Operator: Good afternoon, everyone. This is the third day of Bharat Connect Conference 2024 September edition. I welcome you all to the call of Anlon Healthcare Ltd. Today, from the management, we have Puneet Kumar Sagaria, Chairman and MD of the company. Before I hand over the call to the management, I will outline the flow of the event. We will start with the opening remarks by the management and then move on to the Q&A round. Any participant who would like to ask a question can raise their hand or put it in the chat box. First, we will take questions from the participants who have raised their hands and then move on to the chat box. If time permits, we will take the questions that I have received from clients who were unable to participate. I will now hand over the call to the management. Over to you.

Puneet Kumar Sagaria – Chairman & MD: Good afternoon, everyone, and welcome to this event organized by Arihant Capital. As the Chairman and Managing Director of Anlon Healthcare Ltd., I welcome you all. Anlon is mainly engaged in the manufacturing of chemicals for pharmaceutical intermediates and bulk drugs. Anlon's recent acquisitions include Epicore Organics, Bizotic Life Science, and Remember Healthlinks Private Limited.

Anlon is now a fully backward- and forward-integrated pharmaceutical platform. Anlon was listed last September on the main boards of BSE and NSE. In the last financial year, FY24, we reported revenue of approximately 172 crores and PAT of approximately 28 crores. We have already reported Q1, and I think most of the details are available from the earlier earnings calls, investor calls, and in the public domain. I would like all of you to start the question-and-answer session.

Operator: If anyone has any questions, please raise your hand or put your question in the chat box. We will wait for 2-3 minutes. We have a question from Disha. Please go ahead.

Disha: Hello.

Puneet Kumar Sagaria – Chairman & MD: Yes, Disha.

Disha: Hi, sir. Thank you very much for this opportunity. I have a couple of questions. Firstly, how did our second quarter go? Do you have any sense of the performance? Because of the increase in pricing, do we expect some improvement in margins?

Puneet Kumar Sagaria – Chairman & MD: Disha, as I mentioned earlier, in the first quarter, because of the unexpected war situation and related factors, raw material prices increased significantly, and we were not able to suddenly increase the prices of our products. That directly impacted the margin.

As we expected, we are now able to obtain better pricing from our customers in proportion to the increase in raw material prices. Therefore, we expect Q2 and the first half to be in line with our expectations and with the guidance we have given for FY25.

Disha: Sir, what sort of price increase have we taken?

Puneet Kumar Sagaria – Chairman & MD: Sorry?

Disha: The price increase that we have taken.

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Puneet Kumar Sagaria – Chairman & MD: Generally, raw material prices, specifically for solvents, have increased by more than 200-300%, but we are able to obtain at least a 15-20% additional price increase from our customers.

Disha: Okay. And what about the capex for the Anlon facility? Is it on track? What is the update on that?

Puneet Kumar Sagaria – Chairman & MD: Construction has already started, and we expect to complete it by Q2 FY26.

Disha: Q2 FY25, right?

Puneet Kumar Sagaria – Chairman & MD: FY26, Q2 FY26. We have just started the work.

Disha: Q2, okay.

Puneet Kumar Sagaria – Chairman & MD: Yes.

Disha: For the first year, what utilization do we expect? Will it be close to approximately—

Puneet Kumar Sagaria – Chairman & MD: For the first 6 months, or 2 quarters—

Disha: Yes, what will the utilization be?

Puneet Kumar Sagaria – Chairman & MD: I think it will be approximately 40-45% for FY26.

Disha: And when will we achieve peak utilization? Will it be in FY—

Puneet Kumar Sagaria – Chairman & MD: We will gradually increase it to 60-65%.

Disha: Okay, fair enough, sir. Thank you very much. That is all from my side.

Operator: Thank you. The next question is from Ronak. Please go ahead.

Ronak: Hello, sir. Am I audible?

Puneet Kumar Sagaria – Chairman & MD: Yes, Ronak.

Ronak: Hello, Puneet sir. Thank you very much for the opportunity. My first question is about our future growth trajectory. As we scale, what will be our target inventory days and working capital cycle? For the current year, I see that the numbers are very high, considering all the other factors such as receivable days and debtor days.

Also, regarding the ageing of our receivables, I see approximately 16 crores stuck for more than 6 months. What is the reason for this, where is the money stuck, and when can we recover it?

Puneet Kumar Sagaria – Chairman & MD: Ronak, there are basically 2 issues. In the pharmaceutical business, we generally maintain a minimum of 3 months of inventory for raw materials. However, when we undertake the parallel development of a new API, including its validation batches and commercial validation batch, it is not possible to sell the material immediately after completing the

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validation unless and until we file the DMF and complete the related processes. That is one reason why our inventory is on the higher side.

The second reason is that our receivables are on the higher side because of a one-off payment that was stuck, which we had also mentioned in the DRHP. As I have mentioned earlier, we are slowly recovering that amount. By the end of FY25, our receivable cycle should be approximately 170-180 days, and our inventory days should be approximately 140-150 days.

Ronak: Okay, sir. Understood.

Puneet Kumar Sagaria - Chairman & MD: We will be cash-flow positive by the end of FY25, and we expect the first-half results also to be largely cash-flow positive.

Ronak: That is wonderful, sir. You have provided sufficient clarity on why our margins declined, but can I understand whether we are now able to pass on some of the cost to customers, or whether we will be able to do so in the future? Because I think you had also mentioned—

Puneet Kumar Sagaria - Chairman & MD: We are already doing that. Ronak, the point is that when you have been working with a customer for more than 10 years, and your raw material price increases while you have some pending purchase orders, it is not possible to approach the customer the very next day and ask them to increase the price. We have to honor the pending purchase orders for them. That is exactly what happened in Q1.

After completing the pending purchase orders, we were able to successfully increase the price because that is the requirement of the market. Most customers have also agreed to this, and they have increased the prices of the products they sell to their customers. Therefore, I do not see any issue with pricing or margins because this is a normal practice, and the raw material price increase was unexpected. By the end of the year, I think we will be broadly in line with our expected EBITDA and PAT margins.

Ronak: Understood, sir. Is there any recent news from the Saudi Arabia side? If the war continues, will that have any impact?

Puneet Kumar Sagaria - Chairman & MD: I missed your question. Could you repeat it, Ronak?

Ronak: I think another conflict is arising in the East Asia region, between Saudi Arabia and Yemen. Will that conflict have any impact?

Puneet Kumar Sagaria - Chairman & MD: Generally, raw material prices depend on 2 factors. One is crude oil and the other is the dollar. Most petrochemical solvents are derived from crude oil, and that indirectly impacts the dollar. If the price of solvents increases, it will impact any chemical or pharmaceutical product.

However, current prices are already more than 3 times higher, and most products are close to or at their all-time-high levels. We are not seeing any further uncertain price increase of that magnitude, but there is very little possibility of prices declining from now, at least for the next 6 months.

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Ronak: Understood, sir. My final question is about the acquisition of Remember Health. Over what period are we going to transition and start manufacturing in the finished dosage segment, and what will be the margin?

Also, you had given guidance of approximately 700 crores of revenue for FY30 to FY31. Could I get a rough segment split? How much will come from APIs, how much from CDMO, and how much from finished dosage? What is the margin guidance? Are we still maintaining the 700-crore number, or have we revised it upwards or downwards?

Puneet Kumar Sagaria – Chairman & MD: We are in line with the guidance we have given for FY25, of approximately 380-400 crores. That will be achieved without any doubt.

For the following year, we have given guidance of approximately 700 crores. Of this, we expect approximately 250-300 crores from Anlon's existing site, approximately 200 or 2 200 to 230 crores from Epicore, and approximately 100 crores from Bizotic.

In that projection, we have not considered a significant contribution from Remember Health India at this stage. However, we have certain plans, and some of our projects are under discussion with the DCGI for approval. Therefore, it is too early for me to provide the exact details and revenue contribution figures. Perhaps by the end of Q3, we will have a clear picture.

Ronak: What is our peak revenue potential from our existing capacity?

Puneet Kumar Sagaria – Chairman & MD: From Anlon Healthcare or from the overall business?

Ronak: From the overall Anlon and Epicore businesses, what is our peak revenue potential, and what is our target capacity utilization?

Puneet Kumar Sagaria – Chairman & MD: Based on the current capacity, we are planning for more than 800-900 crores in FY27.

Ronak: Understood, sir. Can we consider that as our peak revenue potential if we utilize all the capacity at 100%?

Puneet Kumar Sagaria – Chairman & MD: It should not be considered peak revenue. Revenue also depends on the product mix. We are trying to maintain the product mix according to market demand and business opportunities. Reaching a certain level is part of our target because we have a multipurpose plant for multiple products.

We expect to operate the capacity at 70-75%. Ultimately, operating at 100% is not practically possible. If you achieve 75% utilization, that is considered very good occupancy for a chemical plant.

Ronak: Understood. That is all from my side. All the best for the future ahead. Thank you very much.

Puneet Kumar Sagaria – Chairman & MD: Yes, Ronak.

Operator: Thank you. The next question is from Gaurav. Please go ahead.

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Gaurav: Am I audible, sir?

Puneet Kumar Sagaria – Chairman & MD: Yes, Gaurav.

Gaurav: Regarding the margin, as you said, the margin for the full year would be 25%. What will the margin be in Q2? Will Q2 be higher because it was 18% last time? I wanted to ask whether Q2 will also be 25%, higher, or lower.

Puneet Kumar Sagaria – Chairman & MD: Gaurav, I am not aware of the compliance aspect because the results are almost due next month. However, I can say that we are broadly in line with our expected EBITDA margin and PAT margin.

Gaurav: Should I assume that Q2 will be 25% and that the second half of the full year will also be at 25%, as you mentioned in the previous conference call?

Puneet Kumar Sagaria – Chairman & MD: Yes, there will be no change because we are already obtaining better margins for the products. We were expecting approximately 25%, but our plan is for an EBITDA margin of approximately 27-28% in Anlon Healthcare and Bizotic.

Epicore deals in intermediates and industrial chemicals, so its margin is slightly lower than that of the pharmaceutical business. Therefore, an average margin of 25% is expected, and we will definitely achieve it by the end of the year.

Gaurav: I am asking because the war is still continuing, so raw material prices are already at the same level—

Puneet Kumar Sagaria – Chairman & MD: Gaurav, I understand your question exactly. The issue is that the war is continuing, and Chinese suppliers of basic raw material chemicals and KSMs have also increased their prices by more than 10%.

If you are familiar with the pharmaceutical market or have contacts with importers, you can confirm this. Both freight costs and raw material costs have increased. At the same time, customers are also ready to pay higher prices because they do not have other options, and pharmaceuticals are essential products.

There may be some disruption in the supply chain for a period of time, but it is not as though the products or medicines that customers and patients use will suddenly stop being available. If the price of raw materials increases, we will definitely obtain a better price for our finished products as well.

Gaurav: Okay, sir. From a revenue point of view, it will remain the same, right? You have already achieved approximately 90 crores in Q1, and you are indicating approximately 380 crores—

Puneet Kumar Sagaria – Chairman & MD: We will achieve 380-400 crores within this year. Q1 was better than Q1? [inaudible]

Puneet Kumar Sagaria – Chairman & MD: Q2 is better than Q1 for us as of now. Therefore, the first half will provide better clarity regarding the results for the next 6 months.

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Operator: Thank you. If there are no more questions, we will wrap up the call. I thank the management for taking the time to interact with our participants. I also thank the participants for joining this call. Have a good day.

Operator: Thank you. The next question is from Ashish. Please go ahead.

Ashish: Hello, Punit sir. Am I audible?

Puneet Kumar Sagaria – Chairman & MD: Yes, Ashish.

Ashish: Sir, I wanted to know about our DMF filings for the new APIs that we expect to add in FY27. I also wanted to ask about the new CDMO products, including {? Glucosapropen ?} gel, the Volini competition, and so on. What is the progress on those products?

Puneet Kumar Sagaria – Chairman & MD: We have already applied for {? Glucosapropen ?} gel. We expect approval by approximately Q1 FY28. We are broadly on track, and all the regulatory development work has already been completed from our end.

If the DCGI asks for the BABC study, we are ready to start it next month. That process is ongoing, and we have already started identifying the distribution network and distribution channels for a pan-India launch. Those activities are on track.

Ashish: We have filed 21 DMFs.

Puneet Kumar Sagaria – Chairman & MD: Yes.

Ashish: Six or seven of them were expected to be added in FY27.

Puneet Kumar Sagaria – Chairman & MD: We are broadly on track. At least 4 DMFs have already been completed, and we will file most of them within the next 1-2 months. We expect a minimum of 5-6 DMFs to be filed this year.

Ashish: We are also developing certain CDMO molecules, including innovator molecules. I believe there are 3 molecules. Is there any update on their progress?

Puneet Kumar Sagaria – Chairman & MD: The status is the same as discussed in the last earnings call. One validation batch has been supplied, and commercialization is expected by January Q4. Regarding the other 2 molecules, the validation batches are likely to be completed by October or November. We do not have any further update regarding their commercialization. We will have better clarity after supplying the validation batches.

Ashish: Thank you very much. That is all from my side.

Puneet Kumar Sagaria – Chairman & MD: Yes.

Operator: Thank you. We will move on to the next participant, Kaushal. Please ask your question.

Kaushal: Hello. Good afternoon, sir. I am tracking this company for the first time, so please excuse my basic question. I want to understand the CDMO business. What is its current contribution to our

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revenue, what potential do we see, and what dedicated capacity do we have for CDMO? Could you also explain the overall unit economics, including the EBITDA margin, ROCE, overall returns, and capex requirement, in detail?

Puneet Kumar Sagaria – Chairman & MD: Kaushal, I can explain that, but this meeting will take a little longer. I will arrange to provide you with the data regarding all these unit economics and related matters.

Regarding the CDMO business specifically, we have developed 3 products on a CDMO basis for 2 global innovators. Of those, the validation batch for 1 product has already been supplied, and we expect commercial batches by January 2028.

For the other 2 molecules, the validation batches are expected to be completed in October or November. After that, the customer will undertake its formulation validation batch or further development and dossier filing. We may see further commercialization activity around Q3 FY28.

For those 2 molecules, it is too early for us to comment. However, the molecule for which validation has been completed will definitely be commercialized in January 2028.

Kaushal: What is the dedicated capacity?

Puneet Kumar Sagaria – Chairman & MD: At present, there is no contribution from the CDMO projects to revenue, so the contribution is not relevant to revenue or the other parameters at this stage.

Kaushal: What is the existing capacity specifically reserved for the CDMO business?

Puneet Kumar Sagaria – Chairman & MD: We currently have a multipurpose plant with a capacity of {? 400 ton ?} per year. The new capex and expansion we are undertaking at the existing site will provide almost 4 times the capacity, along with 2 separate blocks and 8 new clean lines.

It is not the case that we have dedicated the plant exclusively to CDMO projects. We will also run the other products that we are developing, the DMFs we have filed, and the commercialized products in our basket. Therefore, there is no separate dedicated facility; the CDMO business will be part of our existing plant.

Kaushal: What is the typical EBITDA margin and asset turnover in this business?

Puneet Kumar Sagaria – Chairman & MD: For the CDMO business?

Kaushal: Yes, sir.

Puneet Kumar Sagaria – Chairman & MD: For the one molecule that is likely to be commercialized very soon, we expect a minimum EBITDA margin of 45–50%. For the other 2 products, it is too early for me to comment. After supplying the validation batches, we will have better clarity on their EBITDA margins and commercial prospects.

Kaushal: What revenue potential do we see from the CDMO business? You have given broad guidance of {? 800–900 ?} crores for FY29. What contribution from CDMO are we expecting in our

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overall guidance?

Puneet Kumar Sagaria – Chairman & MD: Kaushal, I am sorry, but it is too early to consider the contribution from those projects. Unless and until we have clarity on commercialization, it is difficult to provide guidance.

The first year will involve trial quantities, with a small quantity of approximately 2–3 metric tons, based on the clarity we have from the customer for the first product. For the remaining 2 products, even the validation batches have not yet been supplied. Therefore, it is too early for us to provide financial guidance regarding their contribution. I think we will have better clarity after Q3.

Kaushal: When will the revenue contribution from the CDMO business become meaningful?

Puneet Kumar Sagaria – Chairman & MD: It is a high-value product. It is a high-value product.

Kaushal: It would reflect from FY28 onwards, right? I mean, meaningful contribution.

Puneet Kumar Sagaria – Chairman & MD: I think this product will definitely contribute to the FY28 results. For the other 2 molecules, I think the contribution will come in FY29 because we expect their commercialization in the last quarter of FY28.

Kaushal: You said this is a very high-margin business. We currently have a 25% EBITDA margin. Is there scope for improving this margin to 30% or 32% in the near future once the CDMO business ramps up?

Puneet Kumar Sagaria – Chairman & MD: It depends on the product mix and the contribution from our existing products. If CDMO products contribute 20% and the other products contribute at a 25% margin, then a 20% revenue contribution from CDMO will not change the overall margin to 35% or more.

Kaushal: What is our vision? We are expecting a good contribution.

Puneet Kumar Sagaria – Chairman & MD: I think a sustainable EBITDA margin is approximately 27–28% under any circumstances.

Kaushal: Understood. Thank you very much for answering my questions.

Puneet Kumar Sagaria – Chairman & MD: Thank you, Kaushal.

Operator: We have a few questions in the chat box from an anonymous attendee. The first question is: “How much did you acquire {? Bizotic ?} and {? Apico ?} for, and at what valuation were these acquisitions completed?”

Puneet Kumar Sagaria – Chairman & MD: Let me check the exact figure because all these percentages and details are already in the public domain. The acquisition of {? Apico ?} and {? Bizotic ?} was completed in January.

In {? Apico ?}, we acquired 67.48% for an equity consideration of 5.4 crores. {? Bizotic ?} was acquired at a 56.6% stake for an equity consideration of 3.8 crores.

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Operator: The second question is: "We acquired {? Apico ?} with a 67.48% stake for 5.40 crores. How could we acquire such a large stake at such a low valuation?"

Puneet Kumar Sagaria – Chairman & MD: In {? Apico ?} Organics, there was no business. We acquired only the assets, including the plant, building, and machinery. The acquisition was almost at market value, and the stated value relates only to the equity.

In addition, there was an unsecured loan from the previous owners and promoters, along with other liabilities. Those amounts were deducted. Therefore, the net valuation is not reflected only in the equity contribution.

Operator: The third question is: "What is our status on finished dosage and Remember Health India, and what is the burn rate?"

Puneet Kumar Sagaria – Chairman & MD: It is not operational yet. I think it will become operational from October 1. At present, there is no burn rate because it is a brand-new unit with WHO-GMP certification and related infrastructure.

We have strategic plans for products for the semi-regulated or EU market, and the plant complies with almost all regulatory requirements. Therefore, there is currently no burn rate. From day one, we expect to be at least profitable or at the breakeven point because we already have sufficient business for the unit. We will not burn a single penny from day one.

Operator: Thank you. We have a question from Gaurav: "Three molecules are being developed for 2 global innovators. What stage have these molecules reached, and what is the expected timeline from development to commercial manufacturing?"

Puneet Kumar Sagaria – Chairman & MD: I think I have already discussed this. Would you like me to explain it again?

Operator: I think it would be useful. We have a question from {? Sai Dutt ?}: "Our current PAT margin is approximately 16%. What is the planned PAT margin for FY28 or FY29?"

Puneet Kumar Sagaria – Chairman & MD: I think the sustainable PAT margin would be approximately 12-13% on a conservative basis. We will also be growing our revenue, and we will add professionals to our team. Our capex is ongoing, and depreciation will also be taken into account. After considering all these factors, I think the sustainable margin would be 12-13%.

Operator: Another question from Gaurav: "You have filed 21 DMFs. How many have already generated commercial orders, and what percentage of these filings do you expect to convert into meaningful revenue over the next 2-3 years?"

Puneet Kumar Sagaria – Chairman & MD: Out of the 21 DMFs, we are currently selling approximately 8-9 products commercially. Of the remaining products, I think another 3-4 products will contribute over the next 2-3 years.

Operator: The third question from Gaurav is: "Receivable days are approximately 170-180 days. What is the target by FY28?"

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Puneet Kumar Sagaria – Chairman & MD: I think it will be approximately 130–140 days. The standard payment terms are 90 days, but no customer pays before 120–130 days. Therefore, we have to consider approximately 130–140 days as the most realistic and achievable receivable cycle.

Operator: We have 3 questions from anonymous participants. First: Does the FY29 revenue guidance of 800–900 crores include any revenue contribution from CDMO?

Management: I have already explained that it is a little early to comment on this. We may have better clarity after Q3.

Operator: The next question is: Are there any comments on the recent share-price movement, and what do we foresee in the future?

Management: I do not know what can be foreseen about the future. It depends on the market, investor and shareholder expectations, and Anlon's performance.

Operator: The third question is: Was the balance portion of Epicore acquired for more than 100 crores, with a time difference of 7–8 months, from a related party?

Management: No, it was not acquired from a related party. There is a compliance requirement that if any related party holds more than 5%, a mandatory open offer is triggered. There was no related party holding more than 5% in that case.

The acquisition was based on a valuation using the DCF method by a SEBI-approved valuer, along with the PAT and revenue generated at the time. The acquisition is taking place on that basis.

Operator: We have a question from Kaushal: "Who paid the debt? Is it part of our balance sheet after consolidation?"

Management: Debt related to what?

Operator: The question asks what the current total debt is in the consolidated balance sheet after the acquisition.

Management: In Anlon's balance sheet, we have 20 crores of cash-credit limits and approximately 3 crores of term loans. Apart from that, there is no other debt on the balance sheet. In Epicore and Bizotic, there are only cash-credit facilities. In Epicore, there is a small outstanding loan of approximately 2 crores. Other than that, there is no debt on the balance sheet.

Operator: I think Kaushal would like to ask a question. Please go ahead.

Kaushal: As you said, when you acquired Epicore, there was debt, which is why the valuation at which you purchased it was low. Once you acquired it—

Management: There was only an unsecured loan from the previous owners. Anlon paid that loan.

Kaushal: That loan was paid by Anlon itself?

Management: Yes, it was part of the arrangement under the intercorporate loan agreement.

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Kaushal: What is the current debt in our balance sheet after consolidation? [inaudible]

Management: I am sorry, Kaushal. Could you repeat the question?

Kaushal: What is the current overall debt in our balance sheet after the acquisition, and what is the cost of debt?

Management: As I explained, we have only 20 crores of cash credit in Anlon's books and approximately 3 crores of term loans in Anlon's books. Bizotic has no term loan. Epicore has approximately 2 crores of outstanding term loans. Apart from that, there is no debt in the books. The overall rate of interest is between 8.5% and 9%.

Kaushal: There is no overall outstanding debt currently in our balance sheet?

Management: There is debt in the overall consolidated balance sheet. I am telling you that the outstanding term loan is 2 crores and the outstanding term loan is 3.5 crores.

Kaushal: So the total is approximately 5 crores, right?

Management: Yes. The remaining amount is in the form of working capital facilities.

Kaushal: What is the cost of debt that you mentioned?

Management: It is between 8.5% and 9%.

Kaushal: The cost is 8.5–9%. Our business is quite working-capital-intensive. Do we expect any further increase in debt as the business grows?

Management: Based on our experience, the standard working capital cycle should be between 170–190 days. Below 170 days is extremely difficult.

Kaushal: Is the current cash-credit limit sufficient for further growth?

Management: It is sufficient at present. After the IPO, we will also have sufficient funds. As of now, it is sufficient to manage the business.

Kaushal: For the next 3–4 years, right?

Management: I do not think it will be sufficient for the next 3–4 years. At least for now, it is sufficient. If the business grows and additional working capital is required, we will explore the available options.

At present, we are at 380 crores, and you are referring to 900 crores with the same facilities. That is not practically possible.

Kaushal: That is why I am asking, sir. Once you—

Management: I am saying that I cannot confirm that the existing debt will be sufficient even for 900 crores. It must be understood that as the business grows, additional working capital will be required.

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Kaushal: That is why I am asking: once the business grows, what would be the major component? Would the major component come from debt?

Management: If that situation arises, we will evaluate the available options.

Kaushal: Okay, sir. Thank you.

Management: Okay.

Operator: Thank you. The next question is from Vedant. Please go ahead.

Vedant: Thank you for taking my question. I understand that you cannot comment on CDMO revenue yet because it is too early, but the 800-900-crore guidance you gave for FY29 does not include that revenue, right? That is the point I wanted to clarify.

Management: Vedant, at present, we have not considered this revenue in that guidance because we have sufficient clarity regarding the market for our products and their business opportunities.

We have not considered the CDMO project in the 800-900-crore projection because we currently have 3 or 4 other business verticals. We are doing quite well in industrial and fine chemicals and intermediates through Epicore. We are doing quite well in Bizotic in the domestic and {? Drug-reg ?} market.

We also have a strong opportunity in our existing products, such as Ketoprofen and Dexketoprofen. We see the possibility of becoming the world's largest manufacturer after the expansion, and the market opportunity is quite good.

Therefore, in the possible projection of 800-900 crores, we are not considering the CDMO projects. Based on the clarity we currently have for 1 molecule, we have considered that molecule, but apart from that, we have not considered the total revenue contribution of all 3 molecules in the 800-900-crore projection.

Vedant: The 2 molecules that you said would be commercialized next year could lead to a revision of both the top-line and bottom-line guidance, depending on the response you receive, right?

Management: Yes, we may have better clarity after Q3, once the validation batches are supplied.

Vedant: Thank you.

Management: Thank you.

Operator: We have one question in the chat box from Ronak: “What kind of threats do we see in the future that could impact the business apart from global war, such as competition or the entry of a new player? Do we also expect raw material prices to return to normal? If yes, would that improve our margins by 100-200 basis points?”

Management: At present, I do not think the threat is significant from the raw material side because that is not under anyone's control. However, as raw material prices increase, all manufacturers are increasing the prices of their finished products.

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The potential threat for us in the future would be a lack of regulatory compliance or a regulatory alert. Regarding our products, I do not think we are facing competition from China at present. We are among the largest players in our products, with the best pricing, best quality, and all the required regulatory compliances. Therefore, we are not seeing any significant threat from {? global before ?}.

If prices return to normal, customers will definitely ask for better pricing. Therefore, pricing will also decline proportionately if raw material prices normalize. However, based on our projections and the current situation, I do not think conditions will normalize that quickly, at least over the next 6 months.

Operator: We have a question from Jalpa Desai. Please go ahead.

Jalpa Desai: Hello. Good afternoon, sir. Can you hear me?

Management: Yes, Jalpa.

Jalpa Desai: I would like to ask about the incorporation in Nigeria. What are the prospects for your new subsidiary in South Africa?

Management: It is not South Africa; it is West Africa, specifically Nigeria. We are planning to start exporting our products to African countries, particularly in West Africa.

Nigeria is a significant market with strong potential for medicines and other pharmaceutical products. We have recently incorporated the company there to begin importing our products and distributing them in the local market.

We will establish ourselves in the market, try to become the importer of our products instead of depending on other distributors, and launch some new products in the African market from our manufacturing plant.

Jalpa Desai: Thank you, sir.

Management: Okay.

Operator: Thank you. If anyone has any other questions, please raise your hand. If there are no further questions, we will end the call. I request the management to give the closing remarks.

Management: Thank you, everyone, for your attention and for your questions. If you have any further queries or any questions that require a detailed explanation, please contact Arihant Capital. We will be more than happy to respond. Thank you, everyone.

Operator: I would like to thank the management and the participants on behalf of Arihant Capital for taking the time to participate and share insights about the company. If participants have any further questions, they can get in touch with the Arihant Capital team. Thank you very much for joining the meeting.

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Anlon Healthcare

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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