Operator: Ladies and gentlemen, welcome to the Q2 and H1 FY27 earnings conference call of Concord Biotech Ltd., hosted by Choice Institutional Equities.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of the company's future performance and involve risks and uncertainties that are difficult to predict.

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 and then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Maitri Sheth from Choice Institutional Equities. Thank you, and over to you, ma'am.

Maitri Sheth – Choice Institutional Equities: Good afternoon, everyone. On behalf of Choice Institutional Equities, we welcome you all to the Q2 and H1 FY27 earnings conference call of Concord Biotech Ltd.

Today on the call, we are joined by Mr. Ankur Vaid, Joint Managing Director and Chief Executive Officer; Mr. {? Raviraj Karia ?}, Chief Financial Officer; and Mr. Prakash Sadhnani, Assistant Vice President, Accounts, along with SGA, their investor relations advisor.

We will begin the call with opening remarks from the management, followed by a question-and-answer session. Thank you, and over to you, sir.

Ankur Vaid – Joint Managing Director and Chief Executive Officer: Thank you, and a warm welcome to all on our Q2 and H1 FY27 earnings conference call.

We are pleased to report a strong performance for the quarter ended September 30, 2026. Revenues for Q2 FY27 grew 25% year-on-year. For the first half of the year, the six months ended September 30, 2026, revenue grew 26% over the same period last year, so the momentum has held through both quarters.

What is particularly encouraging is how broad this growth has been. It came from every product category and every geography. Immunosuppressants, anti-infectives, anti-fungal, and oncology all grew. Anti-infective, anti-fungal, and oncology grew faster in percentage terms on account of increased market penetration for the products commercialized in the last couple of years. These newer segments are clearly gaining traction, and we are optimistic of future [trails off]

At the same time, we continue to win a larger share of our customers' spend in immunosuppressants.

To provide further perspective, our immunosuppressants business delivered high double-digit growth, while anti-infectives and anti-fungal grew in line with the company's average growth. Our oncology business nearly doubled compared to the corresponding period last year. Taken together,

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this shows a healthy, well-balanced portfolio, leaving us well placed as we move into the second half of the year.

Speaking of highlights for H1 FY27, we received ANDA approvals for Tofacitinib and Mycophenolate Mofetil oral suspension, which strengthen our formulation portfolio. We also filed a drug master file for Fidaxomicin in the US, which adds to our API opportunities in that market.

We successfully completed the US FDA inspection of our Unit 2 formulation facility at Valthera, Ahmedabad. We also received ANVISA approval for our Unit 3 facility at Limbasi. Both outcomes reflect our continued focus on regulatory compliance and strengthen our position to serve customers in regulated markets.

We have launched Inspira, our dermatology division. It takes us beyond our existing portfolio into science-led skin health solutions. The aim is to meet changing patient needs and build stronger relationships with dermatologists and other healthcare professionals.

Lastly, the board's recommendation of a 1:1 bonus issue has been approved by shareholders and will take effect in the coming weeks. The bonus issue reflects our confidence in delivering sustained growth and long-term value for all our stakeholders.

Moving on to segmental performance:

API revenue grew by 30% year-on-year during the quarter, while formulation revenue increased by 6%.

The domestic formulation business delivered strong growth of 29% in Q2. The relatively modest growth in overall formulation revenue was primarily attributable to a shift in procurement strategies across emerging markets, with certain customers increasingly opting to procure API instead of finished formulations, as well as the transition of business from Advagen to our wholly owned subsidiary in the US, {? Stellon ?} Biotech.

On the growth front, we are actively engaging with several large domestic and global customers for our injectables business, and we expect to finalize contracts in the near term. Securing these contracts would drive higher utilization of our injectables manufacturing facility, providing significant growth potential. The resulting faster ramp-up is expected to support revenue growth and improve margins over time.

At Concord, it is appropriate to evaluate the overall business growth rather than view API and formulation revenues in isolation. Our focus remains on expanding end-customer sales and increasing our wallet share, irrespective of whether the business is routed through API or formulations. While the revenue mix may vary depending on individual customers' procurement strategies, we continue to see an improvement in our share of their overall procurement.

Domestic API revenue grew by 42% year-on-year in Q2 FY27, while export revenue increased by 8%. However, including deemed exports, the overall contribution from exports would be significantly higher. This is because several customers are increasingly shifting their procurement to Indian subsidiaries, from where the products are subsequently exported to regu- [trails off]

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These trends are largely driven by individual customer procurement strategies. Accordingly, we believe the more meaningful metric is the overall growth in our share of customers' total procurement, supported by deeper customer relationships and new customer additions across both domestic and international markets.

Speaking about margins for the current year, we witnessed a gross margin contraction of approximately 400 basis points year-on-year, primarily driven by an increase in raw material prices, particularly solvents, amidst ongoing geopolitical uncertainties and broader supply chain disruptions. We believe these pressures are temporary in nature and have impacted our quarterly performance. However, on a full-year basis, we expect to recover the margin impact through an improvement in revenue, coupled with effective cost optimization measures and optimum inventory management.

Margins were also impacted by higher power and fuel costs. This was partly offset by the renewable energy sources in which we invested last year. As power and fuel costs stabilize, we expect to realize the full benefits of these renewable energy investments, providing further support to our overall margin profile.

On the EBITDA front, our reported margin stood at 33.8% in Q2 FY27. For H1 FY27, EBITDA margins remained fairly stable at 33.0% compared to 33.2% in H1 FY26, despite the contraction in gross margins. This demonstrates the inherent operating leverage and resilience of our business model.

Excluding expenses associated with our new injectable facility and {? Stellon ?}, where revenues are yet to ramp up, our H1 FY27 EBITDA margins would have been approximately 37.8%, closer to our historical margin levels. As these investments begin to contribute to revenue and the input cost environment normalizes, we expect our margins to progressively improve.

Before I conclude, I would like to highlight the key strengths and growth opportunities that position Concord well for the future:

Over the years, Concord has established itself as a leading research-driven biopharmaceutical company with deep expertise in fermentation technology. Our extensive portfolio of fermentation-based APIs, supported by a robust pipeline, strong R&D capabilities, and established manufacturing capacities, provides us with a solid foundation to capitalize on growth opportunities ahead.

In addition to strengthening our core API business, we are actively exploring CDMO opportunities in fermentation-based APIs. Our established technical capabilities, process expertise, and manufacturing infrastructure position us favorably to pursue these opportunities and create additional avenues for growth.

We are also building a presence in the US formulation market through {? Stellon ?}, our front-end distribution platform. While the business is currently at a nascent stage, we believe it has significant potential to emerge as a meaningful contributor to our growth over the coming years.

Looking ahead to FY27 and beyond, we remain confident in our ability to sustain our growth momentum, supported by strong business visibility from our pipeline and the execution of our

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long-term growth strategy. Our niche capabilities in fermentation-based products and leadership position in key molecules continue to provide us with a distinct competitive advantage.

While remaining mindful of ex- [cut off]

Management: External developments and the evolving business environment, our priorities remain clear: deepening relationships with existing customers, expanding our market presence, capitalizing on emerging opportunities, and continuing to invest in our core capabilities. With these strategic priorities in place, we are confident of further strengthening Concord's market position and transitioning our capabilities and emerging opportunities into sustainable long-term business growth. With that, I would now like to hand over to Raviraj to take you through the financial performance. Thank you.

Raviraj: Thank you, sir. Good afternoon, everyone. Let me take you through the financial performance for Q2 and H1 FY27.

Revenue for Q2 FY27 stood at 309.1 crore compared to 247.1 crore in Q2 FY26, registering year-on-year growth of 25%. For H1 FY27, revenue increased by 26% to 566.6 crore compared to 451.1 crore in the same period, H1 FY26. API revenue for the quarter stood at 250.1 crore, registering growth of 30% year-on-year, while formulation revenue stood at 58.9 crore, growing by 6%. As highlighted earlier, we believe Concord's performance is best evaluated on the basis of overall business growth rather than the quarterly revenue mix between APIs and formulations, as customer procurement strategies may influence the mix between these segments. Domestic revenue grew by 48% in Q2 FY27, while export revenue increased by 8%. As discussed earlier, changes in customer procurement patterns can influence the reported revenue mix between domestic and export markets.

Gross margin for Q2 FY27 stood at 76.2%, contracting by approximately 400 basis points on a year-on-year basis, primarily due to higher raw material prices and changes in the product mix. For H1 FY27, gross margin stood at 77.4% compared to 79.1% in H1 FY26. On a half-yearly basis, margins have remained relatively stable, despite the input cost pressure experienced during the quarter.

EBITDA for Q2 FY27 stood at 104.4 crore, registering year-on-year growth of around 18%. For H1 FY27, EBITDA increased by 25% to 187 crore. EBITDA margin stood at 33.8 crore, 33.8% for Q2 FY27 and 33% for H1 FY27. Excluding the expenses associated with our new injectables facility and Celon, where revenues are yet to scale up, EBITDA margin would have been 37.1% for Q2 FY27 and 37.8% for FY27 for the first half. This reflects the underlying profitability of our established business, excluding investments in the growth initiatives.

When I talk about PAT, for Q2 FY27, it stood at 69.6 crore, registering year-on-year growth of 10.3%. For H1 FY27, PAT increased by 19% to 127.3 crore. PAT margin for Q2 and H1 FY27 stood at 22.5%. However, if we look at PAT excluding the share of profits from our JV, PAT for H- [line issue] {? 7 crore ?}, compared to 103.2 crore, with growth of 23% year-on-year.

Lastly, Concord continues to maintain a zero-debt balance sheet, with cash and cash equivalents of around 445 crore as of September 30, 2026, reflecting our continued focus on financial discipline

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and balance sheet strength. With this, I would like to conclude my remarks on the financial performance and open the floor for questions and answers. Thank you.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on a touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use a handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We have the first question from the line of Yash Tanna from iThought PMS. Please go ahead.

Yash Tanna – iThought PMS: Hi, good afternoon. Am I audible?

Management: Yes.

Yash Tanna – iThought PMS: Hi, sir. My first question is regarding API revenue, which was bouncing back well. Could you highlight a few key products and geographies where you have seen this traction? Also, have there been any new customer wins aiding this growth? From a medium-term perspective, over the next two to three years, how do you see the growth of this business, and what could be the key drivers for the same?

Management: In terms of products, as I mentioned, immunosuppressants continue to grow, as we are able to bring new customers on board. This is across geographies, particularly in the US and Latin America. However, the growth over the last six months has been significant in anti-infectives, anti-fungal, and oncology. Around a year and a half ago, we commercialized nystatin, and as I mentioned earlier, we continue to gain traction there. That has been doing very well for us. We also have several US customers who have qualified Concord as their source. We have provided them with validation quantities. Commercial supplies are yet to begin. Once those supplies become commercial, we would see another significant jump in nystatin as well, which is in the anti-infective segment.

When it comes to anti-bacterials, we have seen more traction in products such as mupirocin and mupirocin calcium. We are in the process of launching fusidic acid as well, for which we have just supplied some quantities. That is the product that we would be commercializing in emerging markets over the next few months to a quarter, and then extending to global markets. We have launched fidaxomicin. We have just filed our US DMF, so we are seeing good traction there as well. These are some of the products in the anti-infective and anti-bacterial segments.

When it comes to oncology, products such as romidepsin have picked up well because some customers have launched the products in the US market. Products such as everolimus continue to see traction. This is in addition to our core business of immunosuppressants, where, in addition to products such as tacrolimus, mycophenolate mofetil, mycophenolate sodium, and cyclosporine, we are also seeing good growth from other products such as sirolimus and pimecrolimus.

I would say that this is holistic growth across all products and all segments. In terms of geographies, the key markets would continue to be the US, Latin America, and Japan. We have added quite a few customers as new product additions are taking place, particularly in the anti-infective and

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anti-fungal segments. With the new oncology product launches, several new customers have been added in the last six months. As we continue to build on some of the new products that we expect to launch in the coming quarters, they are also mostly in the anti-infective and anti-fungal segments, so we would see significant customer additions going forward.

In terms of growth over the next two to three years, I would say that there is no company like Concord that has such a vast portfolio of fermentation-based APIs, and we continue to build on that portfolio. We already have around 30-plus products, we have another 10 to 15 in the pipeline, and significant capacities have been built to cater to the requirements for these products once they become commercial. We see a lot of potential in these products, and I think they are going to be the growth drivers for the API business, in addition to the other business segments, which are formulations and CDMO.

Yash Tanna – iThought PMS: Sure, sir. Thank you. That is very helpful. Could we assume a mid-teens growth number for this business over the next few years?

Management: I would say that one should expect slightly higher growth in the API business. Historically, we have grown at around 18-19%, and I think it would be safe to build on our historical growth numbers. Of course, beyond that, there are contributors such as injectables, CDMO, and finished formulations that we have been investing in, which would also drive growth beyond the historical growth of 18-19% that we have given in the past.

Yash Tanna – iThought PMS: Got it, sir. My second question was related to the formulations part of the business. We did close to 200 crore in revenue in FY24, and we are almost at a similar run rate now in FY27. I also wanted to understand the capacity utilization for the oral solid unit, which I think is Unit 2, and the injectable unit, which is the new unit. How are we planning to ramp up both these units, because the sales number has not moved? You also mentioned tofacitinib and ANDA approvals, and you spoke about a few injectable contracts in your opening remarks where you are talking to a few customers on the injectable front. A few timelines around those and how formulations will ramp up would be very helpful.

Management: For capacity, Unit 2 was at 21% capacity utilization, and the injectable unit, Unit 4, was at around 5%. When it comes to how we see the ramp-up, we continue to add products. Over the years, as I mentioned, we have been seeing good traction even in the domestic market, which has been growing above the company's growth, I would say. This quarter also, the domestic formulation business grew by 29%. With our own manufacturing coming into the injectable business, we expect that our domestic formulation business will grow above our company average growth.

Many of those products are manufactured in-house, so this would also lead to an increase in capacity utilization. In addition to that, with Celon coming in and the new ANDA approvals coming in, we expect facility utilization to increase as well. For tofacitinib, we have already supplied our products to Celon, and mycophenolate mofetil oral suspension is something that we expect to supply to Celon in the coming quarter, or the next quarter. Celon continues to make inroads for all the products that it has approved and commercialized, and for the new launches, the team is working to gain market share in oral solid dosages in the US.

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Coming to injectables, many customers have taken the first step, which is auditing our facility. In the last couple of months, we have had several inspections or audits by our potential customers, and we continue to engage with them. Things are progressing quite well on that front, and we are quite optimistic that, as we have mentioned in the past, we should see some of these contracts materializing in H2.

Yash Tanna – iThought PMS: Got it, sir. That is very helpful. I have more questions; I will join back.

Management: Thank you.

Operator: Thank you. We have the next question from the line of {? Debanjan Bakshi ?} from {? USI ?}. Please go ahead.

{? Debanjan Bakshi ?} – {? USI ?}: Thank you for the opportunity. What will be the effective tax rate for the rest of FY27 and FY28?

Management: The tax rate would be in the range of 24% to 25%.

{? Debanjan Bakshi ?} – {? USI ?}: It does not show any elevation like we saw for the last two quarters?

Management: Sorry?

{? Debanjan Bakshi ?} – {? USI ?}: It does not show any elevation like we saw for the last two quarters.

Management: No.

{? Debanjan Bakshi ?} – {? USI ?}: Okay. Thank you.

Operator: Thank you. We have the next question from the line of Abhishek Kamdar from ValuePlus Advisors. Please go ahead.

Abhishek Kamdar – ValuePlus Advisors: Hi. Thanks for the opportunity. We wanted to understand the pricing. I think in Q1 we had mentioned that we gained some market share as we were able to offer competitive pricing to our customers, given our capacities. How has pricing worked out in this quarter, in Q2? Around that, we also spoke about raw material cost increases. Have we been able to pass on any of these to our customers?

Management: When we say that we have been able to gain customers on account of better pricing, that pricing is for the customer. What I mean to say is that, because of economies of scale, our expertise in fermentation, and the kind of productivity that we have for the product, Concord is able to offer a significant price discount compared to the customers' current suppliers.

This is while maintaining profitability that is in line with our API business. It is a win-win situation. We have been able to gain customers by reducing their procurement cost, but at the same time, it has been in line with our profitability. We have not seen any pricing pressure when it comes to Concord, but we have been able to gain customers because of the price reduction compared to their current suppliers.

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I think this is something that we continue to do, not only for new products but also for existing products where we hold a significant market share. Some of the competitors that we see are significantly more expensive compared to Concord. That gives us an opportunity to gain more market share, given our strength, as I mentioned earlier.

When it comes to raw material pricing, it is quite challenging to pass on some of the costs that we have incurred to customers. We would rather try to address these issues through R&D and productivity improvements rather than pass them on, because these are more of a short-term issue. They are not a longer-term issue that we need to consider when thinking about passing these raw material cost increases on to our customers.

Had it been a longer-term issue, we would have still considered what the best way forward could be. But this is more of a short-term issue, and I feel that we do not need to reach out to customers to engage in those discussions. That is what we would be looking at.

As I mentioned again, there has been no pricing pressure. It has been more about the benefit that we offer to our customers.

Management: Hello?

Operator: Are there any further questions? As there are no further questions, we will move on to the next speaker. We have the next question from the line of {? Chirag from Keynote ?}. Please go ahead.

{? Chirag ?} - {? Keynote ?}: Thank you for the opportunity. I wanted to talk about the new API that we are manufacturing for dermatology as a target industry. Could you provide some more clarity on this? Inspira— is it related to a skin infection or an autoimmune skin condition such as psoriasis, or something else? Would it be fair to assume that the TAM for Inspira is about 5,000 crores or more, rather than the NMS that we have for the US, which is about 300 crores, if I am not mistaken?

Management: You are right that, for the Inspira division, the India-based market itself for Concord's range of products is close to around 5,000 crores. Here again, we are the only company in India that is fully integrated, right from API to finished products. There are definitely advantages that we see in dermatology.

Within dermatology, the key segments that we would be working in include eczema, where we have products such as tacrolimus and pimecrolimus; anti-infectives and anti-fungal, where we continue to see products such as fusidic acid, nystatin, mupirocin, and mupirocin calcium; and certain acne products. These are products where we are able to create value for our stakeholders as well as for our patients.

{? Chirag ?} - {? Keynote ?}: What would be our strategy to increase the size, reaching from the initial 100 to 500 crores of revenue? What kind of target does management have in mind for this particular segment?

Management: Typically, to make inroads, we have currently launched in certain markets, and we are also working toward expanding into different regions within India. It has only been a couple of months since we launched the Inspira division. However, the intent is that, in the coming years, we

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should be able to make significant inroads.

Going to levels close to 400-500 crores would take at least 4-5 years, I would say, to start building a significant market share in these products. However, being fully integrated and having full control over quality aspects and input costs, we are fairly confident of achieving a significant market share. That is the reason why the division has been launched with that perspective.

Operator: We have the next question from the line of Stuti Bagadia. Please go ahead.

Stuti Bagadia: Hello, thank you for taking my question. Am I audible?

Management: Yes. Yes, Stuti.

Stuti Bagadia: I wanted to ask about the EBITDA margin. What do you see as the drivers that will lead to margin expansion, and could you give some guidance on a sustainable EBITDA margin in the medium term?

Management: If you look at the EBITDA margin, we have taken steps, as I mentioned during the speech, to continue building our EBITDA margin. One of the steps we took was investing in renewable energy. That has a positive impact on EBITDA margins. Of course, during periods such as these, because of global uncertainty and the increase in costs, some of those benefits have effectively offset the increase in costs. Once these issues are resolved, we should see a positive contribution from the investments we have made in the past in relation to power and fuel costs.

Similarly, Concord continues to invest in growth, whether it is the Celon business or injectables, which are growth drivers for the future. As we see ramp-up in these two business units, we should reach closer to our historical EBITDA margins. In our presentation, we have also mentioned that without these businesses, the EBITDA margin is closer to around 38%. As ramp-up also takes place in our other businesses, such as Unit 3 at Limbasi, we would see further margin expansion.

Our sense is that, over the next few years, we should be in the range of 38% to 40%, which has been our historical EBITDA margin, once these business units start contributing to the overall business.

Stuti Bagadia: That is helpful. Thank you. I had one more question. What is the capex that we are guiding for next year and for the remaining half of FY27?

Management: Stuti, we have been guiding that we incur around 20 to 30 crore of maintenance capex every year. For this year and next year, we expect around 50 to 60 crore of capex each year, which is in the range of 100 to 120 crores.

Stuti Bagadia: Okay. Just one more question, if I could add. In terms of the contracts that you mentioned for the injectables facility, how big of an opportunity are these, and could you provide any qualitative color on them?

Management: We have been discussing with quite a few customers, and these are larger customers. The discussions cover multiple products, where Concord is also backwardly integrated for those APIs. The opportunities are quite sizeable.

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I would say that the TAM for the injectable products we manufacture is close to around 5,000 crores, of which we have built in around 300 crores of top line over the next three to four years from the domestic and export markets. If these customers come on board, that is something which is quite achievable within the timeframe we have given.

Stuti Bagadia: Thank you. That is all from my side.

Operator: Thank you. We have the next question from the line of {? Siddharth Megandhi ?} from {? PWC ?}. Please go ahead.

{? Siddharth Megandhi ?} – {? PWC ?}: Hi, thanks for the opportunity. I wanted to clarify how much the CDMO revenue is and what the status is in terms of future CDMO contracts. Last quarter, you mentioned about $2 million in revenue. Was that the lifetime revenue or the revenue in the last quarter? What is the revenue in Q2 from CDMO?

Second, continuing from the previous participant's question, how do we see the gross margin trajectory in the context of formulations being heavier on growth going forward, considering injectables and that foray? In that context, would you believe that we can also see this as the lower point for gross margin?

Ankur Vaid – Joint Managing Director and Chief Executive Officer: Let me first answer the gross margin part. For Q2 and also for the full year, the API-to-formulation mix has been more or less in the same range of 78:22, and for the six months, it is around 80:20. It has been broadly in line with the 80:20 split.

The facilities that have been designed, both for API and formulation, have been designed such that we would be in the range of an 80:20 split between APIs and formulations.

That being said, it is not something that we monitor and say has to be at this ratio because we are driven by how we can capitalize and work toward maximizing our market share, whether at the API level through API or formulation. Historically, however, we have been in the range of an 80:20 split.

We expect gross margins to be broadly in line with what we have seen historically. As everyone would agree, in the last 6-8 months, because of rising fuel prices and other factors, operating costs have increased not only for Concord but for many companies. That impacted us, but not to the same extent, because, being in fermentation, only a certain portion of our raw materials gets [trails off]

Ankur Vaid – Joint Managing Director and Chief Executive Officer: Consumed materials are impacted by the increase in power costs and by oil-related factors, such as solvents and similar items. Most of the other products are agro-based products, and we do not see such significant impacts there. We have been impacted to some extent, but not as much as companies that use a lot of solvents. We expect that, as conditions improve, we should return to the historical gross margins that we have seen.

When it comes to the CDMO business, the $2 million that we mentioned was more from an annual perspective, because currently we have one project where we are commercial. We do not classify contract manufacturing for third parties as CDMO. We classify only those activities as CDMO where

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the IPR is with the third party, primarily the innovators in this case.

We have undertaken smaller projects as well, which are more in the development stage rather than on the commercial front. They may not have an impact on the top line, but there are quite a few projects that we are working on in terms of R&D and development activities.

I would say that they may not be a true reflection of the kind of work we are doing, but from a revenue perspective, we have one commercial project, and we are exploring work with a couple more customers on this front.

Siddharth Megandhi – PWC: Got it. To follow up on that, you had alluded to the mix being a challenge for gross margin. Could you clarify what that meant? What part of the mix was unfavorable for gross margins? Also, the $2 million that you are talking about—is that the FY27 annual revenue guidance for CDMO?

Ankur Vaid – Joint Managing Director and Chief Executive Officer: When we refer to gross margins, I did not get your first point on the mix.

Siddharth Megandhi – PWC: In the presentation, it mentions that gross margin has been impacted by an adverse mix. Could you help me understand which product mix was unfavorable? You are saying that the API-formulation mix is more or less stable, with a {? 2% to 3% change ?}. Is that the mix you are referring to, because that would logically have improved gross margins? What was the product mix that went against gross margins, if you could help us understand that? Also, is the $2 million the FY27 guidance, or how should one interpret that?

Ankur Vaid – Joint Managing Director and Chief Executive Officer: The mix we mentioned was the product mix at the API level. Not all products have exactly the same margins. There are some products where there could be a slight change in the margin profile if one product is sold more than another. They are more or less in the same bracket, but they are not the same. Therefore, there is some impact from the change in the product mix at the API level.

The significant contributor has primarily been raw material pricing, with a smaller impact from the change in the product mix sold during that particular time period. That is what we meant by that.

When it comes to CDMO, we are not providing guidance for specific CDMOs. However, the opportunity we currently see in discussions with our customer has been around the $2 million mark. They continue to build on that opportunity because, for them, the opportunity size is quite large.

They have been building the platform in the US because it is a new product that they launched almost a year and a half ago. They continue to build and make inroads because it is an NCE product. For them, the opportunity could be much larger, but we are their exclusive manufacturer. Therefore, any opportunity or volume that comes would come exclusively to Concord for that product.

Siddharth Megandhi – PWC: Got it. This is helpful. My last question is again on gross margins, and I apologize for continuing on this. Would there also have been a benefit from bringing the injectables formulations in-house? Is that material in this quarter? If so, excluding that, what would have been the further impact from the other two factors on gross margins?

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Ankur Vaid – Joint Managing Director and Chief Executive Officer: It has not played out yet, because, as Raviraj mentioned, capacity utilization for Unit 4 has been around 5% only. While it will play out significantly once the volume starts to pick up, at the current utilization level of 5% it has not been reflected.

As a matter of fact, at times it can work slightly in the opposite direction because all the API that we transfer to the formulations business is transferred at the market price. At times, this can show you a different picture when you look only at gross margin. That is why we say that you should look at how our EBITDA margins are moving rather than looking at gross margin, because gross margin also includes the API being transferred to the formulation unit at market prices rather than at cost.

Siddharth Megandhi – PWC: That is a volume-weighted price and therefore—sorry, a volume price—and at lower utilization, they would actually end up paying higher prices.

Ankur Vaid – Joint Managing Director and Chief Executive Officer: Correct. That is why we say that, as the formulation business grows, you could see some impact on the gross margin side. Hence, you should look at it from a totality perspective rather than looking at it as a single line item, because it has that impact.

Siddharth Megandhi – PWC: Got it. Thank you. I will get back in the queue.

Ankur Vaid – Joint Managing Director and Chief Executive Officer: Thank you.

Operator: Thank you. We have the next question from the line of Alankar from Kotak. Please go ahead.

Alankar – Kotak: Hi, thank you for the opportunity. Ankur, first-half growth in top line is about 26%, and you had spoken about 18% plus growth in FY27. Would you like to revisit the guidance?

Ankur Vaid – Joint Managing Director and Chief Executive Officer: [laughs] We have mentioned that growth in FY27 would be slightly better than our historical numbers. H1 has been 26%, and we also have a fair amount of visibility on our Q3 numbers. I would say that we would continue to consider growth for this financial year to be slightly better than our historical growth of 18%.

Alankar – Kotak: Got it. Ankur, just a follow-up there. If I look specifically at this quarter, the two-year and three-year overall sales CAGRs are relatively low. Two-year sales have been flat, and three-year overall growth is around 5.5% to 6%. Once the base normalizes in FY28, should we expect you to continue reporting 18%–20% plus growth, which Concord used to report until FY24?

Ankur Vaid – Joint Managing Director and Chief Executive Officer: If you take out the de-growth in the last year, Alankar, I would say that over the three-year period, five-year period, and 25-year period, we have grown at 18%–19%. We have discussed during our various conference calls the challenges we experienced last year. During the last year, we also mentioned that the impact was more because of a global phenomenon and was not structural in nature.

The growth we have seen in Q2 and the visibility we have for Q3 also show that last year was more a result of global impact rather than something structural in nature.

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If you take out last year, as I mentioned, at any point in time we would have grown by at least 18%-19%. This year also, we are saying that we should grow slightly better than 18%-19%, because some of the challenges that existed led to some of the work we did last year not fructifying in that year due to the risk aversion of our customers. That work is fructifying in this financial year. That is why I say that we should do slightly better than our historical growth.

For the coming two to three years, as I have mentioned earlier, we have the right product mix, the right capacities, and ample capacities in place. We have a very strong pipeline of products that nobody in India is developing. With competition coming from Europe or Southeast Asia, we see ourselves in a good position to gain significant market share in those products. We are quite well positioned to gain more market share in those products, which would lead to the kind of growth that we have spoken about.

Alankar - Kotak: Understood, Ankur. Just one follow-up there. When you talk about new products, would it be fair to say that the contribution of new products, if I take a three- to four-year view, will be higher than what you have seen in the last two to three years?

Ankur Vaid - Joint Managing Director and Chief Executive Officer: New products have to be classified into two categories. One is the new products that we have launched in the last three to four years, and the other is the products that we have commercialized within that year.

Products such as {? nystatin ?} and fusidic acid have been growing quite significantly. As we gain approvals in some regulated markets and their filings are approved by the FDA, we should see a significant surge in volume pick-up for those products as well.

It is a life cycle that these products go through, but Concord has a strong position in these products and can gain significant market share over a very short period because of our strength in capacity, fermentation expertise, and other areas. These products will grow faster than the rest of the business, but because they have a smaller base, it will take time for them to reach the levels of certain mature products.

Alankar - Kotak: Understood. The second question is that you mentioned growth over the last 6-8 months has been driven more by anti-infectives, anti-fungal, and oncology. If I look at the next few years, do you expect to gain further share in some of the key immunosuppressant products as well? What would be the key driving factors there?

Ankur Vaid - Joint Managing Director and Chief Executive Officer: Immunosuppressants continue to grow. If you look at these six months, the growth in the immunosuppressant business has been in line with the company's growth rate and the historical growth rate.

Immunosuppressants have also grown significantly during these six months. This has been a function of gaining market share and gaining wallet share with our customers. Certain markets, such as Latin America, are opening up for us because of the ANVISA inspections that have taken place.

These inspections may lead to results four or five months after the inspection takes place, but these are steps that we are taking to grow the business in those regions.

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This would lead to second-source conversions taking place. There are also many discussions at advanced stages with our customers on some immunosuppressant products, given that we have a leadership position in many of those APIs.

I would say that immunosuppressants will continue to grow. That growth comes not only from market growth, which is around 10%, but also from gaining second sources, which is a much larger contributor to the growth of the immunosuppressant business.

Alankar – Kotak: Got it. With your permission, I have a couple of final questions. Firstly, on margins, you had spoken about reverting to 40% reported margins in FY28. Historically, Concord has generally been above 40—

Alankar – Kotak: {? 50% ?} margins. But if you look at the gap right now, it is quite wide. When should we expect reported margins to move meaningfully toward the 40% band? Specifically, if you could help us assess the profitability of Celon, that would be helpful. Thank you.

Management: Celon currently has been supplied with the material. We should start seeing meaningful contributions from Celon in the second half of the year. The first half of the year was more about providing them with quantities and them trying to gain traction with customers. It is not simply a matter of having our front end and formulations ready and the customer being ready to qualify Concord.

While all those things have been completed, and the finished products have also been supplied to the US, we have started seeing traction for our products in the US. H2 is where we see revenues from Celon starting to build.

Until then, we have given our cost structures in terms of the expenses we incur for Celon and injectables. Once Celon starts ramping up its sales, we should see positive contributions, which will help us move from the 33%-34% range toward our historical numbers.

We are also putting in all our efforts on the injectable front. We spoke about the contracts. Our own division, the Inca division, continues to engage with doctors so that they understand that we are now a fully integrated company.

Efforts are being made to see how quickly the ramp-up can happen in both units. Once that takes place, we should move from 33%-34% to 38%-39%. That is one of the reasons why we report these numbers, so that you can understand the gap and the efforts being taken to move from our current levels to those levels.

Alankar – Kotak: Right. As a final question, can you help me with the utilization rates for all the facilities?

Management: Alankar, utilization for Unit 1 stood at 75%, and Unit 3 stood at 55%. As I mentioned earlier, Unit 2 is at 21%, and Unit 4 is at 5%.

Alankar – Kotak: Got it, sir. That is all from my side. Thank you, and all the best.

Management: Thank you. Thank you.

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Operator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference over to the management for closing comments.

Management: Thank you, everyone, for joining our Q2 and H1 FY27 earnings call. We hope we have been able to address all your queries. For any further information, please feel free to get in touch with us or with SGA, our investor relations advisors. Thank you once again. Have a good evening.

Management: Thank you.

Operator: Thank you. On behalf of Concord Biotech Ltd. and Choice Institutional Equities, 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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