“Granules India Limited Q4 & FY ‘2025 Earnings Conference Call”

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MANAGEMENT: **DR. KRISHNA PRASAD CHIGURUPATI – CHAIRMAN AND MANAGING DIRECTOR, GRANULES INDIA LIMITED**
DR. K.V. S. RAM RAO – JOINT MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, GRANULES INDIA LIMITED
MS. PRIYANKA CHIGURUPATI – EXECUTIVE DIRECTOR, GRANULES INDIA LIMITED
MR. MUKESH SURANA – CHIEF FINANCIAL OFFICER, GRANULES INDIA LIMITED
MODERATOR: **MS. PRACHI AMBRE – MUFG INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day, and welcome to the Granules India Limited Q4 FY '25 Earnings Conference Call.

As a reminder, all participants' 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 "*", then "0" on your touch tone phone. Please note that this conference has been recorded.

I now hand the conference over to Ms. Prachi Ambre from MUFG Investor Relations team. Thank you, and over to you ma'am.

Prachi Ambre: Thank you, Anushka. On behalf of Granules India Limited, I extend a warm welcome to all the participants on Q4 & FY '25 financial results discussion call.

Today on the call, we have Dr. Krishna Prasad Chigurupati – Chairman and Managing Director; Dr. K.V. S. Ram Rao, Joint Managing Director and Chief Executive Officer; Ms. Priyanka Chigurupati, Executive Director; and Mr. Mukesh Surana, Chief Financial Officer.

Before we begin the call, I would like to give a short disclaimer. This call may contain some of the forward-looking statements, which are completely based upon our beliefs, expectations, and opinions as of today. These statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties.

With this, I would like to hand over the call to Dr. Krishna Prasad sir for his opening comments. Over to you, sir. Thank you.

Dr. Krishna Prasad C.: Thank you, Prachi. Good evening, ladies and gentlemen, and thank you very much for joining us on the Q4 FY '25 Earnings Call. We appreciate your continued interest in Granules. We have uploaded a detailed presentation of our quarterly and full year performance on our website, and I trust you have had a chance to review it.

I will start with the update on the US FDA remediation at our Gagillapur facility.

Let me begin with the update on the US FDA inspection status at our Gagillapur finished dosage facility:

As shared in our previous quarterly call, the facility underwent FDA inspection in August 2024, which concluded with six Form 483 observations and was classified as official action initiated. On February 26, 2025, we received a warning letter from the FDA for the site. The warning letter does not affect the supply of approved commercial products. However, it may temporarily impact the FDA's review of pending product submissions from this facility until the matter is resolved.

While manufacturing and distribution continue, the ongoing remediation measures have resulted in a slowdown of operations, which impacted our Q4 output and is expected to continue for another quarter or two. Our remediation program initiated immediately post-inspection, has been driven under the guidance of three globally recognized consulting firms with deep expertise in quality, compliance, and regulatory affairs. These experts have been closely collaborating with our team, both on-site and remote, since September 2024. As part of this initiative, we voluntarily paused operations in September to conduct a comprehensive risk assessment. Operations resumed only after confirming there was no product safety or contamination concern, and in concurrence with the US FDA.

We initiated extensive testing of both previously manufactured and ongoing batches for cross-contamination. So far, over 1,200 post-inspection and pre-inspection batches have been tested, all are within acceptable limits. Additionally, more than 2,600 swab and rinse samples have been tested with no deviations observed. We developed and validated 89 test methods specifically for contamination testing, and analysis remains ongoing. We continue to generate and compile data to demonstrate the robustness and sustainability of our CAPAs in preparation for a future FDA meeting.

Beyond compliance, we have implemented enterprise-wide quality culture initiatives, including corporate procedures for cleaning validation, visual checks, residue limits, change controls, and competency building across teams. We remain fully engaged with the FDA, customers, and other stakeholders throughout this process, and are committed to embedding long-term improvement in our quality systems. We are confident that the steps we are taking will lead to a satisfactory resolution within a reasonable timeframe.

Granules' growth trajectory remains focused and diversified, underscoring that our strategy is not solely dependent on new product approvals from the Gagillapur site.

Key drivers include:

- New launches from our GPI facility in the US.
- Growth from large-volume products in the US and Europe.
- Capacity addition and commercialization of the Greenfield formulation facility at Genome Valley.
- Value chain advancement in Europe.
- Expanding oncology pipeline from Unit-V.

Our near-term growth will be driven by new product launches from our GPI site for the US market, especially the CNS and ADHD segments.

During Q4, we received approval for lisdexamfetamine capsules following the early approval of the chewable tablet formulation in Q3. With this, we now have both dosage forms, capsules and chewables approved and commercially launched, enhancing our presence in the CNS and ADHD

segment. Additionally, we launched multiple key products during the quarter, including paracetamol-oxycodone, paracetamol-hydrocodone combination and dofetilide capsules. These launches reflect our continued focus on expanding our complex generic portfolio and reinforcing our position in the US prescription market.

Our new formulation facility at Genome Valley under Granules Life Sciences is progressing well. Phase-1 with a capacity of 2.5 billion dosage has been commissioned and commercial dispatch of monograph products are ongoing. We are awaiting inspections by both European agencies as well as the US FDA towards commercialization of prescription products from GLS. Inspections are expected in Q2 of FY '26. Phase-2, with an additional 7.5 billion dose capacity has been commissioned in the current quarter and validation activities for monograph products have also commenced.

I will now talk about Granules' foray into peptides and the acquisition of Senn Chemicals:

The global market for peptide-based anti-obesity and anti-diabetic therapy has already crossed $50 billion in annual sales and is projected to reach $100 billion to $150 billion by 2030. Beyond metabolic disorders, we see exciting opportunities in oncology, cosmetics, and theragnostics where peptides are enabling next-generation targeted therapy.

With the strategic acquisition of Senn Chemicals, a Swiss-based CDMO, Granules has entered the high-growth peptide therapeutic space. This marks a formal entry into complex peptides, including GLP-1 receptor anti-agnostic one of the most transformative classes of therapy in the fight against diabetes and obesity.

Founded in 1963 and headquartered in Dielsdorf, Switzerland, Senn Chemicals is a specialist CDMO with a strong multi-decade track record in developing complex liquid-phase peptide synthesis processes for peptide APIs and fragments, offering end-to-end customer manufacturing solutions across pharmaceuticals, cosmetics, theragnostics, and amino acid derivatives. We have completed acquisition formalities in April, and integration activities are in progress. We would provide more updates in the coming quarters.

On the sustainability front:

We made significant progress during the year. Granules received a gold rating from EcoVadis, placing us in the top 5% of the pharmaceutical companies globally in our very first corporate-level assessment. We also include our CDP climate rating to a B and secured SBTi validation of our climate goal. Additionally, we launched our supplier sustainability program to extend our impact across the value chain.

To summarize:

We remain firmly focused on strengthening quality and compliance systems across the organization, while staying on course with our clearly defined growth strategy. In the near-term,

momentum will be driven by new product launches from our GPI facility, and ramp up commercial operations at our Genome Valley formulation site.

Looking ahead, we are strategically expanding into high-growth areas such as oncology and peptides, which will shape our medium to long-term strategy. Concurrently, we continue to invest in R&D to build a differentiated portfolio that underpins sustained value creation and global competitiveness.

Dr. K.V. S. Ram Rao will provide further insights on some of these initiatives. I now hand over the call to Dr. Ram Rao.

K.V.S. Ram Rao: Thank you, Chairman. Good evening, all of you. At Granules, developing a strong and a diverse product portfolio has always been a key priority, and it remains central to our strategic approach.

Over the last financial year, Granules' R&D spend was Rs. 238 crores versus the Rs. 199 crores in FY '24, representing a 20% increase in investment, which demonstrates our commitment towards R&D. We have been making steady progress in achieving our R&D goals. With every passing quarter, we continue to expand and strengthen our product portfolio.

We have a total of 127 dossiers filed across various regions. We have 85 ANDAs in the US, 16 pending for approval, 18 in Europe, with 10 pending for approval, and 24 in other regions, including Canada, with eight pending for approval. We have received two approvals, one in US and one in Europe in the last quarter. We filed three US ANDAs and six European dossiers in Q4, including a first to file product from the GPI facility.

On the API front:

We filed 18 DMFs, including US DMFs, CEPs, ASMFs, Korean and Brazilian DMFs. There has been a significant progress in our ADHD portfolio. We have been developing a robust ADHD portfolio with about 10 products in the pipeline for development, which includes day one launches and day 181 launch opportunities, including some first to file.

In February, we launched lisdexamfetamine caps and chewable tablets in the US market. Furthermore, API validation and DMF filing is expected to be done in quarter one FY '26 for lisdexamfetamine, which leads to vertical integration and supply chain reliability for this product. Overall, Granules ADHD portfolio covers a significant portion of the US ADHD market.

We continue to expand our oncology portfolio with around 10 products currently under development. This includes NCE-1 day one launches, first to files, and day 181 opportunities. We continue to make significant progress in our oncology portfolio. Last quarter, we submitted a promising high-growth oncology ANDA in the US and the European geographies, marking the commencement of our oncology filings.

FY '25 also saw the entry of Granules into the peptide as a global CDMO business. Peptide has emerged as one of the most important and promising class of therapeutic agents. From treating metabolic disorders like obesity and diabetes with GLP-1 agonist to offering innovative targeted therapies in cancer treatment, peptide holds the potential to significantly enhance treatment outcomes across a range of conditions.

As a part of our strategic objective to tap into this rapidly growing segment, Granules has acquired Switzerland-based CDMO. This acquisition marks a pivotal moment for Granules. It will accelerate our transformation into a more diversified science and innovation-led organization with sophisticated product capabilities.

With Senn Chemicals AG, we are not just bringing a European company to our fold, we are gaining immediate high-value access to the rapidly expanding peptide therapeutics market, while also firmly establishing our footprint in the specialized CDMO sector. Senn Chemicals adds to Granules' proficiency in complex high-growth areas like peptide development and manufacturing using technologies like liquid-phase, solid-phase peptide synthesis. It also brings a long-standing relationship with pharmaceutical, cosmetic and theragnostics clients worldwide.

Looking ahead, we are confident the strategic synergies created by this acquisition will unlock significant value. Our focus going forward will be on seamlessly integrating their expertise, while maintaining the operational excellence, accelerating joint development activities and maximizing the opportunities this acquisition presents.

This acquisition represents a tangible step in our journey to evolve our complex product portfolio, enhance our technical capabilities and solidify Granules' position as a leading global pharmaceutical player in high-value specialized segments. I am pleased to share that we have remained steadfast in our commitment to executing our R&D strategies and developing robust portfolio and capabilities for the future.

Thank you, all. Now, I hand over to Mukesh Surana, CFO. Thank you.

Mukesh Surana: Thank you, CMD and JMD. Let me take you all to the top financial parameters now.

Revenue:

The 4th Quarter revenue were Rs. 11,974 million as compared to Rs. 11,758 million in Q4 FY '24, with a growth of 2%. And revenue grew by 5% as compared to Q3 FY '25. Sales growth saw increase in FD, and API sales though there was a continuous price erosion. The full year revenue were Rs. 44,816 million as compared to Rs. 45,064 million in FY '24.

Formulation sales grew by 18% despite a voluntary paused of production in September '24 at our Gagillapur facility, in response to US FDA observations and with remediation efforts, slowdown of production in H2. Further price erosion and demand issue in API and PFI has

impacted the sales growth. The sales breakup as per business divisions, geographic regions are presented in our investor presentation, which is available on the website.

Gross Margin:

Our gross margin as a percentage of sales for Q4 FY '25 was 63.4% as compared to 60.1% in Q4 FY '24. Gross margin as compared to Q4 FY '24 is up by 333 basis points achieved due to higher finished dosages, sales with higher margin. Gross margin as a percentage of sales for Q4 FY '25 is up by 169 basis points from Q3 FY '25. Sustained higher finished dosages, sales with higher margin has given this improvement. The full year gross margin as a percentage of sales for FY '25 is up by 635 basis points from FY '24. Margin improvement is due to strategical shift towards high margin formulation products.

EBITDA and EBITDA Margin:

EBITDA for the quarter was Rs. 2,524 million, that is 21.1% of sales as compared to Rs. 2,557 million, that is 21.7% of sales in Q4 FY '24, a decrease of 67 basis points from Q4 FY '24. Professional expenses have gone up on account of consultancy for remediation of US FDA observation that has impacted the EBITDA margin. EBITDA as a percentage of sales for Q4 FY '25 is up by 83 basis points from Q3 FY '25.

EBITDA margin is better despite continued professional expenses on account of consultancy for remediation of US FDA observation and increase in R&D expenses. EBITDA for the year was Rs. 9,452 million, as compared to Rs. 8,560 million in FY '24, a growth of 10% over the previous year. EBITDA improved with better margin despite Airfreight and professional expenses incurred for remediation of US FDA observation.

R&D:

Our R&D expenses for the quarter was Rs. 665 million, as compared to Rs. 609 million in Q4 FY '24 and Rs. 568 million in Q3 FY '25. R&D expenses for the year was Rs. 2,377 million. We are going to continue to spend on R&D in the coming quarters as well.

Net Debt:

Our net debt was Rs. 7,061 million, as compared to Rs. 8,289 million in Q3 FY '25. Our net debt was Rs. 8,421 million at the end of March '24.

Cash-to-Cash Cycle:

Our cash-to-cash cycle was 202 days in the current quarter, as compared to 213 days in Q3 FY '25 and 161 days at the beginning of the year.

Cash Flow from Operations:

The cash flow from operations for the quarter was Rs. 3,183 million, as compared to Rs. 1,315 million in Q3 FY '25, and for the year was Rs. 8,666 million, as compared to Rs. 4,394 million in FY '24.

CAPEX:

CAPEX spend during the quarter was Rs. 1,598 million, and for the year was Rs. 5,700 million, primarily invested in Granules Life Sciences of Rs. 3,135 million in FY '25.

ROCE:

ROCE for Q4 FY '25 is 16.6% as compared to 16.4% in Q3 FY '25 and 16.5% in Q4 FY '24.

With this, I open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please proceed.

Tushar Manudhane: Yes. Thanks for the opportunity. Sir, just wanted to know with respect to these Senn Chemicals, what further investment would be required for next two years to further sort of either integrate with Granules and further scale up the capability or capacity?

Dr. Krishna Prasad C.: Tushar, we are analyzing the whole situation. There is going to be a lot of CAPEX that has to come up in Switzerland. And also, we are putting up a peptide R&D facility in Hyderabad, and which will be followed by a peptide manufacturing also. Some of the developments will happen in Switzerland, and commercialization of large volume products will happen here. We are analyzing what we have to do and maybe in the next quarter we will have a clear idea on this. But definitely there is going to be a CAPEX on peptides.

Tushar Manudhane: Currently, sir, any like sales or profits from this entity, if you could share that number?

Mukesh Surana.: It's sort of breakeven or slight loss as of today, yes. And we think in the next one or two quarters or three quarters it will continue to be around that level, but going forward with the new strategy, it should improve.

Tushar Manudhane: Got it. And just secondly, as far as the Gagillapur facility is concerned, you said the production is disruption for couple of quarters. Kindly if you could share FY '26 revenue, EBITDA guidance?

Dr. Krishna Prasad C.: We cannot give you any guidance on this, but definitely all I can say is it's going to be better than last year. And I also want to make it clear that the slowdown on operation in Gagillapur will continue for a quarter or two. Despite that, we think that we will do better than last year.

Tushar Manudhane: Got it. And just lastly, this professional and consultancy fees which you would have paid for Gagillapur in FY '25, if you could quantify that?

Mukesh Surana.: So, I will just quantify not only professional expenses, all kinds of expenses, including air freight and US FDA consultancy expenses, all have been close to Rs. 60 crores for FY '25.

Tushar Manudhane: And this will not recur in FY '26, or there will be some more spending in FY '26?

Dr. Krishna Prasad C.: It will continue for Q1 and Q2, but slowly declining. But definitely till Q2 we see that it should be continuing. We have taken up a complete remediation plan, not a mandatory part exercise. So we have a lot of consultants working on the site. So we think that this will continue for some time.

Mukesh Surana: One more clarification, air freight may not be as high as what we have incurred in Q3, particularly in FY '25, there we are seeing an improvement with a better planning.

Tushar Manudhane: Okay. Thank you, sir. Thank you.

Moderator: Thank you. The next question is from the line of Rashmi Shetty from Dolat Capital Market Private Limited. Please proceed.

Rashmi Shetty: Yes. Thanks for the opportunity. Just on the Senn Chemicals, you said that you will also be exploring the GLP-1 opportunity. So which part of the value chain you would be targeting, only intermediates or the entire formulation part? And you will be targeting generic companies, I mean, in the CDMO space, or will you be supplying to the innovators?

Dr. Krishna Prasad C.: On the CDMO, it will be some of the innovators we are targeting already. And on the GLP-1 separation, basically let me explain a little bit in detail for everybody's benefit. Our relationship with Senn Chemicals started with us wanting them to develop GLP-1 products for us. It gives them a contract manufacturing opportunity. And when we saw that, they had some very good capabilities, we thought we should get hold of that company so that we can also have a kickstart with technologies ready-made. And we are working on APIs for GLP-1, and we expect to plan to do formulation. And formulations we will be developing in India and getting it contract manufactured for the time being.

Rashmi Shetty: And it will be for various markets, like because India and the other emerging markets are already opening up from March '25 end?

Dr. Krishna Prasad C.: India markets also, but we are a little late for India market starting now, because our API will be available after a while. But definitely for the US market, the US is the biggest target we have. We have to wait for a while. But then other GLPs going forward, we have a lot of time, and we will be targeting all markets at one time.

Rashmi Shetty: Okay. And you mentioned that EBITDA or the PAT currently is at the breakeven level or slightly loss, but what is the current sales from Senn Chemicals? And what kind of products are being manufactured over here?

Mukesh Surana: So currently, they are doing roughly CHF20 million a year and with the breakeven EBITDA. And they are largely into CDMO related to peptides, pharma, cosmetics and theragnostics. And they also have amino acid derivatives, largely for peptides CDMOs.

Rashmi Shetty: Okay. So with the CAPEX planned forward for Senn Chemicals, and plus, we also have an ongoing CAPEX for Granules. So put together, what will be the CAPEX guidance for FY '26 and FY '27?

Mukesh Surana: So currently, we have done estimate for FY '26, FY '27 we are still working on. So FY '26, overall CAPEX estimate is about Rs. 600 crores. This includes further CAPEX, which we have to incur for Granules Life Science and also oncology and peptide investment.

Rashmi Shetty: This includes the Senn Chemicals' CAPEX also, that will be additional in case it is planned?

Mukesh Surana: Yes, this includes that as well.

Rashmi Shetty: Understood. And on the GLS Phase-II, that is 7.5 billion dosage, the entire CAPEX is over, or that extra amount is going to come in FY '26 also?

Mukesh Surana: It will come in FY '26 also.

Rashmi Shetty: Okay. So the plant is not ready for 7.5 billion dosage?

Mukesh Surana: We do have some CAPEX creditors and also we are incurring additional CAPEX expansion in terms of packing facility and some press-fits, all of that will be spent in FY '26.

Dr. Krishna Prasad C.: But commercialization has already started in the new Phase-II, Rashmi.

Rashmi Shetty: Okay, but the total installed capacity currently is not 7.5 billion, I mean it is ongoing, right?

Dr. Krishna Prasad C.: No, we have already 2.5 billion in Phase-I and this will be 7.5 billion --

Rashmi Shetty: Yes, that is first phase. That is your first phase.

Dr. Krishna Prasad C.: That's right. 7.5 billion is, I think, you can say 7.5 billion capacity by next month onwards, okay. So, 7.5 billion from next month, but it will take us time to get into full utilization, because we must need to get approval from the FDA and the European authorities, which we expect to have in Q2. Once we get this approval, we will start full production and then I think by possibly this year, we may do about 40%, 50% capacity utilization and close to 90% by next fiscal end.

Rashmi Shetty: Got it. So 7.5 billion dosage will get over by, we can expect by Q2 of FY '26.

Dr. Krishna Prasad C.: No, no, it will be FY '27.

Rashmi Shetty: Okay, sir. Okay.

Dr. Krishna Prasad C.: Close to 100%, 90% or so.

Rashmi Shetty: Got it. And just on the gross margin, so we had a strong formulation phase during the year and that is why with the help of a good business mix, our gross margin was 61.5% during the year. But what are we expecting for the API and PFI segment from the last two consecutive years due to external factors, we have seen a decline. But were there any small growth or anything we can expect in these two segments? And if the sales increase of these two segments, FY '26, the gross margin would decline, or it would be at the similar level?

Dr. Krishna Prasad C.: Rashmi, first of all, all the APIs and PFIs we make are slowly getting consumed in-house. So it's a vertical integration that's giving us the benefit. Except paracetamol API, where we have a large capacity, other APIs are all being used in-house. So paracetamol, we had quite a substantial API sale, which has been impacted by extra capacity created in the world. And so instead of trying to push more API into the market at negligible margins, we are concentrating on converting most of it into PFIs and FDs. So we will see the FD share at this level or possibly increase a little bit more. Definitely, I can tell you, API percentage will not increase.

Rashmi Shetty: API percentage will not increase. So year-on-year, we will see a small decline or maybe a flattish.

Dr. Krishna Prasad C.: Yes, because all that is where the capacity is going into consumption for --

Rashmi Shetty: It's getting converted to the FDs.

Dr. Krishna Prasad C.: Yes.

Rashmi Shetty: Got it. So then this kind of gross margin is sustainable.

Dr. Krishna Prasad C.: We hope to, and we are confident as of today definitely.

Rashmi Shetty: Okay. Got it, sir. And one last question just on the Europe business. We have seen for Q4 and for the full year decline, whereas even in the rest of the world, we have seen a decline. Your other markets like India and US have done well. So is it mainly because of the paracetamol and the API segment impact, which is actually reflecting in the geographies like Europe and all.

Dr. Krishna Prasad C.: Yes, you are perfectly right. Europe was mostly driven by paracetamol API with some of the big brands. And there was a slowdown there, it's only picking up, but I don't think it will go back to where it was. The price erosion continues to stay, I don't think we will get back to the old levels,

which actually was helped during COVID. And except for very valued customers, we do not plan to sell paracetamol. And European sales will be mostly driven by formulations, where we had lot of filings, there was a little delay in launching this product. And once these products are launched, European sales will increase, but as a percentage, it may remain the same.

Rashmi Shetty: Okay. Got it, sir. Thank you. That's it from my side.

Dr. Krishna Prasad C.: Yes.

Moderator: Thank you. The next question is from the line of Tarang Agarwal from Old Bridge. Please proceed.

Tarang Agrawal: Thanks, sir. Good evening, and congrats for a reasonable set of numbers given the background of Gagillapur. So three questions, sir. Firstly, on Senn Chem acquisition. Sir, what's the --

Dr. Krishna Prasad C.: Tarang, you are breaking up, Tarang, I cannot hear you properly.

Tarang Agrawal: Okay. Sir, this is basically with respect to the Senn Chem acquisition, what are the medium-term milestones and say, slightly longer-term milestones that you are looking at? And a subsequent question, given the strategic nature of this acquisition, how should we calibrate the eventual success or failure of this acquisition?

K.V.S. Ram Rao: On the Senn acquisition, the medium-term, I think we will be focusing on A, improving the CDMO segment. So as already mentioned in the speeches that there are four areas where there is already enough customer base. And also there is a lot of potential, and we will be exploiting this potential on both the science technology as well as the infrastructure to enable Senn to be competitive diversified and lead to a kind of a good CDMO play in the medium to long-term. That is one segment.

Second segment, the GLP-1s, as already mentioned by Chairman, we actually started our journey with them on GLP-1s and we have gone quite a bit of distance in development of the product. So this will become an important journey in terms of looking at GLP-1s, and therefore, using this knowledge, experience, and technology to look into various fragments of GLP-1 both for CDMO business and also for the Granules consumption. I think that will be the long-term approach to sell.

Dr. Krishna Prasad C.: And the strategic importance, Tarang, is that we will have access to good capabilities rather than starting from scratch. So it's just going to be transfer from there to India for increased volumes of GLP-1s to start with and then there are various other peptides we want to concentrate on as we go by.

Tarang Agrawal: Got it. Sir, second, I mean, your R&D clip has been quite significant, especially in the last five years. How are you measuring the productivity of your R&D spends? I mean, if you could help us with some anecdotes, it will be quite helpful.

K.V.S. Ram Rao: So R&D spend productivity is seen through one, the number of quality filings that we are doing both in US and Europe in ADHD and oncology segments. I think that is the first measurement that we see. The second measurement is on the value of the filings. So the NCE-1s and the first to files are the differentiated filings. So I think, we have been very consistently maintaining that our portfolio is going to be focused on ADHD and oncology segments and the measurement of filings. And you already see that we have a lisdexamfetamine chewables and oral tablets approval as a beginning of our journey to the ADHD segment. So we are very clear on the number of filings globally and also in specific geographies as one big productivity measure, and I think we are pretty satisfied with the kind of progress we are making on our R&D spend and its productivity.

Dr. Krishna Prasad C.: Tarang, we also have a benchmark for return on investment of one particular ANDA. How many times of that in what period and these are different numbers for regular products, P3 products and for going forward with first to files and all is going to be another aspect. So we are fairly happy with the progress and the returns we are getting.

Tarang Agrawal: Sure. Just last question, sir, with whatever uncertainty that's sort of been created over the last two, three months with the impending tariffs, given your significant exposure to the US, how are people looking at it? I mean, are you positioned? I mean, what are the conversations that are happening internally to address the eventuality if at all it, would be possible to do it?

Dr. Krishna Prasad C.: Yes amore than internally, I think external communication is important. We are talking to all our customers in the US about the possible impact. And we have been mentioning that if duties, tariffs come in, we will have to increase prices, there is no way we can absorb it. And we don't see too much resistance as of today, but let's see when it actually happens what the impact will be. And my feeling is this is going to impact everybody just not us and it's a level playing field and there may not be too much of an effect, because everybody is going to get hit with this tariff and there is so much anybody can absorb on margins especially products genericized long ago.

Tarang Agrawal: Correct. And last I mean, Mukesh, on CAPEX, what's the CAPEX number for FY '26?

Mukesh Surana: Rs. 600 crores, Tarang, that is what we guided.

Tarang Agrawal: Okay. And Senn Chem is on top of that, so about Rs. 1,100 crores of outlay, correct?

Mukesh Surana: Yes, you are right, Senn Chemical investment is on top of that. That is equity plus debt put together, Rs. 450 crores Enterprise Value and we did that recently.

Tarang Agrawal: Okay. Thank you. All the best.

Mukesh Surana: Thank you.

Moderator: Thank you. The next question is from the line of Sahil from M&S Associates. Please proceed.

Sahil Vora: Hello, sir. Thank you for the opportunity. Sir, I have a couple of questions. Firstly regarding the new formulation facility at Genome Valley, which commenced commercial dispatches. Sir, could you discuss the impact of it? Sir, could you discuss its impact on the overall capacity and revenue?

Dr. Krishna Prasad C.: Only Phase-I has been commercialized, Sahil, and Phase-II is under commercialization right now, which will happen within a quarter or two. So there has been, like we said, a slowdown in Gagillapur till the FDA remediation is completed, there will be a slowdown because of various activities that are being undertaken there. So all that from this quarter, both to some extent, and Q2 in a better way will be made up by GLS and also from our US sites with new product launches.

So going forward, Genome Valley site is going to play a very important role in our revenue because even when Gagillapur returns to full normalcy, the demand for our products we foresee will be increasing and we definitely see that this cycle contributes quite a bit.

Sahil Vora: Understood, sir. Sir, secondly, how is the company addressing the decline in European sales? And what are the plans to regain market share in that region if you can shed some light on that?

Dr. Krishna Prasad C.: I just mentioned a little while ago that Europe was mainly dominated by Paracetamol API sales. And now, API sales demand has come down and we are moving the APIs more into PFI's and formulations that have been happening in US and other places and paracetamol sales API will improve a little bit, but we do not see it going back to the old times. And we will make up for European sales with formulations where the margins also will be high and we had a delay in launches of some products and we expect that to be back on track and sales will definitely improve. But as a percentage I said a little while ago, the US will continue to be the biggest growth driver.

Sahil Vora: Okay, sir. Thank you. That's it from my end. Thanks.

Dr. Krishna Prasad C.: Thank you.

Moderator: Thank you. The next question is from the line of Varun Mishra from SK Investments. Please proceed.

Varun Mishra: Yes. Hi, sir. Thank you for the opportunity, sir. I had a couple of questions. So I wanted to know like from North America, like we have been accounting almost 79% of total revenues as per Q4 and FY '25. So sir, like what are our strategies in place to diversify geographical revenue mix.

Dr. Krishna Prasad C.: Yes, we do have a strategy. Priyanka, would you like to take that?

Priyanka Chigurupati: Sure, I will take that question. So we have been working on the North America strategy for almost 10, 12 years now in terms of filings, etc. So that market has been and will continue to be our biggest growth driver. But if you look at the number of filings that we're doing in other

regions, this year we have done about 11 filings for Europe and we continue to increase that momentum.

In addition to that, we are framing up the strategies for the rest of the world for finished dosages and plan on increasing our existing current API and pay by business as well. So going forward, you'll see an absolute increase in numbers coming from ROW markets as well. But again, I just want to reiterate that the US, just the size of the market is so big that even for us that will continue to be a focus.

Varun Mishra: All right, ma'am. Thanks a lot for that. Sir my second question was around what is your outlook on the API and the PFI segments? Could you give the current contributions to the revenue? How are they contributing? Like could you throw some light on that?

Mukesh Surana: Yes, currently it is less than 25% and this is how the trend also we see going forward, as Chairman clarified in the earlier conversation. So we are producing API more for in-house consumption. So we are focusing more on formulation. So this trend of around close to 25% of API, PFI will be in that range.

Varun Mishra: All right, sir. My last question is, sir, can you please provide an update on the CAPEX spend on the GLS and the CZRO projects in FY '25? How do we see these projects like contributing on the topline in the coming years?

Mukesh Surana: So in terms of CAPEX investment, I had clarified in my speech, we have spent about Rs. 313 crores in FY '25, and we have further amount left to be spent in FY '26 also in Granules Life Science. And in CZRO, we are going slow. We have not incurred much in FY '25. Largely whatever we have incurred is on the land, which was incurred a year before and some pilot facility, which we have incurred over the last two years. CZRO, we are cautious and going slow, at the right appropriate time we will do. In terms of priority, GLS expansion is our priority, and also the new oncology and peptide facilities are our priority.

In terms of near-time revenue, we don't expect much from CZRO immediately in near-term and also similarly from peptides in the near-term in terms of revenue other than the acquired revenue. In terms of Granules Life Science, our Chairman has clarified that this year, it would be about 40% of capacity utilization, next year it will be closer to 90% plus.

Varun Mishra: All right, sir. Thank you. That's all from my side, sir. Thank you, and all the best.

Mukesh Surana: Thank you.

Moderator: Thank you. The next question is from the line of Mr. Doshi from an Individual Investor. Please proceed.

Mr. Doshi: Hello, sir. So thanks for the opportunity. Sir, I just wanted to have some color on the oncology portfolio that we have. You just mentioned that we filed one US ANDA. I wanted to understand

what are the total number of molecules that we have here in the pipeline? And where are we in the development of regulatory timeline, along with any market sizes for the same, if you can share?

K.V.S. Ram Rao: On the oncology pipeline, as I mentioned in my speech, that we have already filed one molecule in the US and European segment, and we have a full double-digit pipeline of oncology products, which will be, as I told before, which will be NCE-1 segment some of them are first to launch, some of them are Para IV 181. And most of these products are for global development, and as mentioned by Priyanka that we are building our Europe and ROW business, and oncology will become a significant element of this building of the business in terms of PFI stroke, the formulation business. So overall, this is the portfolio, and we expect this portfolio to start yielding us revenues from FY '28 onwards.

Mr. Doshi: Okay. All right. Got it, sir. So this was the first filing, and do we expect to see filing every quarter or every six months from now on?

K.V.S. Ram Rao: I think every quarter, we make progress in terms of filing, but you know R&D and therefore, I would not like to say a quarter or this one, but we have a fairly good idea about the timeline of filing in US and in other geographies.

Mr. Doshi: All right. Got it. And just an extension to that one, we would be here looking at making the API in-house with full integration and then going on to the formulations, or how are we thinking about it?

K.V.S. Ram Rao: As Granules strategy and as you heard our Chairman just a few minutes ago, I think most of it will be vertically integrated. So the entire differentiation in the API comes completely from a vertical integration and that is one of the reasons and also one of the strategies for selecting our portfolio.

Mr. Doshi: All right. Okay. Thank you so much, sir. That's all from my side. All the best.

K.V.S. Ram Rao: Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Dr. Krishna Prasad C.: Thank you very much, ladies and gentlemen. It's been an interesting discussion. And I look forward to meeting you all once again in the next earnings call with possibly better results and till then, have a great day and a great time ahead.

Moderator: On behalf of Granules India Limited Q4 FY '25 Earnings Conference Call, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.