Symbiotec Pharmalab

Operator: Good day and welcome to the Q1 FY27 earnings conference call of Symbiotec Pharmalab Ltd., hosted by JM Financials. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements do not guarantee the company's future performance and may involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gaurav Bhama from JM Financials. Thank you, and over to you, sir.

Gaurav Bhama – JM Financials: Thank you, Aleric. Good evening, everyone. Good morning, everyone. On behalf of JM Financials, I welcome you all to the Q1 FY27 earnings call of Symbiotec Pharmalab Ltd. We are pleased to have with us the management, represented by Mr. Anil Satwani, Chairman and Managing Director, and Mr. Raghavendra Ramachandran, Chief Financial Officer. We will have opening remarks from the management, followed by the question-and-answer session. Thank you, and over to you, Mr. Anil.

Anil Satwani – Chairman & MD: Thank you, and good morning, everyone. I am Anil Satwani from Symbiotec Pharmalab Ltd. Thank you for joining us on our first earnings call to discuss the operational and financial performance of Q1 FY27. I am joined here by our CFO, Raghav, my colleagues Shubham Sabu and Kapil Mishra from our management team, my colleague Prakash Savlavani from the US, and our investor relations advisor from SGA.

On behalf of the entire Symbiotec family, I want to begin by thanking each one of you—our new shareholders, our bankers, our customers, our long-standing partners, and our employees—for the confidence that you have placed in us through our recent listing on BSE and NSE. We are very excited. Becoming a publicly listed company is a milestone 30 years in the making, and I am genuinely delighted to have this opportunity to share our story, our performance, and our path forward.

Let me start with where we come from, because I believe our history says a great deal about who we are today. I have been telling my story during the past few months and at our roadshows, but for the benefit of those who have not heard me before, I would like to start with my journey, which began in 1995 when I started out as a lab-scale manufacturer of steroid APIs. What began as a small operation grew through the commissioning of our first-ever industrial facility at Rau in 2004 into the company you see today.

Symbiotec is essentially a research-driven, science-based pharmaceutical and biotechnology platform. I am using both words—pharmaceutical and biotechnology—and as we move forward in this call, we will explain what our expertise in both spaces is about.

This pharma and biotech platform spans 3 verticals. Our major, present vertical is the API business, and the 2 new verticals that we have entered are biotech-driven CDMO services and the complex injectable space, as part of the forward integration that we have undertaken.

Over 3 decades, we have evolved from a few products and lab-scale operations into a backward-integrated, industrial-scale manufacturer with approvals from the US FDA, EU GMP, Japan PMDA, and other leading global regulators. As of today, we have a global position in the steroid and hormone API category.

Let me spend some time on our 3 verticals, one by one, because this is central to understanding where we are today and where we are heading. Symbiotec operates across these 3 complementary and interlinked business verticals: the API business, fermentation CDMO, and our complex injectable platform.

Please remember that more than 90% of our annual revenues for the current fiscal year are estimated to come from our main API business, which comprises steroid and hormone APIs, while the 2 new businesses are just about to take off. Please be mindful of this status.

In the API business, we are one of the few companies in the world that is fully backward integrated, starting from a vegetative source called sterols, which are essentially soybean-derived phytosterols. We work at the intersection of chemistry and biotechnology as 2 sciences, and our leadership rests on a portfolio of 60 corticosteroid and steroid hormone APIs, supported by 44 US DMFs and 25 CEPs from Europe, and we are still counting. Please remember that this represents one of the largest filings by a single steroid hormone API company in the world.

As I said before, we have a strong track record with the major regulatory agencies. In an industry where regulatory trust is the ultimate currency, I consider this track record one of the most valuable assets, alongside our technology and manufacturing scale.

This trust is also reflected in the breadth of our customer relationships. We serve more than 200 customers across more than 40 countries, including innovators, Big Pharma companies, and the world's leading generic and specialty pharmaceutical companies across North America, Europe, Latin America, and Asia.

What matters is not only the number of customers but also the durability of these relationships. Nearly 70% of our FY26 revenues came from customers that we have served for more than 7 years, and our average relationship tenure with our top 5 customers exceeds 10 years. There are also relationships with Big Pharma companies that have lasted close to 2 decades by now. In a business built in a highly complex and regulated environment, that kind of loyalty is very hard-earned, and we believe it is difficult to displace.

I should explain why this position is very defensible, because the numbers alone do not show everything. 20 years ago, we concluded that in steroid chemistry, the margins belong to whoever makes the precursors. We started as a company that was doing only a few steps of synthesis and was dependent on external suppliers from the US and China.

At that point, we were exposed, and we realized a long time ago that by buying intermediates, we would remain exposed to pricing and supply for as long as we stayed in the business. We therefore went backward into this chemistry and developed a cutting-edge, fermentation-based biotech platform, on which we worked for a decade. That gave us the flexibility to make-versus-buy across most of our portfolio, helping us protect our margins when input prices move.

Our major customers have qualified us as their primary API source in their filings and registrations. Replacing us would mean a very tedious requalification and refiling process, product by product and market by market, for an ingredient that represents a small part of their cost but a very large part of their risk. Therefore, it is difficult for them to displace us quickly.

It took me ages to get into these customers, and I can see that it would take ages for any competitor of ours to come and displace us.

If I have to summarize our API business in a few words, I would say that Symbiotec has built and maintained a very high-quality manufacturing system through decades of inspections by every major global regulatory agency. This has resulted in a very mature business with stable, recurring revenues from long-standing customer relationships. That is our steroid hormone API business.

Our second vertical is biotech CDMO services, where I believe some of our largest long-term opportunities lie. We are building on the same fermentation biotechnology platform that underpins our backward integration in the API business. Remember, we learned this biotechnology from 2008 through 2026, and we are putting this biotechnology effort into a newer space with a much larger addressable market opportunity for us.

This represents our CDMO-CMO services in both biopharma and biomanufacturing. These are still very early days, but we have made good progress in establishing trust among our partners and winning substantial contracts along the way.

To put it on record, first, we have signed a 5-year take-or-pay contract for insulin as a drug substance in the biopharma space. Second, in biomanufacturing, we have signed a 10-year take-or-pay contract with a US-based company for an alternative protein product. Third, we have signed a term sheet with a European company for another alternative protein product.

Our recently commissioned {? Pithampur ?} facility, which has a large fermentation scale of 400 kiloliters, is the starting base for our biopharma and biomanufacturing CDMO business. This spans precision fermentation. We can also look at nutraceuticals, functional foods, alternative proteins, and many other industrial biotechnology products, including polymers.

I want to be precise about what we are selling here. It is not just about selling fermentation tank capacity. Designing an organism is one skill, but running a plant that consistently converts a fermenter of broth into a finished, shippable product is a very different skill.

For any new synthetic biology company, especially one coming from the Western world, the journey from a successful laboratory innovation to a commercially viable product is often where the real challenge begins. They may have solved the science, but they still have to cross what the industry calls the valley of death.

This is the gap between proving that something can be made and proving that it can be made competitively and profitably at a commercial scale. We help these companies cross this valley of death by offering our capacity and capability in fermentation biotechnology. We have been running this fermentation under FDA and EU GMP inspection for years. We engineer our own plants, where we are already running our molecules successfully.

This combination of regulatory experience, process know-how, and engineering capacity is why our partners come to us rather than investing years of their own development time and substantial capital to build that capability themselves. This is where our scale and cost advantage become important.

Based on our market research and understanding, we believe that we are one of the lowest-cost providers in terms of capital cost per kiloliter of fermentation capacity because of the way we design and engineer our plants and leverage our existing infrastructure and capabilities. We are one of the lowest-cost providers in terms of capital cost per KL of fermentation capacity.

More importantly, our OPEX, or operating cost, is competitive. Our scale allows us to run fermentation and downstream processing at a very competitive cost per kilogram of product output. This means our customers can plug their innovation into our established biomanufacturing ecosystem, reach commercial scale, and potentially achieve an EBITDA-positive business model much faster.

We help them move from a loss-making P&L to an EBITDA-positive P&L. This is the path that we help them cross.

If I have to summarize our biotech CDMO opportunity, I would say that this is arguably the most exciting time for India to participate in a multi-billion-dollar TAM, or addressable market, arising directly from synthetic biology breakthroughs.

I personally believe that biomanufacturing is rapidly becoming one of the most consequential industrial shifts of our time. It matters to Symbiotec's story because of the capability and capacity that we have created in biomanufacturing.

To support my conviction, there are McKinsey and BCG reports estimating that more than 1 billion liters of fermentation capacity will be needed in the next decade or so, while we are still talking about only a few million liters today. Just imagine the true potential. The runway is there for us in the coming years.

Moving on, there is only so much time I can spend on each opportunity. Our third vertical is the so-called complex injectable business, which is part of our forward integration from APIs into finished products.

This is where we have built a highly differentiated, proprietary drug-device combination platform called dual-chamber vials and bags. This platform is typically referred to as ready-to-use and ready-to-dispense, or RTUs. The elegance of this format lies in what it eliminates.

Traditionally, administering any drug powder requires reconstitution with a separate diluent. It is a multi-step process that takes time and involves handling. When you switch to a ready-to-use, ready-to-dispense product, it reduces the risk of errors at every stage. It reduces contamination, reduces dosing errors, and reduces time pressure, particularly in emergency and critical-care settings.

Our dual-chamber system integrates the drug and diluent in a single, sealed device, enabling reconstitution within the device with fewer preparation steps and less handling. For hospitals and

clinics, this value lies in simpler preparation and a more efficient clinical workflow. That is the value proposition that already commands a substantial premium over conventional single-vial systems in the market today.

It is precisely this premium that transforms our economics. In short, we are not simply selling a better product. We are offering an incrementally innovative solution that moves us from being an API supplier to being a highly differentiated drug-device platform company. In doing so, we capture a far greater share of the value that we help create.

On the commercial side of the dual-chamber vial platform, in August 2026, we signed a term sheet with a very large US-based pharmaceutical multinational company covering products from this platform. The definitive agreement is at a very advanced stage, and we expect it to be signed in early Q3 FY27. We are just a whisker away.

Speaking of our investments, infrastructure, and capabilities, I consider our R&D capabilities central to our identity as a science-led company. Today, we operate from 3 dedicated R&D centers in Indore: first, an organic chemistry laboratory; second, a biotechnology laboratory; and third, a complex injectable R&D laboratory.

We have more than 150 scientists working with us, and we have consistently invested 3-5% of our sales in R&D over the years, reflecting a sustained commitment to innovation.

Regarding our manufacturing infrastructure, our existing API facilities at our Rau site and the Pithampur SEZ site have received cumulative investments of more than Rs.650 crores over the years. These facilities help us generate around Rs.900 crores of API revenue at an asset turnover ratio of approximately 1.5x.

Further, in pursuit of the growth momentum that we wish to maintain, we have invested close to Rs.1,000 crores in 2 new facilities: first, the Biotech CDMO large-scale fermentation plant; and second, the injectable facility at Mau. These facilities will serve as our future growth engines.

We should start seeing the first revenues from these new businesses in the next 6-12 months. We are only a few quarters away from generating revenues from the new businesses. Our immediate priority is to bring these investments into commercial production and earn returns on the capital already committed.

It is not only about technology, reactors, and fermenters. Often, it is about human resources. I want to recognize my team here. I genuinely believe that our team is as important an asset as the new facility or the product that we operate.

I have led this company since its inception in 1995 and have spent more than 30 years in this industry, but I am certainly not alone at the top. I am supported by an experienced senior leadership team. Our operational and technical leadership team across manufacturing, quality, R&D, regulatory affairs, and engineering carries an average of approximately 20 years of experience per person, with backgrounds at some of the most respected names in our industry.

This is the team that has seen how the best companies in the sector operate and has chosen to build its career here with us.

We have also been fortunate to be backed by institutional investors over the years, including Invesco and Motilal Oswal, with earlier support from Actis, Franklin Templeton, and the late Rakesh Jhunjhunwala. These investors believed in our story well before it reached the public markets.

I thank all of them. I am also very proud to say that the next generation—my children—is now involved in this business, and they are preparing to take the business to the next level. I am very excited that the next generation is already in the business.

Before I hand over this call to my CFO, I would like to put our current earnings in context. There are different ways to read the reports that we posted yesterday evening. Our reported earnings already include the expenses and depreciation arising from the new businesses, while the associated revenues are expected to begin over the next 6-12 months from these new businesses.

On the guidance front, I want to be very clear with our investors. With a high degree of confidence, based on our current visibility and business outlook, we are targeting 20% revenue growth and 25% EBITDA growth for the current fiscal year. This could vary by approximately 5 percentage points due to the global operating-environment uncertainties that we are all aware of today.

We are conscious that becoming a listed company is not an endpoint but a new beginning, one that comes with a new set of responsibilities for all of us. We intend to meet these responsibilities with the same discipline, scientific rigor, and long-term orientation that have guided Symbiotec for the past 30 years.

Thank you once again for your trust and your time today. I will now hand over to our CFO for a more detailed walkthrough of our financial performance, following which we will be happy to take your questions and engage in discussions. Thank you. Over to you, Raghav.

Raghav – CFO: Thank you, Anil, and a very warm welcome to everyone on our Q1 FY27 earnings call. Let me briefly cover the operational highlights before moving to the financial highlights.

In the API business, we recently completed a US FDA audit at our Pithampur site in August 2026. We have submitted our responses to the few procedural observations and are awaiting the EIR.

In the complex injectable business, we are pleased to announce that we filed the first molecule ANDA for DCB this month, and the filing of the second molecule is scheduled for Q4.

Regarding the licensing arrangement for these 2 DCB products in the US, the term sheet, as Anil mentioned, is already in place. The formal agreement is at a very advanced stage, and signing is expected soon.

In the Biotech CDMO services business, we have multiple customers onboarded to utilize our capacities. First, a 10-year take-or-pay agreement with a US-based alternative-protein company is already in place. Second, another 10-year take-or-pay term sheet with a Europe-based alternative-protein company is in place, and the agreement is also at an advanced stage, with signing expected soon. Third, we have a 5-year take-or-pay biopharmaceutical agreement for the supply of insulin drug substance.

Now let me take you through some financial highlights. Consolidated revenue for Q1 FY27 stood at Rs.218 crores, representing growth of 7% year-on-year. This revenue was largely contributed by our API business, with revenue of Rs.213 crores and growth of 6% year-on-year, driven largely by an increase in volumes.

Gross margins in the API business remained strong at more than 60% in Q1 FY27. API EBITDA for Q1 FY27 stood at Rs.66 crores, representing steady year-on-year growth of 9%, driven by sales-volume growth and a strong gross-margin mix.

Consolidated EBITDA for Q1 was Rs.45 crores, and net profit was approximately Rs.14 crores. This may not be a true reflection of our underlying profitability because of the expense drag from the new businesses, comprising approximately Rs.23 crores of operating expenses and Rs.11 crores of depreciation.

Such expenses in the corresponding quarter of the previous year were capitalized as pre-operative expenses without flowing through the P&L.

While we expect the first couple of quarters to remain uneven because of the drag from new-business expenses without corresponding revenue during the same period, we expect a very strong second half, supported by milestone cash flows and some small revenues from Biotech CDMO services in Q4.

Moving on, our net debt position as of June 30 stood at Rs.398 crores. With the recent IPO proceeds of Rs.142 crores, net of expenses, and considering further capex in the September quarter, our net debt as of today stands at approximately Rs.326 crores. Our capex for Q1 FY27 was approximately Rs.68 crores.

Lastly, before I conclude, I would like to reiterate that we will have invested cumulatively more than Rs.1,000 crores in capex for the new businesses, and revenues from this new capex are expected to commence in the next 6-12 months.

Thank you. With this, I shall now leave the floor open for the question-and-answer session.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on 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 comes from the line of Sayan Mukherjee with Nomura Holdings. Please go ahead.

Sayan Mukherjee – Nomura Holdings: Thank you for taking my question, and congratulations on a successful listing. My question is related to the fermentation business that you discussed in some detail. If you can give us some perspective from a 5-year standpoint, how should we think about the capacity ramp-up?

You mentioned that 3 contracts are already in place. Given the opportunity, how many such contracts do you expect to take on over a 5-year horizon, taking into consideration the limitations

on capacity and execution at your end?

If you can paint a picture from a 5-year perspective in terms of capacity and the revenue that we could expect from this business, and also explain how these 5-year or 10-year take-or-pay contracts typically work in terms of the upside and downside, how does that work in terms of the minimum level of contract value that you can receive and what the upside could be?

Please help us understand how to think about this business from a medium-term perspective. Thank you.

Anil: These are great questions, Sayan. I would first like to address the first part of your question, which is our visibility over the next 5 years regarding the capacities and revenues coming from large-scale fermentation.

Please understand that today we have created a capacity of approximately 400 KL. There is also biologics capacity over and above this, which we will discuss a little later. For now, let us discuss this large-scale fermentation capacity, which we essentially intend to use for our CDMO-CMO opportunities within biomanufacturing.

The agreements that we have already signed on the biomanufacturing side, together with the visibility we are receiving from customers with whom we have already shared or signed term sheets, indicate that if everything comes through, including the opportunity that is already at an advanced stage, we will have to build capacity approximately 4 times larger than the capacity we currently have.

For simplicity, let me divide this into Phase 0, Phase 1, and Phase 2. This is what we have included in our agreements so far. In Phase 0, our customers have to utilize our existing capacity. Because this capacity is not sufficient, we will have to proceed with Phase 1 and eventually Phase 2.

Phase 0 is not sufficient for our customers, given the nature of their products and the nature of the demand in the biomanufacturing sector that I was discussing. A large part of our capacity is already booked by some of these customers with whom we have signed agreements or term sheets.

When we discuss Phase 1, we are already talking about capacity approximately 4 times larger, which we expect to create over the next 2-3 years. This visibility is based only on the 2 existing customers with whom we have signed an agreement or term sheet.

Separately, we may be in advanced-stage discussions with more than half a dozen potential customers, each of whom could require capacity of millions of liters of fermentation. The kind of demand and traction that we are seeing is extraordinary.

This is what I was referring to earlier: this is one of the industrial shifts that I am witnessing and that the world will have to witness. We remain extremely bullish about the potential bio-manufacturing CDMO-CMO services, and we already have significant contracts in place.

What was the second part of your question? I missed the end of it. You wanted to know more about—

Operator: Sayan, please go ahead with your question.

Sayan Mukherjee – Nomura Holdings: Sorry, what was the second part of the question? My second part was that, based on the contracts on hand and the new contracts that you expect, and given that demand is very high, can you discuss the revenue potential in terms of numbers? For example, how much revenue can be generated per liter, if there is a benchmark that you can discuss?

Because these are take-or-pay contracts, what is the minimum revenue stream that we can expect even if the demand for these products does not meet the initial expectations? Please help us understand the range of revenues that can be generated from these investments.

Anil: In any manufacturing business, every revenue-generation opportunity can be linked to the capex that we undertake. As I said, we have undertaken capex of {? 1,000 crores ?}, of which more than Rs.500 crores has been invested in our biomanufacturing and biopharma fermentation facilities.

Based on asset-turnover ratios indicated by industry trends, the ratio should be greater than 1. I cannot provide a very specific asset-turnover ratio at this early stage of our biomanufacturing business, but I believe it will always be greater than 1.

As we move forward into Phase 1 and Phase 2, we will have to create capacity several times larger than the capacity we have already created. This means that we need to undertake more capex using our internal accruals and, of course, partner capital, because when we build large capacities for our customers, we also want them to have skin in the game.

That will come in due course. I cannot provide specific numbers for each of our contracts. All I can say at a high level is that each of these contracts represents a multi-million-dollar opportunity beginning from Phase 0 itself, which is our existing 400 KL facility.

Incidentally, every time a new contract or a new product comes in, we have to make certain adjustments to our facilities. The upstream part of biomanufacturing, which is the fermentation part, remains generally common. However, the downstream part can vary from product to product, and therefore we are modifying some of our downstream processes.

We are likely to see the start of revenues from our Biotech CDMO services, or biomanufacturing CDMO services, in Q4. However, it is in the next year that we expect to have a significant portion of these revenues. These will be multi-million-dollar revenues from each contract.

Unfortunately, because of the confidentiality of our agreements with our customers, we cannot discuss the specific contours in terms of revenues or the exact capacities that we have blocked for them. I hope this provides sufficient guidance: these are multi-million-dollar contracts with each customer, including Phase 0, which is our existing facility.

Sayan Mukherjee – Nomura Holdings: That helps, sir. My last question is on the API business. We have seen decent growth, with an improvement in gross margins. Are there any dynamics at play given the cyclicality that we typically see in APIs? How sustainable are these numbers, both from a growth and margin perspective, in the coming quarters and perhaps even going into FY28? Thank you.

Anil: Our API business is rock-solid. We have a strong global position in terms of the registrations, DMFs, CEPs, and customer qualifications that we have achieved across the globe. As I said earlier, it has taken us ages to get into these customers.

We have not yet reached all the customers we aspire to serve. We are still in the process, because it is a difficult business and it is very difficult to qualify with the existing multinational companies. Therefore, the game is still ongoing in steroids and hormones.

However, the business we already have is sticky in nature. These margins are helping us because we are one of the few backward-integrated companies that are not dictated by other suppliers. We have created a unique position for ourselves on the back of this backward integration, which we call make-versus-buy.

We can always make all the intermediates that we need, and we can also buy them if someone chooses to supply them on reasonable terms. This make-versus-buy model allows us to manage our margins, which are fairly predictable and foreseeable. I do not see any reason why this profile should change.

We have actually been consolidating our profit margins, as you have seen, because we are moving increasingly toward regulated markets and toward customers that give us long-term contracts for products that are more valuable than the others.

This shift in product mix and geographic mix is driving our margins, and we will continue to maintain gross margins of around 60%. We are currently higher than 60%, but I believe that 60% is the base at which we expect the business to continue.

Similarly, on the EBITDA line, we are very close to 30% margins, and this is what we would like to maintain. There will be some movement here and there because of global uncertainties. We do not know what may happen with logistics and shipping costs, or with solvent prices, which may move up and down in areas where we are not backward integrated.

We are backward integrated in the intermediates that we manufacture, but we do not manufacture solvents. Because of these global uncertainties, our gross margins and EBITDA margins may move by a few points from year to year. However, we are largely in control, and we seem to be improving our margins and EBITDA from time to time because of our increasing concentration on customer products that are more valuable than the others.

Operator: Participants, in the interest of time and fairness to others, please restrict yourselves to 2 questions. For any additional questions, you may rejoin the queue. The next question comes from the line of Tushar Manudhane with Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane – Motilal Oswal Financial Services: Thank you for the opportunity. On the DCV side, while you have provided visibility on 2 products, can you share how many more products beyond those 2 will be filed over the next 12-24 months?

Anil: We have already filed the first product, and the second one is expected to be filed in the next couple of months. That is on track.

We have prepared 5-6 different products that have already been developed. Very soon, we would like those products to enter the validation process, because by the time we receive our approvals in 2027-28, we will have sufficient time to validate the other products.

There are 5-6 products that have been developed and that will enter validation at the plant level very soon. However, we are not worried about the number of products. We are more concerned about capacity because the traction we are seeing and the estimates we are receiving from the partners who will distribute our products in this advanced market indicate that we may need to establish our second line very soon.

The capacity we have is already very limited, while the traction is substantial. Therefore, there are 5-6 products that have already been developed and will enter validation in the coming quarters. We may have to establish another line, which is a good problem to have once we begin selling and see how the brownfield expansion will take place.

This is where we remain confident that once the product is launched, we will need more capacity. Based on our estimates, the constraint at this stage is capacity, not the number of products. We are already ready with our product portfolio.

Tushar Manudhane - Motilal Oswal Financial Services: Understood, sir. On the Biotech CDMO side, there is mention of 600 KL of new capacity to be established. Is this related to the addition of a new customer, or is it for an existing customer, with 400 KL already substantially booked and 600 KL required as additional capacity?

Anil: As I said earlier, the 400 KL is booked, with a large part of it booked through our existing contracts. I call this Phase 0.

Phase 1 is what you are referring to—the 600 KL that we need to build as a brownfield expansion. This would typically require 15-18 months. Before it becomes operational, we would like to utilize our existing 400 KL capacity.

However, the 600 KL is for a customer with whom we have already signed a term sheet, and we should proceed with construction beginning in Q3 FY27.

Tushar Manudhane - Motilal Oswal Financial Services: Just one last question, if I may. Could you highlight the overall capex for the next 2 years, in addition to what has already been invested in the 2 new growth drivers, CDMO and complex injectables?

Anil: Our capex is a function of the visibility we have from our customers and our contracts. We already have visibility for Phase 1, and as soon as we complete Phase 1, Phase 2 is already visible.

Based on the visibility we already have, we believe that we will continue to invest approximately Rs.200-250 crores each year. If more opportunities come our way, we will have to be more innovative in determining how to fund those very large and optimistic capex requirements.

We want to reach that point, but given the traction we are seeing, we may have to accelerate our capex spending. The visibility I can currently provide, based on our operating cash flows, is a minimum of Rs.200-250 crores each year for the next 2-3 years.

As our surplus cash flows improve, we will undertake more capex. Ultimately, the amount will largely be dictated and governed by the contracts we sign with our customers.

These customers do not have many choices, given the economics we are offering them and our capabilities and capacity. I believe they are willing to wait another 15-18 months until the new facility is up and running for them.

Currently, we are utilizing our existing Phase 0 400 KL capacity to the best of our ability. This has become a form of bait: customers can use our 400 KL capacity while we build the new Phase 1 facilities for them in the interim.

We are doing this with multiple customers. We already have one customer that has signed an agreement, another customer that has signed a term sheet with the agreement around the corner, and a few more customers with whom we are in advanced-stage discussions.

Tushar Manudhane – Motilal Oswal Financial Services: Thank you for addressing the questions. All the best.

Operator: The next question comes from the line of Harith Ahmed with Avendus Spark. Please go ahead.

Harith Ahmed – Avendus Spark: Good morning, and congratulations to Anil and the team on a successful IPO. I have a couple of questions. The first is on the operating expenses from the new businesses, which you disclosed at Rs.23 crores for the quarter. How should we think about this number for the remainder of FY27? Should we expect this to remain at a similar level, or will there be an increase as we get closer to commercial supplies?

Anil: This is best answered by our CFO, Raghav. Over to him.

Raghav – CFO: On the expense run rate from these new businesses, the Rs.23 crores should more or less continue for the next 2-3 quarters. Similarly, depreciation is approximately Rs.11 crores. Subject to a small inflationary increase, this is a reasonable number to consider for each quarter.

Harith Ahmed – Avendus Spark: Thank you, Raghav. You mentioned expectations of certain milestones from the 2 new businesses in the second half. Can you share more detail on this? What exactly will trigger these milestones, and can you share any approximate numbers?

Apart from these milestones, are we expecting any revenues in FY27, perhaps from insulin drug substance supplies or DCV supplies in non-US markets? Please provide some detail on the revenue profile of the 2 new businesses.

Anil: Please understand that, given the confidentiality agreements we have signed with our customers, we cannot discuss the exact numbers. However, at a high level, I can tell you that the operating expenses from both our subsidiaries will be offset by the milestone revenues that we expect in Q3 and Q4, which constitute the second half in total.

You can do a simple calculation to understand what this means, as I cannot provide the exact numbers. All of this OPEX will be offset by the lumpy revenue that we expect in Q3 and Q4 as part

of the milestones. I believe that this balances the requirements of our confidentiality obligations with your need for information.

Regarding your subsequent question on insulin, we believe that the sales revenues from our biologics division will begin only in the next year, early next year. The plant is ready, and we are about to enter the validation stage, but we also need to conduct certain stability studies and obtain approval from the DCGI.

This is the case even if we do not have to conduct clinical trials, because we are working as a CMO for some existing biologics companies in India. Therefore, we do not have to go through clinical trials, but approval from the DCGI is definitely a formality that must be completed.

We expect this process to take time. We do not expect all of this to happen in the current fiscal year. Hence, revenues from our biologics division are likely to begin in the early part of the next fiscal year.

Sayan Mukherjee – Nomura Holdings: That is helpful, sir. I will get back in the queue.

Operator: Thank you. The next question comes from the line of Sagar Tanna with Alchemy Ventures. Please go ahead.

Sagar Tanna – Alchemy Ventures: Can you tell us how much capex we have incurred for the API business and when it is likely to begin generating commercial revenues for us?

Raghav: Sagar, this is Raghav. Regarding the API business, we have invested approximately Rs.640 crores, which represents the gross block as of June 30. If you look at our numbers, this is already generating revenue of approximately Rs.800–900 crores.

Therefore, the API business is already generating revenue. It is the new businesses that we were discussing where revenues are expected to begin in the coming 6–12 months.

Sagar Tanna – Alchemy Ventures: What is the current capacity utilization in the API business?

Raghav: It is approximately 70–80%, Sagar.

Sagar Tanna – Alchemy Ventures: Understood. Thank you.

Operator: Thank you. The next question comes from the line of Anubhav Sahu with McPro Research. Please go ahead.

Anubhav Sahu – McPro Research: Many thanks for the opportunity. First, I wanted to clarify the guidance. Anil, when you mentioned 20% to 25% growth in revenue and EBITDA, I assume this is at the consolidated level. Could you also provide some perspective on the net-profit trajectory that you expect?

Anil: Yes, it is on a consolidated basis. For further detail, I would ask Raghav to respond.

Raghav: We have provided EBITDA guidance of approximately 25%. Regarding PAT levels, one needs to keep in mind that there is also a depreciation drag, in addition to the OPEX drag before

EBITDA. This drag will slightly reduce the percentage growth in PAT compared with the previous year.

However, if you look at cash PAT, which is PAT plus depreciation, the growth is above 25%, as Anil mentioned for EBITDA.

Anubhav Sahu – McPro Research: Understood. Secondly, we are on the verge of another increase in capex intensity. The presentation indicates 600 KL, which you also clarified would come in over the next 15-18 months.

Could you provide the capex outlay for this particular initiative? Is it for one of the 3 customers—one of the 2 contracts or the one term sheet that we have highlighted—or is it something new?

Anil: It is for these contracts. The 600 KL is the Phase 1 expansion. We will use part of our internal accruals to fund it. In addition, because we want our customers to have skin in the game, that is our business model in the CMO business, and a substantial part of this capex will also be funded by these companies.

We do not operate as a typical moving-door CMO or CDMO services company. We are talking about very sticky relationships because all these are new products and new technologies, and we are specifically building these large-scale fermentation volumes exclusively for the customers, on an exclusive basis.

Therefore, we need their contribution. A substantial part of this capex is being funded by these companies, while we are also putting our own skin in the game. It is a combination of our internal accruals and the capital contributed by our partners.

Anubhav Sahu – McPro Research: Would there also be some kind of revenue sharing in cases where the customer contributes capital?

Anil: This is a CMO service, and we are not going to share any profit. It is time-based: they pay for the time they use, and the facility is exclusively for them for multiple years.

These are take-or-pay agreements under which they have to utilize our facilities. Even if they do not utilize them, they have to pay us. These are typical take-or-pay contracts. There is no profit sharing here. We charge them for our time and services.

Anubhav Sahu – McPro Research: Understood. One last question: could you provide some detail on the milestone payment? I believe it is for the {? DCG ?} business. What is the frequency, and can you quantify what we should expect over the next couple of years?

Anil: As I said earlier, because of the sensitivity surrounding the confidentiality agreements we have signed with our customers, we are not permitted to discuss the specific numbers or terms and conditions in the agreements.

All I can tell you is that, given the nature and quantum of the milestones, we will offset all our OPEX for the current year. You can do the calculation and determine what that means. It is substantial.

Anubhav Sahu – McPro Research: Thank you for this. Thanks a lot.

Operator: Participants, in the interest of time and fairness to others, please restrict yourselves to 2 questions. For any additional questions, you may rejoin the queue. The next question comes from the line of Kartik Bane with Bajaj Life. Please go ahead.

Kartik Bane – Bajaj Life: Good morning, sir. Thank you for the opportunity. I have a question on complex injectables and CDMOs. Were any revenues recognized from these 2 businesses last year, and why was no revenue recognized in this quarter?

Raghav: Regarding the CDMO and injectable businesses, there were a few milestone revenues that we recognized in the previous year. Please note that these milestone revenues are not consistent quarter-on-quarter. They are periodic, and between years you do receive them.

Last year, we recognized approximately Rs.33 crores in Q4, and you would see that in the numbers. This year, in Q1, we have not had any revenues from the CDMO and injectable businesses.

Kartik Bane – Bajaj Life: My second question is regarding the guidance for R&D as a percentage of sales.

Raghav: We have consistently invested approximately 3-4% of our sales in R&D, and we expect this to continue, probably with a slight increase to approximately 5% in the future.

Kartik Bane – Bajaj Life: Thank you very much.

Operator: Thank you. The next question comes from the line of Raj with Arjav Partners. Please go ahead.

Raj – Arjav Partners: Hello, am I audible?

Operator: Yes, Raj. Please go ahead.

Raj – Arjav Partners: When do you expect the launch of the generic version of Premarin in the API division?

Anil: That is an interesting question. There are many regulations around this challenging molecule. While we may have completed our part in terms of API development, which is a breakthrough in itself, our partner has to address formulation development, because this is where the responsibilities are divided.

We develop the API, and our partners develop the formulation. Once they develop it and eventually submit it to the FDA, we will know whether the FDA has granted approval and how quickly that may happen. This is difficult to predict because we have completed our R&D work, but we have no control over formulation development.

At this point, I cannot provide any guidance regarding the timeline for the launch of Premarin's generic formulation.

Raj - Arjav Partners: Two years from now, in FY29, what would our sales composition look like? How much of our sales would come from the API segment? I mean, what would the composition be?

Anil: As I said, we are looking at high-single-digit growth in our API segment. It is not flat, but it is also not growing dynamically. It is growing at a high-single-digit rate.

Technically, it can grow much faster, but we prefer to present a conservative view. If you do the simple calculation based on high-single-digit growth over the next several years, you can determine what the API-business revenue would look like.

At present, the API business represents almost 100% of our revenue, or more than 90%, to be precise. As DCB sales begin and our {? CDMO Biotech ?} business starts generating revenue, this percentage will decline.

However, looking forward over a 5-6-year period, this should definitely be less than half.

Raj - Arjav Partners: Thank you.

Operator: Thank you. The next question comes from the line of Rohan Compani with JM Financial. Please go ahead.

Rohan Compani - JM Financial: Thank you for taking my question. My question is about the 2 new businesses, CDMO and injectables. What gross margins and steady-state EBITDA margins should we expect once these businesses reach mature utilization?

Anil: As you have seen, we do not like to provide direct guidance on forward-looking EBITDA and gross margins. However, I can discuss the industry trend in the complex CMO and complex injectable spaces.

Typically, the industry trend is for gross margins above 70% and EBITDA margins above 35%. Since we are in the same area, with a highly differentiated fermentation biotech CMO business and a highly differentiated device called the dual-chamber platform, we believe that we should have a similar margin profile. I hope that satisfies your requirements at this point.

Rohan Compani - JM Financial: Thank you very much. All the best.

Operator: Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Anil: First of all, thank you very much for your time and attention. No one has seen the future. I can only estimate and envision my future, but I can tell you that the excitement of running the Symbiotec model, particularly for me, has never been as high as it is today.

Why? Because I continue to believe that we have implanted the DNA of success—the DNA that we learned and that earned us this global position in our steroid hormone and complex business—into 2 new verticals with significantly larger addressable markets. The kind of traction—

Management: The excitement we see is unprecedented. The next generation coming into the business has also injected another level of excitement for me.

We remain very excited and very committed to delivering value for all our shareholders. Thank you for all your support. We will continue to come every quarter with, hopefully, more exciting and more valuable information that will transform this business into entirely new orbits.

Thank you, gentlemen. Thank you for your time and attention. I appreciate it.

Operator: Thank you, sir. Ladies and gentlemen, on behalf of JM Financials, that concludes this conference call. 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.