AKUMS
DRUGS & PHARMACEUTICALS LTD.
Plot No. 131 to 133, Block-C, Mangolpuri Ind. Area, Phase-I,
(Adjoining CBSE Office) Delhi - 110083 (INDIA).
+91-11-69041000 CIN: L24239DL2004PLC125888
www.akums.in
akumsho@akums.net
+91-11-27023256

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November 17, 2025

To,
The Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E),Mumbai – 400 051

Symbol: AKUMS

To,
The Listing Department
BSE Limited
Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001

Scrip Code: 544222

Sub: **Transcript of Earnings/Analysts Conference Call held for un-audited financial results for Q2 of FY26**

Respected Sir/Madam,

Pursuant to the Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) 2015, please find enclosed herewith the transcript of earnings/analyst conference call held on Friday, November 14, 2025 at 12:00 PM (IST) on un-audited financial results for Q2 of FY26.

The said transcript be also available on the Company's website https://www.akums.in/investors/investors-meet/.

This is for your kind information and record.

Thanking You

For **Akums Drugs and Pharmaceuticals Limited**

Dharamvir Malik
Digitally signed by Dharamvir Malik
Date: 2025.11.17 12:53:17 +05'30'

Dharamvir Malik
Company Secretary & Compliance Officer

Encl: as above

“Akums Drugs & Pharmaceuticals Limited

Q2FY'26 Earnings Conference Call”

November 14, 2025

MANAGEMENT: **MR. SANDEEP JAIN – MANAGING DIRECTOR – AKUMS DRUGS & PHARMACEUTICALS LIMITED**
MR. SUMEET SOOD – CHIEF FINANCIAL OFFICER – AKUMS DRUGS & PHARMACEUTICALS LIMITED
MR. SAHIL MAHESHWARI – HEAD, STRATEGY – AKUMS DRUGS & PHARMACEUTICALS LIMITED
MR. ANKIT JAIN – INVESTOR RELATIONS – AKUMS DRUGS & PHARMACEUTICALS LIMITED

MODERATOR: **MR. PRANAV CHAWLA – AMBIT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Akums Drugs & Pharmaceuticals Limited Q2FY'26 Earnings Conference Call, hosted by Ambit Capital Private Limited. 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pranav Chawla from Ambit Capital. Thank you, and over to you, sir.

Pranav Chawla: Thank you, Nirav. Good afternoon, everyone. On behalf of Ambit Capital, I would like to welcome you all to the Q2FY'26 Earnings Conference Call for Akums Drugs & Pharmaceuticals Limited. Joining us today from the management, we have Mr. Sandeep Jain, MD; Mr. Sumeet Sood, CFO; Mr. Sahil Maheshwari, Head of Strategy. I thank the management for providing us with the opportunity to host this earnings call.

I would now hand over the call to Mr. Ankit Jain for opening remarks. Thank you, and over to you, Ankit.

Ankit Jain: Thank you, Pranav, for the introduction. Good afternoon, everyone, and welcome to Akums' Q2 and 1HFY'26 Earnings Call. I am Ankit Jain, and I head Investor Relations at Akums Drugs & Pharmaceuticals Limited.

I will commence with our standard disclaimer that any discussion on today's call might include certain forward-looking statements, which are predictions or projections of future events. Our business faces several risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied in such statements. At Akums, we do not undertake any obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

I hope you have had the opportunity to review our investor presentation and financial results that we posted yesterday evening. I would now like to hand it over to our Managing Director, Mr. Sandeep Jain, to discuss our performance. Thank you.

Sandeep Jain: Thank you, Mr. Ankit, and welcome, everyone, to our Q2 FY'26 earnings call. I would like to begin by sharing news of the new partnership with the government of the Republic of Zambia. We entered into a joint venture with the Zambian government to set up a manufacturing plant in Zambia. Akums will hold 51% in the JV.

The facility will be located in the capital city of Lusaka and is expected to commence production in CY 2028. This will be a multi-dosage facility across tablets, capsules, topical, liquids, injectables, etc., and will cater to the growing needs of antibacterials, cardiac, diabetes, CNS, gastro, ortho, gynecology, and other therapies in the region.

The total project cost will be approximately US$45 million, where Akums will invest in the form of both capital and product technology as well. Additionally, we envisage supplying medicines

of aggregate value of US$50 million from our Indian facilities to Zambia over the next two years. With Zambia pharma market expected to grow to over US$300 million by 2030, we expect this partnership to drive Akums long-term growth as well as improve accessibility of essential medicines in Zambia as well as neighboring African countries.

On the European front, our European CDMO contract is progressing as per plans. We underwent a European GMP audit for our plant 2 in October and are expected to get the approval in Q4 of this year. During Q2, we achieved another milestone by dispatching our first commercial supply of Dapagliflozin tablets to Switzerland. Rivaroxaban tablet supply to Europe is also expected during Q3. Our pipeline for Europe remains healthy with over 10-plus dossiers. In API as well as we filed CEP for cefuroxime axetil and cefpodoxime proxetil in Europe.

Coming to the performance during Q2 FY '26. While our revenue remained flat, margins saw a dip as API price continued their downward trend. The downward spiral of API prices continues to be broad-based across all categories of APIs. For our top 200 APIs, there was a year-on-year drop of around 8%. Our CDMO business witnessed a healthy volume growth of over 7%, even though the IPM volume growth was flat.

Margins, however, also saw a dip due to the slower-than-expected ramp-up of our new facilities and higher overheads. Our domestic branded formulations business is steadily gaining scale with a focus on gynecology, cardio, diabetes, and pediatrics. While growth in Q2 was modest, we remain focused on improving coverage and portfolio, margins too were robust at 21.6%.

With multiple strategic initiatives underway, we expect this segment to continue on a growth path backed by improved primary sales and a strong portfolio. The international branded business impacted by seasonal factors is expected to have a strong H2 led by demand from our focused markets.

In the API business, we continue to focus on a higher gross margin portfolio and cost optimization initiatives. However, the continued downtrend in API prices impacted the margin during the quarter. We continue to aggressively work on turning around our API business. We have filed two CEPs in Europe and are on track to file more CPE dossier this fiscal. The consolidation in the trade generics segment continues as we make efforts to reduce losses.

Let me now turn your attention to our operating and financial performance. We saw a year-on-year revenue decline of 1.5% during Q2 FY'26. During Q2 FY'26, CDMO achieved a revenue of INR 804 crores with year-on-year growth of 0.7%. Domestic Branded Formulations revenue grew at 5.3% year-on-year to INR 122 crores. International branded formulation declined 14.3% year-on-year to INR 22 crores. Operating EBITDA declined 22% year-on-year due to operating deleverage.

While the performance during Q2 was below our expectations, we remain focused on delivering long-term value to stakeholders by further cementing our leadership position in the CDMO business, taking measures to grow our domestic and export branded business, and curtailing losses in API and trade generics.

Our long-term growth prospects remain strong with our newly formed Zambia JV as well as targeted efforts in the European markets. Additionally, our robust cash flow during H1 has further augmented our net cash position to over INR 1,600 crores. This gives us leverage to pursue both organic and inorganic growth opportunities. Before I hand over to the CFO, Mr. Sumeet Sood, I understand that the current financial results may raise apprehensions about near-term earnings, but I want to reassure you that our business remains strong and resilient.

We are currently operating in a dynamic environment, but we have built a robust business model to tap growing opportunities in the Indian pharma market. Our strategy is to extensively work on the identified growth drivers, including strategic partnerships, innovation, operational and cost efficiencies. We are confident that these initiatives will drive sustainable growth in the coming year. Thank you for your continued trust and support.

Over to Mr. Sumeet Sood for the financials. Mr. Sumeet Sood?

Sumeet Sood: Thank you, Sandeep ji, for the detailed explanation. Good afternoon, everyone. I will now take you through the financial highlights for the quarter ended 30th September '25. The consolidated revenue stood at INR 1,018 crores. It is a decline of 1.5% year-on-year and a decrease of 0.6% quarter-on-quarter.

Total reported EBITDA was INR 94 crores, a decline of 22% year-on-year, which was INR 121 crores, and a decline of 27% quarter-on-quarter, which was INR 129 crores. Margins were 9.3%, which declined from 11.7% in Q2 FY'25. And in Q1 FY'26, they were 12.6%. The margins were largely driven because of the CDMO segment and more losses that got posted in our API division.

EBITDA with other income stood at INR 127 crores compared to INR 135 crores year-on-year and quarter-on-quarter, and it was at INR 156 crores. EBITDA margins were at 12.1% compared to Q2 12.9% and quarter-on-quarter FY '26, 14.8%. The impact is seen in the PAT also, which stood at INR 43 crores compared to INR 67 crores year-on-year and INR 65 crores quarter-on-quarter.

Now, if we come down to business-wise, the CDMO, the branded formulation, exports, and trades generics and API, for the CDMO, the revenue stood at INR 804 crores, a slight increase from INR 799 crores compared to the earlier quarter and a decrease of 1.1%. The revenue growth remains modest due to a decline in API prices.

EBITDA for the quarter stood at INR84 crores, a decrease of 31.3% year-on-year and a decrease of 29.4% quarter-on-quarter. Largely, the margins remained affected because of a flattish revenue that we saw in the business, while the volumes growth was at 7% as explained by the MD.

For the domestic branded formulation, the revenue stood at INR122 crores, an increase of 5.3% year-on-year and an increase of 13.5% quarter-on-quarter. EBITDA for the quarter was INR 26 crores, an increase of 28.2% year-on-year and an increase of 66.5% quarter-on-quarter.

If we look at the international business, the revenue stood at INR 22 crores, a decline of 14% year-on-year and a decrease of 36% quarter-on-quarter. This revenue was largely impacted by seasonality issues and is expected to be strong in the next half year.

EBITDA for the quarter was INR 5.5 crores, an increase of 52% year-on-year and a decrease of 31.8% quarter-on-quarter.

For API revenue stood at INR 44 crores. This was a decrease from year-on-year INR 59 crores and a decline of 1.3% quarter-on-quarter. As we had mentioned earlier, we are focusing on molecules that have relatively high margins.

So we think that by the year-end, our EBITDA will be better than what it is showing. So the EBITDA for the quarter was negative INR14 crores. It was very similar to Q2 FY'25. But this has been something that by the year-end, we should be better based on our cost optimization, and we expect the full-year losses to be lower than last year.

Trade Generics, the revenue stood at INR 24 crores, a decrease of 26.2% year-on-year and an increase of 5.3% quarter-on-quarter. EBITDA, if you look at it for the quarter, was negative crore compared to the FY '25 quarter, which was minus 6 crore and Q1 of FY '26 stood at minus 5 crore. So, as the MD mentioned, there is a focus on trade generics business consolidation.

Our balance sheet continues to be healthy with a cash surplus of INR 1,649 crores. The free cash flow for H1 was INR 1,044 crores, driven by the part consideration received from the CDMO contract. Excluding the part consideration, the free cash flow was INR 90 crores with a robust operating cash flow to EBITDA at 88.8%.

This concludes the financial highlights for the quarter. We would now request the moderator to open the forum for the question-answer session. Thank you.

Moderator: The first question is from Abdulkader Puranwala from ICICI Securities.

Abdulkader Puranwala: So, my first question is with regard to the development on the export side of the business. So firstly, in Europe, could you highlight to us what the developments are there? Are we extending the contract beyond what was previously announced, because I think now we are talking about two or three more plants getting EU GMP certified? So, is there an increase for the existing plant, or are some new plants being added here?

Sahil Maheshwari: Sure, Abdul. This is Sahil. I'll address this. So you have to split this into two things. One is the export contract for CDMO Europe that we announced. That is for an oral liquid formulation, which is plant two, which we briefed earlier, got EU GMP inspected in October of this year. Eventually, when we get the approval, we'll file the dossiers, get the approvals, and we are on track to start the commercial supplies in the -- around March and April of 2027, right.

Moving to the other side of the export business in Europe, which we are planning, this is dossiers, which we'll file from multiple plants, which we will either self-market or out-license a few dossiers in certain markets based on the market strategy and our field positioning. So these are the dossiers, approximately 10 dossiers, as Sandeep sir mentioned in his opening remarks. So,

two of them, Dapagliflozin and Rivaroxaban will commercial supply in Q3. There are 8 to 10 other dossiers in pipeline, which are across multiple dosage forms, product types that we will subsequently launch over the next 2, 2.5 years.

So, Abdul, these are the two things. And hence, multiple plants because what we see is that there is an increased opportunity, as in hormones, beta-lactams, and obviously, injectables and oral solids, which we already have. So this is broadly how we look at the European business.

Abdulkader Puranwala: Got it. And, so any relook on how the API business growth will pan out, say, for next year? And in terms of the margins, how should we now look at this particular segment with Europe now fully in place?

Sahil Maheshwari: So, API, our API business, right? You're talking about APIs in general or our specific API business?

Abdulkader Puranwala: No, your API business now that you started supplying to Europe.

Sahil Maheshwari: Sure. I'll address it. So, as you rightly mentioned, we have filed two CEPs, proxetil and axetil, in the cephalosporins space for which we should get an approval in the next six months, right? So we'll start seeding formulations in those markets. And subsequently, we expect this business to be of higher gross margins in Europe.

As Sumeet also mentioned, while the initial half of the year saw an EBITDA drain of INR 20 crores, we expect that it will not be a similar amount in H2. We should have some optimizations, both on the gross margins and our operating expenses there.

Once we limit it, honestly, the whole point is on gross margins in the cephalosporins business. If I really talk about the gross margins in FY '25, we had a gross margin of 12.8% in the API business. With the continued downward trend of the larger cyclosporin business in Q2, the gross margins of the business were only 9.3%. So this is what is driving the majority of the losses. If we look at the employee expenses, we have achieved an annualized savings of almost INR7 crores.

We have done almost INR 11 crores, INR 12 crores annualized savings on the manpower and manufacturing expenses. So all of those optimization initiatives are in place. While the cogs in business remain high at 91%, we will we expect that the cyclosporin prices will gradually move up, and the European business will start contributing to the gross margins. So while this is broadly positive, and we are positive about how this will pan out, but really saying when we'll be month-on-month positive, I think we are still six, seven months away.

Abdulkader Puranwala: Got it. Got it. And just on the Zambia project. So the supply starts from the next fiscal. And on the P&L, then how do you record this? Would this be a part of your India CDMO business or get under exports, international?

Sahil Maheshwari: So we'll call out when we do the explicit things, Abdul. But how this -- how do I look at it is our marketing business is our own brands. In Zambia, we'll participate in the government tenders and the government's essential medicine supply. So those are usually non-branded. So this will

be part of our CDMO. And as the European contract will also come into play, we'll likely have CDMO split by domestic and global.

So that's how we might come up. But for a detailed version of how we split our financials, we'll let you know once we do it. But largely, this will be a part of contract development and manufacturing.

Abdulkader Puranwala: Sure, sure. So I mean, with the start of this project, I think you guys would have almost 12%, 12.5% of market share in Zambia. So, apart from this US$25 million contract, is there any scope to increase this with the government once your plan comes into place?

Sahil Maheshwari: So once the plant comes up in place, then obviously, we'll have a local preference because the local manufacturers will get an upper hand in tender bidding, right? But for the initial two years, which is '26 and '27 calendar years, we would have US$50 million as a cumulative amount, $25 each million.

I don't think there is much scope to go beyond this. But once we launch our facilities, I think over the next three to four years, once we start commercialization, the opportunity is almost $200 million, $250 million of the medicines that this plant can serve. If you even take a 25% share, that still remains a good market opportunity.

Abdulkader Puranwala: Got it. Got it. And just one final one from my end. Sir, any guidance you would like to provide for FY'26 for the CDMO and the overall business on the revenue as well as the margin side?

Sahil Maheshwari: Sure, Abdul. So I'd like to address business by business, and then we can come to a cumulative guidance. I think that will be more useful for you.

So, first, if I talk about -- we mentioned API, right? That is something we discussed. Unosource, as we said, H1 was seasonally weak in major countries in the Philippines, Uganda, and Nigeria, which are our prime markets; we saw a dip in the revenues, largely driven by limited orders. Some had an election year, some had another seasonal variation. But H2, given this is a make-to-order, we don't keep inventory in Unosource.

We manufacture and we ship it. The order book in Q3 remains good, and the order book in Q4 also remains good, right? So we expect this to bounce back in H2. Akumentis will continue its steady growth, as it has shown in H1.

Trade Generics, we expect a similar kind of loss. I think more of it is through provisions that we are taking over the last couple of years, whatever inventory and debtors are there. But we remain resolute that over the end of this year, we will either take a provision or only continue ones which are profit generating, right? So that is there.

Coming to CDMO. I think one thing that we'll have to address is why the CDMO margins fell so sharply, right? So if you really look at it, what went is if you look at the gross margins in this business in FY '25, we had a gross margin of 37.1% in the CDMO business. If I look at just the Q2, where the margins were low, the gross margins are still at 37.6%. So we have improved our gross margins from the last year, right?

The volumes have also gone up. You saw in the presentation, they are up almost 4%, 7% just in the Q2, right? So, honestly, what's in our hands is how to expand my product basket through better gross margin products and through volumes, right? So this is something we are continuously working on and are seeing an improvement.

The challenge remains the API downwards trend that continues, right? So since it's a cost-plus model, we charge a percent on the API and our input costs, right? But then there is a factory overhead, manufacturing batch manufacturing expenses, fixed overheads that we'll have to account for. So that is honestly what is leading to these lower EBITDA margins.

But given there are some improvement cost efficiency measures, which are being taken up, there are some pockets of APIs, which we now think are stabilized, and there are continuous investments into the product mix.

I think the rest of -- given that the Q1 was good, the Q2 was underperforming, I think blended rates, I think H2 should largely be similar as H1 as an overall year, given obviously the current market dynamics, while it remains for the Q3 as well, we are seeing a decent volume growth, some pockets, as I said, of APIs have started stabilizing, which looks in control, I think. But once we see the rest of the year, I think the H2 should largely mimic the H1.

Moderator: Next question is from the line of Ankit Minocha from Adezi Ventures.

Ankit Minocha: Just an extension of what you were talking about before this on the very disappointing EBITDA margin for Q2. I mean, if I look at the EBITDA margin, the margin has gone down by 13% to 9%. That's almost like a 30% to 40% drop versus when you talk about API pricing, I think you mentioned earlier that the API pricing was down 8% for the entire market. So to be honest, this correlation does not make full sense. I mean, it does not necessarily seem that it's only because of the API pricing and the cost overhead that this margin is dipping so sharply.

So what is actually -- what are the reasons that are driving this? Also, if you look at your peers, smaller peers with 20% of your market, they are reporting slight margin expansion. So this is very surprising. And I just wanted to understand what the trajectory is also on H2 that you're seeing here, because currently, this number is very disappointing.

Sahil Maheshwari: Certainly. So, as I said, so API prices, so usually in our cost sheet, API prices are 50% of our input transfer prices, right? So if the prices go down by 8%, it's a direct 4% impact on my top line and an equal impact on my EBITDA margins because these are simple erosion. So that is one that is driving it.

The second point, as you also mentioned, is the fixed overheads. If I look at my three recent plants, which got operationalized, right, on an H1 basis, they had an EBITDA impact of almost INR17 crores. These are the plants that are getting approvals from regulatory and getting client audits. We are filing product permission from those facilities, right? So the newer injectable facilities.

So these are ramping up, right? So, essentially, I lose a chunk of my EBITDA percent on operationalization of new expenses, which is a part of the growth that we'll see from these

facilities as we move into further quarters. And as I mentioned, 8% dip is almost 4% hit on our EBITDA margin. So this is what is driving.

If you look at the other costs, if you look at employee expenses, while I said we have commercialized new plants from last year to this year, our employee cost in the CDMO has grown only by 8%, while we have also institutionalized new injectable facilities and also started blocks in the Baddi plant, right?

So, other expenses remain in control. Gross margins, as I said, have improved by 0.5% from 37.1% in FY '25 to 37.6% in just Q2 of it. Q1 was even better at 39%, right? So everything remains positive. I think the hit we are taking is the model itself, which is a cost-plus model, which the whole industry operates in.

Coming to your second question on the impact, which is not visible on other CDMO players. I think it's fair, while we are continuously monitoring our gross margins, which continue to do better than our peers, I think there are cost efficiencies we can build in, in the rest of our expenses, as well as there is investment into R&D and operationalization of new plants that are taking a hit.

Given these will improve as well, as I said, the product basket should get stabilized with the downward trend of APIs, we should -- as the H1 margins are approximately 12% so we should have similar margins in the H2.

Ankit Minocha: Okay. Thanks, I have some clarity. My second question was with regard to capacity. So, currently, if I were looking at last time's investor presentation, I believe the capacity utilization that you had kind of mentioned was below sub-40% capacity utilization across the business, whereas even in the last con call, we are talking about more capex. And currently, I believe, like we were just discussing, capex is kind of going through.

I mean, so what is the rationale to continue to build capacity without utilizing all bits of existing capacity? And secondly, what are the efforts not only on the manufacturing end, but also on the front end to kind of increase this capacity utilization? Because this is kind of at this level, I mean, the return on capital for the business will remain super. So, yes, I just wanted to know if you can explain that.

Sahil Maheshwari: Sure. So I'll address it into three parts. One is what maximum capacity utilization can we do, right? So while you rightly said we do at 40%, I think given the changeovers, the large number of SKUs, the maintenance, preventive maintenance, the overall equipment -- so this is an extra spare capacity that we currently hold. The front-end efforts are largely seen in the volume growth that we do with an expansion in the gross margins as well.

So the efforts are on with better products and better reachability to the clients. I think more penetration. I think most of the clients in the Indian domain, we currently work with over 1,500 customers. So now it's a matter of how we go deeper with each client. So that is a continuous process.

I think the second thing is also on Schedule M and its enforcement. We are very hopeful that this will result in a shift in business to quality-conscious manufacturers. I think this is a spare capacity, which will come in handy once we see that kind of traction growth as well. You would have read some articles around the government asking for monthly reports from states and so on and so forth. So this will come in handy.

So it's a chicken and egg story, which comes first, either the demand or the capacity. While we are mindful of the capex, this is additional capex in the dosage forms. Where we have done capex to your question is we're only doing capex in dosage forms, which either are fully utilized with us or we see we are not present and there is a market growth. So these are largely the kind of capex that we do. On the annual capex we have done, I'll request the CFO to address it.

Sumeet Sood: So, thank you, Sahil. So you have a fair question. We are very mindful of our capex. Most of our capex is going in Akums' R&D and the European contract that we are doing. If you heard the latest announcement on GST in our earlier years, we were looking at setting up a plant in Jammu.

So there was a capex that we were doing, given the legislation change that is on hold. So there is a mindful investment in the capex. It's being future-ready. And also being mindful of the fixed assets that the company needs to maintain.

Ankit Minocha: Okay. And just an extension to that, when you mentioned 55% earlier, so if you will be operating at 55% capacity, would that be peak capacity for you or...

Sahil Maheshwari: 55% is the peak. So we are operating at 40%. So we report our total operational capacity that we can reach, right, of which 55% is the operational capacity broadly. We are currently at 40. So once I hit a number, as explained in the earlier call, we hit a number of, let's say, 50 with any dosage forms, we'll have to start thinking of a new line.

So this varies largely 50%, 55% is what oral solids can do because there are a larger number of smaller batches. In injectables and oral liquids, we can go up to 60%, 65% as well. So it depends on dosage form, but given largely in India is an oral solid market, and over 90% of our unit production is oral solids, largely 55% being an estimate, which can produce peak capacity utilization.

So if I have to reverse and flip this question on what maximum revenue can we do from the existing facilities, right? So if I do this set of revenue from a 40% utilization, we can simply do a little math to arrive at what the revenue is that I can do at 55%, which is the peak from the current.

Ankit Minocha: Understood. And on the front-end sales part of it, I mean, could you help us with a little bit of a brief overview of what your sales team looks like currently? And I mean, how much of the sales is driven by management versus the professional sales team, and what's the structure like?

Sahil Maheshwari: Sure. So we follow a KAM-based model, a key account manager-based model, right, wherein we have almost 100-plus people in our sales team. They have dedicated roles across new

business development, business continuation, and support, right? There are technical experts, there are commercial experts in the team, right? So that's the mix of the team.

If we say 1,500 customers across 100-odd-plus people, that is usually every person on an average has a 15, 20 clients, right? And then there are people devoted to new business across new queries. So this is how it looks like.

Spread between management, I think this is largely driven -- this is entirely driven by the sales team, which day in, day out talks to the customers, understands the new product requirements where we can partner with them in the pipeline projects, which are the cost efficiency projects that we have mastered, which we can offer to them.

Are there any opportunities for us in in-house manufacturing? Are there opportunities where they are facing some delivery or quality issues with other manufacturers, where we can move? So all of those things are day in, day out, which our sales team does. The entire team is based out of Delhi.

Moderator: Next question is from the line of Aanchal Maheshwari from Naredi Investment.

Aanchal Maheshwari: Yes. So, my first question is, can you give us some details on the large CDMO contract that you have secured? I specifically wanted to know what the targeted therapy was. Can you provide that detail? And where is the manufacturing facility located? And do we only have a contract for a single product? Or is it a portfolio of multiple...?

Sahil Maheshwari: Sure. So I'll quickly tell you this is a European contract, which we have done with one of the largest pharma companies globally. This is a product in the oral liquid segment. This product is currently being manufactured in Europe across three sites, which, for the European supply, we will be the sole supplier, as I said, starting in April of 2027. This is a six-year commercial supply contract. And yes, broadly -- and on your point on product, this is a portfolio across multiple SKUs and packaging types. The base molecule here remains the same.

Aanchal Maheshwari: And so the manufacturing facility, where is that located?

Sahil Maheshwari: In Haridwar, which we did in October, we got the inspection for the European GMP.

Aanchal Maheshwari: Right. And the second question I had is, can you give me some clarification on the quarterly interest charge that we are charging, which is INR20 crores based on the customer advance that we are getting?

Sumeet Sood: So we are charging every quarter a notional interest of INR19 crores, and cumulatively for the six months, it will be INR38 crores. It's because of the advance that we've got for this contract.

Aanchal Maheshwari: And sir, when does this charge go away on our financials?

Sumeet Sood: So I think it will go away from the time we start supplying. And based on our supplies, how many of the advances that get suggested will go away? So any which way, this is a notional entry, right? So there isn't any liability as per the contract, which needs to be paid. So over a

period of time, as we supply because part of the consideration, they will pay us, and the rest will get adjusted from the advance.

Aanchal Maheshwari: Right. And sir, on your cephalosporins API, so how much of our total revenue is dependent on this particular API?

Sahil Maheshwari: So, cephalosporins APIs you're talking about?

Aanchal Maheshwari: Yes, yes.

Sahil Maheshwari: So, cephalosporins APIs largely we today do 90% in India and 10% exports. These are exports to Asian markets only. Cephalosporins is almost 80% of our business and 20-odd percent is in the last fiscal, we did from the general APIs, right?

Moderator: Next question is from the line of Jay Modi from EIML.

Jay Modi: Sahil, my question was we've taken multiple efforts to boost the growth, right, for our business. It was the European contract, the Zambia contract, and our expansion in ROW. Now, when do you think our company will turn the corner and we'll start getting back on the growth path?

Sahil Maheshwari: So, can you please repeat, Jay?

Jay Modi: Sure, sure. So what I was saying is that we've taken multiple efforts to boost the growth, right, because of the API impact in our core CDMO business. Now, in your opinion, when do you think that the company is going to turn the corner and enter the growth phase?

Sahil Maheshwari: So, as you said, each contract has a timeline, right? So if we really look at it, in 2026, we'll start seeing an additional INR2 00-odd crores from the Zambian supplies from India. Like '27, we'll have both the Zambian contract as well as the European initial supply, which we envisage should approximately be INR300-plus crores for the annual revenue. So then we go into 2029, maybe starting January, we'll have, let's say, $40 million, $50 million coming from the Zambian facility itself once it gets fully operationalized. So these are at different levers of point, but they'll start firing from the next year itself.

Also, in Europe, as we said, there are a couple of other products in the pipeline for next year. So all of those things should start coming in as we move ahead. And while this is all as additional growth drivers, which were there, I'm also confident the domestic business will grow in 2026, driven by stricter enforcement, better volume growth, product pipeline being strong, API prices not degrowing, right? So all of those things in our core business will also do well.

Jay Modi: But see, on the domestic front, now we've had a couple of incidents also, right, the syrup incident and then the regulation getting tighter, etcetera. Have we started seeing any tailwinds on that front? Are we seeing more outsourcing from our partners on this front?

Sahil Maheshwari: Cough syrup, if I speak just the syrup, we have seen obviously a surge in the demand for the cough syrup. So that is there. Obviously, what we call is alternate vendor development, AVDs. So that has started increasing with us. There are more customers who have started reaching out.

There have been signs that people are willing to take a larger MOQs from us. So there have been obviously positive signs around all of those things. And maybe that's the result why -- of which we outperformed the market in Q1, we outperformed the market in volume in Q2 and Q3 also looks superiorly strong, right? So partly would also be led by all of those happenings that took place.

Jay Modi: Okay. And sir, given the current situation in API pricing, right, the continuous decline in pricing. So, have we started negotiating a better markup with our clients, or is that not something that gets passed on very easily?

Sahil Maheshwari: So that is something we do every two to three years, Jay, right? But specifically for this, because this is -- these are cycles of the business, if you understand it. So when the API prices go up, then also usually the margins remain at similar levels. When they are stable, then also when they are lower.

So while we track it on a per-sheet basis, if something is excessively low, we ask for that specific product. But in general, moving up the margins usually takes longer. And that's a work in progress, right? And it is every year, I have 10 clients in this quarter, 10 clients in the next quarter. So that is a work in progress. But specifically, I take a 15% margin, and I move up to 20% for the time being. Usually, that does not happen.

Jay Modi: Okay. Understood. And the last question was on the European contract. So, along with this contract, have we seen traction with other clients? Are we in discussion with other clients to shift their manufacturing to India or expand the portfolio of products that our existing client has given us...?

Sahil Maheshwari: So the 10-plus dossiers that the MD sir initially talked about, all of these were fully thought through in consultation with the global players. So either we'll manufacture, or we'll provide R&D services, or license, out-license these. So all of these, we also had a very good presence in the CPHI Global in Germany recently.

So there we got some good, encouraging leads as well. So all of this is coming through, right, from Nordics, from Western Europe, from Eastern Europe. So we have good leads, I would say, at the current stage across multiple geographies.

Jay Modi: Okay. Anything to -- okay. And what is our capex plan for this year?

Sumeet Sood: So we -- as I mentioned earlier, that we are very mindful of our capex. Till now, for the first six months, our capex is close to INR107 crores. We would probably, depending on the future requirement, foresee just a similar or slightly lower capex in the next six months.

Jay Modi: Okay. Okay. So around INR150 crores, is it, sir?

Sumeet Sood: No. I said INR107 crores for the next six months, we could look at INR100 crores, INR125-odd crores more for the next six months.

Jay Modi: Okay. Got it. Understood. And lastly, what is the plan for the cash on the books? So are we actively looking at any inorganic acquisitions?

Sahil Maheshwari: Yes, Jay. So we are continuously looking at -- obviously, one thing that we keep is that it should be a profit-making business with decent margins acquired at a decent value, right? So this is what our hook remains.

The areas that we focus on are two: one, either it should give me a dosage form capability or it should give me an export market capability. So across both of the themes, we are looking at some. There is nothing very close which we would have it, but there are things in the pipeline which we are actively working with bankers.

Moderator: Next question is from the line of Pankaj Agrawal, Individual Investor.

Pankaj Agrawal: My question is with respect to not the current quarter, but traditionally, our margin has not been so strong, whereas some of the other companies in this specific quarter, where we are seeing that API prices were down, for example, or granules, they have performed much better in their margin performance compared to what Akums has been doing. So, is it because of our traditional diversified business size or capacity utilization compared to other companies that have a more concentrated portfolio?

Sahil Maheshwari: So, if I look at it, there are two ways to look. So I think you mentioned granules. So there are a couple of companies that arbitrage the Indian presence when the prices are falling with the global businesses. So this is something we are also trying to see, that while we have attained leadership in the Indian domain, can we replicate across a few markets globally? And it also hedges us against anything that happens in one market. So that is there.

On the second front, both on the -- as I mentioned, the new facilities which are coming up, have some investment in EBITDA in this H1, and also capacity utilizations that we continue to improve. So we are working on gross margins. We are working on volumes. So we are also working on cost efficiencies, which we can build across functions and across production, right?

So, all of this, we are mindful that there are some margin improvement areas we can honestly further work on as we continue to be a more agile organization. So this is what we are continuously improving on.

Pankaj Agrawal: Okay. And second thing, with respect to this European business, we are saying that the supply will commence from 2027. And we are talking of several other participants who also talked about the capex, etc. So do we think that our future cash flow coming from domestic business would still not be sufficient to compensate for the capex loss or interest loss for capacity development for that European supply?

Sumeet Sood: No. I think our positive cash flows from operations and continued business performance. So, we should have internal, if you look at our annual EBITDA -- we do not have any interest expenses. We'll have a healthy free cash flow. Our cash flow should be good to maintain our capex.

And if you look at our treasury, it is only growing. So we will be able to manage the domestic. And if there is a need to expand European approvals to our plants, it will be done through our internal cash flows.

Pankaj Agrawal: Understood. And my last submission is that if I look from three years to four years point of view, I don't see any major issue with A and the commentary of management with respect to the future business growth and even the current contract what we have won, it all looks promising.

However, we have not been able to command a respectable valuation even after such a commentary. So do we need to do a better job in terms of building investor confidence to raise more investor awareness, or some sort of incentivization? I don't know, there could be multiple ways of enhancing the awareness of our commentary for better valuation.

Sahil Maheshwari: So honestly, we -- as you rightly said, we obviously can improve on all fronts, right? So while we make an effort to rightly communicate our story, our growth levers have not really performed well with other growth levers. I think -- and we continue to participate across multiple investment forums. If required, we'll again participate. We think from a point of both institutional as well as minority investments, and we are mindful that we have a cash surplus, inorganic dividends, everything is in thoughts. So we'll do it when the time comes.

Pankaj Agrawal: Okay. And last thing, as a duty for being a retail investor, the regulatory front for this year has been dampening in terms of negative news. So if the company could avoid the kind of regulatory hurdles, probably this would improve the sentiment for remaining invested for the long term.

Sahil Maheshwari: Sure. We'll take that into notice.

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

Ankit Jain: Thank you, everyone, for joining the call. We conclude the call at this point.

Moderator: Thank you very much. On behalf of Ambit Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.