Operator: Ladies and gentlemen, good day and welcome to Strides Pharma Science Ltd. Q2 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star, then zero, on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek. Thank you, and over to you, sir.

Abhishek: Thank you, Nazneen. Very good morning, and thank you for joining us today for Strides' earnings call for the second quarter and half year ended September 2026. Today, we have with us Badree, Managing Director and Group CEO, and Vikesh, Group CFO, to share the highlights of the business and financials for the quarter.

I hope you have gone through our results release and quarterly investor presentation, which have been uploaded on our website as well as the stock exchange website. The transcript for this call will be available in a week's time on the company's website. Please note that today's discussion will be forward-looking in nature and must be viewed in relation to the risks pertaining to our business. After the end of this call, in case you have any further questions, please feel free to reach out to the investor relations team. I now hand over the call to Mr. Badree to make his opening comments.

Badree - Managing Director & Group CEO: Thank you, Abhishek. Good morning, good afternoon, and good evening, everyone, and a warm welcome to the Strides Q2 and H1 FY27 earnings call. Thank you for joining us and for the trust and support so many of you have shown us over the years.

As always, I will begin with an overview of the quarter, and I will share an update on our overall FY28 aspirations, followed by our US and ex-US businesses. Vikesh will then take you through the financial performance in greater detail, after which we will be happy to take your questions.

Q2 FY27 has been a quarter of firsts for Strides. We delivered our highest quarterly revenue, and for the first time in our history, our ex-US business became larger than our US business, a milestone we had set for FY28 and have reached well ahead of schedule.

Let me share the headlines first. Our overall FY28 group aspirations remain intact. The rest of our business is accelerating far faster than the US and well ahead of schedule. Let me say that again: our overall revenue ambition for FY28 is firmly in place. What will change is the regional mix, with ex-US accelerating more than the US. Our goal was for ex-US to match the US by FY28, and we achieved that in Q2 of FY27 itself.

As we highlighted last quarter, we expect H2 to be stronger than H1.

On the Q2 FY27 performance, I will cover the broad highlights. With this, let me take you through the quarter, and I am delighted to report a strong second quarter. Revenue for Q2 FY27 reached 14,297 million, our highest ever, growing at 17% year-on-year and 13% quarter-on-quarter, led by our ex-US business and delivered against a challenging macro backdrop. Ex-US now contributes 49% of our revenue, up from 43% in Q2 of last year, a clear sign that our diversification strategy is delivering.

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Absolute gross margins grew a healthy 13% year-on-year to 8,003 million, and gross margins stood at 56% compared to 57.8% in Q2 last year and 58.9% in Q1 this year, reflecting higher input costs linked to the geopolitical situation.

EBITDA grew 8% year-on-year to 2,509 million, crossing the 2,500 million mark in a single quarter for the first time, another milestone for Strides, another milestone for Strides. EBITDA margin was 17.6% compared to 19% in Q2 last year and 18.2% in Q1, as we absorbed the high material, freight, and logistics costs linked to the same geopolitical situation. We are actively addressing these cost pressures through alternative sourcing, procurement initiatives, and continuous cost-optimization measures across the business, and we are confident in our ability to manage them.

Operational PAT grew a strong 12% year-on-year to 1,358 million, and operational EPS rose to 14.7 from 13.2 in Q2 of last year.

Before I move to the individual businesses, let me step back and share an update on our FY28 aspirations, which many of you will have already seen in our presentation. Let me begin with our track record because I think it tells our story better than any words I could use. Over the last 10 quarters, since Q1 FY25, we have delivered steady and predictable growth across key metrics. Revenue has compounded at about 14%, EBITDA at about 13%, and operational PAT at about 41%. That consistency gives us real confidence as we enter the next phase of our growth.

We had shared an aspiration of about $375 million in US business revenue by FY28. Given how the market has evolved, we now expect to reach this a little beyond FY28. The timing has moved, but the ambition has not. Importantly, our growth ambition for the rest of the company remains fully intact. Our ex-US market is accelerating well ahead of plan, and we expect Strides to sustain overall top-line growth along with its profitability.

In the US, the only thing that has moved is the timeline. The business continues to grow at a more measured pace, and the reasons lie in the market rather than in our capabilities. A few things have changed since we set this aspiration. First, the drug-shortage opportunities in oral solids, which lifted the industry at that time, have largely normalized. Secondly, operating costs are higher, with increased material costs and our decision to hold more inventory to sustain our industry-leading service levels. We also chose not to launch products that did not meet our margin profile in order to protect profitability. Third, growth in controlled substances is constrained by quota allocations, which we expect to improve progressively.

Our response is rooted in our core business philosophy and rests on three pillars. First, profitability-led growth. We will protect our established profitability thresholds and drive margin-accretive revenues through selective launches and an expanding set of differentiated platforms. We will not compromise on the profitability or quality of our business to chase revenues. Second, rebalancing our growth engines with a sharper focus on ex-US to drive group geographical diversification and accelerate overall growth. Third, the US remains a strategic growth market for us, with growth anchored in differentiated platforms such as nasal sprays, patches, films, and a steadily expanding controlled-substances portfolio.

While our US business has remained an anchor for us, the ex-US business has grown right alongside it. This is where we are seeing real acceleration. Our ex-US business grew 24% in H1 FY27. Our goal

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was for ex-US revenue to match the US by FY28. Ex-US was 76% of the US business in FY25, 90% in FY26, and in Q2 FY27 it reached 102%, crossing the US well ahead of schedule. That is a strategy patiently pursued for years and now coming to life. Ex-US now stands equal with the US, not instead of it, but alongside it, and that makes Strides stronger as a whole. With growing scale, operating leverage, and a better portfolio mix, we expect continued margin expansion in this business.

As a result, we now have two strong growth engines, both pointing in the same direction. Our US business is our foundation, with deep market leadership, a broad approved portfolio, and a growing pipeline of differentiated and controlled-substances products. Our ex-US business is our accelerator, with a strong presence across Europe, the UK, the Nordics, and Africa, a robust launch engine, and a long runway into new territories. Both are powered by the same discipline, a deep pipeline, steady launches, and a relentless focus on serving our customers. These two engines do not compete; they strengthen each other. They give us more ways to grow and make us more diversified and resilient.

With that, let me take you through our US business. Revenue for Q2 stood at 6,855 million, or $73 million, growing 9% year-on-year and 9% quarter-on-quarter. For H1, US revenue was Rs.13,137 million, up 7% year-on-year. As we indicated in our last call, we expected a softer first half, and I am encouraged by the healthy sequential recovery we delivered this quarter.

Our B2B partnered business saw a strong order book, and we secured meaningful new business wins during the year from our partnered products, our recent launches, and other key molecules in our portfolio. These wins will begin to show up in our performance over the coming quarters and underpin the better H2 we have been talking about.

We continue to deliver industry-leading service levels to all our customers. This is a real competitive advantage, and it is central to winning and retaining business with some of the largest customers and partners in the market.

Our portfolio gives us a strong foundation. As of October 2026, we have filed 230 ANDAs, out of which 212 have been approved, covering 154 products. We also have a basket of ANDAs yet to be launched, and we will commercialize these at an opportune time. During the quarter, we launched three products, taking our commercial portfolio to 75 products, up from 72 at the end of Q1. We now hold top-three positions in 38 products, which together contribute approximately 70% of our revenues.

As I mentioned earlier, our US portfolio is steadily shifting towards higher-margin, differentiated products. We have more than 40 value-accretive products in our active pipeline, with filings and approvals planned in a phased manner and commercialization through FY30. Controlled substances are a key part of this strategy, and we see a much larger opportunity ahead. Our CS business saw higher customer orders in Q2, and today our five commercialized CS products, all oral solid tablets, contribute 6% of our revenues and address a market of around $750 million. While this portfolio is constrained by quota allocations, we have more than 10 CS products in our pipeline across multiple dosage domains, including nasal sprays, patches, and films, which will expand our addressable market size to around $4.5 billion, about six times the market we serve today. Importantly, these niche products need only limited API quota, so they can drive a ramp-up of this business even within today's allocations. We also hold an advantage that takes years to build. Regulators require

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these products to be manufactured in the US, and our Chestnut Ridge facility already has the capacity and expertise to do exactly that.

Beyond controlled substances, we have more than 25 non-CS products to strengthen our core portfolio. Together, these products are set to broaden our addressable market, deepen our portfolio differentiation, and create exciting medium- to long-term growth opportunities.

Our near-term milestones are already in sight. We continue to invest in building our nasal spray portfolio, and as committed in our last call, we filed our third nasal spray, also a controlled substance, in September 2026. Our nasal spray has a GDUFA goal date in H2 FY27, and we expect approval in Q4. In transdermal patches, we expect to launch a controlled-substance patch in Q3. This product came to us as part of the ANDAs we acquired, and we expect its full benefit to flow into FY28. Overall, we expect a better H2 for the US business. We are committed, we are invested, and we are building for the long term, growing in a disciplined way that protects the quality of our earnings.

Moving to the ex-US market, our accelerator, the most exciting part of our story [cut off]

Badree: The ex-US market for Q2 reached 6,963 million, an outstanding 31% year-on-year growth. For H1, revenue was 12,838 million, up 24% year-on-year. Importantly, even as the ex-US market grew faster than the company average, we maintained the profitability of this business.

What encourages me most is how broad the growth is. Every ex-US market continues to show healthy momentum, driven by new product launches, expansion of our core base into new geographies, and new partners.

In Q1, we had said that certain shipment delays were a matter of timing and not demand. I am pleased to say that, with robust supply-chain execution, we delivered Q2 without any spillovers, and demand and order books across our key ex-US markets have remained very healthy.

In the UK, our prescription business delivered a strong performance, with healthy pricing and volume momentum across several key molecules. We continue to deepen our relationship with the leading wholesalers in the market, positioning us as a dependable supply partner. We expect our launch momentum to pick up here and drive the next leg of growth.

In Europe, our partnered business delivered a strong performance on the back of higher customer offtake. Our private-label OTC business in Germany continues to grow strongly, with wider pharmacy reach and an expanding product portfolio. We are adding new customers across several countries, and multiple new out-licensing deals were signed in the first half, which will further strengthen our momentum. Focused R&D investments and a broader customer base will continue to fuel growth in that region.

The Nordics delivered strong quarter-on-quarter growth led by our base portfolio. Our branded prescription business is showing very encouraging early signs of in-market offtake, with some of our branded products now positioned as first-line treatment across several regions in Denmark and more regions expected to follow. Together with the increasing launch momentum, our branded portfolio is expected to drive growth in the Nordics in the second half.

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In Australia, the supply contract improved meaningfully, and we have agreed on new projects with our key partner, which are now at various stages of implementation.

In Africa, our branded business in Francophone Africa delivered stellar growth, and we continue to outpace the underlying market. Our deal with Sandoz is now awaiting antitrust approval in a few countries, and we expect it to close in Q3. In South Africa, we saw strong momentum in the independent pharmacy channel and added new products and new business with a leading retail pharmacy chain.

Overall, a strong launch pipeline, an expanding customer base, and significant regulatory filings are underway across all our territories. We expect the full ex-US business to keep growing faster than the company average.

Before I close, I am delighted to share an important governance update. We are pleased to welcome Mr. {? Byram Ghabhavalla ?} to our board as an independent director. Byram is a chartered accountant with more than three decades of experience in financial reporting, audit, taxation, and corporate governance, and has chaired the audit committee of eClerx Services and Crisil India. This appointment will further strengthen the board's financial oversight, and with it, independent directors now make up six of our 10 directors. Byram, welcome to Strides.

Before I hand over to Vikesh, let me leave you with one clear message. Our overall growth story is intact. While our US aspiration will take a little longer, our focus on growth is unchanged. We will continue to pursue top-line growth across geographies without compromising on profitability. Our commitment to the US is equally unchanged. It remains a core market, a central pillar of our growth, and a home to some of the most exciting opportunities in our pipeline. Our US business is strong, our ex-US business is accelerating, and together they give us more ways to grow than at any point in our history.

With that, I will hand it over to Vikesh to take you through the financial performance. Vikesh, over to you.

Vikesh: Thank you, Badree. Good morning, good afternoon, and good evening, and thank you all for joining us.

Badree has taken us through the headline performance for the quarter. I will focus on the drivers behind our profitability, cash flows, and balance-sheet metrics.

Starting with gross margins, our material costs rose to 44% of revenues in Q2 from 42.2% last year, reflecting the increase in raw-material costs that Badree described. This moderated our gross margins to 56% for Q2. Importantly, for the first half, gross margins stood at a healthy 58.3%.

Our ex-US businesses, where we have maintained profitability even as they have scaled, continue to support the quality of our margins. With cost increases now moderating and our cost-improvement programs, including alternate sourcing and procurement initiatives, gaining traction, we are confident of sustaining our H1 gross margins going forward.

Even in this challenging environment, we remain committed to our margin discipline, launching only products that meet our profitability threshold and continuing to focus on the quality of our revenue

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growth.

Our EBITDA for the quarter was 251 crores, our highest ever, at a margin of 17.6%. Higher material, freight, and supply-chain costs linked to the geopolitical situation compressed our margins and tempered the flow-through of our very strong revenue growth. However, they did not hold back the growth in our absolute profitability. With the two growth engines, US and ex-US, now contributing in balance, our earnings base is more diversified and resilient than ever before.

On operating costs, other operating costs excluding freight increased by 47 crores year-on-year due to higher manufacturing and other operating costs in manufacturing. Freight costs increased by 21 crores year-on-year to 5.5% of revenues. Even with these cost increases, operating leverage is still visible, as total operating costs improved by 40 basis points to 38.4% of revenues.

In terms of cost line items below EBITDA, depreciation and amortization was 57 crores for the quarter, and net finance cost was 43 crores, slightly higher due to the higher average working-capital borrowings we had during the quarter.

Operational PAT grew a healthy 11.5% year-on-year to 136 crores, with operational EPS of 14.7 rupees per share. Our EBITDA-to-operational-PAT conversion remains steady at 54%.

Our reported PAT was 134 crores for the quarter, with reported EPS of 14.2 per share.

From an H1 perspective, the first half delivered steady growth across all our key metrics. H1 FY27 revenues grew 15.1% to 2,695 crores. EBITDA grew 6.9% to 481 crores, with a 17.8% EBITDA margin, and operational PAT grew 9.8% to 259 crores, with operational EPS of 28.1 rupees per share.

Reported PAT for the first half was 300 crores, up 26.4%, and this included the gain on pivot parts divestment, which we recognized in Q1.

Moving to working capital, our cash-to-cash cycle stood at 137 days, up 13 days from March 2026, with absolute working capital increasing by 307 crores during the first half. This reflects two components: investment in inventory to counter the elongated supply-chain timelines, and the working capital that supported our growth.

Approximately 174 crores reflects the 14-day increase we have seen in our inventory levels from Q4. This has been due to higher transit and lead times caused by the geopolitical situation, and we also had a deliberate increase in our finished-goods inventories at all our front-end locations. This has helped us get back to industry-leading service levels in a tough operating environment. These service levels have been central to the new business wins we secured in the US in this quarter, and also to delivering growth in our ex-US markets.

The remaining 133 crore increase in working capital is on account of the 15% revenue growth we achieved in H1.

We remain steadfast in our efforts to continuously improve our cash-to-cash cycle and bring it back to our historic levels.

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On net debt, as we had earlier indicated, the inventory build-up over the last two quarters was expected to lift our net-debt-to-EBITDA ratio temporarily. The ratio now stands at 1.72x, reflecting the 211 crore increase in net debt during H1, driven by working capital.

At the same time, we continue to invest in our future, deploying 208 crores in capex and intangibles to support our growth platforms, including our nasal-spray and transdermal-patch programs. These investments are directed at the differentiated pipeline Badree outlined, including our controlled-substances opportunity, which will broaden our addressable market and support margin-accretive growth.

As inventory normalizes and H2 launches and business wins begin to contribute, we remain focused on growth and improving our cash-to-cash cycle. With this, we expect our net-debt-to-EBITDA ratio to stabilize and improve by the end of the year.

This net debt is not adjusted for the retained investment we hold in OneSource, which is now valued at approximately 290 crores.

On ROCE, our trailing 12-month ROCE was 14.4%, remaining in the 14%-15% range. As growth continues and recent investments mature, we expect these returns to improve.

To summarize, Q2 delivered record revenues and EBITDA in a challenging cost environment, and the first half saw steady growth across all our key metrics, with both our US and ex-US businesses contributing in tandem.

As we enter the second half, our priorities are clear: build on our growth momentum across these markets, preserve our gross margins, improve our cash-to-cash cycle, and strengthen our net-debt-to-EBITDA ratio.

With the overall growth aspiration for FY28 intact and operating leverage playing out, we continue to maintain that the bottom line should accelerate ahead of the top line.

We are confident in the strength of our business and in our ability to deliver on these priorities.

Thank you, and we are now happy to take your questions.

Badree: Can we open for Q&A, please?

Operator: Yes, sir. Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and 1 on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal - DAM Capital: Thanks for taking my question. Badree, you already talked about the pickup happening in the non-US markets in your opening comments. But two things: first, if you can give us a sense of what is leading to this improved momentum in the non-US markets; and second, what kind of growth is possible in these markets over the next 2-3 years, especially taking into

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account the Sandoz transaction, which closed, as you said, sometime this year?

Badree: As far as the non-US market is concerned, this is a market we had invested in for a very long period of time. Portfolio expansion and expansion into new territories drive these markets. There are B2C markets and B2B markets, and we see increased demand. We believe that these are the main two reasons why we feel that this market can expand. We have a portfolio in place and products in place. Regulatory requirements are very minimal from that standpoint for commercial revenues. We are also investing in domains within these markets. Overall, I think it is all adding up quite well. That is the first part.

As far as the growth in this market is concerned, we will continue to grow at a rate much above the company average across all of these markets. On the higher side, we have always felt that this market will grow faster than the US market in the last few conversations. We think that trend will continue, and this trend is bound to continue for the near to long term.

Management: With Sandoz being added, it will definitely lead to a very meaningful size over the next 1-2 years. We are very sure of mirroring the US markets in terms of our aspiration. That was an aspiration we set about 2 years ago, from a $375 million perspective. With the latest trends coming in the non-US markets, it should be upwards of that.

Nitin Agarwal - DAM Capital: It should be upwards of $375 million by FY28, is what you mentioned, correct?

Management: That's correct.

Nitin Agarwal - DAM Capital: Are the growth rates in these markets driven by specific products, or is this a broad-based product portfolio driving them?

Management: It is a broad-based portfolio. As you said, there are B2C markets and B2B markets. I think the good part is that it is very sticky and very consistent. Once you reach a particular size, the stickiness will be much greater. Our product strategy has played out in all of these markets. In B2C markets, in fact, many markets are at different stages of evolution, and that is what is driving the growth. Some markets are less than $25 million, where growth rates can be much higher, and some markets are upwards of $50 million, where growth rates may be in the mid-teens. That is what is driving the entire growth. It is broad-based growth, and we are happy with the progress we have achieved on the ex-US side.

Nitin Agarwal - DAM Capital: On the profitability front, how do these markets compare with the US as a block?

Management: They should be slightly higher than the company average in terms of EBITDA, because it depends on both the B2B and B2C markets. Overall, I think the gross margins and EBITDA are good in these markets.

Nitin Agarwal - DAM Capital: Okay. Secondly, on the US, you talked about things catching up with a bit of a lag and the focus being more on some of these differentiated products. When do you see a meaningful contribution from these new differentiated products beginning to come through?

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Management: It will be in FY28-29, for sure. That is what we are aiming for. It is only a slight delay of about 3-4 quarters, and we should be able to reach that milestone by FY29.

Nitin Agarwal - DAM Capital: Okay. Thank you so much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Pranav from JM AMC. Please go ahead.

Pranav - JM AMC: Hi, good morning, sir. Am I audible?

Management: Yes, you are audible.

Pranav - JM AMC: Sir, my first question is on gross margin. We have seen a sequential gross-margin slip, and we have been alluding to the fact that second-half gross margin would be slightly better. What gives you the confidence? Has anything particularly changed here vis-à-vis the second quarter?

Management: Yes. Vikesh, would you like to take it up?

Vikesh: From a quarter perspective, a lot of the purchases that came in during Q4 at the height of the geopolitical disruptions were consumed in this quarter. We also had a lot of cost initiatives that we had already put in place when the geopolitical disruptions happened. Those have started playing out. We see them internally, and we expect them to start playing out from H2 as well, which is why we are confident that margins at 58% are sustainable.

Pranav - JM AMC: Extending this, do you think Q3 will be better than Q2 and Q4 better than Q3? Is it a sequential improvement or a sharp bump-up in the fourth quarter?

Vikesh: The way I would put it is that our focus remains on EBITDA and PAT, and that is what we will continue to focus on. Over the last several quarters, our focus has been to drive sequential growth, and we will continue to focus on that. When you look at a longer-term trajectory, you will see us growing quarter-on-quarter.

Pranav - JM AMC: Okay. Second, on the guidance front that we have deferred to FY28, does your guidance hinge on a particular set of products? If yes, can you identify the products?

Vikesh: First of all, it was not guidance. What we mentioned was an aspiration—

Pranav - JM AMC: [overlap] Aspiration, yes. Let me correct that.

Vikesh: —for us to reach FY28. That is what we were pursuing. With the geopolitical disruptions that have happened over the last few quarters, and the fact that shortages are no longer as significant in the US in the product portfolio that we operate in, we did not want to launch products by compromising our profitability discipline. That is the reason we felt it was better to protect the quality of margins, focus on profitability, and drive the profitability and EPS margin accretion that we have been known for over the last several quarters. That is what we remain focused on.

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Pranav – JM AMC: On that aspiration, does your aspiration hinge on a particular product or a particular launch [inaudible], or is it broad-based?

Vikesh: It does not hinge on a particular product. It is more broad-based, and we also spoke about the portfolio that we are building, which will start to play out from FY29.

Pranav – JM AMC: Understood. What gives you the confidence that your quota allocation for controlled drug substances will improve in the coming year?

Vikesh: When you look at the last couple of years, we have seen progressive improvement in the quota allocations we have received. Quota allocations happen twice a year, and every time we have gone back for quota allocations, with the history of our sales and the improvement in our sales, we have been able to get improved quotas. That is effectively what is reflected in the business today, which has grown from 0% to 6% over the last couple of years.

It is a very different model from regular retail products, where you can reach a 20% or 30% market share overnight. This takes time, but once you are in there, it remains sticky. Having learned from this, we are building a portfolio around the entire controlled-substances space. In addition, the new products we are building need very limited API quota. That would also give us the ability to ramp up much faster than the ramp-up we have had over the last couple of years on the existing portfolio.

Pranav – JM AMC: Understood. Perfect. Thank you so much, sir, for answering my questions. Have a good day.

Operator: Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and 1 on their touch-tone telephone. The next question is from the line of Akshaya Chheda from Centrum Broking. Please go ahead.

Akshaya Chheda – Centrum Broking: Yes, thank you for the opportunity. Now that ex-US revenue has surpassed the US business, how should we look at the changing geographical mix from a margin perspective? Does the higher contribution from the ex-US market have a structural impact on gross margin going forward?

Management: As far as overall gross margin is concerned, Vikesh highlighted that we will be in the range of 58% to 60%, and we continue to maintain that range. As far as the ex-US markets are concerned, there are different types of markets, including B2B and B2C markets, at various levels of profitability. We believe that every market will be healthy in terms of margins, and we will remain within the range at the company level.

Akshaya Chheda – Centrum Broking: Understood. As the company is now maintaining higher inventory and has increased supply-chain coverage, should we expect working-capital requirements to remain elevated, or do you see the cash-conversion cycle improving over the next few quarters?

Management: The cash-conversion cycle will definitely improve in the coming quarters. However, as you know, the last 6 months have been difficult for every company operating in this space, with lead times increasing for raw materials as well as key starting materials. The main objective of most companies, including all of us, is to maintain business continuity and keep growth intact. That is the

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reason we have increased inventory levels.

We believe that this will also form a new normal at some point. What you are seeing is a slightly elongated level at this point, but this will moderate as we go along. This year, we believe that the cash-cycle engine should be back in the next quarter itself.

Akshaya Chheda – Centrum Broking: Okay. Lastly, on the interest cost, given the higher working-capital borrowings and the increase in interest costs during the quarter, should we expect finance costs to remain elevated in H2 FY27 as well?

Management: It will be within a range of 40 to 45 crores. I think this quarter was about 46, if I remember correctly—43.

Management: 43, yes. So it will be within that 40 to 45 range.

Akshaya Chheda – Centrum Broking: Understood. Thanks for taking my questions, and all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Karan Shah from GC. Please go ahead.

Karan Shah – GC: Hi, thank you for the opportunity. Two questions. I believe we alluded on the first-quarter call to some deferment in revenues in the ex-US business. Would it be possible to quantify how much could have flowed through to the second quarter?

Management: The flow-through has been—see, we had said that there was a slight issue, and I need to give you more clarity on this. Between Q2 and Q1, there had been certain supply issues. All of that has been sorted out, and that is what is reflected in the growth. You will see that it is a very sticky business, and we have sorted out all the revenue-recognition issues we had because of the long lead times, due to which we could not get the product to the market on time. That has all been normalized, and we are back to growth.

Karan Shah – GC: Can this be considered a new run rate, excluding Sandoz?

Management: Yes.

Karan Shah – GC: Second question is on capex. Any guidance for FY27 and FY28? What would our capex be?

Management: Vikesh, would you like to take that up?

Vikesh: It should be around the 300 crore mark. If you look at our spending, it has reduced from Q1 into Q2, and we expect it to be closer to the 300 crore mark by the end of the year.

Karan Shah – GC: And the same for FY28?

Vikesh: FY28 can be slightly lower.

Karan Shah – GC: Would a lot go towards intangibles? I do not think we will require much apart from maintenance.

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Vikesh: Maintenance capex continues, so it will be maintenance capex and then some portion towards intangibles.

Karan Shah – GC: Okay. Thank you for the opportunity.

Operator: Thank you. Anyone who wishes to ask a question may press star and 1 on their touch-tone telephone. The next question is from the line of Pratik from Unique PMS. Please go ahead.

Pratik – Unique PMS: Hi, good day, and thank you. In the first half, we have seen about 265 crores of capex as per our cash flows. Does this include IP purchases? Does it flow through here?

Vikesh: The difference between the 200 crores and the 260 crores is that 60 crores of payments were for all the investments made last year. The cash flows went out in the first half.

Pratik – Unique PMS: Okay. Does this 200 include IP purchases, or is this—

Vikesh: Yes, this includes IP purchases. This includes IP purchases as well as the investments we are making in nasal sprays and patches.

Pratik – Unique PMS: Correct. Last year, we also made a few IP purchases and a few external R&D partnerships, including Sandoz. When do all of those start contributing? I believe Sandoz is yet to contribute, but when do the others start contributing?

Vikesh: Some of them are for our global markets, and they are playing out as far as ex-US is concerned. Some of the specifics for the US will come through. In fact, we are going to launch our first patch [trails off]

Management: Earlier this year, which was an acquired IP last year. Some of these will start to flow through as far as the US is concerned over the next 18 months or so. As far as ex-US is concerned, it is already playing out.

Pratik – Unique PMS: Correct. Yes. Effectively, over the last 6-8 quarters, we have increased our investments. Capex, IP purchases, acquisitions, and R&D programs have all increased, and that has kept our debt levels within a certain range. Earlier, we had an aspiration of being debt-free or net-debt-free within a certain timeframe. Has that changed? Are we pushing that out? Are we now choosing to invest more rather than pay down debt, and perhaps we are comfortable with these levels? FY28 or '29 also used to be our earlier guidance or aspiration.

Management: That aspiration has not changed. If you really look at the increase in debt levels, it has been largely working-capital-driven rather than capex-driven. The increase in our working capital in the first half has been about 300 crores, and almost 170 crores of it was on account of the geopolitical disruptions, which was more like a one-off. This is not a permanent thing.

Our aspiration remains unchanged, and our consolidated growth is intact. While the mix between the US and ex-US has changed, it is intact on a consolidated basis. That will reflect in our cash flows and debt. It will largely remain working-capital debt as we get to '29.

Pratik – Unique PMS: The debt-free plan that we had included working-capital debt, correct? Or was that external debt?

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Management: If you run the cash flows, you will get to that answer.

Pratik – Unique PMS: No, the reason I am asking is in the last [crosstalk]—

Management: Yes.

Pratik – Unique PMS: [crosstalk]

Management: Effectively, what you are seeing is that over the last 4–5 quarters, our debt has consistently reduced every quarter. This is the first quarter in which you are seeing an increase in debt. That increase has largely to do with working capital. If we adjust for that one-off, you will start to see the cash flow. The cash flow that we deliver will continue over the next several quarters as growth continues.

Pratik – Unique PMS: Fair. Lastly, in the cash-flow statement, we see 70 crores of inventory-obsolescence cost charged to the P&L. Is there anything to note on that?

Management: There is nothing specific. Some of those are elements of the businesses that we operate in. On an overall basis, it is about 1%–2% of COGS.

Pratik – Unique PMS: No, 70 crores {? right, in ?} H1.

Management: It is not—this is a movement of provision. It is more a reporting requirement that has been called out separately. It is a cumulative number.

Pratik – Unique PMS: Does that pass through the cash-flow statement?

Management: The corresponding adjustment is in the inventory line, in the inventory movement. Earlier, historically, that inventory movement was net; now it has been grossed up for that line. I think it is more a presentation change.

Pratik – Unique PMS: It is? Okay. Fair. Great. Thank you. All the best.

Management: Thank you.

Operator: Thank you. Participants, you may press star and 1 on your touch-tone telephone to ask a question.

The next question is from the line of Kusum Agarwal, an individual investor. Please go ahead.

Kusum Agarwal – Individual Investor: Hello, sir. My question was regarding the visibility of H2 US launches. The deck says that H2 will be stronger because of new launches. I wanted to get clarity on how many approvals and launches we expect in the second half of the financial year.

Management: Hey, {? Bikash ?}, do you want to take it up?

Management: We expect to launch 4–6 products, but more importantly, the products that we have already launched will also see revenues in H2. Therefore, we expect H2 to be stronger than H1. The H2 launches will flow into FY26, where we will have a full-year benefit for FY26.

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Kusum Agarwal – Individual Investor: Okay, sir. That answers my question. Thank you so much.

Operator: Thank you. Ladies and gentlemen, you may press star and 1 to ask a question.

The next question is from the line of {? Shyam from Equirus ?}. Please go ahead.

{? Shyam from Equirus ?}: Hi. {? Hitesh and Badree ?}, I wanted to check: our US business in dollar terms has actually been flat this quarter. Are we seeing a lot of price erosion, or have we discontinued products because of margin requirements? What is the reason for revenues being flat year-on-year?

Management: From a revenue perspective, while it is flat in dollar terms, it has more to do with the mix of products. Second, pricing in the market also gets adjusted to the currency depreciation that occurs due to competitive forces. As you know, in the US market, customers constantly want the best pricing. That does get adjusted, and this is where we remain focused on delivering gross margin, maintaining pricing discipline, and applying the profitability threshold as a framework while we run our P&L.

{? Shyam from Equirus ?}: It is mostly price erosion, correct? That has probably been offset by new launches?

Management: It has also been offset by the cost-improvement plans that we put in place.

{? Shyam from Equirus ?}: That will be on the bottom line. I am asking about the top line, such as $73 million versus $72 million. So we are basically fighting price erosion with new launches. Is that correct?

Management: It is not just price erosion. It will also include some volumes that we give up. It is a combination of both, so it may not be as much price erosion.

{? Shyam from Equirus ?}: Okay. I wanted to check something mentioned in the presentation. We are seeing that drug shortages have normalized, and because of that, do you think those shortages [inaudible]?

Management: {? We have lost ?} you a bit. We cannot hear you well. Can you please repeat your question?

{? Shyam from Equirus ?}: I wanted to check: in the presentation, you mentioned that the drug-shortage opportunity has largely dissipated. Are we expecting that to remain the case, or do you think shortages could return when price erosion happens?

Management: That is more tactical at this point, which is why we are building a more strategic portfolio orientation. As far as shortages are concerned, supply levels across the industry have significantly improved over the last couple of years. The number of regulatory approvals has improved, and that is what has effectively led to very minimal shortages across most of the oral products. The shortages we see are either in injectables or in patches, which continue to have shortages. At this point, we are more focused on building a portfolio that can carry us and provide greater predictability for our growth.

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{? Shyam from Equirus ?}: Understood. Quickly on the controlled-substances front, when you say that whenever we go back to the regulator and ask for a higher quota, we have always received it, is the additional volume that we are getting [inaudible] market share from [inaudible] other players in the market?

Management: Your voice is breaking up.

{? Shyam from Equirus ?}: Can you hear me now?

Management: Yes, we can.

{? Shyam from Equirus ?}: Quickly on controlled substances: when you say that whenever we go to the regulator twice a year and get higher quotas, is the higher volume we are receiving because the market is expanding, or do you think it has more to do with market-share gains from other players in the market?

Management: It has more to do with market-share gains in the market we are in.

{? Shyam from Equirus ?}: Understood. Lastly, on the LatAm front, I wanted to understand how you view LatAm. Do you think it could become meaningful over the years, and what is the competition intensity in those markets? We know that there are a few listed players that are very strong in those markets, but what is our strategy going into the LatAm markets?

Management: We are in the regulatory phase in this market, and it will take a couple of years for us to build it. We have started building these markets, but I do not think they will contribute meaningfully to growth until about '29. '29-'30 may be the first year, and we are in the process of building the portfolio.

{? Shyam from Equirus ?}: Understood. That is it from my side. Thank you.

Management: Thank you.

Operator: Thank you. That was the last question for today. I now hand the conference over to management for closing comments.

Management: Thank you, everyone, and good day to you. Thank you.

Management: Thank you.

Operator: Thank you. On behalf of Strides Pharma Science Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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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