RPG Life Sciences

Operator: Ladies and gentlemen, good day and welcome to RPG Life Sciences Ltd. Q2 FY27 Results Conference Call hosted by Dolat Capital. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Candice. Thank you, and over to you, ma'am.

Candice Pereira – Dolat Capital: Thank you, {? Lakshmi ?}. Good evening, everyone. I, Candice Pereira, on behalf of Dolat Capital, welcome you all to the Q2 FY27 earnings call of RPG Life Sciences Ltd. I would like to thank the management for giving us this opportunity to host the call. Today, from the management team, we have with us Mr. Ashok Nair, Managing Director, and Mr. Amol Lone, CFO. I will now hand over the call to the management for their opening remarks. Over to you, sir.

Ashok Nair – Managing Director: Thanks, Candice, and good afternoon, everyone. Thank you for joining us. It is a pleasure to connect with you again and take you through our performance for the second quarter and first half of FY27.

In fact, Q2 has been a quarter of milestones for RPG Life Sciences Ltd. For the first time, we crossed 200 crores in quarterly revenue and 50 crores in quarterly EBITDA. All three of our businesses grew. In parallel, we completed the most significant strategic step in the history of our API business, with the creation of RPG Biotech Pharma and the acquisitions of Aktin and Raghuva. I will take you through each of these today.

But before we get into the Q2 and H1 highlights, I want to give a brief company introduction for those joining us for the first time. RPG Life Sciences Ltd. has a legacy of more than five decades. From its origin as a joint venture between a global MNC and the RPG Group, the company has evolved into an integrated pharmaceutical company with three businesses: Domestic Formulations, International Formulations, and Active Pharmaceutical Ingredients. In India, we reach over 100,000 doctors, including more than 36,000 specialists across Nephrology, Rheumatology, Oncology, Urology, Cardiology, Orthopaedics, Neuro-Psychiatry, and Gastroenterology. Our portfolio includes six textbook brands that have been prescribed and taught in medical colleges for decades. Internationally, we supply to more than 50 countries.

Over the past few years, we have undertaken a structured transformation journey: sharpening our portfolio, strengthening our execution capabilities, and building a more disciplined and scalable operating model. The transformation is reflected not only in our financial performance but also in the way we approach markets, engage with healthcare professionals, and improve productivity across the organization. With the two acquisitions this quarter, our manufacturing footprint has expanded from three to five sites: two formulation facilities and three API facilities at Navi Mumbai, Visakhapatnam, and Kamareddy near Hyderabad, supported by integrated R&D. Over the last few years, we have undertaken a structured transformation, sharpening our portfolio, strengthening execution, and building a scalable operating model. The results of the work are now showing consistency quarter over quarter. We have a professional team of over 1,800 employees, providing us with the right talent, intent, and capability to further accelerate our growth trajectory.

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Now, if I talk about the performance highlights, revenue from operations for Q2 grew 16.5% to 211.6 crores, compared to 181.7 crores in Q2 last year. I want to emphasize one point: the growth is almost entirely organic. The acquired sites contributed only 50 lakhs in Q2, as the transaction closed near the end of September. Their full revenue contribution will begin from Q3.

We also delivered our first 50-crore EBITDA quarter. With our adjusted EBITDA, excluding one-time restructuring and API acquisition-linked costs of 5.5 crores, we grew 15% to 50.1 crores in Q2 versus 43.6 crores last year. Gross margins also expanded by 260 basis points despite multiple industry headwinds and the impact of the West Asia war. The margin expansion in a challenging external environment highlights the strength of our operations, procurement strategies, and execution discipline, which has helped us mitigate this impact and grow our bottom line faster than our revenue growth.

For the first half, revenue grew 16.2% to 407.3 crores, crossing the 400-crore mark for a half-year. H1 adjusted EBITDA grew 16.1% to 97.9 crores, with a margin of 24.0%. Our adjusted PBT before exceptional items has also grown by 13.6% this year.

Now coming to Domestic Formulations, which contributes approximately 70% of our revenue, we grew 11.6% in Q2 to 145.7 crores and 13% in H1 to 278 crores, continuing our momentum of market-beating growth. This is the sixth straight quarter in which we have delivered market-beating growth performance.

What gives me the most confidence is the quality of this growth. It has been driven by volumes, which reflects real prescription demand. Our volume growth in H1 was 6.8%, almost twice the market growth of 3.4%. As per the Pharmarack September 2026 database, RPG Life Sciences Ltd. is now the fourth-fastest-growing company in the Indian pharma market on a MAT basis. We achieved a top-50 ranking during Q2, having notably advanced 12 ranks in a short period, from rank 62 in March 2025 to rank 50 today. Within our covered market, which is about 49,600 crores in size and growing at 9.8% in H1, we are the fastest-growing compact company as per the latest Pharmarack database.

Growth has been broad-based, with every key basket growing in double digits. In Q2, MAB grew at 24%, Nephrology and Rheumatology grew at 23%, Cardiology grew at 18%, and Immunosuppressants grew at 13%. Importantly, each of these baskets is growing faster than it did last year, which indicates acceleration and not merely continuation.

Digitalization has stabilized. Our medico-marketing programs are delivering high returns. Our sales force effectiveness and digital interventions are visibly improving field productivity, with our PCPM increasing from 6.5 lakhs to 7.7 lakhs this year.

Our leading brand in the pain management category, Naprosyn, continues to deliver strong performance. A key milestone this quarter is that Naprosyn has crossed 100 crores in secondary sales on a MAT basis, making it one of the fastest-growing large brands in India. H1 primary sales were 47.9 crores, up 13.6%, and we are on track to cross 100 crores in primary sales internally as well.

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We are investing to make this growth durable through the Ortho Ignite program, where we are engaging over 300 orthopedic surgeons in CMEs this year. We are also carrying out the Naprosyn Master program, where we are engaging more than 550, 450 young orthopedic surgeons, and we are in the process of building relationships with tomorrow's prescribers today. We have also added over 4,000 orthopedic surgeons to our master doctor list to reinforce our ortho and pain engagement.

For our new launches, our philosophy has been simple: launch products with complete focus on making them succeed. The 12 brands we launched in FY26 delivered 12.4 crores in H1, nearly double the 6.3 crores in H1 last year. Q2 sales from these launches were up 60% year-on-year. Brands such as {? Rheumasafe ?} and {? Artiflex ?} are building into meaningful franchises.

At the same time, we have improved the quality of sales, reduced returns, and rationalized trade discounts. We also revitalized legacy brands like Norpace and {? Serenace ?}. Norpace, in particular, grew 40% in H1, and we are scaling up awareness through CMEs, journal publications, and targeted campaigns.

In FY27, we also made three strategic launches: Naprosyn ES, India's first naproxen and esomeprazole combination; Kritipenem, which extends our orthopedic franchises into anti-infectives; and Flo-Axis, which marked our entry into medical devices and builds our nephrology credibility. In October, we also entered the GLP-1 space with the launch of semaglutide injections across our nephrology and cardiology divisions.

Our focus remains on building depth in therapies to sustain our growth trajectory. We have strengthened our operating disciplines through a set of focused initiatives designed to improve field effectiveness. By integrating digital tools, iPads, and automation into our workflows, we are enabling our medical representatives to make better use of their time, and we are already seeing enhanced productivity in the field.

Our proprietary doctor engagement platform, RPG Serv, continues to play a central role in strengthening our digital engagement with doctors. We are currently enhancing the platform further with more intelligent and personalized capabilities, including AI-led content delivery and sharper segmentation. This helps us move from a one-size-fits-all approach to more contextualized engagement with our doctors. Going forward, RPG Serv will continue to play a significant role in deepening and customizing our reach and engagement.

Coming to API, from acquisitions to value creation, our API business delivered an exceptional quarter, growing 85.5% to 27.5 crores in Q2. H1 revenue grew 57.1% to 54.1 crores. This is entirely organic and was delivered while the team was simultaneously executing two acquisitions, which reflects the strength of our core Navi Mumbai business.

On the strategic front, we moved with speed and discipline. On July 29, we announced the transfer of our API business to RPG Biotech Pharma, the investment by InvAscent, and the acquisition of Aktin. The subsidiarization became effective on August 14. We announced the Raghuva acquisition on September 2 and subsequently effected both acquisitions at the end of September.

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The scale we have built is significant. The expanded network has 5 times the manufacturing capacity, 4 times the reactors, 3 times the products and pipeline molecules, and twice the customers and employees.

With the transaction completed, our focus has been firmly anchored on value creation, where our key priorities include improving asset utilization, accelerating customer acquisition and exports, strengthening the product pipeline, and delivering procurement, process, and cost synergies.

We remain committed to our ambition of delivering a 25%+ CAGR in the API business over the next 5 years through a combination of organic growth and disciplined acquisitions at prudent valuations. In a short period, we have transformed a standalone API business into a significantly larger, multi-site, backward-integrated operation, with further committed capital available for organic and inorganic growth.

Every acquisition we make for API will be viewed as a building block in one integrated company, focused on deep capabilities, capacity, chemistry, product portfolio, approvals, and customers. We will also look to incorporate US FDA approvals and, therefore, access to the US market as part of the larger strategy.

It is also important to note that the strong API business is complementary to our formulation business and will make it even stronger. The API carve-out increases management bandwidth for the formulation engine, as RPG API has a separate, dedicated management team. Therefore, focus has deepened on both verticals, and we expect better overall performance from both.

Coming to International Formulations, International Formulations is back on a growth path, with revenue growing 6.4% in Q2 to 36.7 crores and 7% in H1 to 71.3 crores. Our core franchises continue to perform well, while key brands such as Sodium Valproate are growing 38% in South Africa and 17% in Australia.

We are also deepening channel engagement, including a dedicated channel partners program in Myanmar to mark 25 years of Siloxogene in that market. We stepped up our customer outreach significantly. At CPHI this year, we met 162 customers and held more than 75 discussions with potential partners, with strong interest from [cut off]

Management: and tender business. We are winning tenders, with recent wins in Latin America, Ethiopia, and other markets. We expect to add about 10 crores of revenue from FY29 from Chile and Ethiopia. We also completed our first CDMO project on time, which is expected to add about 8 crores from FY29 in the UK, and CDMO inquiries will continue to grow for us.

To sustain this momentum, we are accelerating R&D and building the portfolio. We have built a data-led R&D roadmap, targeting about 25 crores by FY30. Our expanded API portfolio gives us higher forward-integration advantages with these new molecules. We have also added depth to the team with two senior hires who bring strong international marketing expertise. Together, these steps give International Formulations a clear and sustainable growth pathway.

On building a future-ready organization, our three businesses are our growth engines, but a large business needs stronger foundations. Over the last few quarters, we have focused on strengthening

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our business support functions in line with our growth ambitions as we scale.

In digital, 100% of our medical representatives are now active on Salesforce with iPad-based detailing, translating into better field outcomes. Our RPG Serv platform continues to deepen doctor engagement through scientific content, patient education, and personalized services. Market intelligence reports are now produced 75% faster and at no additional cost.

We have invested ahead of the curve in sales force effectiveness, deploying multiple AI-enabled dashboards to strengthen campaign monitoring, commercial analytics, and data-led decision-making. Our internal medical representative app, RPG Star, has also been upgraded to RPG Star 3.0, with enhanced sales force capabilities for customer tracking and engagement analytics. These interventions are not only helping representatives save time but also enabling more targeted customer outreach and improving field productivity.

IT upgradation projects across both corporate operations and our plant modernization are underway. In finance, we are moving to a paperless workflow. In talent and HR, we have hired critical leaders with deep sector expertise, including a dedicated CEO for {? RPG Active Pharma ?}, redesigned HR roles across sites, and put detailed succession plans in place with a strong middle-management layer.

In training, we have introduced industry-first curricula and AI-led customized training for medical representatives, based on the identified skill gaps. On ESG, our sustainability framework is on track for completion by December 26. Our FY26 BRSR and GRI reports are published. Scope 1 and Scope 2 assessments are complete, and Scope 3 analysis will be completed in Q3.

Coming to our financial roundup, to sum up the financials, Q2 delivered 15.5% revenue growth and 15% adjusted EBITDA growth, with gross margin expanding 260 basis points despite the impact of the West Asia conflict on input costs. We mitigated this proactively through price increases, product mix, and securing strategic inventory.

PBT before exceptional items grew 11.3% to 42.5 crores in Q2 and 13.6% to 83.7 crores in H1. Reported PBT reflects two one-off items. Last year included an 11.2-crore gain from the fire insurance recovery, while this quarter includes 5.5 crores of one-time restructuring and acquisition-related costs, such as stamp duty, legal fees, and other costs.

To close, as we look ahead, our priorities are clear. In Domestic Formulations, we aim to grow faster than the market, retain our top-50 position, and scale our new launches, including semaglutide. In API, we will integrate both plants carefully, focus on value-creation pillars, and align our R&D perspective with the expanded pipeline. In International Formulations, we will deliver our FY27 plan while protecting margins. Close partnership discussions are underway for the CDMO projects.

Our approach remains one of discipline and cautious optimism: delivering today's commitments while investing in tomorrow's growth. We run a market-beating formulations business, a substantially larger and well-capitalized API business, and a stronger organization to support both. I am confident that the position of RPG Life Sciences Ltd. is well suited for sustained and profitable growth. Thank you for your continued trust and support. We will now be happy to take questions.

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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 Ranjit Varma from Sameeksha Capital. Please go ahead.

Ranjit Varma – Sameeksha Capital: Am I audible? Hello?

Management: Yes.

Management: The voice is a bit feeble.

Ranjit Varma – Sameeksha Capital: Is it clear now?

Management: Yes, this is better. Please go ahead.

Ranjit Varma – Sameeksha Capital: Thank you for the opportunity. I have two questions. First, on the acquired API entity, would you please quantify the revenue and EBITDA contribution for FY27? Second, cash flow generation was relatively weak in H2, primarily due to higher working capital. How should we look at the working capital days or the cash conversion cycle on a steady-state basis going forward?

Management: On the revenue and EBITDA front, EBITDA will be in the mid-20s, as we said in earlier calls, and will be similar to and in line with our existing API business. In terms of the top line, H2 is when we are setting up the business and handling all the acquisition-related integration activities. Therefore, the top line will directionally be in the range of 25 to 30 crores for H2.

Management: To add to Amol, you asked what is going to happen to our acquired assets. The billing will actually commence from Q3 for both sites, and we recorded 50 lakhs in sales in Q2 to start with.

Ranjit Varma – Sameeksha Capital: On cash flow generation?

Management: It is too early to comment on cash flow generation because the entire integration is currently taking place. We are probably expecting some capex as well. We will come back on this point as we conclude Q3 and Q4, once the operations are established and then normalize in line with the acquired properties.

Ranjit Varma – Sameeksha Capital: Thank you.

Management: Thank you.

Operator: Thank you. Anyone who wishes to ask a question may press star and one on their touchtone telephone.

The next question is from the line of Mohamad Patel from Edelweiss Public Alternatives. Please go ahead.

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Mohamad Patel – Edelweiss Public Alternatives: Can you hear me?

Management: Yes, please go ahead.

Mohamad Patel – Edelweiss Public Alternatives: I have a couple of questions. First, what led to the gross profit margin expansion in Q2?

Management: Gross profit margin increased by 260 basis points despite the West Asia crisis and the headwinds we faced. We had a strong focus on this, and we increased it by 260 basis points.

Mohamad Patel – Edelweiss Public Alternatives: I wanted to understand what led to this improvement.

Management: There were multiple factors. Although the 2.6% improvement looks positive, we also faced an impact from the Asia war front. However, as we have consistently disclosed transparently in earlier calls, we took significant efforts on price increases and passed the cost on to our customers.

Internally, we have also undertaken company-level cost-saving initiatives. Taken together, these initiatives, along with product mix, had an impact on our performance. We were able to control the impact of the Asia war, and there was also some upside from foreign exchange on the dollar front. That helped us control the loss and contribute positively to year-on-year gross profit.

Management: Besides that, we also built our strategic inventory. That was another factor, and we further improved our product mix, in addition to what Amol said. That led to the overall improvement.

Mohamad Patel – Edelweiss Public Alternatives: In which business did this product mix improvement occur?

Management: It was across multiple areas and was not limited to one particular division or segment. We looked across all three segments, namely International Formulations, API, and Domestic Formulations, where the scope was limited. There are also other initiatives that we are driving internally, such as converting customers from CIF to ex-works or similar arrangements. All these initiatives are being driven quite aggressively across the organization, and that is why we saw the gross margin improvement in Q2.

Mohamad Patel – Edelweiss Public Alternatives: My next question is on employee benefit expenses, which have also grown higher than revenue. What is the reason for this, and do we expect this higher rate to continue?

Management: There are two things that we have done at the organizational level. First, there has been a mix shift from contractual labor to fixed labor and fixed employees, so we are seeing some benefit there in contract labor.

Having said that, last year, with some pressure on margins, we had a headcount freeze in Q3 and Q4. We undertook the headcount additions this year. We also made market-related additions, including an increase in medical representatives and other field-force additions. For the

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incremental revenue we are targeting, we require the field force that we are building.

Mohamad Patel – Edelweiss Public Alternatives: So these are FY27-specific investments, and next year we should expect some normalization?

Management: This will now be at this level, and this will be the normal level.

Management: The headcount has been normalized based on what we added in H1 and Q1. Going forward, almost all the talent and hiring requirements have been taken care of. In fact, we will now steadily start seeing their output, as I mentioned.

Mohamad Patel – Edelweiss Public Alternatives: Other expenses, excluding the one-off 5.5 crores, have also grown much faster compared to revenue. Could you highlight the reason for that as well?

Management: The major reason is again the Asia war. There is a freight component reported in that line, which is—

No, no, no. The import freight—sorry, the export freight and domestic freight—has contributed to that line. If you see the difference, it is around 7-odd crores. Out of that, 5.5 crores relates to strategic initiatives, and the rest is largely freight and related costs.

Mohamad Patel – Edelweiss Public Alternatives: So this will also normalize starting around H2?

Management: This depends again on the Asia war. The entire increase is coming from freight forwarders and the domestic supply chain. If it normalizes, it is directly linked to petrol prices, diesel prices, and crude prices. Therefore, it depends entirely on the Asia war scenario.

Mohamad Patel – Edelweiss Public Alternatives: My next question is on Domestic Formulations business growth. I think we grew 18% in Q4 and 15% in Q1, while this quarter we saw a reduction in growth to 12%. What is the reason for the reduction in growth?

Management: First of all, our Domestic Formulations business is a long-term transformative story for us, and it is very important because it contributes 70% of our business.

If you look at the difference, and you are already aware of this, there is almost a 10% difference between the price-to-retailer and the price-to-stockist. However, two important things happened for us. First, our inventory days came down from 42 to 38 days. We wanted to strengthen the business, make it more hygienic, and ensure that prescriptions were larger rather than primary demand. Therefore, we had almost 4 days of inventory reduction.

Second, one of our key third-party manufacturers faced supply challenges because of issues related to the West Asia crisis. There were also some issues with the registration of certain products. However, I am happy to say that all those matters were cleared in October. In fact, we recovered some of the sales that we lost in September due to the supply challenges.

Without that impact, our Domestic Formulations business would actually have grown 15.2%. Our outlook for Q3 remains positive for Domestic Formulations. In fact, growth will continue to return to the levels we have been achieving.

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Mohamad Patel – Edelweiss Public Alternatives: My next question was related to this. Do we continue to aspire to 1.5 times market growth going forward?

Management: Yes, absolutely. Even if you look at the 11.5% or 13% growth, that also gives us 1.5 times market growth. So our approach will continue, and—

Management: As I said, with these two challenges resolved for us, we will be above 1.5 times in the coming quarters and will continue at that level.

Mohamad Patel – Edelweiss Public Alternatives: What will be the major drivers for this outperformance? Two or three factors?

Management: For Domestic Formulations?

Mohamad Patel – Edelweiss Public Alternatives: For domestic outperformance versus the market, what will be the two or three major growth drivers?

Management: We have launched new products, and as we mentioned, all the new launches we made last year continue to be successful. They are almost reaching 50% by this measure.

We have also launched three new molecules. Naprosyn ES, which we launched for the first time, has already crossed 3 crores. We have launched Faropenem, which is a superior product for bone infections. The third is Flow-X, a medical device that complements our nephrology transplant business.

The other factor is the divisionalization we undertook, which has reduced portfolio clutter. In fact, our new Cardiology division has grown by 18%.

If you see why Naprosyn has become a 100-crore brand, one reason is that we decluttered the entire business and divided it into primary care and specialty care. Primary care focuses on general medicine, bone health, and pain, while specialty care focuses on nephrology, hematology, cardiology, and urology.

This clear strategy of decluttering and ensuring a clear focus in each specialty is what will drive the business, in addition to the new molecules. Our recently initiated medico-marketing activities are also yielding significant results.

Our flagship brand, Naprosyn, has crossed 100 crores in secondary sales and is growing at approximately 14%. Mabura is growing at 24%. This momentum is expected to continue. Q3 and Q4 will have very robust growth considering what we have done.

Mohamad Patel – Edelweiss Public Alternatives: My next question is related to the International Formulations business. After the recovery, it has been growing at single digits for the last two quarters. Do we expect it to reach a double-digit growth rate next year, and what will drive that?

Management: Our recent intervention in International Formulations involved building a new team and participating in exhibitions and CPHI. We are now making a foray into 13 new markets. We have tied up with three R&D players in this country to acquire ANDAs and dossiers.

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In fact, double-digit growth will happen from H2 itself. I do not think we need to wait until next year; H2 looks far better, and our order pipeline looks far better. Many of the tenders that were opening up have already been won by us. We have won two tenders.

Q3 and the rest of H2 will actually have double-digit growth. We completed our CDMO projects on time, and we are getting another three products to develop for them. At CPHI Milan, as I mentioned, we met almost 160 customers. We had a talent entry. International Formulations will show double-digit growth right from H1 itself.

Mohamad Patel – Edelweiss Public Alternatives: H2?

Management: H2, yes.

Mohamad Patel – Edelweiss Public Alternatives: Any update on Naprosyn Canada?

Management: Yes. It is good that you asked that question. We just received approval a week ago. The social audit approval was cleared, and by mid-December we will be able to start supplying.

Mohamad Patel – Edelweiss Public Alternatives: Will this be a key aspect of growth going forward?

Management: It will be a key aspect. There are two things involved. First, this will be our first product to be sold over the counter in the global space. Second, it is only the second product in Canada where both the originator and we are present.

We believe that, to start with, at least 25% to 30% of the market share can come to us. Going forward, this has significant potential because Naprosyn is globally considered to be one of the best non-steroidal anti-inflammatory drugs.

We are very excited about this prospect, and shipments will start in December itself, as I said.

Mohamad Patel – Edelweiss Public Alternatives: I have some questions on the API business now. I think the base effect will go away starting next quarter. At the current base of 30 to 35 crores, what should be the growth for the organic API business on a medium-term basis?

Management: Organic API will continue to grow at double-digit growth rates, in line with how we were growing earlier. Considering some of the new products we have entered and the new markets that have emerged, we will actually grow better than earlier in the organic business. Whatever we add inorganically will be an additional benefit and upside for us.

Mohamad Patel – Edelweiss Public Alternatives: I have one question related to the acquired API—

Management: Just before that, on the revenue front, our CAGR growth for the next 3 to 5 years, including both organic and inorganic growth, should be at least 30%. This means our API business should be at least 300 to 350 crores by FY30 and 500 crores by FY32, subject to further acquisitions as well. For now, we have a very strong order book for Actis and a ramp-up plan for the Raaghav plant.

Mohamad Patel – Edelweiss Public Alternatives: My next question was related to that. Now that the acquisition has been brought into the RPG system, is there anything that changes from the last call

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regarding the outlook for Actis or Raaghav?

Management: Nothing changes from the last call to this call. The only change is that the order pipeline has become stronger than before.

Mohamad Patel – Edelweiss Public Alternatives: Thank you so much. All the best.

Management: Thank you. Thank you.

Operator: Thank you. The next question is from the line of Rajesh Joshi from CRIS Capital. Please go ahead.

Rajesh Joshi – CRIS Capital: Thank you for the opportunity. Am I audible?

Management: Yes.

Rajesh Joshi – CRIS Capital: Good evening, sir. I had a question regarding our Domestic Formulations business. I believe there has been a discrepancy between the growth numbers we see on Pharmarack and the numbers actually reported by us. Could you please explain whether this discrepancy exists and what the reasons for it are?

Management: [pause] I actually answered this question earlier to the other gentleman who asked, but I will repeat it. I am sure you are aware that any pharma market database reports sales at PTR level, which is the price at which products are sold to chemists.

In our case, to bring greater hygiene and robustness to the business, we deliberately reduced inventory days from 42 days to 37–38 days. That itself represents approximately 5.5 crores.

Second, as I said, one of our key third-party manufacturers, which supplies a key product for us, underwent two structural changes. One was related to the West Asia crisis, and there was also some US FDA auditing there, so supplies became erratic. I am happy to say that we have already resolved the issue and supplies have started in October.

This one-time inventory correction has helped us establish a strong, stable, and sustainable business. Our secondary business is a clear reflection of the increase. If you look at the volume growth of 6.8%, it is a clear indication of increased prescriptions and increased secondary sales.

All markets are growing, and we are investing ahead in medico-marketing and taking measures to ensure that the growth rate continues to grow. Over the last six quarters, you must have seen that we have continuously outperformed the market. We would be at 15% primary growth and will almost recover the 5 to 5.5 crores lost due to the supply challenges we faced this quarter.

Rajesh Joshi – CRIS Capital: Thank you for the clarification. My second question is also on the domestic business. There has been a lot of discussion and debate about the rationalization of distribution margins for some of our key products, especially with the Supreme Court case also ongoing. I wanted to check whether there would be any impact on our pricing or margins if some of these stringent rules were to come into force.

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Management: Before that, first of all, we welcome the government's move because making cancer treatment more affordable for patients increases and widens access.

I am sure you must have seen what happened in 2017. Our selling price does not change. The rationalization caps trade margins and the markup added further down the chain, mainly at the hospital level, where some drugs were sold above the procurement cost. The government has acted firmly on that and has rightly intervened.

Therefore, the MRP comes down. For us, there is not much difference. This is not only the case for us but for any organization affected by this measure: the MRP will come down, but the price at which we sell to our distributors remains broadly the same. Therefore, there is no material impact on our sales or margins.

In fact, I believe that over time it will help us because better affordability should bring more patients into treatment, which will support volumes across our oncology and specialty portfolio. Again, if you look at the 2017 instance, over the last 5 years the oncology business has grown, the patient base has widened, and care has become more affordable.

Rajesh Joshi – CRIS Capital: Thank you for the detailed answer, and I wish you all the very best.

Management: Thank you. Thank you.

Operator: Thank you. The next question is from the line of Mohamad Patel from Edelweiss Public Alternatives. Please go ahead.

Mohamad Patel – Edelweiss Public Alternatives: Thanks for the follow-up. I have one follow-up question. We used to have a 24.5% margin in FY25. What steps are we taking to reach those levels, and by when can we expect the same to be reflected in the numbers going forward?

Management: [pause] Our primary focus is also on growth. When we are undertaking many activities toward growing the business, we may have to compromise slightly on the bottom line because we are entering new segments and there are expenses and other initiatives that we need to undertake.

Of course, a 25% margin at the FY25 level is our aspiration, but we will make every effort to be near or above that level.

Management: We are at a 24% EBITDA margin in H1, so we are not very far off. We are strategically investing for future growth. There is a team and an operational ramp-up that we require as we grow. We are aspiring toward that level, and we should reach it.

Mohamad Patel – Edelweiss Public Alternatives: Is there any change in capex for this year or next year?

Management: There is no change in the capex that we have already planned, except for capex that may be required for the acquired assets, if anything is needed. We have already anticipated that, but it is not major enough to indicate separately.

Mohamad Patel – Edelweiss Public Alternatives: So should we expect capex at 7% to 8% of sales?

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Management: 7% to 8%? No, sorry, 6%.

Mohamad Patel – Edelweiss Public Alternatives: No, 6%, yes.

Management: 6% is correct.

Mohamad Patel – Edelweiss Public Alternatives: Thank you.

Management: Thank you.

Operator: Thank you. Anyone who wishes to ask a question may press star and one on their touchtone telephone.

Operator: As there are no further questions, I now hand the conference over to the management for closing comments.

Management: Thank you very much, and thank you for being here. We hope we have addressed all the questions and queries you had. We look forward to seeing you next time. Take care. Bye-bye.

Operator: Thank you. On behalf of Dolat Capital, 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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