Windlas Biotech Limited



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CIN-L74899UR2001PLC033407

February 18, 2025

To Listing / Compliance Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 To Listing / Compliance Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai – 400 051

BSE CODE: 543329

NSE SYMBOL: WINDLAS

Dear Sir/ Madam,

Subject: Q3 FY25 Earnings Conference Call Transcript

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Q3 FY25 Earnings Conference Call Transcript.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For Windlas Biotech Limited

Ananta Narayan Panda Company Secretary & Compliance Officer

Encl: As above



"Windlas Biotech Limited Q3 FY'25 Earnings Conference Call"

February 12, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 12th February 2025 will prevail.





MANAGEMENT: Mr. HITESH WINDLASS – MANAGING DIRECTOR
Ms. KOMAL GUPTA – CHIEF EXECUTIVE OFFICER AND

CHIEF FINANCIAL OFFICER



Moderator:

Ladies and gentlemen, good day and welcome to the Windlas Biotech Limited Q3 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and 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. Today on the call, we have Mr. Hitesh Windlass, Managing Director; Ms. Komal Gupta, CEO and CFO.

I now hand the conference over to Mr. Hitesh Windlass. Thank you and over to you, sir.

Hitesh Windlass:

Thank you. Good afternoon, everyone, and thank you for joining us today for our financial results for quarter and 9 months ended 31st December 2024. We have uploaded the press release and investor presentation on our website as well as on the exchanges and I hope that everybody must have gotten an opportunity to go through it.

Initially, I would like to discuss the outlook and way forward for Windlas Biotech followed by financial highlights for Q3 and 9-month FY '25 of the company, which will be shared by our CEO and CFO, Ms. Komal Gupta.

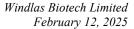
The Indian Pharma Market registered a 7% year-on-year growth in Q3 FY '25 primarily driven by price increases and volume growth remained negative.

We are pleased to report a resilient performance as we have registered Y-o-Y revenue growth of 21% in 9 months and 20% in Q3. This performance is driven by strong momentum in our Trade Generics & Institutional vertical complemented by consistent contributions from our CDMO and export verticals. The growth of the business development team, expanded customer base and introduction of new products are driving positive results in generic formulations CDMO vertical despite negative volume growth and API price reduction resulting in lower conversion.

The Trade Generics & Institutional vertical continues to maintain strong growth trajectory. Our sales force has been broadened across both key and surrounding territories for this vertical enhancing our market reach.

In Jan 2025, the injectables facility received Good Manufacturing Practices GMP certification from the Food Safety & Drugs Administration Authority of Uttarakhand following an inspection in December 2024 confirming compliance with WHO's TRS guidelines in all five plants now of the company.

Accordingly, large customers have scheduled audits of our injectable facility in Q4 of FY '25. Stability testing, completion of production batches has taken in H1 FY '25 has commenced in Q3 FY '25. In line with our strategic road map, Plant 2 extension is also now fully operational.





I will now request Ms. Komal Gupta, our CEO and CFO to discuss the financial performance highlights. Over to you, Komal.

Komal Gupta:

Thank you, Hitesh. Good afternoon, everyone. Our all-time high revenue streak persists into the eighth quarter. For 9 months FY '25, revenue reached INR557.2 crores showcasing 21% Y-o-Y growth and Q3 FY '25 revenue rose by 20% Y-o-Y to INR195 crores. We are committed to enhancing our capabilities, expanding into new regions and providing high quality pharmaceutical products that address the evolving needs of our customers and patients.

Our strategic initiatives and operational efficiencies position us for long-term growth and value creation. Our diversified product portfolio, strong customer relationships and dedicated team combined with strategic investments position us for consistent growth in our Generic Formulations CDMO vertical. This vertical recorded a 15% Y-o-Y increase in 9 months FY '25 to INR407.9 crores. For Q3 FY '25, this vertical generated INR135.7 crores in revenue witnessing an 8% Y-o-Y growth.

Our Trade Generics & Institutional vertical continued its growth momentum indicating strong market acceptance of the company's product offerings. In 9-month FY '25, revenue surged to INR126.6 crores marking a 44% Y-o-Y increase. For Q3 FY '25, revenue increased to INR49.6 crores registering 74% growth Y-o-Y.

Our Exports vertical reported revenue of INR22.6 crores in 9 months, a 23% increase Y-o-Y with Q3 FY '25 showing a revenue of INR9.7 crores reflecting 19% growth Y-o-Y.

EBITDA surged by 22% Y-o-Y to INR68.6 crores, 12.3% margin for 9-month FY '25 and by 21% Y-o-Y to INR24.6 crores, 12.6% margin for Q3 FY '25.

Despite increase in depreciation by INR9.7 crores for 9 months FY '25 and INR3.6 crores for Q3 FY '25 almost entirely due to injectable facility, PAT stood at INR44.7 crores, up 9% for 9-month FY '25 Y-o-Y and INR15.6 crores, up 3% Y-o-Y for Q3 FY '25.

That's all from my side. We can now begin the Q&A session. Thank you.

Moderator:

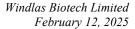
Thank you very much. We will now begin the question and answer session. The first question is from the line of Sudarshan from JM Financials. Please go ahead.

Sudarshan:

Sir, my question is to understand more strategically on Schedule M, which is basically being pushed towards the end of the year. I mean is expected to be very positive for compliant players like us. So in that context, how do you, one, read this kind of slight pushback and are we seeing more wallet share and more customers coming in because of this?

Hitesh Windlass:

I'm sorry. Could you please -- maybe I can rephrase your question because the line was not clear. You are asking whether the regulatory scenario remains as strict and whether more customers are coming in because of the regulatory pressure on smaller competitors?





Sudarshan:

Yes. This is primarily on the Schedule M. So how do you see the Schedule M benefiting us and is there any impact on the pushback in terms of the deadline?

Hitesh Windlass:

Yes. So I think the Schedule M is definitely a move by the government and by the regulator, which is almost very, very strictly being enforced. The surprise audits are happening across the spectrum and we have also received audits and have passed in flying colors and continue to. I believe even smaller many companies in different CMO belts like Baddi and even near Uttarakhand have had these audits and have been closed down.

So definitely customers are looking for more reliable, higher quality compliant sources of manufacturing. And we have been saying this almost -- we have been anticipating this. We have been saying this since 2021 that this will have an impact on reshaping the industry and we continue to see this. In fact the central drug controller, his term has now been extended by another 2 years. So we expect that this push for compliance will continue and those companies which are strong on the quality and compliance front will definitely benefit.

Sudarshan:

Sure. So in that context given that we have now received the GMP clearance and it is up and running, how do we see the scale up in this facility and how much of this facility is visibly booked in terms of orders with our customers? Just wanted to get some clarity in the runway around?

Komal Gupta:

See, the large customers, they are now setting up the audit at our plant. They do it once we have this GMP certification in place. So we have date of many large customers in place and the audits are scheduled in Q4 of FY '25. There might be more in Q1 of FY '25. So we'll have to -- having said that, there is already some order book in place for our existing production happening and products getting ready for commercialization and out of stability batches.

So that progression is happening. To exactly say when do we really reach peak or when do we start giving a solid number, it's difficult to say; but we already see a good momentum, very good responses out of the audits that have already happened and the queries that are coming in for our product portfolio.

Hitesh Windlass:

Yes. And we have been also 100% successful so far on each of the products that we have incubated in stability. So all that product development and stability testing is also going as per our plan. That is the extent of what we can share as of now.

Sudarshan:

Sure, sir. Sir, one final question before I join back the queue. It's a little operational. The CMDO growth probably...

Moderator:

I just request you to join back the queue.

Sudarshan:

Sure, sir. No problem. Thank you.

Moderator:

Thank you. The next question is from the line of Abhishek Singhal from Perpetuity. Please go

ahead.



Abhishek Singhal: Sir, a couple of questions around the injectable facility only. One, have you booked any revenues

this quarter? Because our understanding was that you had indicated last quarter it will only start

in Q4.

Hitesh Windlass: So very minimal revenue has been there Abhishekji, already in Q3; but some will also clock in

in Q4. But this is nothing to showcase. So it's very minimal because these are initial batches

which have completed 6 months stability and they are now being shipped. Those kind of thing.

Abhishek Singhal: But the entire cost because now the plant is running full steam so the entire cost that had to come

on the operation side, I mean above EBITDA and below EBITDA that is depreciation, that is in

the P&L. That's a fair understanding?

Komal Gupta: That is correct.

Hitesh Windlass: That is correct. In fact thanks for bringing that up, Abhishekji, because this is where we also

wanted to -- we have also mentioned in our opening remarks that we have been successful at carrying all this cost and still maintaining our operating margin. So that's just a lot of good work

by the team to continue to maintain despite carrying the cost of injectables.

Abhishek Singhal: Sir, if I recollect your earlier call, the communication has been that your CDMO gross margins

are the least. The gross margins in Trade Generics & Institutional is better than CDMO? And when injectables come into place, the gross margins of injectables are going to be better. So if I look at the billing of your gross margin versus what your average GMs are currently, is my

understanding correct? These are the three layers of the gross margin?

Hitesh Windlass: That is more or less correct. Abhishekji. On the injectable front, what will happen in the gross

margin is while as an established business when you look at the injectable dosage form, definitely the gross margins are higher than oral solids and that's the reason why we also ventured

for this.

As it emerges -- so if we look at it on a very granular or very fine scale so some batches which

we have done stability, manufactured, those will get sold initially and getting into the account,

there will be some things. But overall eventually, injectables is definitely a much higher gross

margin business than oral solids.

Abhishek Singhal: So then the right interpretation is that now with Trade Generics scaling up to almost like INR50

crores a quarter, hopefully Q4 and Q1 your injectable facility revenues start to flow in and you've still as we stand today maintained your gross margin/EBITDA margin or I should say EBITDA

margin maintained.

So FY '26, from what we report in FY '25 as we look forward, should show some operating

margin; that is I'm talking about EBITDA margin leverage. That's a fair understanding of the

way you look at it situation wise?

Hitesh Windlass: Yes. I mean to the extent that because as the injection facility starts to generate revenue and it

will first crossover breakeven and afterwards start contributing to the margin so operating



leverage will begin to come in the numbers. But see, one of the things that we are trying to do is to be very conscious of our operating cost and improve efficiencies and those are also initiatives that we are working on.

So in our space, this is something that we always have to be on the top of and we are doing work on that. So our goal, as Komal has also indicated in previous concalls, that over a 3 - 4-years period of time you will definitely see significant change in the operating leverage. But as we build the business out, we are not trying to sort of control costs to manage the numbers whatever the natural cost of operations is, is there.

Abhishek Singhal:

That makes sense. And so one last question more on the industry side. If I look at your peers, they have pretty much reported quite dismal numbers even this quarter. The sector leader in your space that's listed last quarter had guided to slowdown in revenues. We saw that in one of your peers this quarter now.

And if I look at your CDMO growth, of course you've had a phenomenal growth in the other two segments and injectables will help you going forward. The CDMO at least this quarter was high single digits. So are you seeing some industry pressure or it's more like a quarterly phenomenon and you're confident about how business is playing out? Some color on that, sir?

Hitesh Windlass:

So Abhishekji, we don't see anything changing and maybe the size and scale of our other peers is different or the therapies that they focus on is different or what not. But we continue to do everything the way we have been doing. If you see in the last 8 quarters, the overall volume growth has been varying and we have through execution been able to do the growth that we have.

I believe that there is really -- at least we are not able to comment on what they have said, but we continue to significantly invest in increasing our business development teams, improving -facing more quality audits, filing more DCGI permissions, increasing our mining with existing customers, adding new customers. All these initiatives that we have on our CDMO vertical, we are continuing to push on them.

Abhishek Singhal:

Thanks sir. This is very helpful and congratulations on super numbers.

Moderator:

Thank you. The next question is from the line of Sudarshan Padmanabhan from JM Financials. Please go ahead.

Sudarshan Padmanabhan: Just taking a little forward from the previous participant on the domestic CDMO side. I understand last quarter there was a challenge in the volumes across the industry for various reasons. Just to understand with respect to if you break that 8% growth, in the context one is that temporary slowdown that we have seen.

> Is that the reason why the numbers are slightly lower than expected or is it also because the API prices if it has come down and we pass it on and that is primarily also affecting us? Just wanted to understand on the volumes and realization and how do we see the market itself picking up say in the next few quarters?

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Hitesh Windlass:

So I think what I can say -- see, Mr. Padmanabhan, always we've said that in our space it's better to look at a longer time than a quarter because like many variations can happen in terms of the production and shipping. Some orders get clocked in. Some customers get the production done, but they say that hold inventory, we want it in the next month. So many things happen in a B2B environment.

So I think when you look at on a YTD level, I feel that is more representative of things especially now that we have 9 months numbers. Probably that is a better thing and probably not worth reading too much into the quarterly for vertical wise. That's probably 1 thing. Maybe Komal, if you want to add something.

Komal Gupta:

Yes. Just to also touch upon the API thing that you mentioned. API prices have fallen down and there has been obviously some effect on conversion. But having said that, there has also been increase in past and so API prices tend to have some impact because ours is a cost plus model.

In the long run it gets pacified for plus as well as minus in API prices. So we have to look at it in the holistic view as Hitesh was mentioning. So we should look at annual performance for all the verticals is what we prefer. But structurally we would want to reemphasize that we do not see a huge change versus what was there and volume growth has always been either negative or flattish; around 0%/1%/2% of growth in all the 8 quarters that we are discussing.

So we are very sure that the sustainable effort that we are putting in CDMO vertical are sure to bring good results over the long term.

Sudarshan Padmanabhan: Sure, ma'am. One final question before I join back the queue is it's quite heartening to see that we have taken all the operating costs on the new plant. So I mean given that the costs are largely in place, would it be right assumption to basically believe that incremental sales on a quarteron-quarter basis with the new plant will have a disruptively higher flow through to your EBITDA and of course given that the depreciation is also already factored in, it should flow to the PAT?

Hitesh Windlass:

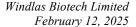
Yes, for sure. Right, that's mathematical. As we add revenue as revenue comes in, first we'll get to breakeven and then it will start to contribute more and more to the operating leverage. Of course as production also goes further in terms of volume against orders, then some cost may also increase.

But we believe that in the long run, our goal is also that how can we grow while -- so in some sense the injectable facility was a growth initiative and we are growing while keeping our margins in a healthy position. So every time if like, let's say, we had taken a very large outlay of injectable facility or any other initiative, then it would have had that much of a weigh down on the margin. So in some sense this is sort of a win-win model and we want to continue to maintain it and I believe over the long run it will have a very strong leveraging effect.

Sudarshan Padmanabhan: Sure. Thanks a lot. I will join back the queue.

Moderator:

Thank you. The next question is from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.



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Sajal Kapoor:

In the CDMO industry, typically the Innovation Patent is owned by the customer, right, and not the developer or the manufacturer. But in our case, we own 99% of the IP rights to all the products that we develop and manufacture. So what advantage do you get from investing in IP and continuous R&D investments growing at roughly 20% CAGR over the last 5 - 6 years? I mean can we sell these products in markets where there is no conflict of interest with our customers otherwise what's the benefit of investing behind IP?

Hitesh Windlass:

That's actually a very good question. And if you see in our investor deck in the value chain slide, we have also clarified further the areas of the value chain and how we are operating. But see, if you do not have IP, then what are you selling? You're only selling capacity, right? And so when you are only selling capacity and your customer is providing you the material, you're just converting so it's job work; then you cannot have this kind of EBITDA margins. Which industry will give this kind of EBITDA margins to only job workers.

When you actually have IP, then you have the ability to use that IP and sell the same formulation maybe with a different color tablet or with different packing material to multiple customers. Then essentially you're not selling capacity. You have developed the product and you are able to take it to multiple customers and grow and that's what we are doing.

Sajal Kapoor:

Yes, definitely. That's exactly what I was thinking and the reason for the question. The other question perhaps for you, Komal is on the ROCE slides, I'm looking at Slide 31. So we have got 2 ROCEs listed there and ROEs as well so 27% including injectables and 38% excluding injectables.

So the question is when we get the negative operating leverage sorted on the injectable so the ramp up will be gradual FY '26 and then FY '27. Hypothetical scenario if FY '27 we get rid of all the negative leverage and on the flip side we start getting some positive operating leverage, what ROCE do you expect? Because we currently have 27% taking the pain of injectables?

Komal Gupta:

Right. So Sajal, we see improvement. So how we look at it at company level, at all times we want to stay around 25% and more. So while injectables is going to be sorted, there will be additional capex coming in for our existing oral solid business, the capacity expansion that we are working on.

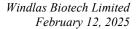
While Plant-3 capex would completely be clocked in within FY '25, but the Plant-6 that we are working on for us to be able to reach INR1,000 crores for oral solids with the existing facilities for that the additional capex would again come in. So there will be denominator would keep increasing with this capex and maintenance capex. But still we expect to remain up of 25% so around 27%. We'll increase in a period and might come down, but in long range we want to stay 27% - 28% likes of ROCE and more.

Sajal Kapoor:

That's helpful. That's all from my side. Thank you.

Moderator:

Thank you. The next question is from the line of Miten from Fractal Capital Investments. Please go ahead.



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Miten:

Congratulations again Hitesh ji and Komal for outperforming the IPM growth via margin. A couple of questions from me. For your Trade Generic segment, the target that we had set of 3x in 4 years has already been achieved about a year earlier than what we had planned. I wanted to understand two things about it. One, is it just about better adoption by the market itself or was there something else to it? And hence how should we think about it going forward now that the earlier target is already passed?

Komal Gupta:

So it is a combination of external as well as internal. So market has been very good, better than our expectation surely for Trade Generics & Institutional and there have been a strong effort internally as well. This was our focus area. We have always been very clear about it. We expected this to be the highest growing vertical. It did better than our expectations. So going forward also we are very optimistic, positive about Trade Generics & Institutional vertical and also obviously CDMO and Export.

Hitesh Windlass:

Sometimes I think while various experts may have their own view, the Indian Pharma Market data that is published does not really capture a large part of the trade generic segment because it's being sold in the hinterland and that data I believe sometimes leads to us to say that market is slow. But I think of course we are selling into the market. We hear that other people also doing well.

A lot of our CDMO customers who are selling into the trade generic market, they are also doing well. You can see very large companies, large pharma companies announcing their jump and foray into the trade generic segment. So certainly all of this is happening on the basis of growth and growth expectations that people have. On the institutional side also, you see this high focus by the government on Jan Aushadhi Kendras.

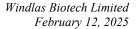
This Ayushman Bharat has increased the number of consumers or people who were earlier covered in terms of medical expenses and pharmaceuticals. So all of this is leading to in the long run probably a large part of population of India, which was not really getting access to quality drugs, getting that access. And our mantra has been Affordable, Accessible and Authentic drugs. So this is where we are. We are in the middle of this opportunity and we have to make the most of it.

Miten:

Great. Again on Exports, I think if I'm not wrong, we hit the highest-ever quarterly number in terms of revenues. If you could add color to it in terms of what worked or what is getting traction, it will be very useful?

Komal Gupta:

So for Exports, we have seen growth versus last year although maybe highest-ever quarter number, thank you for saying that. The overall 9-month number INR22.6 crores is a combination of three good quarters, third being the best I guess. So about 23% Y-o-Y growth for 9 months is not bad. Obviously not to the extent that we would want to perform in Exports vertical. But Exports because of the lag that stays in our efforts and the results coming in, we hope to deliver much better in future for Exports is what I would like to say, Miten.





Miten: Anything that you want to add in terms of the markets that are getting traction or how we should

think about it over the next 1 or 2 years?

Hitesh Windlass: So we are certainly focused on the ROW markets and some semi-regulated markets plus South

Africa which is a regulated market. So these are the markets that we are currently operating in. We are adding more partnerships and we are adding more registrations. Those queues are

building up.

So I think the kind of opportunity that India has with higher quality standards and the kind of opportunity especially that we have, having a strong experience of EU GMP facility, shipping product and now looking to bring that same quality systems and approach to all our markets, it's going to have a very strong future. Even for the injectable, I have spoken in the past that we want eventually to use a significant part of this capacity for exports where the numbers should

be even better.

So this is all -- the setup is to bring that Exports number to a much larger contributor. How can we do that? That's sort of the focus and it is very slow because you just have to file the dossiers and 1 - 1.5 year of waiting and then the business picks, starts and then it slowly picks up. So there is a incubation period, but this is the sort of the cream in terms of how we can build towards. So in the long run definitely, but 1 - 2 years very hard to say what should be the number here.

Miten: I have one more question on capex, but I'll come back in the queue.

Moderator: Mr. Miten I just request you to rejoin the queue for follow up.

Miten: Yes, thanks.

Moderator: Thank you so much. The next question is from the line of Dhwanil Desai from Turtle Capital.

Please go ahead.

Dhwanil Desai: Congratulations for a good set of numbers. So my question is on the Trade Generic side. I think

on 9-month basis we have done extremely well growing at 40% plus. If you can give some color on whether this growth is led by institution and generic, how should we look at it in terms of

where the growth is coming from?

And more importantly, now we are at a much larger base so to grow at a decent 25% - 30% from

here, what are we doing to grow from here? If you can talk a bit about that?

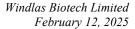
Hitesh Windlass: So we are actually not providing a split between Trade Generics & Institutional. Part of it is also

because in order to participate into institutional accounts, you need to have 3 years of having sold, manufactured and marketed that product. So a lot of our trade generics products are the

ones that we are able to take into the institutional channel.

And of course Institutional business, as you can imagine, the rate contracts get issued and then

it's somewhat clunky in terms of which bulk supply happens and then the next supply takes some





time for the next order to come from there. So instead of providing too much detail and then confusing everyone, we decided that let's keep it as one. It is integrated.

Komal Gupta: Although maybe we can say that there has been good growth in both Trade Generics and

Institutional.

Dhwanil Desai: Okay. And the second part of the question, what are we doing to grow from a much larger base

that we have now?

Hitesh Windlass: So the growth strategy doesn't change because we have to nucleate new territories and we have

to expand in the territories that we are already present in and keep increasing the product portfolio is the second level. And third is sort of building upon the strong reputation of Windlas as a quality manufacturer because all our channel is seeing our presence not only in our own products, but also in all the manufacturing that we do whether it is for someone else or our own

selves.

geography, expanding the product portfolio. Those are the essential moves there.

So building on this reputation of 23 plus years and expanding the channel, expanding the

Dhwanil Desai: Okay. And second question on injectable. In terms of break-even point, if you can talk at what

capacity you think we'll reach break-even point? And tying in with that, I think we were exploring getting into newer dosage forms and if you don't find right acquisition candidate,

maybe organically also. So how are you thinking about it?

Whether once you cross that break-even point, you'll start looking at kind of going organically

into newer dosage form. Any thoughts on that?

Hitesh Windlass: See, on the opex side for injectables, as we have clarified in the past, we are a cost plus business

and talking about dosage form specific opex is not competitively wise for us. So we have not disclosed those numbers because it can impact us adversely by revealing our cost basis to our

competitors. So to your other question around whether we will look at growing inorganically as our injectable business stabilizes, certainly.

And we have been still always been looking and of course always with this eye that we have to

have a justified addition. It should not be just a balance sheet play. It needs to make strategic sense for us, expand our ability to offer in all three segments products from that plant. So we

have been looking at derma as an area, we have been looking at some other dosage forms like

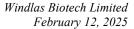
protein powder, we have been looking at many others. So far none of those have been something

that we would want to jump on, but that search is on.

Komal Gupta: And once injectable stabilizes and if we don't find anything outside, we would surely go for

organic.

Dhwanil Desai: Okay. Got it. Thank you. All the best.





Moderator: Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please go

ahead.

Ankit Gupta: Thanks for the opportunity and congratulations for a good set of numbers.

Moderator: Sir can you speak little louder please.

Ankit Gupta: Sure. I will do that. Congratulations for a good set of numbers and thanks for giving me an

opportunity. Sir, my first question was on -- Komal, will it be possible to highlight what will be

our losses on the injectable plant in the 9 months?

Komal Gupta: Ankit, as Hitesh was just mentioning, because our model is a cost plus model, we would

generally not share specific to injectables opex because that is probably competitive in that sense. But depreciation number, surely I'm sure you must have looked at the opening remarks. So

injectables number is very clear, the increase.

Ankit Gupta So let's say INR21 crores, INR22 crores kind of run rate that we had on the employee cost side

in last year on a quarterly basis, that is almost INR32 crores in this quarter. So how much of that will be attributable to, let's say, our own increments plus expansion in our marketing team or some other employee cost increase and how much will that be because of the injectable plant

coming in? If you can just give some highlights on that?

Komal Gupta: Yes. Segregation while it's difficult to provide, but I can tell you the reasons for increasing

personnel cost and we might look at it. You are right. There has been increase in our business development teams in all three verticals so that surely is in place. Increment and increase in

production stay as the reasons. Injectables related manpower increase is also one of the reasons.

And then as we had mentioned two quarters back, there has been in Uttarakhand, the minimum wage has increased by more than 25%. So that has also brought an increase in our overall personnel cost. So the increase is combination of all these factors, difficult to provide the number

against each. Just one thing that I missed mentioning is also ESOP, which was introduced last year. So last year it was there for I think only 5 months and this year it is going to be there all

12 months. That is also another reason.

Ankit Gupta: This my second question I think if you can allow me. So my on the injectable plant, will it be

possible for us to break even in next financial year given how the inquiries are? They have cleared the audits as well. So will it be possible for us to break even at EBITDA level as well as

at the PBT level on the injectable plant next year?

Hitesh Windlass: So we have not given any kind of guidance. Of course the goal of the entire management is to

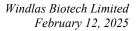
achieve the break-even milestone as soon as possible. But we have not given any guidance and

we would request you to let us stay in that.

Ankit Gupta: Let's say the kind of inquiries that you are getting in from the customers where the audits are

cleared. So any qualitatively indication that on the injectable front, how do you see next year for

us?





Hitesh Windlass: No indications.

Ankit Gupta: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Rohan Vora from Envision Capital. Please go

ahead.

Rohan Vora: Congratulations on the numbers. So the first question was on the injectables business. So when

we start getting in business so would this be on the molecules moving out of our customers manufacturing facility to our facility or are we looking to gain market share as in there's some other CDMO manufacturing and now the manufacturing moves to us. So what kind of contracts

are we expecting here? That was first?

Hitesh Windlass: So when we were embarking on this project in the design phase almost 3 years - 3.5 half years

back when we did a survey of all the injectable facilities currently available and supplying in the CDMO space and we had a lot of discussions with our customers also, one of the common factor that came out was that the GMP situation or the compliance level or quality level of many of the

facilities was very iffy and customers were facing lot of challenges in getting sustainable and reliable supplies for injectables.

And this was also due to the fact that a lot of the injectables capex in those old plants also was very old and the guidelines had become very strict over the last 10 - 15 years. So only some real upgrading can happen in injectables, you cannot really completely change the things. So that was one of the reasons we also ventured in because we felt that we would be a viable alternative to our customers who are getting this manufacturing done either outside at manufacturers whose plants are very old or no longer compliance friendly or even to their own plants where they would want to maybe shift towards exports or to other products.

So it is an alternate for both. Our expectation of gaining business in injectables will be driven by both customers outsourcing from us and also shifting their outsourcing from very old and poorly maintained facilities to a brand new facility like us.

Rohan Vora: Got it, sir. This is really helpful. And the second question not to nitpick, but what we see is in

the CDMO vertical we are at that INR135 crores, INR136 crores kind of run rate for the last 3, 4 quarters and I understand that there has been erosion in the API prices. However, is there

anything else that is also impacting that particular vertical? So that was the question?

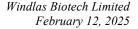
Komal Gupta: In fact as we have been saying, we should not look at any quarter number because there is always

some impact coming in from earlier quarter and some going to the next quarter. So it's good to look at CDMO, Trade Generics & Institutional as well as Exports numbers on an annual basis

is what we like to say.

While obviously every quarter we give the numbers on Y-o-Y, but it's not a good idea to focus on a quarter number. As we mentioned earlier, there's no strategic specific change that we are seeing. We continue to stay very positive on CDMO vertical as well like all the other verticals.

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Rohan Vora: Got it. Thank you. I will get back in the queue.

Moderator: Thank you. The next question is from the line of Pavan Kumar from Ratna Traya Capital. Please

go ahead.

Pavan Kumar: So I wanted to understand what are the targets in terms of capacity utilization for injectables

next year and also by what time do we think we can get it to be -- I mean we can start exports from that facility. I mean are there any other steps post the GMP accreditation that we need to

undergo to get this facility to export or how are we looking at it overall?

Komal Gupta: So like our existing oral solids and oral liquids business, we continue to not give any guidance

in terms of revenue, capacity utilization, etcetera. But as we mentioned, GMP certificate is in place. The customer audits are happening as we speak. We are getting queries. So specific

number difficult to mention, number one.

And about exports while we have started working on it and there are a lot of initiatives taken internally, but it would take a lot of time. So probably that is why we haven't even given any

specific update in terms of injectable exports because that will take a lot of time and would need

everyone to be extremely patient.

Hitesh Windlass: See, basically export products are developed to the specifications of the product in those markets

so British Pharmacopoeia, US Pharmacopoeia, and so it requires separate stability batches. And then after the stability batches are done, you compile the dossier and file in the country, then that

takes about 1.5 to 2 years of review and approval time.

Komal Gupta: And meanwhile plant approval also has to happen.

Hitesh Windlass: Yes. And then the inspection gets triggered which they come and do. So all these steps make

this as -- but of course you get the very high margins also in those markets because they literally have no domestic production. So this is the reason why export is a little bit fag ended. And however, we have already we are on the -- we have done our product selection, we are working on taking all the steps that are required to expedite wherever we can. We have had our

conversations with our export customers. All of that is ongoing.

Pavan Kumar: Can you at least give us an indication of when maybe at an EBITDA level the injectable facility

breaks even? And also see if injectables basically exports is going to take time, my current understanding would be the ROCE on injectable facility is very low. So what are we going to

see first? Is the doubling of the capacity in injectables or the exports?

Hitesh Windlass: No, it will be very good outcome. If we have to double the capacity in injectables because there

are so many orders that we cannot supply, then it's a very good outcome. Why would we try to place either one of them in front. They are parallel effort, they are parallel streams. Now as we file in various markets, some permissions will come, some market will have different timing

compared to others while the facility is continually being used for India.



Even in India business, the gross margin for injectable will be very high than gross margin for oral solids. So from a financial perspective, this is all -- it's a win-win. As long as we can ensure that the ramp up is very fast, it will bring very good results and that's what our focus is. We are simply just not giving the guidance to you on that. That's all, but all the activities are being done.

Pavan Kumar: Got it, Hitesh. Thanks.

Moderator: Thank you. The next question is from the line of Nitin Gandhi from Inoquest Advisors. Please

go ahead.

Nitin Gandhi: Can you give breakup of investment in financial assets?

Hitesh Windlass: Sorry, can you please repeat the question?

Nitin Gandhi: Can you give breakup of investment under financial assets?

Komal Gupta: So we have money lying in mutual funds upwards of INR200 crores. There is some -- mutual

funds includes liquid funds, debt funds. There is also fixed deposits of about INR15 crores - INR16 crores. Some money lying in cash in bank and minus CC utilization that keeps happening

and keeps changing that's broadly.

Nitin Gandhi: Major MF and FD breakup I got. And second is what is the investment in injectables?

Komal Gupta: Investment in injectables about INR75 crores.

Nitin Gandhi: Then depreciation which you have said, which is almost INR13 crores excess. Can you just

reconcile that for me?

Komal Gupta: So we followed WDV method which tends to have heavy -- of course the breakup would be

plant and machinery, building, etcetera, etcetera.

Nitin Gandhi: I think so WDV is 30%.

Hitesh Windlass: Yes. I think in a previous concall we had also mentioned some WDV.

Komal Gupta: It changes asset to asset so we don't give a percent as such.

Nitin Gandhi: I can take it offline. INR35crores is a major investment and INR13 crores you have written on

WDV basis. I'll take the rate separately. What's the target asset turnover? That's the corollary of

that question.

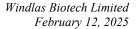
Komal Gupta: Asset turnover, it probably would be a good idea to look at at the year-end.

Nitin Gandhi: No, I'm saying it optimal level not 1 year or 2 years. What's the expected asset turnover?

Hitesh Windlass: Injectable asset turnover, typically if you see most pure injectable companies, it will be between

the range of 1.2 depending and of course if you start exports, then it can be a little bit higher. If

it is mostly domestic, then at least 1.1 - 1.2.





Nitin Gandhi: Okay. Thank you very much.

Moderator: Thank you. The next question is from the line of Abhishek Singhal from Perpetuity. Please go

ahead.

Abhishek Singhal: Sir, I just had a follow-up question from the previous participant. You mentioned the asset turn

of around 1.2, 1.3 on the injectable side. Now if I understand correctly in our past interactions, you mentioned that given it was a greenfield capacity, civil structure was put in place; the first

phase came out to be somewhere around INR75 crores.

Now in a scenario where you have to double your capacity would be like just adding 1 more floor and we've seen that facility. In that scenario doubling your capacity, the incremental would

just be plant and machinery, which I think would not be more than INR20 crores - INR25 crores

at the max.

So technically if you're looking at an optimal utilization of the injectable capacity over the longer term, let's say, 3 years out; then INR70 crores plus INR25 crores would mean like INR100 crores

kind of an investment. And if you're 1.2 on the primary stuff, with the double of capacity would mean like more 2x, 2.5x the capacity. So where is my maths wrong? If I take more like a 3 - 4

year view on the injectable asset that you have put?

Hitesh Windlass: So Abhishekji, see, there are a lot of assumptions in that calculation. So for example like when

we say okay, double the capacity. But is that the right thing that we would do because we would add within injectables there are a lot of other variant dosage forms, right. If we go more for

lyophilisation or more for prefilled syringes or some other areas where we see lot of -- there

might be better opportunities in terms of the markets that we are chasing for exports I'm talking

about.

So all those things will change. So my sense that what I was talking about is primarily the

previous query was about what is a typical asset turn for a domestic CDMO injectable company.

That's where I said it was about 1.1 to 1.2. We are going to start like that. But as we add capacity and as we add markets and go towards exports, these things will very much change. So I was

giving more sort of around what the domestic numbers are typically.

Abhishek Singhal: Got it, sir. Thank you very much.

Moderator: Thank you. The next question is from the line of Disha from Sapphire Capital. Please go ahead.

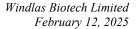
Disha: Firstly, congratulations on a great set of numbers, sir. So as you said before like your injectable

facility, only the cost has been factored in, revenue will start flowing from like next year. What will be your guidance for revenues in FY '25 and FY '26 and also what margins will you be

expecting?

Hitesh Windlass: Thank you for the question. But as I mentioned, we are not giving the guidance so request that

we stay like that. I'm sorry, there was a second part to your question. What was that?





Disha: I was just expecting the EBITDA margins what range like will you be expecting there?

Hitesh Windlass: Again it's a question of guidance.

Disha: Yes. All right.

Moderator: Thank you. The next question is from the line of Paras Chheda from Purpleone Vertex Ventures

LLP. Please go ahead.

Paras Chheda: Most of my queries have been answered so I just got only one thing. So as far as what is -- I

mean there are two things basically. What is the current capacity utilization across the four plants that we stand today operationally? That's number one. And secondly, on the inorganic growth

front, we've been sort of at least somehow been able to beat the industry growth and do well.

So what sort of factors will face as of now in terms of acquiring or leasing in a facility and grow because eventually when the industry grows, we'll have that leverage additionally? I've been sort of tracking and been on the lookout, but it's still not happened. So these are the two questions

that I have for now?

Hitesh Windlass: So with respect to the inorganic, let me answer that first. Several quarters ago we were very

close to identifying something, we even incurred some diligence costs, but then we found out some adverse issues and this declined. There are lot of investment bankers whom we have given a very good and a very clear brief about what we are looking for and from time to time several

proposals also come.

For us the most important thing right now is that we have one of the strongest balance sheets,

we have a strong growth momentum and we are being very choosy on the inorganic side. Because aside from having the opportunity, it is also we don't want to be in a situation where

there will be hidden or unknown issues that end up taking too much management time.

So we are looking for good assets and that's sort of been the reason why we have been so far not been able to close on anything. And I again am not setting a timeline that we have to do a deal

by this date. It has to be dependent on what the opportunity is and whether it makes sense. So

that's on the inorganic side. Your other question was on the capacity.

On the capacity side, in Plant-2 extension we have expanded which has come online this quarter

now in Q4. And so I don't think that much would have changed in the Plant-1, 2, 3 and 4. Maybe a few percentage points up, but more or less adding the capacity here in Plant-2 extension. So

although we give the utilization numbers on year-end, right?

Komal Gupta: So we have sufficient capacity for our oral solids and oral liquids business to reach across about

INR800 crores. This is aside of injectables. So that much capacity with plan 2 expansion is in

place now.

Paras Chheda: Okay. So there is still room for further growth in FY '26?



Moderator: Sir I just request you to rejoin the queue.

Moderator: Thank you. The next question from the line of Neelam Punjabi from Perpetuity. Please go ahead.

Neelam Punjabi: Congratulations on some great set of numbers. My question is on the capacity. So you mentioned

that we have investments in place with the Plant-2 expansion and injectables for taking the overall top line to INR1,000 crores, right? And we've already hit the INR200 crores as an annual INR800 crores run rate on a quarterly basis. So what is the planned capex going forward to take

our revenue beyond INR1,000 crores?

Hitesh Windlass: So Neelam, actually what we had spoken about earlier, a small correction in what you just said

is that along with Plant-6 which is the brownfield project that we acquired last quarter, we will build that out and then by finishing that we will reach INR1,000 crores. And in terms of our strategy for growth, our model is slightly different from others. We try to do a 2 to 3 year window

of expansion rather than 5 to 6 year window of expansion.

Neelam Punjabi: Understood sir. But if you can just tell me what's the incremental capex that we are planning

over the next couple of years?

Hitesh Windlass: I think that one upcoming capex will be primarily for Plant-6 bringing up which is the oral solid

expansion and we are in the layout and machinery identification selection process. So I request

that I be allowed to comment on this query by end of March call.

Neelam Punjabi: Sure. No worries. And just lastly, if you can give me a couple of book keeping questions. What's

the net cash as of December and what is our working capital days?

Hitesh Windlass: So again Neelam, since those are not part of LR, we are not sort of disclosing those numbers.

But we are still within range of what we have been typically.

Neelam Punjabi: Got it. Thanks a lot.

Moderator: Thank you. As that was the last question for today, on behalf of Windlas Biotech Limited, that

concludes this conference. Thank you for joining us and you may now disconnect your lines.

Thank you.