



SANJIVANI PARANTERAL LIMITED

205, P. N. Kothari Industrial Estate, L.B.S. Marg, Bhandup (W), Mumbai - 400 078, Maharashtra

Date: 15th February, 2025

To,
Listing Compliance Monitoring Team
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001
Scrip Code: 531569

Subject : Transcript of Earnings Call for the quarter ended December 31, 2024.

Dear Sir/ Madam,

We hereby inform you that an Earnings Call with the Investors and Analysts for the quarter ended December 31, 2024 was conducted on Tuesday, 11th February, 2025.

Please find enclosed herewith the transcript of the Earnings Call. In compliance with the Regulation 46 of the Listing Regulations, the transcript of the Earnings Call will also be available on the website of the Company www.sanjivani.co.in

You are kindly requested to take the same on record.

Thanking You,
Yours Faithfully,

For Sanjivani Paranteral Limited

Ravikumar Bogam
Company Secretary Cum Compliance Officer

Encl. As Above



“Sanjivani Paranteral Limited
Q3 and 9M FY '24 Earnings Conference Call”

February 11, 2025



MANAGEMENT: **MR. ASHWANI KHEMKA - CHAIRMAN AND MANAGING
DIRECTOR – SANJIVANI PARANTERAL LIMITED
MR. SRIVARDHAN KHEMKA – DIRECTOR – SANJIVANI
PARANTERAL LIMITED
MR. PRITESH JAIN – CHIEF FINANCIAL OFFICER –
SANJIVANI PARANTERAL LIMITED**

MODERATOR: **MS. JILL CHANDRANI – S-ANCIAL TECHNOLOGIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Sanjivani Parenteral Limited Q3 and 9 Months FY '25 Conference Call hosted by S-Ancial Technologies Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing the star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Jill Chandrani from S-Ancial Technologies. Thank you, and over to you, ma'am.

Jill Chandrani: Thank you, Steve. Good morning, everyone. Welcome to Sanjivani Parenteral Q3 and 9 Months FY '25 Earnings Conference Call. From the management today, we have with us Mr. Ashwani Khemka, Chairman and Managing Director; Mr. Srivardhan Khemka, Director; and Mr. Pritesh Jain, Chief Financial Officer. Now I request the management to take us through the key remarks, after which we can open the floor for question-and-answer session.

Now I hand over the call to Mr. Srivardhan Khemka for his opening remarks. Thank you, and over to you, sir.

Srivardhan Khemka: Thank you, Jill. Good morning, ladies and gentlemen. A very warm welcome to all of you to the Q3 and 9 months FY '25 Post Results Conference Call of Sanjivani Parenteral Limited.

Before I begin, let me mention the standard disclaimer. The presentation that we have uploaded on the stock exchange, including the interaction in this call contains or may contain certain forward-looking statements concerning our business prospects and profitability, which are subject to uncertainties and the actual results could differ from those in such forward-looking statements.

Let me start with a brief overview of the company. Sanjivani Parenteral Limited is a WHO GMP certified pharmaceutical pioneer with over 2.5 decades of experience specializing in manufacturing injectables and oral solids. The company has established itself as a leader in the industry, and the company's primary focus lies in life-saving drugs, and we export our products to over 25 countries.

We are headquartered in Mumbai with a WHO GMP-certified manufacturing facility in Navi Mumbai and Dehradun. We cater to major therapeutic areas encompassing central nervous system, cardiovascular system, antibiotics, gastroenterological, antidiabetics and anti-allergy, supported by a strong R&D setup.

We categorize our business into 3 components: the base business, which is the ongoing business, which focuses on the formulation sales in export markets and CDMO for the domestic market. Though we have nominal presence in the domestic formulations as well. The newest Hindustan Antibiotic joint venture for IV products, where we hold 60% equity and the Prague venture for nutraceuticals, where we hold 45% equity.

Now coming to the macroeconomic environment. The challenges related to the global environment continue. Geopolitical issues, particularly the conflict in Middle East have created volatility that impacts the shipment, the freight and supply chains. Though there has been some stability in the recent past.

We see some of the geographic areas seeing a war-like situation. Such events do create increased usage of medicines. On the other side, if such situations precipitate further, it may have negative impact on the overall business operations through increased commodity prices and supply chain disruptions. Overall, there is an impact on the supply chain.

These factors have placed increased pressure on the pharmaceutical industry, intensifying the challenges faced in managing costs and ensuring timely delivery. Additionally, all the companies are watching carefully the developments related to the U.S. tariff policies and its impact on cross-border trade and manufacturing.

Now coming on to the company's performance. Sanjivani delivered a decent performance in Q3 and 9 months FY '25. Overall, the momentum is driven by revenues from the newer products and volume expansion of existing products. In Q3 FY '25, we reported 15.9% year-on-year growth. The export domestic mix was 84.1% to 15.9%. Injectable tablet and nutraceutical dosage mix was 74.5%, 19.6% and 5.6%, respectively.

In 9 months FY '25, we reported 25% year-on-year growth. The export domestic mix was 76.5% versus 23.5% and the injectable tablet and nutraceutical mix was 54.1%, 40.6% and 5.3%, respectively. On the regulatory front, we faced 4 audits for the Navi Mumbai plant and 16 new products were filed for registration in French Africa. Our plant at Hindustan Antibiotics for IV is ready.

Now let me give you a broader outlook of the business. On the base business, we continue to remain optimistic on the growth going ahead. This will be driven by increasing presence with geographies, increasing penetration in existing geographies and, of course, new product launches. I would also request you to look at the performance on an annual basis, which is more of a normalized performance versus quarterly numbers, which can have lumpiness.

With this, let me hand over to our CFO, Mr. Pritesh Jain, for updating you on financial performance.

Pritesh Jain:

Thank you, Srivardhan. Good morning, ladies and gentlemen. A very warm welcome to you all. Let me share some updates on the financial performance of the company. We would first give an update on the Q3 financial year '25 and then 9 months financial year '25.

So coming on to Q3 financial year '25, the company has reported a revenue of INR17.4 crores and a growth of 15.9% year-on-year basis. The growth in the revenue was driven by the newer products and the volume expansions of the existing products. The EBITDA was at INR2.86 crores with a growth of 29.3% year-on-year. The EBITDA margins were at 16.5% vis-a-vis 14.8% reported during the same period last year. The EBITDA growth was due to the overall

cost optimization. Profit after tax was at INR1.9 crores with a growth of 15.5% year-on-year basis. The profit after tax growth was a reflection on a broader operating performance.

Now coming to the 9 months financial year '25 numbers. The company reported a revenue of INR51.92 crores with a growth of 25%. EBITDA was at INR8.53 crores with a growth of 30.2%. The EBITDA margins were at 16.4%, as against 15.8% reported during the same period last year. Profit after tax was at INR5.9 crores with a growth of 20.4%. The growth was a reflection on a broader operating performance.

With this, we now open the floor for question-and-answers. Thank you.

Moderator: Thank you very much. The first question is from the line of Vedant from ORIM Advisors. Thanks. As there's no response, we'll move on to the next question, it's from the line of Akshay Varma, an Individual Investor.

Akshay Varma: I would like to discuss the performance and outlook of the base business, which has seen impressive growth nearly doubling from INR35 crores in FY '23 to INR65 crores on an annual basis. What would you say like have been the primary factors driving this significant growth?

Srivardhan Khemka: Yes. So regarding the base business, our major strategy is to expand into newer geographies and increase our product basket in the existing geographies, and that has been a major driving force. In this quarter, in fact, we have filed for 16 registrations in the French African region, and we expect this to deliver a good growth to our company in the coming year or so.

Just this way, we are also expanding in the Central American and the Latin American markets as well. We constantly focus on increasing our product basket. Earlier, we were operating with around 35 products — which has now expanded to around 80 in that same region. So this is the primary driving force for the growth of the base business.

Akshay Varma: Okay. And as you mentioned regarding the product basket, how do you see the balance between the tablets and injectables evolving over the next 2 to 3 years?

Srivardhan Khemka: Both the dosage forms are growing extensively. Injectable definitely has a little less competition as compared to oral solids. And with our history of over 35 years in the injectable space, we are able to capture on to that better. But we focus on both the dosage forms as tablets gives a good volume, as well as repeat business and injectables is more of the hospital and tender business.

Moderator: The next question is from the line of Agastya Dave from CAO Capital.

Agastya Dave: Congratulations, a fairly decent set of numbers. Sir, my question was in continuation of what the previous participant was asking you. So the growth in injectables has been very, very impressive. I was trying to figure out the interplay between two competing factors in your P&L.

One is that your high-margin business is obviously going up with the injectables growing much faster and also becoming a much larger piece of your overall revenue. But then you are

also expanding into new geographies, which doesn't come cheap. So I see your gross margins expanding quite regularly.

But this quarter, I saw a contraction in gross margins. So I don't know what exactly happened there? If you can provide some commentary on that because I would have expected because the injectables grew faster than the orals again, the gross margins would also have expanded, but it did not. So was there like something to do with entry into new geographies at a discounted price? Was that a reason? Or are there any other reasons behind this?

Srivardhan Khemka:

Yes. So that's a good question. So what happened this quarter was basically we had a few previous tenders, which were pending from the governments in the Latin American region, and those were supplied. So what happened was injectable did grow, but it was the lower margin injectables that was being supplied. So what happens is it's not just that injectable has overall a very good margin profile.

There are certain products in that space as well, which are supplied at a lower margin, but it all depends on which product played as a mix. That's why you can see the contraction in the gross margin despite the growth in injectables. And also, we expanded into newer geographies. So wherever we enter new, we do have to enter with a lucrative pricing.

Agastya Dave:

Sir, was that also the reason why for the quarter, we saw higher growth in orals? Sorry 9 months or sir, the _press release says in the 9 months, the oral revenue grew by 36%, Injectable revenue grew by 12%.

So that reversal which has happened earlier, the injectables are growing faster. So I mean, whether that is also the reason that this is a temporary phase for the company. And again, the injectables will start growing much faster, as we have seen in the quarter and the margins would mean revert?

Srivardhan Khemka:

Correct. So as I told you, our focus is towards the injectables. This was a temporary shift into the oral segment, where we were catering to some products which were very high volume and a little low margin. But this is again temporary, and we'll catch up with the injectable and the margin profile will improve again.

Agastya Dave:

Understood. And sir, the second question is on the newer geographies that we are entering. So if I look at a country or a group of countries, which you classify as a new single geography, how long does a single new geography take to breakeven for you?

Srivardhan Khemka:

It all depends from geography to geography. Some could take maybe a year's time versus 3 years' time as well. The current areas that we're trying to tap primarily the French Africa. It's a little long-term game. But the advantage there is that we will have completely our own branding and our own team that will be marketing the products in that region.

And that region is known to deliver good margins and the competition from the Indian companies is less due to the high gestation. So yes, that is the case with French Africa. But usually, it takes 1 to 3 years to break even in any new market that we enter.

- Agastya Dave:** Understood, sir. And sir, are you seeing any impact in the African region specifically of the funding cut happened in the US government? I know you were not part of the aid program as far as I know. But are you seeing like any spillovers into other therapeutic areas because of the funding cuts?
- Ashwani Khemka:** Yes. It's a very nice question you asked. See, the US state fundings are majorly in the African market and the WHO tenders, which have been floated world over. So those countries were buying and dependent on the US aid program; HIV, malaria, critical illness and TB. So we are not into any of these segments currently. And these US aid programs are vetting many bigger companies in India, because their outstandings and their supplies will be halted for a time being.
- Agastya Dave:** But there is no spillover into the general therapeutic segments, right, and the other markets, the non-WHO markets?
- Ashwani Khemka:** No. US aid does only on a specific disease and specific categories.
- Agastya Dave:** Great, sir. And sir, one final question on the JVs, if you can provide some updates. Is everything going according to plan in terms of timelines?
- Ashwani Khemka:** Everything is going according to plan. See, this HAL JV, which is in Pune...
- Moderator:** Sir, we lost your voice after you started saying HAL JV.
- Ashwani Khemka:** Yes. Am I audible now?
- Moderator:** Yes, sir, you are.
- Ashwani Khemka:** Yes. So HAL JV, the plant is ready. And to our investors and to our stakeholders, we completed this plant within a period of 10 months, which was a tough task, and it is spread in the almost 18 acres area. And we are just awaiting certain approvals within 6, 7 days, we'll be ready with that. And trials have already been done. So we are on the track on that. And regarding the Prague JV, that is also commissioned. The numbers and everything will be shared with the stakeholders after the annual balance sheet for the March.
- Moderator:** The next question is from the line of Vedant from Orim Advisors.
- Vedant:** So I actually had a question related to the current 2 JVs that we have. So the HAL JV, as you just said that trials are done and we wish to start, let's say, within the next 6, 7 days. If you can just give more light in terms of how the utilization would ramp up for the capacity that we built at HAL in Pune?
- Ashwani Khemka:** Yes. The Pune facility the installed capacity is 5 million bottles per month and ramp up going up to 100%, it takes minimum 6 to 7 months. So initially phase, we will be operating at 30% to 35% only. So that part will go on till April or May. After that, we will increase to 45%, 50%, 60%, 70% and then we go up to 100% within 6 to 7 months. And the order books, everything are in place.

- Vedant:** Okay. So we've got orders to suffice to all the capacity, right?
- Srivardhan Khemka:** Yes.
- Vedant:** Okay. So at 100% capacity, how much top line can we expect from this?
- Srivardhan Khemka:** Around INR100 crores and INR110 crores.
- Vedant:** Okay. And this would lead down to an EBITDA margin...?
- Ashwani Khemka:** EBITDA margin, I think...
- Vedant:** Yes, please go ahead. You were saying about the EBITDA margin.
- Ashwani Khemka:** 16%.
- Vedant:** 16%. Okay. And how much impact would price fluctuations have on the top line? So generally, price fluctuations are in what range?
- Ashwani Khemka:** You are asking for the product at IV. Currently, the prices are good because the main raw material is the plastic granules, PP granules. And currently, the EBITDA will be more, but it depends on the petroleum crude oil prices in the world market. But we are covered up very nicely, and this plant is eco-friendly and we have a solar system installed and the electric consumption, everything will be very well controlled.
- Vedant:** Okay. And let's assume that the petroleum prices are not favourable in the past. So in that case, how much time does it take for us to pass on that changed pricing to the customers or that has a...?
- Ashwani Khemka:** See, the plastic prices depends when they increase and the effect comes after 2 months only because the pipeline and the inventory levels are there in the company for 3 to 4 months.
- Vedant:** Understood. And I hope these high volatility in foreign exchange prices won't have a big impact on our P&L, or would there be a forex impact? So are we doing anything to hedge that?
- Ashwani Khemka:** No, we are a net gainer. And if you see our turnover is more than 75% of exports. Our import contributes only 1.5% to 2%.
- Vedant:** Right. So no, we are net gainer as of now, but let's say, if the US dollar depreciates, so would that have an impact to us?
- Ashwani Khemka:** See, US dollar, if it depreciates, our pricing -- see, when we do a pricing in pharmaceuticals, so we take a benchmark of dollar, for example, today, we do at INR83. So that won't affect much to us. And our major buying are in Indian rupees only, and they are a local supplier. 94% we are domestic purchases and 5% to 6% we import.
- Vedant:** Okay. Sir, in terms of -- if you can throw some light in terms of competition, how does that -- how would that come up for us for IV specifically? Won't the other big players...

- Ashwani Khemka:** If you see Maharashtra, see, in Maharashtra, we are the only IV manufacturer as on date now with this opening. And we are very near to the port. Rest IV companies, which are there in the north or other regions, the ports are very, very far from them. For us, the port is within 2.5 hour distance from Pune. And Maharashtra itself has to buy a lot of IV from various states. If setting up a new facility comes, it takes minimum 2 to 3 years to set up a new capacity. So currently, we don't see any competition right now in this segment in this state and for export also.
- Vedant:** Okay. Any particular reason why anyone has not set it up in the past and we are the first ones to do it?
- Ashwani Khemka:** It's a very capital-intensive project. And secondly, it was a central government initiative. So we had a JV, Central Government of India had issued -- I have told in the last few con-calls as well. And we got this opportunity to work with the government. And land requirement is a very huge 18 to 20 acres of land is needed around 80,000 to 90,000 square feet of constructed area, huge amount of electricity and other resources. So that was available with us through the HAL JV.
- Moderator:** The next question is from the line of Mannat Aggarwal, an Individual Investor.
- Mannat Aggarwal:** Sir, my question is regarding the price revisions. There were supposed to be some price revisions in the price controlled products in the Indian or our domestic market. So is it ongoing? Like has it happened already? Also, I would like to add another question. Are we looking at any geographic opportunities in next probably 5 years to 10 years?
- Srivardhan Khemka:** Yes. So regarding your first question, the price revisions in the IV that you saw in the news that was upcoming, it is still underway. Certain products have already been revised, and they have been upwards. So that was beneficial for us. Regarding the rest of our business, we are not really impacted by those price revisions as we are focused on exports.
- And regarding the second question, it was not clear. Could you please repeat that? Can you repeat the second question, please?
- Mannat Aggarwal:** The second question was, are we looking at any geographic opportunities in the next 5 years to 10 years?
- Ashwani Khemka:** Yes. We are already working on the numerous geographies, Southeast Asia and West Africa that is Francophone countries and a few East European countries and more spread in the LatAm market and Central American markets the registration that's going on.
- Moderator:** The next question is from the line of Aman Kumar an Individual Investor.
- Aman Kumar:** So my question is the Trump government is expected to make many tariff-related changes. So how will that impact the overall business environment for Sanjivani?
- Srivardhan Khemka:** Yes. So as far as the Trump tariffs are concerned, as of now, nothing has been announced towards our country, which we are grateful for. Our own business currently is not dependent

on the US. As of now, it is 0%. However, in the coming future, we are looking at tapping the US market, but that will be done through the Prague JV. Having a presence in Europe, we will most probably be able to bypass the tariff since US and Europe are friends on that front.

Regarding the rest of it, I believe that having tariffs on China, the Chinese companies will eventually turn to India to route their products, and this could be a good gainer for Indian companies. We are always open to listening to new possibilities and opportunities. So we are waiting to see how that shapes out.

Aman Kumar: Okay. Sure, sir. So my next question is on your Navi Mumbai and Dehradun plants, can you provide an update on capacity utilization and capex plan over the next 2, 3 years?

Ashwani Khemka: So the Navi Mumbai plant is at around 75% capacity utilization. And the Dehradun plant, we hit 45% this quarter. Regarding the capex, we have done at Dehradun, we have almost finished INR3 crores of capex in the past 3 quarters. And in the Navi Mumbai plant, we have done INR4 crores. The total number will be going up to another INR5 crores combined for both plants.

Moderator: The next question is from the line of Neeraj from DAMAC.

Neeraj: Sir, my only question is regarding our base business. So previously, we have maintained that we will be growing over the next couple of years at 25% around CAGR. So we maintain that kind of a guidance?

Ashwani Khemka: Yes.

Srivardhan Khemka: Yes, we do.

Neeraj: Okay. And maybe just one more question. Just to reiterate our time lines for the 2 JVs, the HAL JV and for the Prague, both of those are running as per our expected time lines and expectations. Would that be correct?

Ashwani Khemka: Yes.

Srivardhan Khemka: Yes, right.

Moderator: The next question is from the line of Dinesh from Finterest Capital.

Dinesh: Sir, most of my questions are answered. Just one question I have to ask. As the HAL JV started in this month, so what kind of growth can we expect in Q4?

Ashwani Khemka: See Q4 numbers, we'll be able to tell you more precisely by the end of this month or March because we have the orders, and the approvals are expected in 7 to 8 days. And since it is a government JV, so we are also awaiting for the inaugural by some government big official. So once that is done, and we will be doing some announcement for the market.

Moderator: The next question is from the line of Monika Arora from Sharegiants Wealth.

- Monika Arora:** I had just one question. So if I see the expenses, it has sharply increased, right? So can you throw some light on the same?
- Srivardhan Khemka:** Yes, sorry. So as I mentioned, this quarter, we had faced 4 inspections. So during the inspections, what happens is there's a lot of cost involved in terms of the managing the auditors' arrival and travel, as well as the factory upgrades that need to be done. There are some observations that they raise that we must fix or some equipment that they recommend that we must buy. So those kinds of activities happen on a very quick note, and that's why you see the sharp increase in the expenses.
- Monika Arora:** Okay. And how about the finance cost?
- Pritesh Jain:** So ma'am, the finance cost hasn't increased if you see on a quarter-on-quarter basis since we have taken a term loan from a bank. So that's the only finance cost, which we have in principle.
- Monika Arora:** Okay. And just one more. How do you see for the next 1 years or 2 years, the revenue and margin shaping up for the company?
- Srivardhan Khemka:** Yes. So the current margin profile will stay. We are majorly focused into expanding the top line as of now since we are expanding into newer geographies, and that is the margin-sensitive activity. Exports, we are focused, and the dollar is going up, so the revenue also drives up because of that. Looking at addition of the new JVs into our profile, we see the margins improve a little bit on that front, but that will happen starting Q4.
- Moderator:** The next question is from the line of Anant from Ashika Institutional Equities.
- Anant:** Congratulations on a decent quarter. My question is regarding the JV with HAL. So in the last quarter, the EBITDA margin that the company guided was around 19%. And in the current quarter, you have said we'll be somewhere around 16%. So any reason for such a revision?
- Ashwani Khemka:** Not a revision, just see, because it's just a starting, okay? So there are a few trials to be taken for the optimum -- machines and all. So that cost will be added in this quarter. That is why the EBITDA margin in this quarter will be around 16%. The guidance which is given to 19% -- 19%-20% that will be remaining. Since we do the trials and all those metals cannot be sold in the market. So that cost has to be taken into sales, which will be there in this quarter.
- Moderator:** The next question is from the line of Aman Kumar, an Individual Investor.
- Aman Kumar:** Actually, I would like to ask another few questions on Prague Joint Ventures. So how has been the experience so far in the Nutraceutical segment?
- Srivardhan Khemka:** Yes. So regarding the Nutraceutical, as I said, it's a very growing market. So that way, we are very opportunistic on that. Now regarding Prague specifically, since it is a new company and a new start-up, so there is a lot of inspection that's happening. A lot of our buyers have come and visited us.

They wanted to see the facility for themselves and have a look and feel for what -- it's very different from our competitors there from what we have visited. And it's sort of a first of its kind facility. So even our Indian counterparts are coming and having a look. So it's a slow start, but very promising.

Moderator: The next question is from the line of Neeraj from DAMAC.

Neeraj: Sir, I had one question regarding some newer JVs. So historically, on the calls, we have mentioned that we are working on more HAL type JVs. So can we hear some good news on this front over the next maybe coming quarters? Anything in progress over there?

Ashwani Khemka: Yes, it's going on sir. We are the first for PPD model with the government PSUs in India. And the moment this is opened, we have already 2 or 3 in pipeline. This will be announced in the short duration. These are bigger JVs than these HAL.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Srivardhan for his closing comments.

Srivardhan Khemka: Yes. Thank you, everybody, for connecting with us for this Q3 and 9 months FY '25 conference call. We hope that we have satisfied all your questions and maintained our numbers, as we had committed earlier. The company is working very hard to deliver on its promises and grow as fast as possible.

And we are focused on the growth of our stakeholders and shareholders. I look forward to connecting with you in the next conference call. And till then, everybody be safe and all the best. Thank you.

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