Operator: Good day and welcome to Syngene International Ltd. Q2 FY27 earnings conference call. 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. Please note that this meeting is being recorded. I now hand the conference over to Ms. {? Sowdhapi Neduvanchery ?} from Syngene. Thank you, and over to you, ma'am.

{? Sowdhapi Neduvanchery ?}: Good morning, everyone. Thank you for joining us on this call to discuss Syngene's second quarter results for FY27. To discuss the financial and business performance for the period, we have on this call today Ms. Kiran Mazumdar-Shaw, Syngene's Executive Chairperson; Mr. Siddharth Mittal, Managing Director and Chief Executive Officer; and Mr. Deepak Jain, Chief Financial Officer. After the opening remarks, they will be happy to answer any questions you may have.

Before we begin, I would like to caution that comments made during the conference call today will contain certain forward-looking statements and must be viewed in relation to the risks pertaining to the business. The safe harbor clause indicated in the investor presentation also applies to this conference call. The recording and transcript of this call will be made available on the company website. With this, I would now turn the call over to our Executive Chairperson, Mr. Kiran Mazumdar-Shaw.

Kiran Mazumdar-Shaw – Executive Chairperson: Thank you, {? Sowdhapi ?}. Good morning, everyone, and thank you for joining us. At the end of last quarter, I described FY27 as a year of transition and transformation for Syngene—a year in which we could reset our growth priorities, sharpen our competitive positioning, and build a stronger foundation for sustainable, profitable growth. I outlined three strategic priorities: re-energizing our commercial engine, establishing CDMO as our principal growth driver, and transforming Discovery Services into a more differentiated, technology-enabled, and higher-value business.

Our second-quarter performance provides encouraging early evidence that this strategy is beginning to gain traction. The global pharmaceutical industry, as many of you know, is undergoing a significant transformation. Increasing scientific complexity, the emergence of new therapeutic modalities, growing cost pressures, and the need for resilient global supply chains are reshaping how pharmaceutical and biotech companies approach research, development, and manufacturing. Customers are increasingly seeking strategic partners who can combine scientific excellence, technological sophistication, and manufacturing capabilities within an integrated operating model. This shift plays directly to Syngene's strength. Added to this is, of course, the geopolitics of our times, which is also favoring companies like Syngene in a China-plus-one model.

CDMO is central to this ambition. We see CDMO as Syngene's most significant long-term growth opportunity, particularly as the industry moves towards increasingly complex biologics, advanced modalities, and diversified manufacturing networks. Our investments in biologics manufacturing in India and the United States, together with our expanding capabilities in peptides, oligonucleotides, and other specialized modalities, position us well, we believe, to participate in these emerging opportunities.

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An important milestone in this quarter was the signing of our first manufacturing agreement for the Bayview biologics facility in the United States. This is more than a commercial win. It is an important validation of our India-US integrated biologics manufacturing strategy, which combines India's scientific and operational strengths with a US manufacturing presence to offer customers greater flexibility and supply chain resilience. While the full commercial potential of these investments will take time to materialize, we are encouraged by improving customer engagement and an expanded opportunity pipeline.

Our second strategic priority is to reposition Discovery Services for the next phase of innovation. The future of drug discovery will be shaped by the convergence of biology, chemistry, artificial intelligence, automation, and data-driven science. We believe that Syngene has the scientific depth, multidisciplinary expertise, and experimental infrastructure to participate meaningfully in this transformation. Our investments in peptides, antibody-drug conjugates, translational sciences, and other advanced capabilities are strengthening our ability to support increasingly complex discovery programs.

At the same time, we are embedding AI, automation, and digital technologies into our scientific workflows to improve productivity, shorten development cycles, and enhance the quality and speed of decision-making. Our ambition is to evolve Discovery Services from a predominantly execution-led research model towards a more integrated, intelligence-driven scientific solutions platform. This transformation will take time, but it is essential to building a more differentiated and competitive business operating model for the future.

We are pursuing a more agile, efficient, and accountable operating model with a clear emphasis on cost competitiveness, capacity utilization, and, of course, returns on invested capital. The sequential improvement in revenue and profitability this quarter is encouraging and suggests that our corrective actions are beginning to yield results. However, we do recognize that these are green shoots. We have more work to do to restore consistent growth, improve operating leverage, and fully realize the potential of our investments. Our immediate priority is to convert an improving commercial pipeline into sustainable revenue growth, while maintaining strict execution and cost discipline.

I am confident that Siddharth and his leadership team have the right strategic focus and operational commitment to deliver this transformation. Syngene, I believe, has built its reputation on scientific excellence, quality, and customer trust. Our task now is to leverage these strengths to build a more technology-driven, globally competitive, and profitable organization. We are not simply seeking to restore growth; we are repositioning Syngene for the next generation of scientific innovation and global biopharmaceutical manufacturing. With that, let me hand over to Siddharth for a detailed review of the quarter. Over to you, Siddharth.

Siddharth Mittal - Managing Director and Chief Executive Officer: Thank you, Kiran, and very good morning to everyone. As Kiran outlined, FY27 is a year of transition for Syngene, with a clear emphasis on restoring growth momentum, strengthening execution, and improving operating efficiency. At the beginning of the year, we identified three immediate priorities, which are accelerating commercial execution, improving operational performance, and building a leaner, more agile, and cost-competitive organization.

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During the second quarter, we made tangible progress on all these three fronts. Our revenue grew sequentially by 13%, operating EBITDA margins improved by 6 percentage points, and we returned to profitability. While we remain below last year's performance, these results demonstrate that our corrective actions are beginning to translate into improved business outcomes.

Let me highlight the key developments during the quarter. Our CDMO business continues to be a central focus of our commercial strategy, and we are encouraged by the improving quality and momentum of our opportunity pipeline. A significant milestone this quarter was the signing of our first manufacturing agreement for the Bayview biologics facility in the United States with a large pharmaceutical customer. Under this agreement, process development activities are expected to commence in India during the current financial year, with drug substance manufacturing at Bayview scheduled to begin in FY28. This contract represents an important first step in commercializing our US biologics manufacturing platform and demonstrates the strategic value of our integrated India-US delivery model.

We secured additional manufacturing business during the quarter, including a clinical supply agreement for our biologics manufacturing facility in Bangalore, Unit 3. This represents the latest in a series of contracts with an existing partner and reflects continued customer confidence in our scientific capabilities, manufacturing quality, and execution. We also successfully completed a technically complex oligonucleotide manufacturing program for a leading global pharmaceutical company. The program involved the development and manufacturing of a challenging siRNA molecule, demonstrating our capabilities in process development, optimization, and scale-up for advanced therapeutic modalities. These developments reinforce our strategy of building a diversified CDMO platform capable of supporting increasingly complex molecules across clinical and commercial stages.

Moving on to Discovery Services, our focus is on creating a more integrated, differentiated, and productivity-driven offering. Effective October 1, 2026, Dr. Jayashree Aiyar, our Chief Scientific Officer, assumed additional responsibility for Discovery Services, bringing chemistry, biology, and biotherapeutics under unified scientific leadership. This is an important organizational step. By integrating these disciplines, we aim to strengthen scientific collaborations, improve program execution, and offer customers a more seamless discovery experience. As drug discovery becomes increasingly multidisciplinary, our ability to integrate scientific capabilities across modalities will be an important competitive differentiator. Our Discovery Services customer base remains stable during the quarter, providing a foundation as we strengthen our commercial engagement and work towards restoring growth.

We are also accelerating the deployment of AI, automation, and digital technologies across research operations. During the quarter, we implemented ChemVoyager, an AI-enabled synthesis planning platform, alongside automated analytical systems and end-to-end sample tracking solutions. These initiatives are designed to create more connected, data-driven scientific workflows, reduce manual interventions, and improve research productivity. Over time, we expect these technologies to enhance our ability to deliver faster, more efficient, and higher-value research solutions to customers.

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We also commissioned a new clinical translational science laboratory in Bangalore, expanding our capabilities in biomarkers, precision medicine, biobanking, and bioanalysis. This investment strengthens our translational research capabilities and enhances our ability to connect early discovery with clinical development. This also aligns with our objective to make Discovery Services more scientifically differentiated, technologically enabled, and commercially competitive.

Before turning to our financial performance, I would also like to share an important leadership update. Deepak Jain, our CFO, has decided to leave Syngene for personal reasons and will pursue an opportunity outside the company. Deepak will continue in his current role at least until the close of the third quarter's financial results to support a smooth transition of his responsibilities and to ensure continuity. We thank Deepak for his contributions and wish him success in his future endeavors.

Now turning to financial performance, revenue from operations for the second quarter was 833 crores, representing a 13% sequential increase, supported by improved traction in the CDMO business. On a year-on-year basis, revenue was 9% lower than Q2 of the previous fiscal year, primarily reflecting the absence of Zoetis revenue in the current quarter. Discovery Services contributed 65% of quarterly revenue, while CDMO accounted for the balance 35%. Operating EBITDA stood at 147 crores, with margins improving by 6 percentage points sequentially to 18%.

Management: This improvement was driven by higher revenues, improved operating leverage, and the initial benefits of our cost optimization initiatives.

On a year-on-year basis, operating EBITDA margin was 22% lower than reported in Q2 of last year, reflecting, of course, lower revenues from Librela and a foreign exchange hedge loss of 61 crore that we accounted for during the quarter. Adjusted for this hedge loss, the operating EBITDA margin would be in the mid-20% range for the quarter.

Profit after tax, but before the exceptional item, was 38 crore. We recognized an exceptional charge of Rs. 6 crores, net of tax, relating to employee termination benefits, resulting in a reported profit after tax of 32 crore. This compares with a reported loss of Rs. 9 crores in the previous quarter, marking an encouraging return to profitability.

Alongside commercial recovery, we are implementing structural improvements to enhance our cost competitiveness and operating efficiency. Our manpower cost optimization measures have been completed, while initiatives targeting other operating expenses remain underway. We expect the benefit of these actions to become progressively more visible over the coming quarters.

We are also increasing the use of AI, automation, and digital technologies across our operations to improve productivity, simplify workflows, and strengthen execution. Our emphasis is not simply on reducing costs, but on building a more efficient operating model that can deliver stronger margins and improved returns as revenue growth resumes.

Capital investment during the first half was approximately 200 crore, directed towards strategic capability development, Bayview enhancements, automation, and infrastructure upgrades across our research and CDMO business. We remain disciplined in capital allocation, prioritizing investments that strengthen our competitive position, support customer demand, and improve

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long-term returns. Our balance sheet remains strong, with a net cash position of Rs. 1,392 crore at the end of the quarter, providing financial flexibility to support our transformation and growth priorities.

The second quarter represents an encouraging step forward in Syngene's recovery. We have seen stronger commercial engagement, secured important manufacturing contracts, improved operating performance, and made tangible progress on our efficiency initiatives. However, we do recognize that one quarter of sequential improvement does not constitute a sustained recovery. Our focus for the second half remains clear: converting our commercial pipeline into business wins, delivering consistently on quality and timelines, improving capacity utilization, and embedding greater cost discipline across the organization.

We will continue to prioritize growth, operational excellence, and disciplined capital deployment as we work towards building a more resilient and competitive business. The actions taken over the past two quarters are beginning to show results. Our task now is to sustain this momentum and translate it into consistent performance.

Syngene is moving from a period of transition towards a more focused, technology-enabled, and globally integrated business model. The early signs of recovery are encouraging, but our real measure of success will be sustained revenue growth, stronger profitability, and improved returns on capital.

With that, we would be happy to take your questions. Thank you.

Operator: Thank you very much, sir. Ladies and gentlemen, we will now begin with a question-and-answer session. Anyone who wishes to ask questions may click on the raise-hand option. Kindly introduce yourself, providing your name and your organization name, before proceeding with your questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from Dr. Kunal Dhamesha. Kindly unmute yourself and proceed.

Kunal Dhamesha – Macquarie: Hi, this is Kunal from Macquarie. Congratulations on a good set of numbers, and thank you for taking my question. The first one is for Kiran ma'am. We have seen a fair amount of turnover in senior management during this quarter as well. Would you say that the internal reorganization is now complete, or will we continue to take these steps to make the organization more efficient?

Kiran: Well, thank you, Kunal, for your question. I think most of the reorganization is now in a good place. I would say we will onboard some other capabilities that we believe are important to drive us into the future. But I think most of the reorganization that we had anticipated and planned is complete.

Kunal Dhamesha – Macquarie: Sure. If I remember correctly, last quarter we had some attrition in our Discovery segment client base, right? We had suggested that we had discontinued the low-value services. Is it fair to assume that these reorganization efforts are also in those directions, where the business requirements are and where there are some business segments that we do not

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want to pursue?

Kiran: Absolutely right. I think we are very focused on making sure that we have a differentiated services model. Commoditized services that are very low-margin or no-margin services are something we want to move away from. So I think we are really focusing on a very differentiated model.

As you know, we are already very differentiated in the biologics model when it comes to the CDMO business, which is why we are beginning to see good traction in signing up our capacities, because no one else has such capacities, especially USFDA-approved capacities. So I think we are very focused on ensuring that we again regain our position as a leading-edge CRO and CRDMO company.

Management: If I may add, Kunal, we are not discontinuing any of the existing business in Discovery. All we are doing is repositioning. As we mentioned, we are going to be using a lot of AI, automation, and digital technologies, especially on the new modalities, and trying to integrate our offerings across Discovery Services.

Discovery will continue to be a very core part of our overall journey, but we will change the way we have traditionally operated. Traditionally, it has been more of an FTE business, and what we are looking at is embedding AI to make it more fee-for-service,

Kiran: FFS.

Management: value-added business.

Kunal Dhamesha – Macquarie: No, that is an important distinction, moving away from one business model to another, or whether there is a mix shift. What are some of the key monitorables that you would be tracking? While I believe that because there is lumpiness in the CMO business, the financial performance could be a little lumpy or volatile, what are some of the metrics that you think would show continuous improvement on a quarter-on-quarter basis, given all these efforts that you are undertaking and the reorganization?

Management: [pause] The new client additions, the number of new projects we onboard, and the number of molecules that we progress from discovery to development will be important. Finally, it should all translate into revenue growth.

We have seen the Discovery business degrow over the previous year as well as the previous quarter because of some client attrition that we had at the beginning of the first half, which we had alluded to in our first-quarter earnings call. Of course, we will look at building back the base, but in a differentiated way.

As I mentioned, we will do this in an integrated way, because today Discovery Biology and Discovery Chemistry were running as two separate OUs. Today, we are going to integrate them into a single offering, and that is what our customers are looking at. When you really look at what our customers' needs are, we have to be agile enough to address those needs.

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As we mentioned, it is not going to be an overnight turnaround. We have started to see an encouraging client pipeline and client discussions, but translating that into revenue growth will require some more time.

Kunal Dhamesha – Macquarie: Sure. When you move from FTE to FFS, how does that structurally impact productivity and profitability in the Discovery business?

Management: It should be—

Kiran: I think it will—yes, it should be very positive,

Management: Yes.

Kiran: because we believe that it will add value. I think it will basically allow us to capture much better programs from clients.

Management: Yes.

Kunal Dhamesha – Macquarie: And we would have seen this historically, right?

Kiran: Yes.

Kunal Dhamesha – Macquarie: Sure.

Kiran: No, we are seeing it already because of the differentiated services that we also have. Embedding some technology into it, and then greater technology into it, will clearly give us a leading advantage.

Kunal Dhamesha – Macquarie: Sure. My last question is on the Bayview facility contract that we have received. With this contract, what kind of utilization are we looking at for this facility? When do you think peak utilization in terms of drug substance manufacturing could happen? Also, regarding the Unit 3 contract with the existing partner, is it the same partner with whom we had the CMO arrangement earlier?

Kiran: Kunal, let me first give you my views on this. First and foremost, as you know, we are focused on capacity utilization across all our facilities. But Bayview is a facility that needs to be brought up to scale because we have identified certain gaps that we need to fix before we achieve full utilization.

What is encouraging is that we have signed this first contract, which obviously then has to be built upon. I think this is, as we mentioned very clearly in both our statements, not just about indicating that we have arrived, that we have done everything that is required, and so on. It is an indication that this is a win that signals the importance of having a US presence and the confidence of customers to sign up.

I would go so far as to say that the capacity demand for biologics manufacturing is huge. I think right now the companies capturing that opportunity are the Koreans. We would like to be the Indian company of choice, the Indian CRDMO of choice, to take advantage of this demand.

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So give us a little bit of time. I think the fact that we have started focusing on identifying what we need to do to make sure that we have optimal capacity and a very strong business growth driver from CRDMO is what we are addressing.

Kunal Dhamesha – Macquarie: Sure, ma'am. Regarding the Unit 3 contract with the existing partner?

Management: We have multiple customers signed up for Unit 3. Some are doing clinical batches, some are doing development batches, and some are doing filing batches. Of course, it will again take time to ramp up, based on when they receive approval from the regulators. But at least Unit 3 has a good set of clients signed on.

Kunal Dhamesha – Macquarie: Sure. Thank you, and all the best.

Management: Thank you.

Operator: Thank you. We will take the next question from Harith Ahamed. Please unmute yourself and proceed.

Harith Ahamed – Avendus: Hi. Good morning, and thank you for the opportunity. This is Harith from Avendus. My first question is on your FY27 margin guidance. I think you maintained it at mid-20s last quarter. But when I look at the implied margins for the second half, that is a sharp improvement from what we have done in the first half. So the first question is whether we are maintaining the same mid-20s EBITDA margin guidance.

A related question, if I may add, is that there has also been a fairly significant foreign exchange loss in the last couple of quarters. If the rupee stays at current levels, are we expecting a similar foreign exchange loss in the third and fourth quarters?

Management: Harith, there is no change in the EBITDA guidance. As you rightly said, we have done better. Excluding the foreign exchange loss, we are at mid-20s EBITDA. So we continue [cut off]

Siddharth: to work on cost optimization benefits. We are going to see some more benefits coming in during the second half, but at this stage, we would like to maintain our EBITDA guidance. As far as the foreign exchange loss is concerned, we do have forward contracts on one of our large dedicated customer contracts, which continue until FY28. So we will see a similar level of hedge losses in the second half as well.

Harith Ahamed – Avendus: Okay. My second question is on the Bayview facility. Siddharth, if you could confirm the contract that we have announced, you also mentioned that we will commence drug substance supplies from next year. Will these be commercial-scale supplies? Is this a product that is already in the market?

Siddharth: It will be for commercial supplies as well. As I mentioned earlier, development of the product will be done in the Indian process development lab, and it will be tech-transferred to Bayview in FY28. Once the regulators approve it, we will be their commercial manufacturing partner.

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The product is currently not commercially approved. That is why we will have to wait for the regulators to approve the product and then commence commercial supplies in a couple of years.

Harith Ahamed – Avendus: A follow-up on Bayview: the pre-operating expenses that we are currently capitalizing—I think you disclosed a 66 crore number for the first half. By when should we expect this to start reflecting in the P&L?

Siddharth: As per our accounting policy, we capitalize all the expenses until we receive the first regulatory approvals. We expect that to happen sometime in the second half of calendar 2028, in the best case.

Harith Ahamed – Avendus: Got it. Thanks for taking my questions. I will get back in the queue.

Operator: Thank you. A request to all participants to kindly limit their questions to only two per participant. Should you have a follow-up question, please rejoin the queue. We will take the next question from Shyam Srinivasan. Please unmute yourself and proceed.

Shyam Srinivasan – Goldman Sachs: Hi. Good morning. This is Shyam from Goldman Sachs. The first question is on the mix. If I calculate it, Siddharth, when you mentioned 65% Discovery and 35% CDMO, and I think you alluded to this in your opening remarks as well, the Discovery business, or CRO business, has declined for two quarters now. It looks like at least the CDMO business, when you mention the absence of Librela, has not declined. It is only down 3% year-on-year. So the year-on-year change is more a function of Discovery being weaker. Am I getting that right?

Siddharth: It is a combination of both, Shyam, because we did have a significant number in Q2 of last year for supplies to Zoetis. This quarter, that was zero, so that did have an impact, which was made up by growth in the rest of the CDMO business. But yes, the Discovery business did degrow.

Shyam Srinivasan – Goldman Sachs: Got it. Would you largely attribute that to the client attrition that started at the beginning? What type of customers are these? Have we deemphasized some of the commoditized parts of the segment, and is that the reason for the decline? Do you foresee this continuing in the second half as well?

Siddharth: As I think we mentioned in the previous quarter and on today's call as well, some of these services are becoming more commoditized, and there is competitive pressure from large CROs in China as well as some of the emerging CROs in India. We are not playing a price game or a price-per-FTE game. That is where we are trying to move to a more integrated, AI- and technology-led business and shift from FTE to FFS, which will, of course, take some time as we transition out and move into the newer model. And [cut off]

Kiran: What I would also like to add to what Siddharth is saying, Shyam, is that [cut off]

Shyam Srinivasan – Goldman Sachs: Sure.

Kiran: Some of the business attrition is actually attributable to large cuts that the companies themselves are announcing in terms of downsizing their R&D spending. We are seeing some of that effect.

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Siddharth: If you look at it traditionally, large biotech and pharmaceutical companies in the West have done a lot of discovery work in-house, either in their own labs or through CROs. Now, if you look at it, one-third of the total number of drugs under trial, across different stages of trial, are from China through in-licensed models. So, of course, that is changing the need for Discovery Services, which is going to impact all the CROs.

Shyam Srinivasan – Goldman Sachs: That is helpful. My second question is on the financial side. Gross margin has actually improved despite the decline in Discovery, and CDMO also declined. I am trying to understand whether the removal of the commoditized part is leading to the improvement in gross margin. That is one question.

The second question is, when you maintain your EBITDA margin guidance, is it excluding all the foreign exchange losses? If you add the foreign exchange losses, we may not end up at mid-20s. Is that fair?

Siddharth: Gross margin is calculated, I think, as revenue less material costs, and material cost is applicable only in the manufacturing business,

Shyam Srinivasan – Goldman Sachs: CDMO business, okay.

Siddharth: in the CDMO business. Research has more people costs, leases, and other expenses, which are more fixed in nature. So I do not think you should really compare gross-margin movement because it is a shift of revenue from Discovery to development.

On an absolute basis in the CDMO business, I would say our gross margins are probably at similar levels. Of course, Zoetis, or Librela, was a high-margin product, and its absence did have an impact on the lower gross margin, at least in that part of the business.

As far as the EBITDA guidance is concerned, I would say let us wait for another quarter. We are, of course, putting in every effort on cost optimization. We have already done enough in the last two quarters and have started seeing benefits coming in. We are also looking at where the growth comes from. Of course, Discovery and development businesses come at different margins, but at this stage, I would not necessarily say that there is a significant change in our revenue and EBITDA guidance.

Shyam Srinivasan – Goldman Sachs: Thank you. Thanks, Siddharth.

Siddharth: On a more sustainable basis, I would definitely draw your attention to the fact that our hedge losses have changed. We have changed our hedge policy and will start moving towards options rather than forward contracts. Once the current hedges expire, which will be in FY28, the sustainable level of gross margin is already in the mid-20s, and I think that is what is very important.

Shyam Srinivasan – Goldman Sachs: Got it. Thank you. All the best.

Siddharth: Thank you.

Operator: Thank you. The next question is from Surya Patra. Please unmute yourself and proceed.

Operator: Mr. Patra, you are not audible.

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Surya Patra: Is it audible now, ma'am?

Operator: Yes, please proceed.

Surya Patra: Thank you for the opportunity, sir. My first question is on the SG&A cost improvement that we have seen in this quarter. It seems that we have reached a level that used to be a normalized level of spending before the difficult period of the last 1.5 years. How sustainable is this SG&A cost run rate going forward? Are we really seeing the benefit of the cost optimization initiative that we had undertaken? Is it likely to be sustained going forward, thereby supporting the margin profile? Is there anything else on that, sir?

Siddharth: It will be our endeavor to sustain expenses at these levels. As we mentioned, some of the cost initiatives that we have undertaken will result in additional benefits coming in during the second half.

Surya Patra: Sure, sir. The second question was on the Discovery Services front. Can you share something on the capacity utilization there, or the headroom that we have on the discovery research side? That has been the growth driver in all the difficult times. So I am trying to understand that while investments have gone towards the CDMO front, how sustainable a growth momentum can we have on the Discovery front? What investment is planned for that, if you can talk about it?

Siddharth: We already have our labs, and following the client attrition we have seen, we have enough capacity to add more customers. We have the bench strength to cater to growth.

However, we will be investing on two fronts, as I said earlier. One is infrastructure upgrades to align with what our customers are looking for, and the other is AI, automation, and digitalization. Some of the investments in automation and digitization are going to be significant. We are evaluating the best possible solutions and the scale we should add, and we will be making those investments in the coming quarters.

Surya Patra: Okay. Just an extension to that point, sir. Regarding the new clinical translational science laboratory that you mentioned, how should one view this development, and what significance can we see from this development in our revenue streams? What investment would you have made here?

Siddharth: This investment strengthens translational research capabilities and enhances our ability to connect early discovery with clinical development. Today, Syngene is one of the few {? discovery ?} to development, to clinical, to commercial organizations across modalities, on both the small-molecule and large-molecule sides.

As I mentioned, during clinical development, a lot of translational data is required, and this lab will, of course, be important. It will be scientifically differentiated, technologically enabled, and a very strong laboratory. Many customers are interested in going to one CRO or CRDMO instead of fragmenting various services among different partners, and I think that is what Syngene will be able to offer to customers.

Surya Patra: Okay.

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Siddharth: In terms of investment, I do not have the number readily available, but it is not a very large investment.

Surya Patra: Okay, sure, sir. Thank you. I wish you all the best.

Siddharth: Thank you.

Operator: Thank you. We will take the next question from Sajal Kapoor. Please unmute yourself and proceed.

Sajal Kapoor – Antifragile Thinking: Hi. This is Sajal Kapoor from Antifragile Thinking. Thank you for taking my questions. Kiran ma'am and Siddharth, regarding the organic pipeline, what needs to be different for programs that enter through discovery or early development to then stay with Syngene beyond a successful Phase II, moving into Phase III and commercial supply? Thank you.

Siddharth: I think there are—go ahead, Kiran.

Kiran: No, no, you [cut off]

Siddharth: There are different customers, Sajal. There are customers who are looking at CROs or CRDMOs only for a certain need or where there is a gap. These are typically large biotech companies. We are now also seeing some large biotech companies that are willing to move from discovery to the development stage, and some companies where they start the development work with us and then want us to do the commercial manufacturing, although it might not be end-to-end.

There is a large segment of customers, especially small and mid-sized biotech customers, who do not want to go to different partners or service providers. They want to have one integrated partner because that is the only way they will get faster speed, skin in the game, better ownership, and better outcomes, because they also understand that the CRDMO is fully vested in their success.

These are the customers we will be pursuing, where the molecule or program enters at a discovery stage and we advance it through the different phases of development until commercial manufacturing. We are already seeing some of these customers where we have signed contracts and are making good progress with them.

However, our commercial team will have to showcase these end-to-end capabilities along with our scientific teams, and we are very confident that, over a period of time, we will be able to add many more such programs to our portfolio.

Kiran: I would also like to add one very important point [cut off]

Kiran: The point, Sajal, is that anybody looking at CRDMO services wants scale. They do not want small players offering a lower price and having only small facilities. Everyone wants large capacity and large facilities because they realize that the CRDMO business is about having multiple clients and multiple production sites, as well as slots that they can actually track into.

I think that is where Syngene is highly differentiated from others when it comes to biological capacity, and now, of course, we are looking at strengthening our small-molecule capacities as well.

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But I want you to understand that this is where we are very differentiated as a CRDMO out of India because, as you know, the demand is for biologics capabilities. The fact that we have biologics capabilities right from discovery to manufacturing positions us in a very strong and differentiated category.

Even when it comes to biologics capabilities, we have a lot of proprietary platforms that are now being positioned to customers because of a strong effort to create a very robust commercial engine, which, I would say, had many gaps in the past.

With all that, I think you will start seeing good traction in the coming quarters and years.

Sajal Kapoor – Antifragile Thinking: No, absolutely, Kiran ma'am. I am not sure if any other Indian bio-CRDMO company can today claim 50 kL of ready capacity, and that is what makes Syngene so different and—

Kiran: Exactly. Most Indian companies playing in this field will have only microbial fermentation, but not biologics fermentation.

Sajal Kapoor – Antifragile Thinking: Yes, not mammalian. Absolutely, absolutely.

Siddharth: The Biosecure Act really adds a lot of advantage for us.

Kiran: Yes. We are seeing a lot of growing demand, I can tell you that.

Siddharth: We offer a dual manufacturing strategy, which many CMOs cannot do. Even Samsung does not have a facility in the US. Today, there are a lot of customers who, because of geopolitical reasons, tariffs, and MFN, want to manufacture in the US for the US and manufacture outside the US for the rest of the world. We offer that dual flexibility, or dual-site flexibility, with a single tech-transfer effort.

We also offer this at a very competitive price. I think I should mention that our pricing is very competitive compared with some CMOs in the West or CMOs in the Far East.

Kiran: There is one more added advantage: companies want to come to India, do the work in India, and then tech-transfer it to the US at our Bayview facility. That is another model that is emerging.

Sajal Kapoor – Antifragile Thinking: No, absolutely, Kiran ma'am and Siddharth. I look forward to some exciting times ahead. My second question is on that capacity itself. Regarding the Biocon Park biologics facility that supported the Zoetis program, what kind of programs are we targeting to fill that capacity? It should be ready to take on fresh work now, so how should we think about the timing of those commercial shipments replacing the erstwhile Librela manufacturing?

Siddharth: Sajal, in the second half of this year, that facility is going to be occupied because we are going to be manufacturing batches for Zoetis and delivering them to the company in the fourth quarter. We are talking to customers and showcasing all three biologics facilities to them. Of course, this facility is USFDA-approved, so it has an advantage. However, we cannot manufacture for any other customer there until the next fiscal year.

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Depending on customers' needs and timelines, they will choose which facility they want to use. We will provide more information on how facility utilization ramps up across the three sites in due course.

Sajal Kapoor – Antifragile Thinking: Siddharth, just to clarify, it seems that we still have some tail left for the Librela contract to be completed first, after which the capacity becomes available for a new customer. Is that correct?

Siddharth: That is right. We had said that there is an obligation to supply to Zoetis during this fiscal year as well, and that will be back-end-loaded in the fourth quarter.

Sajal Kapoor – Antifragile Thinking: Okay. Excellent. I have more questions, but in the interest of time, I will rejoin the queue. Thank you.

Siddharth: Thank you.

Operator: Thank you. The next question is from Prolin Nandu. Please unmute yourself and proceed.

Prolin Nandu – Edelweiss Public Alternative: Hi, team. This is Prolin from Edelweiss Public Alternative. Kiran ma'am, I have one question for you. There have been many senior-level changes, including some at the scientific and clinical levels. When you look at morale within the organization with so many changes, how would you rate that morale compared with a few years ago, when things were going well for us, or when we started Syngene as a subsidiary of Biocon?

Given that most of our assets are people assets and scientists, when all these transitions happen, there is also fear among these people about their future. How are we managing morale and culture within the organization with so many changes happening at the top level, including at the clinical and scientific levels?

Kiran: Let me answer that by saying that every organization has to bite the bullet and do what is right for the organization. Fortunately, we have a very deep pipeline of talent in Syngene, and we have very good scientific talent as well.

Obviously, there is going to be a little bit of a shakeout when you take such drastic measures because rightsizing was needed for the organization, which was actually making us very inefficient. When you take these kinds of surgical decisions, there is bound to be some concern, rumor-mongering, and people who exit also start creating fear-mongering. We are addressing this through a very strong communications approach, where we are saying that everyone who is here is now wanted and need not be worried. This is all about rebuilding the organization.

I can tell you that we have had to deal with a lot of extra costs because of people who did not have any roles or work cut out for them. So we had to take these decisions.

From now onwards, I think you are going to see a much more cohesive and integrated model, which was not happening earlier. When you have too many people, you tend to get into silos. You tend to get into turf protection. That is what we are now trying to recreate in terms of making it a cohesive organization.

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We are dealing with it, and I think it will work very well. You will see the results in the next two quarters. So I do not think it is much of a concern for us. Biocon, the Biocon Group, and Syngene, which is part of it, have always been very fair companies. We always value our people, and we make sure that people are respected, empowered, and given the best opportunities.

Prolin Nandu – Edelweiss Public Alternative: Sure, that is good to hear, ma'am. The second question is on the services model that we are changing from FTE to FFS, right? You also mentioned that this move will take more time to show results.

Is the time being taken more because of our capabilities, or is it more because of the client testing us and conducting their own checks? What is leading to the additional time for this change in the model or the services part?

Kiran: We have to reposition ourselves with our customers, who have always treated us as an FTE model. We are now trying to say, "Do not look at us as an FTE model. We are an FFS model because of our very deep scientific capabilities."

It is beginning to deliver results, but as I said, it is very early days, so I do not want to get ahead of ourselves. What we are saying is that this is the way we will position Syngene and the way we will grow our business. We are really focusing on some of these high-end capabilities.

Syngene has always excelled in leading-edge capabilities ahead of others. We have identified some of these very strong capabilities ahead of others, and we will now reposition ourselves as the go-to CRO for these kinds of initiatives. We are seeing that there is a huge demand for them.

Siddharth: To add to that, technology enhancements and upgrades in AI and automation will take time, so that is where we see a differentiation, right?

Kiran: Yes.

Prolin Nandu – Edelweiss Public Alternative: Thank you so much, and all the very best.

Kiran: Thank you.

Operator: Thank you. The next question is from Kunal Randeria. Please unmute yourself and proceed.

Kunal Randeria: Hello. Good morning, and thank you for the opportunity. At the beginning of the year, you had announced the expansion of the Bristol Myers agreement, which I guess validates the end-to-end offerings that you have. Could you perhaps tell us what additional work you are doing with them that you were not doing previously, and whether it has already started to flow into revenue?

Kiran: All we can say is that we are doing some interesting additional work for them, but we cannot share it for confidentiality reasons.

Siddharth: This includes development and clinical work.

Kiran: Yes.

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Kunal Randeria: It includes manufacturing as well?

Siddharth: Yes.

Kiran: Yes.

Kunal Randeria: Right, right, right. Okay, perfect. Secondly, I am sorry, but I did not quite understand this move from FTE to FFS. Is it because, for example, a certain scientist is paid a salary but you bill that scientist at $100,000 a year, and now—

Kiran: I wish.

Kunal Randeria: I am just giving an example, ma'am. Let us say that with better investments, productivity has gone up, and to reap that benefit, you are moving to FFS. Is that the primary reason for the move?

Kiran: Let me answer that question, and Siddharth can add to it. When you go down an FTE model, whatever you quote, a competitor will quote lower and get the business because it is a commodity offering. We do not want to go down that path.

We want to go down the path of value-added services, which means that we would like to move to fee-for-service. To your point, if you can get $100,000 per scientist because of doing that, rather than go to an FTE model at a much lower rate, it helps you because then you obviously do more for less, and you get more for less.

Siddharth: If I may add, today, Indian CROs are 30% to 40% cheaper in terms of FTE charge-out rates compared with China and perhaps half the rates of European or US CROs. Customers are not really looking at the FTE rate as the real measure.

What is most important for customers is the time it takes to bring a drug from discovery to an IND filing or to the clinic, and how much they are going to spend overall on that molecule until the IND filing. So, while you might have a lower or higher FTE rate, the number of FTEs you deploy is the real factor.

If you use technology, AI, and automation and reduce the number of FTEs, customers are willing to pay you a premium. That is the change in the model that we are talking about.

Kunal Randeria: Understood. One more question, if I can squeeze it in. Siddharth, you mentioned that your prices are extremely competitive compared with Western companies as well as Eastern companies. How does it compare with some of the Indian peers?

Siddharth: In large-molecule CMO, we hardly have any credible Indian player. I am not talking about small molecules, but our emphasis is largely on biologics manufacturing. Beyond Syngene, which other Indian CMO is there on the biologics side?

Kunal Randeria: Sure, okay. So you mean on the biologics front and not on the small-molecule front.

Siddharth: Correct. In small molecules, there are many other Indian CMOs that are more cost-competitive or have much larger capacities. That is why our focus there is on new modalities

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such as peptides and oligonucleotides.

I think I mentioned that we have completed very complex oligonucleotide manufacturing for one of our customers at a GMP level. In ADC conjugation, we are the only company that is fully integrated from biologics to linker to payload and conjugation at commercial scale.

Kunal Randeria: Right. This is great. Thank you, and all the best.

Kiran: I think one comment I do want to make is that when you look at CROs and CRDMOs, you need to conduct due diligence on the investments made, the scale created, and the capability base, because I think everyone is just looking at quarter-on-quarter performance of, you know, [trails off]

Management: ...small, slow-growth businesses, and you have to look at whether they have invested in building scale.

Kunal Randeria: No, that is a fair point. Thank you.

Operator: Thank you. Ladies and gentlemen, we will take that as the last question for today. Thank you to the members of management. On behalf of Syngene International Ltd., that concludes this conference. We thank you for joining us, and you may exit the meeting now. Thank you.

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

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