CONCORD BIOTECH LIMITED

B-1601-1602, B-wing Mondeal Heights, Iskcon Cross Road, S. G. Highway, Ahmedabad-380015, Gujarat.
Phone : +91-79-68138700 Fax : +91-79-68138725 CIN No.: L24230GJ1984PLC007440
Email ID: complianceofficer@concordbiotech.com

August 18, 2025

To	To
The Manager, Listing Department **National Stock Exchange of India Ltd.** Plot No. C/1 G Block, Bandra-Kurla Complex, Bandra (East), Mumbai -400 051 Symbol: CONCORDBIO	General Manager, Listing Department **BSE Limited** Phiroze Jeejabhoy Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 543960

Dear Sir/Ma'am,

Subject: Transcripts of Q1 FY26 Earnings call held on August 11, 2025

In continuation of our letter dated August 11, 2025 regarding Audio recording of the Un-Audited (Standalone and Consolidated) Financial Results of the company for the First Quarter ended June 30, 2025, Earnings call for Investors and Analysts and pursuant to Regulation 30 (6) of the SEBI (Listing Obligations and Disclosure Requirements) 2015, the transcripts of the Earnings call for the said period enclosed herewith and available on the website of the company at the following link after sending this letter to you. Also please note that this transcript and the audio recording of the call, both have been uploaded on our website as follows:

https://www.concordbiotech.com/investors

Kindly take the same into your records and oblige.

Thanking you,

Yours faithfully

For Concord Biotech Limited

Hina Ronak Patel
Digitally signed by Hina Ronak Patel
Date: 2025.08.18 18:14:06 +05'30'

Ms. Hina Patel
Company Secretary and Compliance Officer

Encl: as above

“Concord Biotech Limited

Q1 FY '26 Earnings Conference Call”

August 11, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11th August 2025 will prevail.

MANAGEMENT: **MR. SUDHIR VAID – CHAIRMAN AND MANAGING DIRECTOR – CONCORD BIOTECH LIMITED**
MR. ANKUR VAID – JOINT MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CONCORD BIOTECH LIMITED
MR. LALIT SETHI – CHIEF FINANCIAL OFFICER – CONCORD BIOTECH LIMITED
MR. PRAKASH SAJNANI – ASSISTANT VICE PRESIDENT-ACCOUNTS & FINANCE – CONCORD BIOTECH LIMITED
SGA – INVESTOR RELATIONS ADVISORS

MODERATOR: **MR. SUMIT GUPTA – CENTRUM BROKING**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call of Concord Biotech Limited, hosted by Centrum Broking. Please kindly note that this conference call may contain forward-looking statements about the company, which are based on the beliefs, opinion and expectations of the company as of date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I would now hand the conference over to Mr. Sumit Gupta from Centrum Broking. Thank you, and over to you, sir.

Sumit Gupta: Thank you. Good evening, everyone. On behalf of Centrum Broking, I welcome you all to the Q1 FY '26 Earnings Conference Call of Concord Biotech Limited. Today from the company, we have with us Mr. Sudhir Vaid Chairman and Managing Director; Mr. Ankur Vaid, Joint MD and CEO; Mr. Lalit Sethi, CFO; and Mr. Prakash Sajnani, AVP, Accounts and Finance.

I would now like to invite Mr. Sudhir Vaid, Chairman and MD for Concord Biotech, to give his opening remarks. Over to you, sir.

Sudhir Vaid: Good evening. Everyone, and thank you for joining us on our Q1 FY '26 Earnings Conference Call. We reported a stable performance this quarter with revenues at INR 204 crores, impacted mainly by revenue lumpiness. The preceding quarter had exceptionally high sales and historically, such strong quarters are followed by relatively softer ones. While this pattern persists, we remain confident in achieving our long-term goals.

On the EBITDA front, the decline was primarily on account of commercialization costs of our new injectable facility in Valthera, which affected EBITDA and margins. We have a robust pipeline of products and have started taking validation batches of these products. Excluding the injectable facility cost, the EBITDA margins stood in line with the same quarter last year. Overall, Q1 FY '26 reflects the successful execution of several key strategic initiatives.

Notably, we received approvals from the US FDA to market teriflunomide tablets, 7 milligram and 14 milligram for the treatment of relapsing forms of multiple sclerosis in the United States. This is an important addition to our portfolio and underscores our commitment to bringing high-quality therapies to global markets.

Over the past few months, our facilities have successfully cleared inspections by the US FDA, EU GMP and Russian GMP authorities, reaffirming the strength of our quality and stringent manufacturing standards. These approvals position us to ensure uninterrupted supply to global markets without regulatory hurdles.

We have further strengthened our presence in the US through the incorporation of Stellon Biotech, Inc., which will focus on the marketing, distribution and commercialization of Concord

Biotech pharmaceutical and biotech products in the US market. Stellon will manage end-to-end commercial operations, and it may also collaborate with third-party partners for marketing their products in the US.

This will not only establish a direct commercial footprint in the US, but also support our broader objective of expanding market access and unlocking greater value from our product pipeline across key global markets.

Additionally, we incorporated Concord Lifegen Limited as a wholly owned subsidiary to further strengthen our domestic marketing, sales and distribution capabilities for pharmaceutical products. This move will allow us to establish a sharper market focus, enhance customer engagement and create a stronger brand presence in India.

Last quarter, in March '25, we successfully commercialized operations at our new injectable facility situated at Valthera. This advanced plant has been meticulously designed and constructed in line with stringent international standards. It reinforces our commitment to delivering high-quality products consistently and further strengthens our manufacturing capabilities.

Moving ahead, we will continue to pursue strategic investments as opportunities arise. While advancing our product pipeline and seamlessly driving our R&D initiatives, we remain focused on expanding our API, formulation and CDMO business, delivering high quality products, maintaining global standards and securing regulatory approvals. These efforts position us as well to capture growth opportunities effectively. We are confident that we are poised to accelerate our business growth.

Thank you. With this, I hand over the call to Mr. Ankur Vaid, Joint Managing Director and CEO of Concord Biotech Limited. Thank you.

Ankur Vaid: Thank you, sir. Good evening, ladies and gentlemen. We reported a moderate quarter with revenues down 5% to INR 204 crores. I would like to highlight that our business is best evaluated on a long-term or at least on an annualized basis rather than quarter-on-quarter. The lumpiness can stem from changes in customer procurement patterns or sales spillover into subsequent months due to approval timelines. This quarter was one such example of that lumpiness. However, our long-term growth strategy story remains intact.

Notably, our EBITDA and PAT registered a decline primarily due to the commencement of our injectable facilities at Valthera. These initial costs are expected to weigh on EBITDA margins until revenue from the facility scales up gradually through FY '26. However, excluding these start-up costs, our EBITDA margins stood at approximately 37%, in line with the same quarter last year.

Moving on to the segmental performance. In Q1 FY '26, our API revenues stood at INR153 crores, reflecting a 10% year-on-year decline. As I mentioned earlier, customer procurement patterns can be uneven, and this often leads to quarterly fluctuations. A full- year view provides a far more accurate picture of the underlying performance of our API business.

On the formulation side, revenue grew 12% year-on-year, reflecting healthy traction in the segment. During the quarter, we commenced operations at our injectable facility in Valthera. We expect this segment to start contributing to the revenues in FY '26, with a full ramp-up anticipated over FY '27 and FY '28. On the regulatory front, we continue to enhance our compliance and preparedness across all facilities.

We are pleased to report the successful completion of multiple key inspections at our API manufacturing facility in Dolka, Gujarat. During the period, our API facility in Dolka underwent an inspection by the US FDA, and we are pleased to report that we have received the EIR report from the US FDA for this inspection, further affirming our ongoing commitment to regulatory compliance and operational excellence.

This facility was also successfully inspected by European GMP conducted from July 14 to July 18, 2025. Additionally, this facility passed the Russian GMP inspection held from July '22 to July 25, 2025. These achievements underscore our commitment of upholding the highest standards of quality, safety and regulatory compliance across all aspects of our operation. It reflects our dedication to excellence and our continued focus on meeting the rigorous requirements of global regulatory authorities.

Moving forward, our global expansion efforts continue to gain momentum. We have now filed over 138 DMFs and secured approvals for our ANDAs across key international markets, further enhancing our product reach and customer base. From a strategic standpoint, the incorporation of Stellon Biotech and Concord LifeGen will provide growth opportunities in US and India and further strengthen our position in these markets.

We continue to focus on manufacturing niche and complex products with limited competition. Currently, we have a portfolio of 30-plus products with several more under development. Our strategy is to leverage our technical expertise to swiftly capture market opportunities and increase our market share.

Concord remains one of the few companies globally producing more than 30 fermentation APIs across multiple therapeutic areas, including immunosuppressants, oncology, anti-infectives and antibacterials. Supported by a robust R&D engine, we are consistently expanding our molecule portfolio to strengthen our long-term growth trajectory.

In Q2 FY '26, we marked a significant milestone in our diversification strategy by initiating sales of our CDMO business to the US market. We view the CDMO segment as a high-growth opportunity for Concord Biotech, driven by increasing global demand for dependable, high-quality manufacturing partners.

Our team are actively collaborating with more innovators and largely generic pharmaceutical companies on projects ranging from early-stage development to commercial- scale supply. Encouragingly, we are receiving and responding to a growing number of RFQs, and we remain optimistic about the future prospects of this vertical.

We currently have commercialized CDMO project and have started our sales to them in Q2 FY '26. We are also currently in advanced discussions with several potential clients to expand our

CDMO engagement. Backed by our proven technical capabilities, strong compliance track record and expertise in handling niche and complex products, we are well positioned to secure a meaningful share in this growing market. Over the medium term, we expect the CDMO business to become a significant contributor to our overall growth and to further strengthen our relationships with leading global pharmaceutical companies.

With this, I hand over the call to Lalit Sethi, our Chief Financial Officer, for financial and operational performance. Thank you.

Lalit Sethi: Thank you, sir, and good evening, everyone. Let me take you through the financial and operational performance for the quarter. On the revenue front, our revenue for Q1 FY '26 stood at INR 204 crores as compared to INR 216 crores in the same period last year, 5% less in this quarter.

Revenue from the API business stood at INR 153.8 crores against INR 171.1 crores in Q1 of last year, down by 10% Revenue from the formulation business has grown by 12% in this quarter from INR 44.8 crores to INR 50.2 crores. And revenue from the domestic and export businesses are less by 5% in quarter 1 of this financial year as compared to the same period last year.

Speaking on EBITDA, EBITDA for this quarter stood at INR 61 crores as compared to the INR 81 crores in the Q1 of last year and EBITDA margins for this quarter stood at 30.1% against 37.7% in the same period last year.

As mentioned, the cost related to the commercialization of our new injectable facility has temporarily impacted EBITDA. However, as revenue from the facility scales up, we expect to benefit from operating leverage, which will enhance overall EBITDA and margins. Excluding this, our EBITDA for the quarter stood at approximately 37%, consistent with quarter 1 of last year. On the profit after tax, our profit after tax for this quarter stood at INR 44 crores as compared to the INR 60 crores in the same period last year. Our PAT margins for this quarter stood at 21.6%.

So with this, I shall now leave the floor open for question and answer.

Moderator: The first question is from Yagnam Pathak, Asian Market Securities.

Yagnam Pathak: So the cost impact you have seen with respect to the Valthera facility,is some back calculation around INR 14 crores. So firstly, is it a nearby figure? And if you can, please quantify how much of it would be personnel cost?

Ankur Vaid: So yes, around INR 12 crores to INR 13 crores is the expense that is related to the injectable facility.

Yagnam Pathak: Okay. And are any one-offs included in this?

Lalit Sethi: Out of it, INR 4.27 crores is on account of the employment cost. Power and fuel are around INR 2.77 crores and remaining is the other expenses.

Moderator: The next question is from the line of Maitri Seth from Choice Institutional Equities.

Maitri Sheth: I just have a couple of questions. One is on the export revenue. So I just wanted to understand how much of it is coming from the US. And second is given that we are still in line to achieve our EBITDA margin guidance, could you just throw some color on by which quarter we can expect these increased expenses to normalize?

Lalit Sethi: So as far as the bifurcation of exports revenue is around 45% of the total revenue is exports and 55% is domestic. Out of the export revenue, around 15% % is to the US and 30% is to the rest of the world.

Maitri Sheth: Okay. Secondly, on the EBITDA, if you could just give some idea?

Lalit Sethi: EBITDA, as I mentioned to you, this time, it is impacted because of the commercialization of the injectable plants. Excluding this commercialization and the start-up cost, it will be in line with what it was in the same period last year. So it was 37% last year. So this year also it stood at 37%.

Moderator: The next question is from the line of Vivek Agarwal from Citigroup.

Vivek Agrawal: Ankur, just as far as the dip in this quarter in API business is concerned, is it mainly driven by quarterly fluctuation in procurement, etcetera? Or is there any impact of pricing headwinds as well, right? Because multiple companies, especially in the API space, are reporting some kind of headwinds as far as generic pricing is concerned?

Ankur Vaid: So this is primarily on account of, as mentioned earlier, Vivek, it is on account of the lumpiness in the business that we have seen because of the heavy quarter 4 because, again, we are anticipating that the customers would be having some bit of inventory in their hands, because of which we have seen that lumpiness in quarter 1.

Vivek Agrawal: So that is the reason because of which we have seen this. And how is the pickup that is happening in the new Limbasi facility and especially in the onco and anti-infective segment, if you can throw some light?

Ankur Vaid: So oncology is only being catered to in Unit 1. We do not have oncology at the Limbasi facility, but the Limbasi facility is picking up quite well because most of the new products will be getting validated and commercialized from the new site only. So last year, we did Nystatin. So that was manufactured at Unit 3 only.

We have a couple more products that we are looking at commercializing this year. And those would also be coming from Unit 3 only. So as we start building more molecules, as more molecules become commercial, that will further help us kind of optimally utilize this Limbasi facility.

Vivek Agrawal: And Ankur, just if you can throw some more light on the CDMO contract as well as, I think, the commercial supplies that you bring in this particular quarter, right? So that would be helpful. So how much or what kind of revenue ramp-up can be expected in, let's say, over the next couple of quarters? And what type of product is this? And what are the customers, whether that's a generic customer or the innovator customer. So that would be helpful.

Ankur Vaid: So they are a midsized innovator company that have recently launched the product. So it's a new product that they've launched. And we have catered to one of their orders. We have a couple more, which are already there in the pipeline, so they would be executed also. So it's picking up quite decently.

However, we don't have the forecast from them because, as I said, they've just launched the product. And we anticipate that some kind of a forecasting will be provided to us by next financial year. And this year is going to be more about getting the product onto the market and seeing how the product moves. But so far, the response from the market has been good.

Vivek Agrawal: So this is a product launched by an innovator company very recently?

Ankur Vaid: Correct.

Vivek Agrawal: Okay. And it is there in the human health, right, rather than any veterinary or ag chem, etcetera?

Ankur Vaid: This is also in vet.

Moderator: The next question is from the line of Sumit Gupta from Centrum Broking.

Sumit Gupta: Can you let us know about the new molecules, which we are working on currently?

Ankur Vaid: So currently, we are working mostly on the antibiotic segment and oncology segment. As I mentioned earlier, we have close to around 10 to 12 products that are there in the pipeline. And a couple of them are at a relatively advanced stage. So we are expecting around 2 to 3 molecules, a couple of them through antibiotics and maybe 1 molecule or so from the oncology.

Sumit Gupta: Okay. So what can be the market size, the potential market size of this?

Ankur Vaid: The potential market size for each product, I can come back to you with the exact numbers because, again, IMS doesn't provide it at the API level. But I would say this would put together all the three products, I would say, close to around $500 million to $700 million. And on all of these three products, again, the same thing is there wherein you have maybe two or three - player market with limited competition coming in.

So they are, again, both complex niches. Even though it is the antibiotic space, these are again complex niche molecules where around 2 or 3 players are there. Similar in case just like Nystatin. If you see Nystatin, which we launched last March, filed the DMF, it is also an antibiotic, but there are only two players, both of them from Europe.

So that gives us a lot of advantage with the kind of scale that we have, the expertise that we have and the approvals in place. So a similar kind of thing we are seeing in these 2 or 3 molecules that we are looking to kind of launch in this year.

Sumit Gupta: Understood, sir. And the second question is on the injectable facility. So what kind of ramp-up can we see for this facility? So as we have discussed previously also in other calls, this year is going to be more about launching in the domestic markets only. So while filing for the emerging markets. So for this year, we have already taken validation batches for a couple of our products

in the first quarter only. We have a couple more products that are lined up for validation in quarter 2 and quarter 3.

So we'll take our validation batches, we'll be catering to the Indian market and then be filing in the emerging markets. And somewhere by end of the next financial year is when we will see commercialization of products in the emerging markets. So that is with respect to the ramp-up when you see it from the emerging markets. But now that we are fully integrated in the injectable space, we see ample opportunities even in the domestic.

So we are just seeing how things would move and Concord Lifegen and all these are ways to kind of keep further penetrating into the Indian market more and more. So much of the groundwork is there in place now so that we can kind of move more aggressively into the injectables market even in India because we have the APIs and the front end is already there. And now that we are manufacturing ourselves, we'll have a fully integrated approach to cater to the markets.

Moderator: The next question is from the line of Alankar Garude from Kotak Institutional Equities.

Alankar Garude: Sir, firstly, can you provide the capacity utilization across all the facilities?

Lalit Sethi: Yes. In the Dholka unit, in this quarter, the capacity utilization is 75%, and in Valthera unit, it is around 26%, and for the Limbasi, it's around 57%

Alankar Garude: Sorry, can you repeat the number for Limbasi again, sir?

Lalit Sethi: Limbasi, it is 57% for Valthera, it is 26% and for Dholka,75%.

Alankar Garude: Okay. Sir, two questions then as follow-ups. One is on Limbasi, we were at 40% in the fourth quarter, which has increased to 57%. So I mean, how should we read this considering that API sales have declined even on a sequential basis?

Lalit Sethi: Last year, we were at 50%, not 40%. It was 50%.

Alankar Garude: So you are saying in the fourth quarter FY '25, the previous quarter, not last year, we were at 50%.

Lalit Sethi: . Yes, we were at 50%. To be precise, it was 52.62%.

Alankar Garude: Okay. Fair enough. And the second question linked to this is, if you look at Valthera, there, the utilization levels have dropped. Does this include the injectables capacity as well?

Ankur Vaid: No, no.

Alankar Garude: So in that case, was there any impact of this lumpiness on the formulation sales as well in this quarter?

Ankur Vaid: So lumpiness, I would say, is very much there in the formulations. But it could be that certain material that has been manufactured and shipped by Sea has not been considered in the sales. So

like, a cutoff in sales could be because when we supply to LatAm and to the US, we see. So it could be that some portion of that could be on account of that.

Alankar Garude: Understood. The second question was on pricing. Now you mentioned that this decline of 10% year-on-year is predominantly due to the uneven customer pattern procurement patterns. But just on pricing, would you like to comment on whether pricing has been stable on a Y-o-Y as well as on a Q-o-Q basis? And broadly, given that we have offered price discounts to customers who have a higher volume offtake, is that something that continues for us? Or have we seen any change as far as those patterns are concerned?

Ankur Vaid: No. So when we are working with customers across different geographies, prices to many of our customers remain relatively the same. However, when we are entering into newer accounts or we are entering into newer products, say, for example, nystatin or Voclosporin, at those times, for those opportunities, the prices could be different because let's say, you are entering as a second- source supplier into certain accounts; the price expectations, given that they are larger in volumes, could be different.

So it depends upon market to market. It depends upon customer to customer. But whenever you are entering as a second source, be it for your existing or newer products, there could be some pricing benefits that we have to give to the customers. Now that pricing could be above our average price or could be lower.

But the impact of that, I would say, could be at times relatively lower given that we have a much, much larger base. So the impact may not be significant enough. But that is something that for future businesses with the newer opportunities with newer products, new customers, something that we do on a case-to-case basis.

Alankar Garude: Got it, Ankur. Just one question here is, I mean, given that there are no new launches as far as immunosuppressant are concerned, would it be fair to say, given your comments, that pricing in immunosuppressant is more or less stable. And for the other therapeutic areas, as we expand our presence, possibly pricing can move a bit depending on some of the new clients that we are targeting?

Ankur Vaid: I wish, Alankar, I could say that prices will remain stable for years to come. But as markets change, for now, things look stable. But I cannot say how markets would do or how markets would behave. The only way to counter any of these kinds of price impacts that may come is through your R&D development.

So we keep investing in our R&D for our existing products also so that maybe if not today, tomorrow, something comes up, we are able to kind of absorb any of the pressure that may come. So that is the only way that we have to kind of work towards products that are well catered to and well-addressed to the market.

And also, given that, as I mentioned earlier, we have 30%, 40% of the world market share, we still have another 40%, 50% to target. So many of those opportunities, we are already targeting in different geographies for which we have already undergone regulatory inspections. We have done the filings in those markets, and we are awaiting approvals in those markets. Now that can

happen in this year or in subsequent years, we have to see that. But whenever that opens up, that will also help us increase market share even in our existing products.

So we know which are the customers that we need to target. All our efforts are towards that. And as a result, as I mentioned earlier, if you are targeting those second source opportunities, then there the pricing could change because of that. But if it happens to our existing customers for different reasons, then the only way to address that would be through continuous R&D improvement.

Alankar Garude: Got it, Ankur. So basically, you are saying that even for immunosuppressant and other therapeutic areas as well, depending on the new customers we want to target, pricing can vary accordingly.

Ankur Vaid: Correct. Like I'll tell you an example just to kind of for one of our products, which we have recently launched, the market price was close to around $350, $400. We launched it at almost a 25% discount. And at that price, many of those European players are not able to compete. And that is the reason why we are seeing a lot of traction.

But even with that price that we have, we are able to maintain healthy EBITDA margins. So while we are going as a second source opportunity. So you have cases like this also, and then you will have cases where we have to go maybe at certain products, certain cases below our average price. So it's dynamic in nature is what I wanted to kind of put across.

Alankar Garude: Understood. And one last question with your permission. So when you talk about losses from the injectables unit easing off over the course of the fiscal, how should we look at EBITDA margins for the full year? Because 30% this quarter clearly is much, much lower than what we have done for many years. So given this performance, how should we look at EBITDA margins for the fiscal?

Ankur Vaid: Yes. So if you remember that in our last year's first quarter also, the sales were relatively subdued. And that time also, we had mentioned that it could be also as an impact of the fixed cost, which is there and all. So that injectable fixed cost is getting fully loaded on the base that we have for the first quarter.

As our sales start moving up, this percentage impact will go down. So while the value would be more or less in line with what it is, but it will trim down when you would start looking at as the time horizon increases. It is just that for quarter 1, it looks higher because of the lower sales numbers.

Alankar Garude: Got it. Do you expect the facility to break even by the end of FY '26?

Ankur Vaid: I would hope so. I would want it to. But the only way for it to kind of do that is that we are putting a lot of our efforts on the domestic front because the opportunity even in the India market is significant for some of the products that we have taken the validation batches and some that we are expecting in the coming months. So those opportunities are large. And we are having a more focused approach to kind of penetrate on these four, five products that we are launching for the India market.

But these things take time to kind of engage with the doctors to engage with the hospitals. Let's see how that goes. But I think given the market size opportunity in India, we are quite optimistic in terms of how things can move. But again, we have to see how market behaves.

Moderator: The next question is from the line of Vamsi from Antique Stock Broking.

Vamsi: Thanks for the opportunity. I just have a couple of questions. Firstly, on the CDMO front. So the new contract that we have entered into, is it on the API side of it or the FDF side of it? And in terms of the pricing, is it fair to assume that it's a cost- plus- margin kind of a strategy that we use?

Ankur Vaid: So the opportunity is actually on both fronts, both API and formulation. So it's a more integrated kind of play that we are working with them on. And yes, it is a cost-plus model.

Vamsi: All right. Secondly, in terms of the new acquisition that we have done on the US front. So given that the US already contributes 17% to the top line, before this, did we have front-end presence there? Or is it that we relied on someone else to do the distribution for our products?

Ankur Vaid: So maybe I'll clarify that. So the 17% export that goes also has a component of API as well as formulations. The direct formulations that we are selling into the US, Stellon Biotech is basically going to be working on that front. When it comes to APIs into the US market, there, we will continue with our existing channels. which is direct marketing through Concord to those customers in the US.

This is only with respect to the formulation because as our portfolio is increasing, is where we are seeing in terms of how we can do that inhouse. So this is, again, primarily focused only towards formulations, both in-house as well as from third-party manufacturing. Got it, sir.

Vamsi: Just one last question. So given our business has a lot of cyclicality, especially on the API side, how do you how should we look at the overall growth for FY '26? And if you can also give some color on how the API and the formulation segments could perform?

Ankur Vaid: So I won't be able to comment in terms of giving any guidance in terms of how this year would look like. But typically, our business has growth coming from 3 or 4 areas. One is the market growth. Secondly, we have innovators businessess getting converted to generic, which also gives us a market share growth. Third is new customer acquisition. So like a second source opportunity.

So wherein we enter as a second source with the intent to become a primary source. And the fourth is a new product category in terms of how fast we kind of penetrate into customers and start that churning into the volumes. So these 4 components kind of make the overall growth for us, which does not include the injectables, which does not include the CDMO.

Now in a particular year, it could be that the third and the fourth buckets are playing out very significantly out. And there could be certain years where it may not play out as much as we would have anticipated. So for me, it is difficult to say at this point that what that growth number could look like. It could be 20 plus or, it could be a very different number. But I think given

where we are, we are confident that it should be in line with what our historical performances have been.

But I just wanted to put it across that these are the 4 buckets that play out in terms of the growth. And we've put all our efforts to kind of that each of these segments kind of plays out and contributes the way that we have looked at. But I expect it to be in line with what historically has been without giving any kind of a guidance.

Vamsi: That is very helpful, sir. And just one last question with your permission. So in the injectables bucket, how many products do we have? And by when do you kind of target launches from this?

Ankur Vaid: So we have already started selling in the injectable formulation, we've already started selling in the India market. We have currently launched two products from the injectable facility. We have another two, which are expected to be commercialized in the coming months. And we have around 10 products in our Phase I that we intend to launch, for which the work is ongoing. And for most of these 10 products, we are backward integrated.

Moderator: The next question is from the line of Kishan Tosniwal from Polar Ventures LLP.

Kishan Tosniwal: I have basically two questions. First is, we are into different segments, right, API formulations and right now into CDMO as well. Just wanted to know the profile of our margins. Is the all the businesses are having similar kind of margins or the businesses have different margins?

Ankur Vaid: So in fermentation, as you see, there are very limited players globally. And when we are competing with the likes of Southeast Asians or European players, definitely, the margin profiling is very different compared to the finished formulations, which is relatively a little bit more crowded, if I may say. So in short, the answer is yes, the margin profile is very different between the two different segments.

Kishan Tosniwal: Okay. And the second question that I have is, I'm seeing the R&D spend that is a percentage of our sales. It was 3.6% in '22, 3.5% in '23, and it has dropped to 2.3%. Can we have a ballpark picture, what is the future that we see? Because as more and more R&D spending increases, our pipeline also increases. Is my understanding correct?

Ankur Vaid: So in fermentation, the R&D spend is different from the way that R&D spend happens in formulation. In formulation, much of the R&D spend is coming from the API, which we end up buying at a higher cost as well as the BAB studies that we do.

So that's why the spending in the R&D looks different than what our numbers are. In fermentation, what we do is that much of the R&D actually happens at a very, very small scale. And the best of the results are only the ones that we kind of take it to a larger scale. So this is more about the expertise rather than at the volume gain. And that is why the spending looks lower, but the output of the productivity plays out a lot more here.

So fermentation R&D has to be looked differently than some of the other formulation companies that they kind of work on. And in our case, we do not have any KSMs that we end up buying

from China. Our KSMs are something which are locally sourced, which are agro-based products. So the cost also becomes relatively lower. So it's more about the expertise rather than the cost.

Kishan Tosniwal: Okay. And if I can squeeze in one more. The R&D employee strength that you are showing greater than 135, if I may know, are these all the, what do you say, scientists only or these are different categories of persons like scientists and their subordinates and all kinds of things?

Ankur Vaid: So the 135 that is there includes everybody in the R&D.

Kishan Tosniwal: All staff right? Number is greater than sorry, sorry, it's 180. I was seeing API DMF greater than 135, sorry. Yes, 180 Yes.

Lalit Sethi: The number is 180 and this 180 number includes everyone.

Kishan Tosniwal: And this R&D facility is at all the plants or it is located at one place only? I can see the API facilities at two places and formulation facility at one place.

Lalit Sethi: We have two R&D centers, one for the API, which is located in API unit and another is on the formulation, which is located at Valthera.

Moderator: The next question is from the line of Ankeet Pandya from Baroda BNP Paribas.

Ankeet Pandya: Sir, I have two or three questions. So first of all, on the API side, what is the length of the contract that you have with the clients, like for 6 months or a yearly basis? How is it? And does that include the price escalation clause with the clients?

Ankur Vaid: So typically, we don't have any contracts with the clients. And the reason for that is that once you start working with a formulation company, there is a lot of stickiness between the two. So like for many of our customers, we are the primary source. And in case for some we are secondary, the intent for them has been to make us a primary source. So when you have that kind of a stickiness, you don't have contracts.

We have quality contracts in place because that's somewhat like a requirement for the authorities. But when it comes to supply contracts, I would say very few companies would have like larger MNC companies may have supply contracts, but many of the other ones would simply be working in terms of interacting with us and kind of working in terms of what their requirements are.

Ankeet Pandya: so if there's an increase in prices, is it like you all are able to pass it on?

Ankur Vaid: Sorry?

Ankeet Pandya: If there's an increase in prices from your end, do you pass it on to the clients?

Ankur Vaid: No. So we've neither increased our prices nor decreased our prices. In One of the earlier discussions, I mentioned that in case there is a pricing pressure on us, we kind of compensate it through our R&D. And in case we are able to save, then that is something that we keep to us. So

we've neither increased or decreased prices to our customers, most of our customers, I would say, in the last years.

Ankeet Pandya: Fair enough. Sir, secondly, on the formulation side, how many launches are we expecting this including India and rest of the geographies also? How many launches? And if you are giving any guidance for growth for the next 1, 2 years?

Ankur Vaid: So on the growth guidance, we did speak about a while back. So I won't repeat on that. But on the launches, yes, we have filed for a couple of our products. We are expecting approvals in different markets, and these are new product launches. And also in India market, we have launched the rheumatology segment.

And this is an extension to the autoimmune that is there. So within the intra, if you see, which is our nephrology dialysis business, we have a rheumatology business also, which has been launched, and we are seeing good traction even in that segment. So where we see good opportunities in terms of products, we would be looking at launching. Some of them, we are doing it in-house, whereas some other products, we're also in-licensing those products.

Ankeet Pandya: Fair enough. And sir, just lastly, on the CDMO front, what is the mix that you are looking at in the long term beyond 3, 4 years? Like what kind of contribution should one expect from the CDMO business?

Ankur Vaid: See, CDMO, if you see, is a very big opportunity. And it is very sizable. But I think conservatively, if I have to I would have to look, I would say that what internally, what we are seeing or targeting is that if we are able to get maybe 4 or 5 opportunities, maybe in totality around $40 million to $50 million. That itself is a sizable opportunity given where we are.

Now this number instead of $50 million could be $15 million, $20 million also because, as I said, that there are not many fermentation players who have the kind of strength that Concord has because with our capacities, regulatory approvals, expertise, given the cost advantage that we have versus Europe and given what is happening with China, people trying to derisk and looking at India, we have everything in place to kind of become an ideal partner for many of these companies.

So the numbers could be very large also, but if I consider maybe four or five opportunities with a total $40 million, $50 million in total, that it still gives us around 6% to 7% annualized growth over what our historical growth has been. So that is something that internally we kind of look at that how we can kind of build at least a $40 million, $50 million opportunity on the CDMO, while it could be larger as well.

Moderator: The next question is from the line of Maitri Seth from Choice Institution Equities.

Maitri Sheth: Just a couple of questions. Are we still on track to achieve a 25% CAGR on our consolidated top line revenue? And earlier, I believe we had said that we are expecting a 35% to 40% CAGR on formulation. So any comments on that?

Ankur Vaid: So again, when we say a 25% CAGR growth, let me maybe make it a little bit more clearer that Concord has all the ingredients in place to kind of go towards that kind of growth. So when we talk about the capacities are there in place, these capacities in their current form can give sales much over the 25%. Do we have a differentiated strategy in place?

So as I said earlier, in fermentation, there are not many players, and Concord has been gaining market share on its existing products as well as on the new launches that we are doing. So our current business continues to do well. Historically, you have seen that we've had close to around 18% CAGR growth for many, many years now. But that being said, there could be a little bit of variability depending upon how the things move.

On top of that, we just spoke about the CDMO business and the injectable business. So if I say a $40 million, $50 million opportunity on CDMO, that is close to around INR 400 crores, which if you take it on a 5-year, 6-year period, this could be around 6% to 7% growth. If you take the injectables, this facility can do close to INR 600 crores.

Even if I take a INR 300 crore conservatively on a 5-year period because the first 1 or 2 years is going to be more about the submissions to the authorities and then getting so maybe from second, third, fourth year onwards, it will start contributing. So if I take a INR 300 crore opportunity also, that itself translates to 5%.

So on our baseline growth of 18 plus 5% and plus 5% kind of gives us somewhat of a clarity that, yes, 25% can be done. So I would also not know how my 5 years look like. But what gives us the comfort is that we have all the right ingredients in place to kind of achieve those growth and something that we have demonstrated historically. That's how the number comes out.

And when we talk about the formulations, if we have to grow at this kind of a growth that we speak about with an 80%, 20% way that we are looking at, those numbers automatically translate to 40% growth if you're looking at from a formulation, which has a relatively lower base.

Moderator: As that was the last question for the day, I would now hand the conference over to the management for the closing comments. Over to you, sir.

Ankur Vaid: So thank you, everyone, for joining on our Q1 FY '26 earnings call. We hope we have been able to address all your queries. For any further information, please get in touch with us or SGA, our Investor Relations Advisors. Thank you once again, and have a good evening.

Moderator: Thank you. On behalf of Centrum Broking, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.