 3 years of relatively flat performance, we returned to growth in FY26. For me, this was a very important milestone. But I view it not as a destination, but as the beginning of a new journey and a growth cycle for the company. Over the last several years, we have invested significantly in manufacturing infrastructure, R&D, product development, and building new capabilities. Today, we are moving from building these capabilities to scaling them and converting them into commercial growth.

The slide you see in front of you captures how we think about this journey. At the foundation is our established business, built on manufacturing excellence, vertical integration, scale, and cost competitiveness. This business remains central to Granules. It generates cash, supports our balance sheet, and provides a platform from which we can invest in future growth.

Building on that foundation, we have identified four growth engines: controlled substances, complex generics and early market opportunities, oncology, and peptide CDMO. These are not four independent bets. They are built on capabilities we already possess while giving us multiple avenues for growth across different products, markets, and timelines.

Beyond these growth engines, we continue to evaluate additional opportunities and expand our geographic reach. Even as today's businesses scale up, we must continue building the next generation of growth. Our objective over the next 3 to 4 years is straightforward: to translate these investments into a substantially larger business, with earnings growing faster as our portfolio becomes more differentiated and operating leverage develops.

Equally importantly, we intend to do so while maintaining the financial discipline that has always been fundamental to Granules. With that context, let me hand over to Priyanka, who will take you through our product strategy, R&D priorities, and the opportunities that exist. Over to you, Priyanka.

Priyanka: Thank you, CMD. You have outlined the four engines of our next growth cycle. I would like to focus a little on the portfolio, R&D strategy, and market strategy that underpin this transformation. Our next phase is not simply about efficient manufacturing at scale and selling more products. It is about generating greater value from each successive development program.

Our vertically integrated manufacturing platform remains the foundation. What is changing is how we deploy that foundation and our R&D capabilities to capture new growth opportunities.

Our evolving growth strategy—the next phase of growth—is fundamentally different from the last. While scale, manufacturing efficiency, and cost competitiveness have been central to our success, and while we continue to nurture them, future growth is increasingly going to be driven by higher-value products, extending products to other markets, an improved portfolio mix, and greater operating leverage.

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Over the past several years, we have invested significantly in R&D, manufacturing infrastructure, and advanced formulation capabilities. A substantial part of this foundation is already in place. Our priority now is to convert these investments into commercial opportunities and generate greater value from our existing assets.

Our vertically integrated platform, spanning APIs through to finished dosages, remains a fundamental competitive advantage. We intend to leverage this foundation not simply to increase volumes, but to develop and manufacture more differentiated products using existing knowledge and improve the quality of our earnings.

On our portfolio transformation, perhaps the most significant change taking place within our R&D and product development strategy is our first-to-file playbook. Historically, growth in generics has often been associated with the number of products developed and filed. Our approach is increasingly selective. Product selection is guided by technical complexity, unmet patient needs, competitive intensity, intellectual property considerations, and the economics of market entry.

This strategy has been demonstrated through the contribution of complex generics, which increased from 1% of overall revenue in fiscal 20 to 33% of overall revenue in fiscal 26. As a percentage of overall finished dosages, the contribution of complex generics is roughly 45-50% in fiscal 26.

We are prioritizing opportunities where our formulation expertise, vertical integration, and manufacturing capabilities can create meaningful differentiation. We are building a broader pipeline of differentiated opportunities across controlled substances, oncology, and other complex generics, with further filings planned over the coming years.

Our first-to-file strategy is the clearest evidence of that transformation. We have already filed two sole first-to-file ANDAs, marking an important milestone in the evolution of our R&D capabilities. Generic Lumryz and generic Dynevo have a combined market size of more than $350 million in the United States alone, where we would potentially have 180-day exclusivity.

We have filed another product which we believe would be a sole FDF in the oncology category. Over the next few years, we have a pipeline of 4-5 other first-to-files, all of which would commercialize between fiscal 30 and fiscal 34. This reflects a clear and visible change in Granules' R&D story.

These opportunities have a different commercial profile from conventional generics. Successful early market entry with 180 days or more of exclusivity, particularly in products with significant technical and regulatory barriers, can create substantial commercial value.

The timing and realization of these opportunities depend on regulatory approvals, intellectual property outcomes, and market conditions. Consequently, individual successful launches hold the potential to generate lumpy upside. Importantly, we are building a repeatable development strategy with the objective of improving the potential commercial value of each successive development program.

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Geographical expansion further strengthens this approach. By extending select products across international markets, customers, and distribution channels, we intend to generate additional value from our R&D investments and established manufacturing capabilities and setups.

On our oncology business, oncology represents another important application of this evolving strategy. We have reassessed our approach, shifting from a broad portfolio of conventional oncology generics towards selected molecules where technical complexity, differentiated formulations, and early market entry offer stronger commercial potential.

This strategy builds on our existing API and finished-dosage development capabilities, complemented by advanced formulation technology, including amorphous solid dispersions. Our priorities include carefully selected first-to-file Paragraph IV and other early-entry opportunities.

We will leverage our existing oncology manufacturing infrastructure in Vizag, phasing additional investments against development programs, regulatory milestones, and commercial opportunities. We expect oncology to become an additional growth contributor as the pipeline progresses towards commercialization over the coming years.

Our controlled products pipeline extends through fiscal 35, with product commercialization generating greater value from our scientific capabilities, manufacturing assets, and R&D investment.

On the market front, the United States, which currently represents approximately 75% of overall revenue, will remain our anchor market. But the way we compete in the United States is evolving. Today, Granules' US presence is primarily concentrated on the retail side across OTC and prescription products.

Our expanding portfolio will allow us to enter the specialty and institutional segments, with our first product expected to launch in fiscal 29. We are also launching our B2C division in Canada next year, which will enable us to maximize the value per asset filed in the region.

At the same time, we are deliberately building the second geographic leg of Granules, which is primarily API- and PFI-led in Europe and ROW markets. By fiscal 30, we intend to establish a meaningful presence across Latin America and other strategic international markets using a combination of B2B and B2C channels.

When it comes to R&D, the United States will always remain the anchor country. Going forward, we aim to file between 10 and 15 products per year, which will further be extended to Europe and the rest of the world. The objective is not geographic expansion for its own sake. It is to take products and capabilities that Granules already understands exceptionally well and monetize them across a much larger global footprint.

To bring everything together, our portfolio strategy is evolving in three important ways: we are becoming more selective in product development, increasingly pursuing differentiated and early-market opportunities, and extending the potential value of our R&D investments across products and geographies.

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Oncology represents an important application of this strategy for the future. Controlled substances demonstrate what these capabilities can already achieve at scale. Vijay will now take you through how we have built that franchise, the competitive advantages supporting it, and the growth runway ahead. Over to you, Vijay.

Vijay: Thank you, Priyanka. Good afternoon. I would like to focus on one of the clearest growth engines in our US business: controlled substances. As per the latest IQVIA data, Granules is now the third-largest controlled-substance manufacturer in the United States by volume. In July 2025, we were eighth.

This segment helps make Granules Pharma, our front-end Rx division, one of the 10 fastest-growing generics companies by absolute dollars in 2025 for the second year in a row.

This is a market with high barriers to entry. In addition to requiring FDA approval, controlled substances are also regulated by the DEA, which grants quota to each manufacturer. We primarily focus on Schedule II products, which require the API and the finished dosage to be made in the United States.

We have been building this capability since we actively launched in 2018, and it is difficult to replicate quickly. Our core franchise is in the ADHD space. This space primarily covers four molecules: methylphenidate, dexmethylphenidate, amphetamines, and lisdexamfetamine.

We compete in all four molecules, with eight products approved and seven actively marketed. Our DEA quota has increased every year, which shows the regulator's confidence in our reputable customer base as well as our compliance record, including a DEA audit just last month.

Our Chantilly facility also has room to grow, so we can continue growing share with our existing infrastructure.

We have been successful due to a variety of reasons. The quota system changed a few years ago, which caused shortages in the space and changed how wholesalers buy. The wholesalers moved their business to suppliers they can rely on, and we are one of them.

We deliver our controlled substances with a nearly 100% service level. We have also qualified or developed several API vendors, so we usually receive our full API allocation when we receive quota.

We also have an n-minus-one model, where we make the intermediate in India and finish it in the United States. This gives us resilience that most competitors do not have. This supply diversification resonates with our major wholesalers, who value supply security.

The results show it. We are in the top three in six of the seven ADHD products that we market. In Adderall XR, our share went from 5% in 2024 to 29% as of last month. In lisdexamfetamine, we are now the number-two generic supplier, even though we were the last person to enter the market.

The bigger opportunity is what lies ahead. In methylphenidate, we address only 6% of the market value today, and our pipeline covers 87% of the value, with launches starting in the next several months.

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In dexmethylphenidate, we have been approved for 39% of the value, with another 50% in the pipeline. In amphetamines, our approvals cover 74% of the value, but we have not yet promoted Adderall IR, which is one of the largest products. We will launch it in the coming months, along with another amphetamine product.

We are also opening a second growth leg in pain management. We entered opioids in the past year. Granules is one of only two vertically integrated suppliers of paracetamol, which gives us a structural cost and supply advantage. We have two ANDAs in the market and more filings planned.

Finally, we are pursuing first-to-file opportunities. First-to-files are more attractive in the controlled-substances space than elsewhere in generics. Competition is naturally limited, so the usual price drop on day 181 is often much smaller. In some cases, there is only one new competitor or none.

To sum it up, we have built a scaled, compliant, and reliable position in the market with real barriers to entry. We have a defensible moat and a visible pipeline of launches in the short, medium, and long term. We believe this business still has a long runway for growth.

I will hand it over to Sanjay, who will discuss our peptide platform.

Sanjay: Thank you, Vijay. We have just heard how Granules built its controlled-substances business through sustained investment in R&D, manufacturing, and commercial execution. Our ambition is to replicate that success in peptide CDMO, but on a compressed timeline.

We entered this business last year through the acquisition of Sen Chemicals in Switzerland. That brought us 6 decades of peptide chemistry excellence and a long-standing relationship with innovators.

Our strategy is quite straightforward. We intend to combine the Swiss expertise and customer access that come with it with Indian manufacturing scale, scientific talent, and cost competitiveness. For many innovative customers, Switzerland remains the preferred starting point for development, initial supplies, and relationship management. India provides the opportunity to scale those programs competitively.

Our second differentiation is technology. Sen has particular expertise in liquid-phase peptide synthesis, and that has become mainstream as peptides have become larger in size and moved from a kilogram scale to a ton scale.

To support customers from early development through commercial supplies, we are also complementing this LPPS technology with solid-phase and hybrid synthesis capabilities in both Switzerland and India.

I also want to stress the fact that today we are simultaneously transforming and expanding the business, as we took over this business about 18 months ago. In Switzerland, we are strengthening execution, upgrading infrastructure, expanding capabilities, and deepening customer relationships.

In India, our Hyderabad R&D center is already operational, and we are advancing manufacturing expansion as we speak, starting this month with land allocated to our peptide CDMO entity. This will

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support both peptide intermediates and peptide APIs.

Commercially, our focus is on converting growing customer engagement into sustained development and manufacturing relationships.

It is important that I also turn attention to our financial ambition. While our immediate financial priority is to become profitable this year, which is FY27, we have set out one intermediate and one long-term goal for ourselves.

We are targeting approximately $50 million in annual revenue run rate in 3 years from now as an intermediate milestone, to reach and cross a revenue threshold of $100 million in 5 years.

Finally, our ambition actually extends beyond peptides and covers some near-side opportunities in oligonucleotides and subsequently in ADC-related capabilities. We have already initiated our entry into oligonucleotides and are evaluating ADC-related capabilities, approaching both through a disciplined and phased investment approach.

Our objective is to establish Sen-tides as a meaningful, mid-sized global CDMO platform. We believe that our established Sen foundation, combined with Indian scale and Granules' execution capability as demonstrated in the controlled-substance franchise, which Vijay and Priyanka spoke to you about, provides a credible pathway to that ambition.

With that, I will hand it over to Mukesh, who will explain how our financial strength and capital allocation priorities support these growth ambitions.

Mukesh: Good evening, everyone. You have heard our growth strategy from our leaders. Let me connect it to our financial performance, capital allocation, and investment plans.

Our transformation is already strengthening financial performance. Over 4 years, gross margin expanded by about 15 percentage points to 65% and EBITDA margin by 3 percentage points to 22%. At the same time, R&D investment rose from about 3% of revenue a few years ago to 6% in Q1 FY27, improving the quality of sales growth.

This reflects our shift to differentiated products, especially complex generics, backed by stronger formulation and development capabilities.

Growth has also been supported by strong cash generation and better capital efficiency. Cash flow from operations averaged about 73% of our EBITDA over the last 4 years, which generated positive free cash flow consistently, funded our growth, and reduced our debt leverage.

While ROC improved by about 1 percentage point year-on-year to 18%, with the balance sheet strengthening and the balance proceeds we received from the preferential warrants in September 2026, we are now in a {? comfortable ?} net cash position.

This positions us to invest in our next phase of growth. Our capital allocation priorities are aligned with this balance-sheet strength. We plan to invest about 2,000 crores in organic capital expenditure over the next 3 to 4 years, supporting the complex generics pipeline, oncology pipeline, peptide CDMO, US operations, manufacturing, and R&D infrastructure.

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We will also invest in digitalization, AI, manufacturing excellence, and quality systems to enhance productivity, resilience, and competitiveness.

Importantly, these investments will follow a disciplined, milestone-based approach, aligning capital deployment with development progress, regulatory milestones, customer commitments, and commercial opportunities.

As our Genome Valley and peptide CDMO investments progress through their respective ramp-up phases, we see opportunities for further improvement in profitability and ROC over the medium term.

Our objective is not simply to increase our investment base. It is to progressively improve the quality and sustainability of earnings while generating healthy returns on the capital we deploy.

In summary, our strengthened financial position allows us to fund our strategic ambitions while maintaining financial discipline. We believe this combination of differentiated growth opportunities, disciplined investment, and improving capital productivity provides a strong foundation for sustainable growth and long-term shareholder value. Thank you.

Vijay: Thank you, Mukesh. I would like to once again re-emphasize that Granules today is a fundamentally different company from what we were a few years ago. We believe the foundations are in place, the opportunities are emerging, and the next phase of Granules' evolution is underway.

Thank you very much for your continued trust and support. We will now be happy to take your questions.

Operator: Thank you, everyone. Participants, you can use the raise-hand icon, and we will unmute you for questions. Ahmed, you can go ahead and ask your question.

Ahmed: Thank you for the wonderful presentation. This is Ahmed. I had 3-4 questions.

Firstly, with the warrant exercise, the balance sheet is far stronger, and the capex plan you presented was about 2,000 crores over 3-4 years. Your cash flow generation and internal accruals are also quite solid. In the near term, is it fair to assume that we are looking for some sort of inorganic opportunity to build something incremental, either a vertical or something on the peptide side? Can you give us some sense of whether there is anything we are looking for?

Vijay: Ahmed, let me take that. Yes, we are always looking for inorganic opportunities, and we have been very disciplined about it. We do not jump into whatever comes our way, and we are definitely looking at opportunities very actively.

Ahmed: Secondly, on the base-business side, the legacy business as you classify it, there has been a lot of disruption in terms of shortages in some products, as we hear in developed markets, for example, ibuprofen. There will also be raw-material cost pressure, considering the way the global environment is developing.

How do you see the risks, opportunities, and challenges in terms of having an opportunity to price your products much better? I am assuming there will also be some pressure from raw-material

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costs in the few areas where you may not have full backward integration, and hence there will be some pressure on KSM or API costs as well. Can you give us some broad sense of the legacy business?

Mukesh: You are right that there are near-term challenges. We are proactively working with all our customers to see how we can have a pricing mechanism to pass on some of the costs, although some of this may happen with a lag.

But in the medium to long term, based on the trajectory we have set out, the growth plans we have for the product portfolio, and our investment plans, we will be in a consistent growth mode, with an improvement in the quality of earnings as well.

Ahmed: Thirdly, on the peptide side, what sort of end use or therapeutic use are we predominantly targeting? We understand that there will be some focus on weight-loss GLP drugs, but there are many other areas as well.

Can you give us some sense of the therapeutic areas we are targeting? Secondly, the $50 million number that you aspire to achieve in terms of annual run rate—will that assume some large commercialization molecule, or is this based on the development-stage products that you currently have?

Sanjay: I think I should take that question. The first question was about the type of therapy. These are essentially customer-partner programs, so we do not make those choices. But to give you a sense, it is broad and extends beyond GLP-1 as well.

We are talking about the innovator-partner business and their portfolio. This is not something that we are proactively developing to sell to another customer.

That is the first part. The second part is the $50 million. Yes, a portion of that is expected to be based on commercial successes, but a large part will still be development and early supply, especially in the context of the mid-stage $50 million milestone that you asked about.

Ahmed: Thank you very much.

Operator: Adi, you can go ahead.

Adi: Hi. Am I audible?

Operator: Yes, you are audible.

Adi: My question is whether you can break down the 2,000 crores across complex generics, oncology, peptide CDMO and US operations, infrastructure, and digitalization. Which bucket gets the most capex?

Mukesh: This is Mukesh. I will take this question. It is a broad-based capex plan over the next 3-4 years, so it will be across all areas.

Of course, a good portion of the capex will be growth capex, which will have a better return and quality of return. Some of the digitalization and manufacturing-excellence investments may not

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necessarily have a tangible return, but they will ensure that growth is sustainable and will have an intangible benefit in terms of sustainable business growth.

The allocation to those areas is lower, but the allocation for growth capex is much higher.

Adi: Can you provide some numbers here or there?

Mukesh: As I told you, it is broad-based. A significant portion will go into three major buckets: peptide CDMO, complex generics, and oncology, followed by the remaining areas.

Adi: My second question is that, as you already mentioned on the slide, development milestones are already being considered. [inaudible]

Adi: The milestone-based approach is clear. My question is about the selection criteria. What specific milestone or key criterion would make you proceed with, pause, or cut spending on a peptide business?

Dr. Krishna: Sanjay.

Sanjay: Sorry, if I understood your question correctly, you are asking about the milestone criteria. This largely depends on the clinical success outcome on the innovator side. We ride with them. There will be successes, and those successes will bring lumpy upside. There will also be failures where the clinical program does not progress from Phase I to Phase II, and we live with that.

What we intend to do during those journeys is also collect fees for services. There are development fees and clinical-supplies fees. But the true opportunity is obtaining that percentage of success and translating it into, and co-riding with the innovator on, the larger supply that follows from Phase II to Phase III and subsequently, hopefully, to commercial-grade supplies.

Adi: Understood. My third question is what kind of asset turns and target ROCE do you expect for each bucket, or on a broad-based basis, in terms of ROCE?

Management: I will try to answer this. Of course, we will not be able to give guidance in terms of an exact number. But if you look at the last year, we improved by 1 percentage point, and if I compare Q1 with Q1, we have already improved by 2 percentage points.

This is the kind of improvement we want to see. Some of the assets, as I clarified in my speech and in the presentation, are not generating the returns we expect because they were invested in recently. Over the next few years, the percentage-point improvement will be very healthy.

Adi: Understood. That is all from my side.

Operator: While the Q&A queue is being assembled, there is one question on the chat. This is related to the CDMO business: What do you see as your right to win in oligonucleotides, given that others already have established capabilities in this space? Similarly, what is your view on ADCs, and how do you see ADCs as a real opportunity over the next 3-5 years?

Sanjay: To articulate our thoughts, we are building this as a CDMO platform. Oligonucleotides are the small step that we have taken right now.

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From a right-to-win perspective, we are building the capability with scientists joining us who have prior experience, and we are building it out of India. The second part of the synergy is that some customers have been looking for certain support. We also have scientific capabilities on the Switzerland side, with scientists who are well-acquainted with oligonucleotides.

There have been customer inquiries that we have not been able to take because we do not have the capacity either in Switzerland or here. Therefore, we have taken this small step and made this small bet, beginning with scientists and R&D on the India side for oligonucleotides.

When it comes to ADCs, those are in the planning stage. We wanted to put this thought out so that you know this will not be only a peptide CDMO. It will also include oligonucleotides and subsequently ADCs. We will share more information as we move forward and get closer to the ADC opportunity.

Operator: Thank you. The next question is from Sameer Baisiwala.

Sameer Baisiwala: Thank you, and a very good evening to everyone. My first question is on controlled substances. I heard your commentary, but what is the outlook going forward? I believe there is a quota allocation twice every year, and the last one would have been in July or August. How did it go for us?

Management {? Vijay ?}: You are correct that quota applications are usually given twice per year. There is also an opportunity for manufacturers to go back in for supplemental quota, which we typically do.

Granules was satisfied with the quota that we received. Again, getting the quota is only step one from the DEA. The next step is making sure that we can obtain the API from the manufacturers and then convert it in a timely manner so that we can generate more sales and obtain further quota.

In general, our quota allocation increases every year on a molecule-by-molecule basis due to our growing track record as well as our compliance with the DEA.

Going forward, we had 2 launches last year for the lisdexamfetamine products, as I mentioned in my comments. We have a few products that we will start marketing over the next several months in the amphetamine space as well as the methylphenidate space. Therefore, there are growth opportunities over the next several quarters through new launches for Granules.

Sameer Baisiwala: Thank you. To tie this up, for {? Abzena and Dynavax ?}, and perhaps I can add sodium oxybate as well, these are three important opportunities. What sort of rough launch timelines are we looking at? Is it calendar 2027 or 2028? Any guidance would be very helpful.

Management {? Vijay ?}: As of right now, several of the products you mentioned have been disclosed and will be under litigation. Therefore, it is not appropriate right now to name the launch timelines. They will happen over a certain time frame for each product, because every product is unique.

Sameer Baisiwala: No worries. Finally, from my side, regarding Gagillapur, how do things stand with respect to the US FDA reinspection?

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Dr. Krishna: Priyanka.

Priyanka: I mentioned this earlier, although it was on another call. We have finished everything that we committed to the FDA. We have completed and closed more than 100 CAPAs, and we have completed all the activities related to the CAPAs. We have been in continuous correspondence with the FDA, and we expect them to come anytime now.

Sameer Baisiwala: Thank you very much.

Operator: Dhara can go ahead with her next question.

Dhara: My question is with respect to the peptide CDMO acquisition that we have done on the {? Synthetide ?} side. Could you help us understand how many molecules there are, at what stage these molecules are in the development phase, and how many we are working with? Is there any commercial capability or capacity at {? Sen- Synthesis ?}?

Sanjay: I will take that question. We cannot explicitly give you the number of projects or the pipeline, but let me answer it through another lens, if that could help you.

A third of our revenue, which was roughly $20 million as of last year, is based on development projects. This includes both pharmaceutical and other non-pharmaceutical projects. I will leave aside the specific commentary on the development or the number of programs.

It is very clear that these are early-stage and small in nature. More importantly, there are a couple of ongoing discussions in terms of RFPs. We have seen a restart of discussions after a couple of years following our entry into {? Syn ?}, and that augurs well for the future development pipeline. This remains the key focus.

Apart from that, a third of the business is at the commercial level. Again, as you can imagine, a third of $20 million is not a large size, and that gives us ample space to grow.

The remaining one-third is where we work with various other large CDMO players and participate in the peptide value chain. We are again seeing a revival of that business after 1.5 years. Engagements with the larger CDMO players have already started, and we see some rebound on that side.

All that said, our focus remains on obtaining more development accounts, especially from pharmaceutical companies, as well as somewhat on the theranostics side, which has been underutilized in terms of the scientific capability we have in Switzerland. We are seeing some traction there as well.

Dhara: Thank you.

Operator: Participants, you can use the raise-hand icon to ask a question. There is one more question in the chat box.

In my interactions with many generic formulation companies, they are increasingly seeing a lower number of sole FTF opportunities or shared opportunities with only one or two players. Most big opportunities are shared by many players. What makes a relatively new entrant confident of obtaining these sole FTFs or other meaningful shared opportunities?

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That is the first question on FTFs. The second question is on oncology products. With many companies, such as Shilpa, Sakar, Beta Drugs, and others, targeting the oncology segment, what differentiation does Granules have to outsmart the competition?

Dr. Krishna: I think Priyanka should go first, followed by Sanjay.

Priyanka: I want to talk a little about the product-selection criteria. If the overall basket is 100%, we pick products for each category. You are right that it is increasingly difficult to select products that are first-to-file.

Some of our products that are currently commercialized, if everything goes well, are expected to be commercialized in fiscal 35, because they are litigation-based. We understand that these are the sole first-to-files that are currently open and that we are in the race to file.

There are also a few first-to-files that are expected to commercialize between fiscal 30 and fiscal 33, and we are in the race to file those as well.

Within the overall basket, we select approximately 10-20% of the products as sole first-to-files, while the rest are divided among several segments.

If you look at the pipeline available outside, there are products that have been open for a very long time, but nobody has been able to file a product because of the complexity involved. We are very close to filing 2 such products, and hopefully, in the next couple of quarters, we will announce them.

If you look at the overall mix, we have such opportunities that are still available. You asked what gives Granules the ability to do this. It is our proven capability.

As I mentioned in my speech, we have already made 2 filings, we have filed another one and are waiting to hear back on it, and we have approximately 4-5 more products.

It is all about getting it right from the identification stage and ensuring that there is sufficient focus on the product so that we can be the first to file. We do not expect every single product to be first-to-file, because there are not too many such opportunities available. To return to your question, we are trying to obtain as many as we can from those that are available.

On the oncology side, your question was about what gives us the ability to compete. There is a lot of complexity in any oncology development, right from identification to understanding the strategy, and then carrying out API development or finished-dosage development around it. That is extremely critical.

With the products that we have filed, we have done a very good job with everything we have filed so far. Being able to take them to the right markets at the right time is also very important.

What works for us is the focus we have on these products, which enables us to take the right products to the market at the right time. That, in addition to what I said about our R&D capabilities, is what will differentiate us in the market.

Dr. Krishna: The last sentence I would add is that we are a new Granules. We are not the old Granules. We have stepped up our R&D capabilities, which have already been proven and

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demonstrated to some extent. Thank you.

Operator: Thank you. Aejas, you may go ahead.

Aejas Lakhani: Hi, team. Thank you for the wonderful presentation. Dr. Krishna, I wanted to understand this, and this is a new area for me, so pardon my ignorance. The DEA regulations are very stringent, correct? Any lapse in compliance could have a very serious adverse impact on our controlled-substances segment.

How should one think about this? What do you think about it, and what kind of checks and balances have you put in place to mitigate some of this risk?

Dr. Krishna: Aejas, I think it is best to hear this from the person directly responsible. Vijay, why do you not answer? By the way, Vijay is the person who handles the DEA day in and day out, and he is in charge of the entire US operation.

Vijay – In-charge of US Operation: The DEA has very strict regulations and guidance, and we take them quite seriously. We have had several DEA inspections over the last few years, including as recently as last month. We have put many controls in place to ensure that we comply with the DEA, and in many instances, we go above and beyond what the DEA requires.

Our team itself has strong regulatory compliance expertise and know-how in relation to the DEA. Our formulations head has also come from companies that have historically made controlled-substance products. We have also been upgrading our compliance tools, and everything is now digitalized, including manufacturing.

Aejas Lakhani: Understood.

Dr. Krishna: Go ahead, Vijay.

Vijay – In-charge of US Operation: The DEA does have very strict regulations and guidance, and we take them quite seriously. We have had several DEA inspections over the last few years, including as recently as last month.

There are a lot of controls that we have put into place to ensure that we are complying with the DEA, and in many instances, we go above and beyond what the DEA requires. Our team itself has strong regulatory compliance expertise and know-how in the DEA, and our formulations head has also come from companies that have historically made controlled-substance products.

We have also been upgrading our compliance tools, with everything being digitalized. The DEA has been very happy with our performance over the last couple of years, and it has noted the improving compliance standards within Granules.

It is also important to mention that the DEA looks not only at compliance at the site and the paperwork, but also at the customer base to which we are selling. We focus on very reputable customers and, more often than not, large wholesalers.

There is a function within the DEA that looks at suspicious-order monitoring, and we also actively flag orders to ensure that we remain compliant. We turn away opportunities if we believe there

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could be some suspicion behind them.

Overall, I think our track record speaks for itself. In the 9-10 years that we have had the facility, we have had essentially flawless DEA audits with no observations.

Aejas Lakhani: Understood. Is this a self-fueling mechanism where, as the DEA becomes more and more comfortable, the quota system continues to open up for you? Is that how it works?

Vijay - In-charge of US Operation: It is. There are two drivers for the DEA. They look at your customer base and overall compliance. We just spoke about compliance, where we are in good standing. They also look at the sales from these customers.

If you are selling to customers, the DEA will give you more quota every year. We have also gained critical mass at this point. The API vendors are choosing to give us a disproportionate amount of their available API because they know that we are able to sell through it, which helps them obtain their quota as well.

In my comments, I mentioned how major customers are looking to consolidate their wallet share in order to have a few reliable suppliers. Concurrently, the same thing is happening on the API front, where API vendors are essentially looking to bet on a supplier that will buy API consistently and sell it very quickly in finished-dosage form.

It is reinforcing, yes.

Aejas Lakhani: Understood. Thank you for that.

Operator: Thank you. Sameer, you may go ahead.

Sameer Baisiwala: Hi, thank you. I have a few follow-ups. You mentioned that your gross margin improved by approximately {? 1,500 basis points ?} over the last 4 years, but that has not translated into EBITDA-margin expansion. Could you talk about what held this back and what the outlook is?

Management: I will try to clarify this. First, gross margin has significantly improved by 15 percentage points. That also means that we are investing in R&D, which is an expense line that has moved from 3% to 6%.

With more formulation and full integration from API to formulation, I am not adding sales, but I am adding manufacturing costs. The business is fully integrated. Therefore, my gross margin improves, but my operating expenses also increase.

To that extent, we have not fully translated the 15% improvement into EBITDA, and that would not be realistic. However, there will be some translation of the 15% improvement into EBITDA going forward.

Sameer Baisiwala: Can you provide any numbers? Where could it be?

Management: It would be difficult for us to provide guidance because we do not give guidance. But you can see that over the last 3-4 years, we have improved by 3 percentage points.

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Now, with under-leveraged assets such as Genome Valley and the peptide CDMO beginning to yield returns without any major investments, the operating leverage will be much better. You can do your own calculations.

Sameer Baisiwala: Thank you. On the oncology side, how many ANDAs have you filed so far, and how many would you file in a year or two?

Priyanka: We have filed more than 95 ANDAs so far. Our run rate is currently about 6-10 per year. Going forward, we are looking to increase the run rate to between 10 and 15 US filings per year, and these will be extended to various other regions.

Management: Priyanka, that question was about oncology.

Priyanka: My apologies. I misheard the question. In oncology, we have 2 products filed, and one of those products has been extended to approximately 15 countries so far.

In addition, we have approximately 6 products in our pipeline that we will file this year and in the early part of next year.

Sameer Baisiwala: Is the one that has gone to other countries also the FTF for the United States, or is it the other one?

Priyanka: It is the other one.

Sameer Baisiwala: Great, thank you. On controlled substances, you mentioned 4-5 products that you already have, and hopefully they will expand their market share. Beyond these, are there any more approvals that you are awaiting, and what is the pipeline for pain management within controlled substances?

Management: There is room to grow even within our existing products. We have been gaining more market share and will continue to steadily increase market share in the existing products.

We have another 3 products that we will launch over the next several quarters, or over the next 12 months or so. Again, it takes time to grow these products because you have to keep obtaining additional quota.

We have a solid runway here. There are also several first-to-file opportunities that we are pursuing in the controlled-substances space, and they will have their respective launch dates.

Within pain management, our focus right now has been on 2 opioid-APAP combination products. However, we are actively working on several pain products that we are filing and will obtain approval for over the next few years. We will continue growing that vertical within controlled substances.

Sameer Baisiwala: Have you filed for those 2 opioid products in pain management?

Management: Currently, we have 2 approved opioid ANDAs: oxycodone acetaminophen and hydrocodone acetaminophen. These are products that we entered approximately 1 year ago, and we are now starting to gain meaningful traction in both molecules.

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As we continue to obtain more quota, we will continue growing. We also have a few more ANDAs that we will file in the short term.

Sameer Baisiwala: Thank you.

Aman: I have a follow-up on the previous participant's question. If we look at the gross margin, it has not yet translated into EBITDA margins largely because we are making significant investments. Could you share what the fixed costs are above the EBITDA line item?

For example, in FY26, our expenses above the EBITDA line item were closer to {? 4,100 to 4,200 odd crores ?}. Of that amount, how much would be fixed and how much would be variable?

Management: It is a difficult question, Aman, because, for example, power and fuel can be treated as variable. At the same time, even if you shut down the plant, you will not have zero power and fuel costs. Therefore, a lot of the costs are semi-variable.

However, a significant portion is fixed, so the operating leverage can be much better. Secondly, some of the one-off expenses that we have incurred over the last few years will also go away.

We have incurred higher remediation expenses, and we have also incurred higher failure-to-supply-related costs, including air freight, because of the US FDA inspection and related matters. Some of those one-offs will go away.

Some investments that I just mentioned, such as the peptide business, which is currently generating an EBITDA loss, will also move into the positive zone. Therefore, the overall earnings profile will improve.

Aman: Is it fair to assume that more than 50% of the total expenses above the EBITDA line item would be fixed in nature?

Management: Yes.

Aman: Or could the number be fairly high, such as 75%?

Management: I will not be able to give you the number, unfortunately, Aman. As we add more businesses, fixed expenses will also increase, but the operating leverage will be much better.

Aman: Is there any quantification of the total one-off cost currently being incurred?

Management: We clarified this in an earlier earnings call as well. Last full year, we incurred {? 260 odd crores ?} in US FDA remediation and consultancy-related costs.

In addition, failure-to-supply-related costs and additional indirect costs arose because of additional remediation activities, as well as air freight that we had to incur. If you put all of that together, it would be close to {? 100 odd crores ?}. These are not leakages; they are abnormal expenses.

Aman: This was very helpful.

Operator: We can take the last question from Aejas Lakhani.

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Aejas Lakhani: Thank you again for the follow-up. My question is for Vijay. I am trying to understand how all 5 schedules under the DEA work. In which of these do we participate? Where do you see the incremental opportunities? Can you provide more detail on this?

Vijay: As you mentioned, there are 5 schedules under the DEA. We participate in several of them, but our primary focus, when we talk about controlled substances, is on Schedule II drugs. These are primarily ADHD and opioid drugs.

Even within these Schedule II products, we have chosen to focus primarily on complex products. By complex products, I mean products that are usually extended-release products or products with very demanding bioequivalence requirements.

We will continue focusing on gaining market share here, and our first-to-files and future R&D will primarily be in Schedule II drugs.

One reason we focus on Schedule II drugs, aside from the complexity, is that these products must use API manufactured in the United States, and the finished dosage also needs to be manufactured in the United States.

There are other scheduled products that we sell, such as butalbital acetaminophen caffeine. These are Schedule III products. We continue to manufacture these products, but they can be imported from other countries.

We offer them to our customers because they like to consolidate, but they are not our primary focus. Our primary focus is typically C2 products.

Aejas Lakhani: Understood. Following up on that, what kind of competitive intensity is there in Schedule II and Schedule III products? Could you provide some color on the competition?

Vijay: There are several players that offer Schedule II products, and many of them offer only a handful of products. Today, the market has become quite consolidated.

There is a company called Mallinckrodt, which has been present for essentially the last several decades. However, Granules has really penetrated the space.

If you look at the top 10 players in C2 products, we are the newest entrant. In many cases—in fact, in every case—all the other 9 entrants have been in the market for many more years than Granules.

We have been able to make a push here because of our focus on these complex C2 products, where it has been difficult to make ANDAs that can actually be scaled.

Many companies were able to obtain ANDA approvals, but they were not able to manufacture the products consistently. When you cannot manufacture products consistently, you lose not only the customer's confidence, but the DEA also stops giving you as much quota, and it becomes a downward spiral.

Therefore, while there are many players in the C2 space, there are only a handful of strong manufacturers in the space.

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Aejas Lakhani: Understood. Thank you, and all the best.

Operator: I believe that was the last question. I would like to thank all the participants, with special thanks to the Granules promoters and senior management team for taking the time to engage with the investor and analyst community. Thank you.

Aejas Lakhani: Thank you to everyone, and have a great evening.

Management: Thank you, Naman.

Management: Thank you.

Management: Thank you, team, and thank you, everyone.

Management: Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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