Management: Good morning, everyone. I welcome you all to our post-results earnings conference call to discuss our Q2 and H1 FY27 results.

Our result materials have been uploaded on our website, and you may download and refer to them during our discussion.

The discussion today may include some forward-looking statements, and these must be viewed in conjunction with the risks that our business faces.

On the call today, we have with us our Chairperson, Ms. Nandini Piramal; our CEO, Global Pharma, Mr. Peter DeYoung; and our CFO, Mr. Vivek Valsaraj.

With that, I would like to hand it over to Ms. Nandini Piramal to share her initial thoughts.

Nandini Piramal – Chairperson: Good morning, everyone, and thank you for joining us on our post-results earnings call.

We delivered a strong performance in Q2 and H1 FY27, with broad-based contributions from all three businesses and a significant improvement in profitability.

In Q2, revenue grew by 28% year-on-year to 2,617 crores, while EBITDA increased 72% to 385 crores.

For H1, revenue grew 23% to 4,887 crores, with EBITDA increasing 72% to 669 crores.

In our CDMO business, performance was supported by demand across our India and overseas sites, improved execution, and a sustained build-up in RFPs and orders.

Our Complex Hospital Generics business continued to perform well, supported by growth in inhalation anesthesia in rest-of-world markets and the initial contribution from Kenalog.

In Consumer Healthcare, power brands and e-commerce continued to perform well, supported by portfolio premiumization and expansion across channels.

More importantly, the strong top-line growth translated into a significant improvement in profitability. Better capacity utilization and operating leverage, supported by disciplined execution and our continued focus on productivity and cost management, enabled us to expand EBITDA margin by more than 350 basis points in both Q2 and H1 FY27.

We achieved this performance while maintaining our rigorous focus on quality and regulatory compliance. During H1 FY27, we successfully completed 12 regulatory inspections and 110 customer audits. Since FY2012, we have successfully cleared 427 regulatory inspections, including 51 US FDA inspections, with no official action indicated classifications across our US FDA inspections.

Moving on to business-specific highlights, starting with our CDMO business, revenue grew 36% year-on-year to 1,424 crores in Q2 FY27. For H1, revenue increased {? 28% ?} to 2,611 crores, reflecting robust growth across the network sites. Profitability in the CDMO business also improved meaningfully during the period, driven by robust revenue growth, better capacity utilization, and

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operating leverage, particularly across our India and North America sites, along with disciplined execution and cost management.

We continue to see an increase in RFP activity and order flows across the network sites, helped by sustained recovery in biotech funding and an enhanced commercial team. The sustained build-up in RFPs and orders provides greater visibility going forward. Supported by this order momentum, and with H2 typically stronger than H1, we expect this growth momentum to continue throughout the year.

During H1, we added 22 new customers and successfully cleared 110 customer audits. Further, during H1, we witnessed meaningful progress across multiple key metrics, which included over 50% year-on-year growth in ADC revenues, 39% year-on-year growth in revenues from on-patent commercial manufacturing, a contribution from innovation-related work rising to 49% compared to 46% in H1 FY26, and an increase in Phase 3 molecules from 25 as of March 2026 to 28 as of September 2026.

We are also strengthening our differentiated capabilities across the CDMO network. We acquired a controlling stake in Yapan Bio to expand our biologics platform, while capacity and capability expansions at Riverview for high-potency APIs have been completed, and those at Lexington for sterile fill-finish are progressing as planned. The contribution from differentiated revenues to our CDMO business increased to 43%, compared to 40% at the end of the last financial year.

Moving on to our Complex Hospital Generics business, revenue grew 32% year-on-year to 849 crores in Q2 FY27. For H1, revenue increased 24% to 1,592 crores, reflecting good traction across the existing portfolio and initial contributions from Kenalog.

In inhalation anesthesia, we maintained our leadership position in the US sevoflurane market with a 48% value share. We also witnessed a healthy pick-up in sevoflurane sales across rest-of-world markets. In intrathecal therapy, we retained our number one position in the intrathecal baclofen market. In injectable pain management, we are ensuring the availability of our products through focused supplier collaboration.

Kenalog sales contributed to CHG's revenues during the quarter. Kenalog is a good fit for our Complex Hospital Generics portfolio and will be an important growth catalyst for FY27. We are currently working towards transitioning Kenalog manufacturing to a new CMO and are accordingly actively advancing the associated regulatory approvals.

Looking ahead, continued expansion and market share in the inhalation anesthesia segment in rest-of-world markets, along with contributions from Kenalog, are expected to support the business throughout the second half. We continue to invest in building a portfolio of differentiated and specialty products through 505(b)(2) opportunities, complex generics, branded products, in-licensing, and co-development. These investments are aimed at strengthening the long-term growth profile of the business.

Moving on to our Consumer Healthcare business, revenue grew 13% year-on-year to 359 crores for Q2 FY27. For H1 FY27, revenue increased 14% to 706 crores, led by continued traction in our power brands and e-commerce channel. Our power brands grew 21% during H1 and contributed 53% of

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Consumer Healthcare sales. E-commerce delivered 32% growth and accounted for 28% of sales, reflecting the increased importance of digital channels in our portfolio.

We are sharpening our innovation strategy by prioritizing fewer, larger, and higher-potential launches. Portfolio premiumization also remains a key focus, with a richer mix of high-margin products. During the period, we introduced a visible range under Lacto Calamine to address the growing demand for premium skincare products.

We continue to support our brands through focused investments in media and trade promotion across digital and traditional channels. During H1, these investments represented approximately 11% of Consumer Healthcare sales. We are also strengthening our multichannel distribution network, with a presence across 180,000 chemists and cosmetic outlets, over 13,000 modern trade outlets, and more than 20 e-commerce platforms. Our focus remains on increasing reach across smaller towns, modern trade, and alternate channels.

The sales and distribution agreement with Bayer will expire naturally at the end of its term in December 2026. We are working jointly to ensure an orderly transition with minimal disruption. Given the low-margin nature of the arrangement and the continued growth of our brands, we do not expect this expiry to have a material impact on our FY27 outlook.

Going forward, the continued scaling of our power brands and e-commerce, together with portfolio premiumization and channel expansion, is expected to support growth and margin improvement.

Overall, our first-half performance and the progress across all three businesses have strengthened our confidence in the full-year trajectory. As has been the trend in prior years, we expect H2 to be stronger than H1. In CDMO, the sustained build-up in RFPs and orders provides greater visibility going forward. In Complex Hospital Generics, the existing portfolio, continued expansion in rest-of-world markets, and contribution from Kenalog are expected to support performance. In Consumer Healthcare, power brands, e-commerce, portfolio premiumization, and channel expansion remain key growth drivers.

Given this broad-based performance and outlook for the second half, we are upgrading our FY27 annual guidance. We had earlier guided to early- to mid-teens revenue growth, with EBITDA growing faster than revenue. We now expect annual revenue growth of approximately 19% to 20%, with meaningfully higher growth in profitability.

We remain focused on executing against the opportunities across our businesses, improving capacity utilization, and maintaining discipline around productivity, cost, investments, and quality.

With this, I would like to open the floor for Q&A. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. 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 Sajal Kapoor from Antifragile Thinking Limited. Please go ahead.

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Sajal Kapoor – Antifragile Thinking Limited: Hi. Thank you for the opportunity and congratulations on the good set of numbers. I have a couple of questions. Peter, in the Q1 earnings call last time, you said that Big Pharma was not really showing a preference for nearshoring and that the RFP pick-up was broad-based. In addition to that, we know that select India-centric CDMOs are actually winning and growing US customer relationships without a comparable Western manufacturing footprint. So, what does the Western manufacturing footprint, whether in the UK or the US, that many Indian companies do not have, give us today? If we were to redeploy all of that capital afresh, without any baggage of hindsight, would we be repeating the exact footprint that we have today, or would we rather do something different? Thank you.

Peter DeYoung – CEO Global Pharma: Thank you for your question and your positive remarks about our near-term performance and outlook.

I think that comment may have been miscommunicated or misinterpreted. We were trying to say that we have broad-based demand for our services across our network, and I was trying to convey that it was not a one-off in terms of one geography or one capability. The intention behind the comment was to say that we are getting interest in North America, the UK, and India, and we are getting interest across our differentiated offerings in addition to ADCs. It was an attempt to say that it is not a single piston or engine firing; it is multiple pistons or engines, to use the analogy.

That is the first point. The second point I would make is that the North America region in this period so far this year has been performing ahead of prior years and ahead of plan for us across all of the sites, and so we are seeing an uptick in that demand. Again, I want to make the additional comment that this is not at the expense of the India region, where we also have strengths. What we are trying to convey is a concept of balanced growth, and we are seeing significant client interest in considering North America offerings. That is showing up through a few dimensions.

The first would be RFP inflow, which is up. The second would be order booking, which is up. The third would be revenue realization from those orders, which is also up.

We think that this is a period in which the multi-geography strategy is being validated because we have the assets in place with the track record, so that when customers, whether large companies or biotech companies, are considering onshore offerings, we can provide them with a credible alternative. In fact, I would say that the onshore offering is being validated by the current macroeconomic environment.

If we were to do it again, the only thing I would say is that our lesson is that fewer, larger sites in the US would have been the hindsight strategy that we are now applying to all future M&A. We are going to look carefully at any site addition and ensure that it is above a minimum size, because when you acquire smaller sites, you have a certain runway to reach the minimum scale, and if there is a macro downturn during that period, you can end up with a protracted timeframe.

Our big lesson would not be “not the US”; it would be “fewer, larger sites” if we were to do it again. I am not saying that we are committing to more M&A; I am just saying that those are the lessons we have learned from that experience.

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Sajal Kapoor – Antifragile Thinking Limited: That is encouraging to hear, Peter, and thank you for that clarification. My second question is: setting aside what has already been invested, if you were deciding today whether to own Morpeth, given the UK losses and US FDA September observations, and, of course, the exit cost there, including pension liabilities and other factors, considering the cost of capital and return on capital from that perspective, what is the future for Morpeth from here?

Peter DeYoung – CEO Global Pharma: We see an increasingly global-local environment—I am trying to use the right phrase—where people do want global capabilities, but they also want local capabilities, and in particular, for a drug product facility to be near the end market, with the end market in this case being defined as the UK and EU. You can provide supply chain solutions that sites on other continents simply cannot compete with.

We therefore see meaningful benefit in having a European drug product facility. While we obviously did have FDA observations, we have responded to the FDA in due course, and we expect a timely resolution through our monthly updates, as has happened with all of our prior audits across our different sites. We anticipate that being resolved in due course, and having a UK facility that can provide DP and, in some cases, DS capability in the region and for the region is an important component.

From a capital allocation perspective, we are investing primarily in maintenance and compliance capex at that site. We are not investing significantly in growth capex. In terms of the overall capital allocation perspective, most of the capital other than maintenance and compliance would be going into the growth areas that we described, while this site has the potential to absorb demand for that region.

Sajal Kapoor – Antifragile Thinking Limited: To clarify, there will of course be some remediation capital, work, effort, and resources required to bring it up to the standard that the US FDA demands. In addition to that remediation-related capex work, if any, there is no immediate need for any growth capex or fresh capital allocation for the Morpeth site. Is that a fair assumption?

Peter DeYoung – CEO Global Pharma: We think that most of the remediation for the FDA is related to people and processes. In fact, our prior capex had been related to infrastructure, and there will be continued site-appropriate and size-appropriate capex for maintenance. However, at this time, based on what we know today, there is no large capex specifically related to the remediation. It is much more related to people and processes, which is something in which we have capability and teams that can provide support. We therefore do not see any major change in the capex trajectory in light of the audit.

Sajal Kapoor – Antifragile Thinking Limited: Many thanks, Peter. Thank you so much. That is all.

Operator: Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services Limited. Please go ahead.

Tushar Manudhane – Motilal Oswal Financial Services: Thanks for the opportunity. First, on ADC revenue, could you share how much it contributes now and what capacity utilization we have reached at the facility?

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Vivek: We provide the ADC figures on an annual basis, Tushar, and we will continue to maintain that. Capacity utilization is improving at the site. As we commented earlier, ADC capacity utilization is improving because of improved order book inflow at the site. In H1, the total revenue from all ADC services across all sites was approximately $40 million, and it is growing meaningfully.

Tushar Manudhane – Motilal Oswal Financial Services: Understood. Secondly, regarding the increase in on-patent commercial manufacturing, which is almost 30%, could you share whether this is related to a particular customer or product, and what is the sustainability of this?

Management: I think it is fairly broad-based and across multiple products, so it is not just a single product.

Peter: To build on that, at the current moment, we do not have very high single-customer concentration. I think we shared our numbers at the end of the last fiscal, and we have not seen any major change in that. We will update that from time to time, but if the concern is customer concentration risk, we do not see that at this moment.

Tushar Manudhane – Motilal Oswal Financial Services: Understood. Lastly, in terms of net debt increasing over the past 6 months, is it more related to the currency impact, or is there anything else?

Management: There is the Lexington expansion, the Kenalog acquisition, and the currency impact—all three.

Vivek: And Yatomi.

Management: And Yatomi, yes.

Vivek: To add to that, net debt to EBITDA is at 3.4, which is lower than the 3.7 that we had in March.

Tushar Manudhane – Motilal Oswal Financial Services: Understood. Thank you.

Operator: Thank you. The next question is from the line of Shubh Mehta from ICICI Securities Limited. Please go ahead.

Shubh Mehta – ICICI Securities: Thank you for the opportunity. If you can dissect the growth in CDMO, is the growth from the commercialization of Phase 3 molecules, or is it from the addition of Phase 1, Phase 2, or Phase 3 molecules? Could you provide some qualitative comments on that? If it is a mix, can you quantify it?

Peter: I will give a first pass, and then Vivek can add anything he wants to after that. You can see the on-patent percentage and innovation-related work growing as a share. What that means is that we have had a disproportionate amount of our growth coming from innovation-related work, which is what we would broadly characterize as development services and on-patent commercial manufacturing.

We have also shared the on-patent commercial manufacturing and ADC figures separately, and you can see that those are growing even faster. You will also see the differentiated services. We are trying to give you different lenses.

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If you look at our LRP guidance, we said we were going to grow our on-patent innovation work faster, which this first half demonstrates. We said we were going to grow our differentiated services, including ADC, faster, and we have shown that in this first half. We also said that we were going to continue to invest in those late-stage clinical assets, and you will see that with our net increase in Phase 3 programs.

A lot of what I would call the leading indicators of future financial performance, along with the alignment of our capex to our revenue growth, are showing up in this first half. We expect this trend to continue in terms of the disproportionate growth in these areas, because what we are essentially trying to say is that we have put our capex into certain areas, and that is where we think the opportunities are. We think that those investments are translating into the leading metrics of future performance.

Shubh Mehta – ICICI Securities: Secondly, on Kenalog, since we have integrated it into our CHC portfolio, what is our current run rate there? I believe we are contract manufacturing it from another player. Where is our CMO facility, and how does the opportunity for Kenalog look?

Peter: With Kenalog, we have started to receive some revenue after the acquisition. There was a period during which there was no revenue, but we are now in the period of receiving revenue. The revenue is coming from the current CMO.

There was a CMO transition underway at the time of the transaction, and we have continued to make good progress with that new CMO. We expect that to be the future source of supply for this product. In the interim period, while we do have revenue from the current CMO, supply is tight, and we expect that supply to remain tight. Nevertheless, we are in the market, and we are receiving benefits and revenue from the acquisition.

Shubh Mehta – ICICI Securities: Has validation from the new CMO been completed, or when is it expected?

Peter: We have not communicated a specific timeframe with the new CMO, but they are proceeding through the normal steps that you would expect in a tech transfer. These involve the whole range of activities: engineering batches, validation batches, waiting for stability, and then filing. We are in that overall cycle, and so far, the CMO has met all of its timelines as committed to the original owner and later to us.

Shubh Mehta – ICICI Securities: One last question, if I can squeeze it in, for Vivek. During the quarter, we had stable GPMs. While I understand that the growth for CDMO was across both India and North America sites, can you shed some light on whether this is because of balanced growth from both facilities, or why GPMs were stable? My understanding is that there should have been some increase. How should I look at this?

Vivek: Shubh, as you rightly said, it is more a case of balanced growth across facilities. It is a little more complex because it also depends on the quantum of pass-through revenues that are billed during a particular period and the quantum of fixed-cost overhead movement in inventory. All those factors come into play.

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As we have historically said, typically 64%-65% is the average gross margin, and that is what we will move towards, even on a full-year basis.

Shubh Mehta – ICICI Securities: Thank you very much. I will rejoin the queue. I have a few more questions.

Operator: Thank you. The next question is from the line of Shyam Srinivasan from Goldman Sachs. Please go ahead.

Shyam Srinivasan – Goldman Sachs: Good morning. Thank you for taking my question. I would like some qualitative color on the 22 new customers in H1. What are their typical profiles—biotech versus Big Pharma? Could you provide some qualitative split? What are they approaching us for in terms of our differentiated offerings, ADCs, or innovation? I would also like to understand whether these are first-time customers for us. I presume so, given that they are new customers, but I want to understand what is helping us win these new customers.

Peter: When we say "new logo," it means that we have not done business with that company before. This is the outcome of a hunting strategy, and we are quite excited about it. I think we discussed our commercial transformation earlier and how it has multiple components.

By definition, if you want new logos, there will be a somewhat more biotech-heavy angle to it. However, there are also some good Big Pharma components. If you look at the absolute numbers, you would see a more biotech-heavy nature, due to the simple fact that there are more logos there. We are seeing both aspects.

In terms of the qualitative components, as our Phase 3 number went up on a net basis—which means additions less subtractions, resulting in an increase—that would imply that some of these are in the Phase 3 category. We also covered some of the geographic and differentiated capability mix. All of this is linked. I would say that the new logos are somewhat aligned with the other overall KPIs that we share. They are not in contrast with or in opposition to them.

Shyam Srinivasan – Goldman Sachs: That is helpful, Peter. If I were to look at utilization at our overseas plants versus India, India has been performing fairly well. The earlier participant also asked about onshoring. I want to understand whether you could share our utilization levels quantitatively. Are some of these customers actually coming for the US continent, for example? I am trying to understand that angle as well.

Peter: I will repeat the same concept, perhaps using different words. If you look at our North America region, the inflow is up, order booking is up, revenue is up, and our fixed costs are largely not up. The outcome is that the EBITDA contribution from the region has improved.

From a financial metrics perspective, that is the more important component: getting fixed-cost coverage and then improving the EBITDA margin. The first half is generally a lower-revenue half than the second half, so we would not normally look at or communicate utilization by site, region, or even for a partial year.

However, it shows up in the financials. As we have discussed on many calls, and as you have attended many of them, there is a certain fixed-cost element to this business at both the site level

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and the business level. When we grow, it has a disproportionate benefit on margin. That is why, when we discuss our LRP ambitions with you, we say they are reasonable: the top line does not always proportionately increase costs, and that is why we see these upward movements when we achieve revenue growth.

Shyam Srinivasan – Goldman Sachs: Understood. My last, just housekeeping question: is there any update on the large PO order we had from last year, or are we still waiting to hear back?

Peter: We are no longer really talking about individual customers. That became an outcome of certain analysts covering EXIM exports at certain frequencies. Our customers really do not want us to discuss these elements, and all I can say is that our growth numbers suggest that the business is healthy, our customer concentration numbers suggest that we are not highly concentrated, and we are continuing to win new business. That is how we would like to frame the discussion going forward.

Shyam Srinivasan – Goldman Sachs: Understood. Thank you, Peter. All the best.

Operator: Thank you. The next question is from the line of Parikshit Kabra from Fair Value Capital Limited. Please go ahead.

Parikshit Kabra – Fair Value Capital: Thank you very much for the opportunity and many congratulations on a great set of results. My first question is on the CDMO segment. While the ADC segment growing by over 50% is very encouraging, I wanted to understand, in our $2 billion top-line aspiration, in which I believe the CDMO share is expected to be around 60% of revenue, how much revenue contribution have we anticipated specifically from the ADC business?

Peter: That is a fair question. We have not broken it out separately. However, I would provide qualitative guidance that we expect the ADC share to grow disproportionately faster than the overall revenue guidance, along with our differentiated services, of which ADC is a part.

We have invested in this capability across four sites. We have available capacity, and if necessary, we would enhance that capacity. We see ADCs as one of the sunrise sectors; bio-conjugation is another phrase used for it. We would therefore expect it to grow faster, and probably meaningfully faster, than our overall growth rate.

Parikshit Kabra – Fair Value Capital: I understand. Now, in terms of on-patent manufacturing, the 39% growth is encouraging. Could you share the contribution from GLP-1 injections? While I know that the market leader's patent expiry extends well into the mid- or late-2030s, with demand still strong, if alternatives are developed or demand is reduced due to certain side effects, have we anticipated any risks from that?

Nandini: We are not really participating in the GLP-1 opportunity. Our focus is on more niche peptides and also contract manufacturing for other companies in peptides. I would say that we are not suited for the GLP-1 opportunity.

Peter: To further clarify, the on-patent commercial manufacturing numbers are as described, and a generic product offering, even if for third parties, would not be included in this metric.

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Parikshit Kabra – Fair Value Capital: I understand. Thank you for the clarification. Now, in terms of the Complex Hospital Generics business, what has been the growth rate excluding Kenalog for this quarter?

Peter: We have not broken it out separately. I would mention that we have had a few prior earnings calls where there were questions about the growth of our rest-of-world base business, and we are quite pleased with the first-half performance in that area.

The message you could take away is that Kenalog obviously provided relevant growth during the period, but we also had good performance in the base business, especially in the area that was discussed previously—ex-US inhaled anesthesia.

Parikshit Kabra – Fair Value Capital: Yes, I was just about to ask about that. In the previous conference call, we discussed that sevoflurane growth was a mix of existing and new markets, but I was hoping to understand how the rest-of-world contract wins were progressing so far.

Peter: We had a couple of good wins during the period, which contributed to what we call base-business growth. That has been a good addition and has been a substantial driver of incremental year-on-year growth for the base business.

Parikshit Kabra – Fair Value Capital: I understand. My final question is on the Consumer Healthcare business. I understand that many products in the portfolio were acquired by Piramal Pharma and therefore have the sole discretion of Piramal Pharma on product strategy. However, I still want to understand how much of the portfolio, excluding Bayer products, is outside Piramal Pharma's discretion. I want to understand what happened with Bayer and whether some part of the revenue is also exposed to a similar risk.

Nandini: With the exit of Bayer, everything is now owned and managed by Piramal Pharma. We can do whatever we like with those brands in terms of extensions, distribution, selling price, and so on. They are all our products now.

Parikshit Kabra – Fair Value Capital: These answers are very helpful. Thank you very much, and good luck for the current quarter.

Operator: Thank you. The next question is from the line of Abdulkader Puranwala from ICICI Securities Limited. Please go ahead.

Abdulkader Puranwala – ICICI Securities: Hi. Thank you for the opportunity, and thank you for making these disclosures on a first-half basis. My first question is regarding ADC revenue and the uptick we have seen. Could you highlight how much of this growth has been driven by our partnership with Ajinomoto? What was the actual growth in the base business compared with the $26 million that we had last year?

Peter: We do not disclose individual collaboration-related revenues. I would say that the collaboration that we have marketed would be a modest contributor to our overall revenues. It is marketed more toward potential customers than investors, although we cannot completely separate our communication strategy.

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The intention of both us and our partner with that communication is to show that their technology works in our manufacturing and development, and vice versa, and to give customers or potential customers confidence. From an investor perspective, the business is based on the bread-and-butter elements of conjugation, linker payload, the mAb, and finally fill-finish. The collaboration would be a modest contributor within that.

Abdulkader Puranwala – ICICI Securities: Understood. My second question is regarding the Bayer distribution agreement, which expires in December. From the manufacturing side, how are we looking at it? While we have called out a 5% contribution from that agreement to the overall top line, are we also looking to divest any manufacturing assets associated with this venture?

Nandini: I think the Bayer manufacturing agreement still continues, and we see them as good partners going forward.

Abdulkader Puranwala – ICICI Securities: Understood. Thank you. I will get back in the queue.

Operator: Thank you. The next question is from the line of Alankar Garude from Kotak Institutional Equities. Please go ahead.

Alankar Garude – Kotak Institutional Equities: Hi, good morning, everyone. Peter, can you talk a bit about the nature of your recent conversations with CDMO clients? We have clearly seen an improvement in client engagement levels. I want to understand how the discussions have evolved over the past few quarters.

Peter: We discussed this in some prior calls, and perhaps we were able to signal to you that it was moving in a positive direction, but I will repeat some of the themes.

The first point is that it helps if clients have money. If you look from October of last year to today, there has been a meaningful improvement in the funding available for our current and potential clients. That is reflected in their issuing of RFPs.

The second point is that RFP inflow numbers are significantly up. This may not have been the case on a year-on-year basis in the last calendar year, but starting this calendar year, particularly from January, they have been meaningfully higher. That is showing up in overall inquiries for potential business.

Those inquiries have then translated into decisions, and we started to see an uptick in decisions in Q4 last year and through this year. What is notable is that historically H1 has been soft in terms of order booking, given normal seasonal patterns. However, perhaps due to our actions and the external environment, we have seen more order booking in H1 than we historically have in the past.

There are some other indicators as well. If we look at major conferences or engagements with our Customer Advisory Board, I would say that the discussions have a more action-oriented feel. There is a greater overall volume of interaction. I do not think that is unique to us from an industry perspective. If you look at the EndPoints survey that was recently released, sector sentiment has improved significantly compared with one or two quarters ago.

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We are doing our best to take advantage of the external environment. I will wrap up with two other comments. As mentioned in prior calls, we carried out a substantial transformation of our go-to-market organization. That transformation is still underway, but we are starting to see some benefits from the new approach.

Along with that approach, we increased the total number of people in the market interacting with customers. To be candid, the transformation will show benefits during this period, but the new staff additions will probably only start to bear fruit or show results in coming quarters, given the time from bringing someone on board to having them meet a customer and complete an entire RFP cycle.

Overall, it is the macro environment, our transformation and go-to-market activities, and our increased presence in the market.

Alankar Garude – Kotak Institutional Equities: That is helpful, Peter. As a follow-up, how significant a factor do you think the funding environment has been in driving this uptick? If we assume a scenario in which the funding environment slows somewhat from current levels, would that have a meaningful impact on your CDMO outlook?

Peter: If you look at a 10-year horizon and consider CDMO as a sector, the CDMO sector does well when funding is available, when the FDA is approving drugs, and when M&A takeouts occur, because all of that allows money to be recycled.

One of the elements of our strategy with the commercial transformation was to significantly enhance our approach to key accounts and large pharma, and we have started to see some good early results from that strategy. The benefit, if we can continue to show progress in that strategy, is that large pharma R&D and development spending is more resilient than biotech spending. Historically, we have been more exposed to volatility in that area.

We expect one of the benefits of our commercial transformation to be a better weighting toward large pharma. That will take time to achieve, but it will not change the overall sector linkage to volatile funding. Biotech funding is cyclical, and it is linked to CDMO performance.

I am giving you a somewhat roundabout answer to say that this is true for everyone. Historically, we have been more exposed. Our commercial strategy is aimed at making us less exposed, but the cycle remains.

Alankar Garude – Kotak Institutional Equities: Understood. The second question is about the target to improve margins substantially to double digits in the OTC segment by FY30. You had spoken about operating leverage and lower marketing spends. Where are you qualitatively in this journey?

Nandini: As we said, we are currently profitable at the single-digit level. We continue to focus on profitable growth through premiumization, pricing, and volume, to determine how we can improve margins.

Alankar Garude – Kotak Institutional Equities: Nandini, can we say that you are on track to reach that double-digit number?

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Nandini: Yes, we will be close to it. Hopefully, yes.

Alankar Garude – Kotak Institutional Equities: Understood. That is all from my side. Thank you.

Operator: Thank you. The next question is from the line of Gaurav {? Bhamra ?} from JM Financial Limited. Please go ahead.

Gaurav Bhamra – JM Financial: Hi. My question has already been answered. Thank you for the opportunity.

Nandini: Thank you.

Operator: Thank you. The next question is from the line of Sudarshan Padmanabhan from Ashika Investment Managers. Please go ahead.

Sudarshan Padmanabhan – Ashika Investment Managers: Thanks for taking my question, and congratulations on a great set of numbers. My question is related—

Nandini: Sorry, can you speak a bit louder? We cannot hear you clearly.

Sudarshan Padmanabhan – Ashika Investment Managers: Am I audible now? Are you able to hear me?

Nandini: Much better. Thank you. Yes.

Sudarshan Padmanabhan – Ashika Investment Managers: My question is about the on-patent commercial manufacturing share improving and innovation-related work improving as a percentage of the business. Given that we are seeing a fair amount of interest from clients and that Phase 3 molecules are also increasing, from a directional perspective, where do we see both innovation and on-patent commercial manufacturing as a share of the business over the next 2 to 3 years as we achieve our directional target in 2030?

Nandini: We expect them to grow faster than the rest of the business, and in the next couple of years, they should easily account for over 50% of the business.

Sudarshan Padmanabhan – Ashika Investment Managers: Incrementally, when we talk about the addition of new customers, how many customers would primarily be in the value chain of on-patent-oriented and innovation-related work?

Management: More of them are in that category than not. If you think about it, the generic industry is consolidating to some degree, and we would probably already be working with many of those companies. Therefore, if you want to add new logos, they are largely innovation-oriented. Not entirely, but largely.

Sudarshan Padmanabhan – Ashika Investment Managers: We should therefore be able to see a consistent increase in that share, probably as some of these clients start getting converted into business.

Management: That is the expectation.

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Sudarshan Padmanabhan – Ashika Investment Managers: Apart from ADC, where we have seen significant growth, we also have a fair amount of offerings in other complex areas such as peptides. You mentioned that we are largely not in GLP-1, as well as sterile injectables and various other areas, including hormonal products. In the overall mix, how do we see the composition between complex products, where capabilities are being built, and the utilization of capabilities that we have already built? How do we see this share improving over the next 2 to 3 years?

Management: We would expect to see growth in peptides, if that is the question. In terms of relative capital allocation, we have more recently put more money into the US, specifically in the area of fill-finish. We have also invested in high-potency APIs and bioconjugation, and those areas did receive some capex.

We have been more modest in our investment in peptides. Nonetheless, we have put some money into that area, and we expect to see good growth there. It remains an attractive area.

I would add one further clarification. While we carry out certain peptide-related activities at our Turbhe facility near Mumbai, we can also conduct some earlier-stage peptide activities in our traditional small-molecule facilities at Digwal and Ennore, and we are seeing orders in that area as well because those facilities can work with traditional reactors.

We therefore expect to participate in peptides at different stages of the value chain, and not only at our Turbhe facility.

Sudarshan Padmanabhan – Ashika Investment Managers: One final question before I rejoin the queue. With the distribution agreement with Bayer coming to a close by the end of the year, while you highlighted the revenue impact, I would assume that this business would have lower margins because it is largely distribution. As far as margins and profitability are concerned, the impact should therefore be much lower, and from a margin perspective, it could actually be better when the business goes away because the absolute margin should look much better. Would that be correct?

Management: Yes.

Sudarshan Padmanabhan – Ashika Investment Managers: Thank you. That is all.

Operator: Thank you. The next question is from the line of Dhaval Gada from Jefferies. Please go ahead.

Dhaval Gada – Jefferies: Hi. Thank you for taking my question. Can you inform us about the current business mix at Lexington? Is it more clinical or commercial, and is it small molecules versus biologics and ADC? Secondly, at Lexington, what is the quantum of capacity expansion in terms of the number of units that we are currently undertaking, and what are the key inflection timelines that we should watch for?

Management: We do not provide all of those details, but broadly speaking, Lexington does have commercial business, although the commercial component is more modest and the site is predominantly weighted toward development.

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Part of the reason we undertook the expansion was to attract tech transfers at the commercial level, as well as certain development customers who would not want to leave if they graduated to commercial. One of the benefits of the expansion would therefore be that we could obtain more large late-phase clinical and commercial business and shift the mix toward more commercial work, which we think would also be beneficial for the margin profile.

From a scale perspective, Vivek or we will get back to you with the exact percentage increase, but it is a massive increase in overall capacity for vials and, even more importantly, for lyophilization capability and capacity.

In terms of timing, we would be going live at the end of the next calendar year. We are expecting three separate go-lives. We also have to market the business, and the first go-live has already happened. It is our micro-expansion, which went live earlier this month around CPhI. This is the lab used for the legacy facility as well as the new facility block.

The second go-live will most likely be early next year. This will be an improvement in background grade that would reduce any ambiguity around Annex 1 compliance, and that will be the second go-live for the legacy facility.

The third go-live will be the full expansion, which will take place at the end of the calendar year. We are particularly pleased to mention that we already have the anchor customers for the first, second, and third stages of the expansion signed up for their specific batches. Therefore, anyone else who agrees to use the expansion will not have to worry about whether they are the first, second, or third customer.

Dhaval Gada – Jefferies: For these customers, are there any data readouts that will be important to watch for and that will determine the quantum of business we can receive from them?

Management: That is the nature of the business. The site has a wide range of development clients at different clinical stages, and each of them is going through its own clinical journey. Each customer has its own binary events related to upcoming clinical readouts.

That is the nature of this business. It is something we have to live with, but it is also the opportunity, because when customers receive good news, it means that growth increases. So, yes, that applies, but it is true of all our sites serving innovation customers, and most of what we do in North America would fall into that category.

Dhaval Gada – Jefferies: Thank you. One last question, if I can squeeze it in. At Sellersville, at a very high level, when do you think we can break even at the EBITDA level? We have already informed the market about one contract. Is it more like an 18-month timeline in which we can break even, or is it a much longer and more difficult task to turn around that site? Is it more like a 3-, 4-, or 5-year journey from here?

Management: From an EBITDA perspective, I think I alluded to this in my earlier remarks. We only produce subsidiary accounts at certain intervals, but from an EBITDA perspective, we are seeing a good translation of improved revenue in the current year itself across our four North American sites. If this trend continues, we would expect our dialogue to change around some of our North

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American sites.

Dhaval Gada – Jefferies: Thank you.

Operator: Thank you. The next question is from the line of Vinod Jain from WS Advisors Limited. Please go ahead.

Vinod Jain – WS Advisors Limited: Congratulations on the improved performance and return to profitability. The higher tax incidence of the company remains difficult to understand. In the past, you explained that the higher taxation was due to higher profits from tax-paying jurisdictions, and that the benefit of carry-forward losses, although not high in the current year, would accrue in the future. If that is the case, in which year or years is the benefit of the substantial carry-forward losses likely to accrue going forward?

Management: [pause] Thank you, Mr. Vinod. As you rightly mentioned, the current tax outflows are in tax-paying jurisdictions. We have almost 580 million of carry-forward tax losses at our overseas entities.

The utilization of these losses will be very specific to each site, depending on how the turnaround at the site occurs. As Peter mentioned, each of our North American sites is currently seeing good improvement in profitability. As per our long-range plans, we expected to be able to start utilizing these losses over the next 2 to 3 years.

However, it is very entity-specific and will depend on which entities start turning positive. From an accounting standpoint, the moment they turn positive, we should be in a position to recognize the deferred tax asset in the books. That is how it will work. One by one, as each entity starts moving toward profitability, we will start accounting for the related deferred tax asset.

Vinod Jain – WS Advisors Limited: The tax incidence is so high that almost the entire profit for the quarter is wiped out. Is there a possibility of taking active steps to manage the tax liability by sharing the business among the various facilities we have so that those facilities become more tax-efficient?

Management: Mr. Vinod, from a transfer-pricing perspective, we obviously do what is best possible within the limits permitted by law. If you have looked at the standalone accounts, you must have noticed that 70% of the tax is actually paid in India, where profitability is relatively higher.

Trust me, we optimize everything that is best possible within the limits permitted by the tax laws.

Vinod Jain – WS Advisors Limited: One last question. Is the deferred tax asset net of 494 crores on the balance sheet indicative of the future tax benefits in their entirety?

Management: No. As I said, we have carry-forward losses of about 580 million, which means that the potential deferred tax asset we could create is about 120 million.

Vinod Jain – WS Advisors Limited: All right. Thank you.

Operator: Thank you. The next question is from the line of Riddhi Shah, an individual investor. Please go ahead.

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Ms. Shah, kindly unmute your line.

Riddhi Shah – Individual Investor: Hello, am I audible?

Management: Yes, you are audible.

Riddhi Shah – Individual Investor: I wanted to understand what led to the margin ramp-up and whether these margins are sustainable going forward.

Management: Yes, the margins are sustainable. As we mentioned, fixed costs have been largely controlled, so if revenues increase, a significant portion of the incremental revenue flows down to EBITDA.

Riddhi Shah – Individual Investor: Do we see further margin improvement from here?

Management: I think we will see some improvement if revenues continue at the pace that they are expected to.

Riddhi Shah – Individual Investor: Thank you, ma'am.

Operator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Gagan Borana for closing comments.

Gagan Borana: Thank you very much. We hope that we were able to answer most of your questions. In case you have any follow-up questions or clarifications, please feel free to reach out to me, and I will be happy to respond. Thank you, and have a good day.

Operator: Thank you. On behalf of Piramal Pharma Limited, 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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