



**SUPRIYA LIFESCIENCE LTD.**

*Creating true values that bind global health*

Date: June 2, 2023

To,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai – 400 001  
**Scrip Code: 543434**

To,  
**National Stock Exchange of India Limited**  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex  
Bandra (E), Mumbai – 400 051  
**Scrip Symbol: SUPRIYA**

Dear Sir (s),

**Subject: Transcript of the Earnings Call for Fourth quarter and year ended March 31, 2023**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we hereby enclose the transcript of the Earnings call held on Monday, May 29, 2023 at 11.00 A.M. IST to discuss operational and financial performance of the Company for the Fourth Quarter and Year ended of FY 2022-2023 (Q4 & FY23).

This is for your information and records.

Thanking you,

Yours faithfully,  
**For Supriya Lifescience Limited**

**Shweta Singh**  
**Company Secretary & Compliance Officer**  
**Membership No.: A44973**

---

**Corporate office** : 207/208, Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai – 400 063. Maharashtra, India.  
Tel: +91 22 40332727 / 66942507 Fax: +91 22 26860011 GSTIN: 27AALCS8686A1ZX  
CIN: L51900MH2008PLC180452 E-mail: [supriya@supriyalifescience.com](mailto:supriya@supriyalifescience.com) Website: [www.supriyalifescience.com](http://www.supriyalifescience.com)

**Factory** : A-5/2, Lote Parshuram Industrial Area, M.I.D.C. Tal.- Khed, Dist. – Ratnagiri, Pin :415 722, Maharashtra, India.  
Tel: +91 2356 272299 Fax: +91 2356 272178 E-mail: [factory@supriyalifescience.com](mailto:factory@supriyalifescience.com)

**GOVT. RECOGNISED EXPORT HOUSE**



**SUPRIYA LIFESCIENCE LTD.**

**“Supriya Lifescience Limited  
Q4 FY’23 Earnings Conference Call”**

**May 29, 2023**



**SUPRIYA LIFESCIENCE LTD.**



**orient capital**



**MANAGEMENT: DR. SATISH WAGH – CHAIRMAN AND MANAGING  
DIRECTOR – SUPRIYA LIFESCIENCE LIMITED  
DR. SALONI WAGH – DIRECTOR – SUPRIYA  
LIFESCIENCE LIMITED  
MR. KRISHNA RAGHUNATHAN – CHIEF FINANCIAL  
OFFICER – SUPRIYA LIFESCIENCE LIMITED**

**MODERATOR: IRFAN RAEEN – ORIENT CAPITAL**



**Moderator:** Ladies and gentlemen, good day and welcome to the Supriya Lifescience Limited Q4 FY '23 Earnings Conference Call. As a reminder, all participant lines will be in a 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Irfan Raeen from Orient Capital. Thank you and over to you, Mr. Irfan.

**Irfan Raeen:** Thank you and welcome to Q4 FY '23 Earnings Conference Call of Supriya Lifescience Limited. Today on this call we have Dr. Satish Wagh sir, Chairman and Managing Director of Supriya Lifescience Limited along with the senior management team. This call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations as of today. Actual results may differ materially. These statements are not the guarantees of future performance and involve unforeseen risks and uncertainties that are difficult to predict. At a detailed safe-harbour statement is given on page no. two of the investor presentation of the company which has been uploaded on stock exchanges and company's website as well.

With this, I hand over the call to Dr. Satish Wagh sir for his opening remarks. Over to you, sir. Thank you.

**Satish Wagh:** Good morning and warm welcome to all participants. Thank you for joining us today to discuss the Q4 and financial year 2023 results of Supriya Lifescience Limited. To take us through the results and the answer to your questions, we have with us the top management from Supriya, represented by Dr. Saloni Wagh, Director, Mr. Krishna Raghunathan, Chief Financial Officer and our Investor Relations Partner, Orient Capital.

I hope everyone got the opportunity to go through the financial results and investor presentation which have been uploaded on the stock exchanges as well as company website. Despite the headwinds and market volatility faced by pharma industry globally, we have delivered a decent quarter. I am pleased to announce that our company has achieved significant growth in financial performance over the sequential quarter.

Our revenue in Q4 '23 stood at INR142.2 crores as against INR105.1 crores of Q3 financial year '23. Growth of 292% EBITDA margins in Q4 '23 stood at 38.3% as against 13.4% in Q3 financial year '23. EBITDA surge by an impressive 25.3% and our PAT in Q4 financial year '23 stood at INR38.2 crores as compared to INR9.5 crores in Q3 financial year '23 with a growth of 302%. PAT margins in Q4 '23 stood at 26.9% as against 9.1% in Q3 financial year '23 which has gone up to by 17.8%. We are glad that we are in a better position and we anticipate even better performance in the future.

While our recent quarters have shown higher EBITDA margins due to specific product and revenue mix, we maintain our conservative estimate of achieving 28% to 30% EBITDA margin for the full year. We are confident in sustaining growth, good growth and maintaining favorable margins overall. As we have previously discussed in our calls, our key strengths, therapy and



market, China continues to be impacted and we are actively working on strategies to mitigate the impact on regain momentum.

We acknowledge that it will take some time for the situation to normalize and for our operations to return to their normal levels. However, we remain committed to this market and are actively working on strategies to mitigate the impact and regain momentum. On the other hand, our regulated markets like Europe, North America, Latin America have performed well. We have also seen improved traction in therapies like anesthetic, anti-asthmatic and anti-allergic.

We are pleased to announce the appointment of Dr. Bhirud as the President of Business Development Strategy and Research and Development. Dr. Bhirud brings with him exceptional expertise and extensive experience in the pharmaceutical industry. We firmly believe that his leadership will be instrumental in strengthening our manufacturing excellence and driving strategies alliances. With this remarkable background in the pharmaceutical sector and hands-on approach, we are confident that Dr. Shekhar Bhirud is the perfect leader of our organization.

Also I would like to inform you, the Board of Directors have recommended a final dividend of INR0.60 per equity share of face value of INR2 each, subject to approval of the shareholders. With this, I will now hand over the call to our CFO, Krishna Raghunathan. Over to you, Krishna.

**Krishna Raghunathan:**

Thank you, sir. Hello everyone and good morning. I will now share the operational performance of the financial year FY '23, which is under review, following which we will open the floor for questions-and-answers. FY '23, company reported revenue from operations of INR460.9 crores in FY '23 as against INR530 crores in FY '22. EBITDA in FY '23 stood at INR128.9 crores as against INR213.9 crores in FY '22. And EBITDA margin stood at 28% in FY '23 as against 40% in the same period last year. And profit before tax was at INR123.4 crores for FY '23 as against INR207.2 crores in FY22. PAT stood at INR89.8 crores in FY '23 as against INR151.8 crores in FY '22. PAT margins stood at 19.5%.

Now, coming for the quarter, Q4 for FY '23, company reported revenue from operations of INR142.2 crores in Q4 FY '23 as against INR181.2 crores in Q4 FY '22. EBITDA in Q4 FY '23 stood at INR55 crores as against INR75.2 crores in Q4 FY '22. And EBITDA margin stood at 38.7% in Q4 FY '23 as against 41.5% in the same period last year. And profit before tax was at INR53.2 crores for Q4 FY '23 as against INR75.4 crores in Q4 FY '22. PAT stood at INR38.2 crores for Q4 FY '23 as against INR46.2 crores in Q4 FY '22. PAT margin stood at 26.9%.

China story remained the same as Dr. Wagh mentioned. Our main therapy and market China is continued to be affected this quarter also. While we cannot provide an exact timeline for the recovery of the sales at this moment, we have taken decisive action to gain a better understanding of the situation. Our team will be visiting CPHI China to gather critical insights and engage in productive discussions. This visit will provide us with invaluable information that will help us determine the path forward and devise a comprehensive strategy for recovery.

Now we can open the floor for questions and answers. Thanks to all of you.

**Moderator:**

Thank you. We will now begin the question-and-answer session. The first question is from Mr. Yogesh from Arihant Capital Markets Limited.



- Yogesh:** So first of all, congratulations. The numbers were very strong for the quarter. So congratulations for it. My first question is on the sharp increase in gross margins to about 66% approximately in this quarter from about 51% last time. So if you can share some thoughts on the jump in gross margins, which products were driving this increase?
- Saloni Wagh:** So Yogesh, like our chairman mentioned in his opening speech, the sharp margin increase is only driven by good traction and good sales of a certain product mix in certain regulated markets. So that's one of the main reasons why the margins have shot up significantly. In terms of the therapies that have really performed well in this quarter, anti-asthmatic, anesthetic, anti-allergic, these are some of the key therapies which have really done well in some of the regulated markets like Europe, Latin America, North America. And that's one of the main reasons why the margins have gone up.
- Yogesh:** Sure. And like in the last quarter, we had some order spending for Europe, which we expected to deliver in Q4. So was that actually seen in Q4 also, leading to jump in Europe?
- Saloni Wagh:** Yes, because we have mentioned in the past as well that Q3, usually because of the worldwide holidays in the month of December, because we operate in the export market significantly and in most of the export markets, December is a very slow month. Most of the countries are closed for holidays. So some of the sales from that quarter has commercialized in this quarter.
- Yogesh:** Thanks. My second question is on the North America market. So we see that ramping up every quarter. So if you can share some highlights, how do we see growth in North America, any quantitative numbers we can get in that market and any visibility for North America?
- Saloni Wagh:** Yes, please continue.
- Yogesh:** So basically, how do we see growth in North America in quantitative terms going forward and any visibility in that market?
- Saloni Wagh:** So definitely we anticipate the North American markets to grow for us significantly in the next couple of years. This is mainly because some of the products in the basket, which are anti-allergic, decongestants, we expect to see good traction because we have recently filed for the USDMFs for this particular market. Maybe not in the immediate one or two quarters, you can see a significant jump in the revenue. But yes, definitely in the next three to four quarters, there would be a better traction seen in these markets. Once we start getting the USDMFs and the registrations through for some of these newer products.
- Yogesh:** So if we take a one year horizon, like can we see about 20%, 25% growth in the North American market going forward?
- Saloni Wagh:** No, because this is a highly regulated market. And once we get the registrations, also there is a time period in which we have to reach out to the customers, do the development validation process. So definitely not in the next one year. We definitely anticipate growth, but it would not be in that 20%, 25% range what you are indicating.



**Yogesh:** And madam, on the China market, there were some comments wherein we are looking to meet their abilities. If you can explain that in detail, what we are looking at in terms of the China market, if you can share some more details on it?

**Saloni Wagh:** So China market situation remains the same, what we had mentioned for the last quarter. Still a lot of volatility and instability in the market. The demand is still not increased as much as we would have wanted it to. And there is a lot of price pressure as well. So we remain in the similar situation what we were in the last quarter. We will have to wait and watch at least a couple of quarters more for the situation to sort of streamline.

We are hoping that with our next visit to China, which is happening in CPHI China in June of this year, we should be able to get more market insights and understand the market reality, what is happening there. But so far, the situation seems exactly what it was in the last quarter and we do not expect it to stabilize for another couple of quarters as well. But to somehow mitigate the impact of China, we are now really focusing aggressively on fast tracking some of the new product development that, we have in our basket currently and like, we have seen in the fourth quarter, some of the other therapies like anti-asthmatics and aesthetics, they have performed really well in some of the regulated markets. So increased focus on these markets and how, we can further get better traction for these products.

**Yogesh:** And finally, how many products are we looking to introduce in FY '24 and how many will commercialize?

**Saloni Wagh:** So we are looking to introduce three new products into our basket, this year, somewhere around quarter 3. We anticipate that, these three products would be through R&D and we should be able to launch them for at least, the validation volumes and everything. The commercial impact of these products would only be seen in probably quarter 1, of the next financial year. But at least in quarter 3, we should be able to launch them and we should be able to start offering them to the customers for validation purposes.

**Moderator:** Our next question comes from Mr. Siddharth Purohit from InvesQ Investment Advisors Private Limited.

**Siddharth Purohit:** Hi, so one of this our facility use to be now still based on the gross block that you are showing on the balance sheet. So, how are we really preparing for off-take from the new plant? Because right, now we will have a sizable capacity but accordingly are, we doing some sort of extra marketing efforts that, we are putting up for the four geography that, we already had and for new geography, with China you are saying? Still not very sure how far that will recover. So, which all areas can really recover, which all geographies can really recover in next one year or two years or so?

**Saloni Wagh:** Okay, so in our current product portfolio, we have about 32 APIs and these come from ten to twelve different therapeutic categories. Other than the top three products, for the company, there is a basket of about 8-10 molecules, which come from different therapies like antiallergic decongestant, anti-hypertensive, vitamins, then again, pain management. So all these products, we have been selling for the last five years, six years in semi regulated markets. We have already



started the registration for some of these products. About two years back, we started the registration for these products. In fact, for some of the products, we have recently received, the CEPS and the USDMF and the China registrations also.

So this basket of 8-10 molecules, we would now want to scale up in the more regulated markets and that's where, some of the impact of China would definitely be mitigated. Now, once these products, they move into the more regulated market space, their average selling price also would definitely appreciate. And in terms of volume also, we see a very good volume scale up for these existing molecules. So, whatever capacity we are building at site one, would be to take care of the volume scale up of these existing molecules.

Second, we do have a lot of active CMO/CDMO discussions, which are there. So some of the APIs advanced intermediates from these opportunities would also fill up some of the capacity. So these are the two main areas for which we are actually building the capacity.

**Siddharth Purohit:** Okay, so based on the current scenario and your understanding, any growth target that you have internally set for up at '24 margin, you said you'll have something around '28, which is your indicating, but on the top line front, do you see at least double digit growth, how you are planning for this? Because your fixed cost will probably look higher in the coming year because you must have gone through all the capex. So how that will get absorbed in and even if gross margin improves, how that fixed cost will be absorbed, when this happens?

**Saloni Wagh:** So, in the past also, if you see historically, we have shown over 20% growth year-on-year. This year specifically was a one off year for us because you're all aware that, our key market, key therapy got impacted. However, going forward also, we are committed to maintaining the same kind of growth, what we have shown in the previous historical years. So, it would be in trend with that. And as far as the capacity is concerned, see some of this capacity, what we are putting in our module E, it would only be available for production in quarter 4, of this financial year.

So, to see the impact coming from that particular module will take some time, so it would not be as immediate at this financial year. However, in terms of going forward growth, it would be similar to, what we have done in the past.

**Siddharth Purohit:** Can we expect something around 20% plus growth for the current year based on your interaction with the various customer or any number you would like to put in?

**Saloni Wagh:** Yes, we anticipate around that range.

**Siddharth Purohit:** And one more clarity, one in the developed market, particularly regulated market, the initial cost of launching any product, new molecules will be probably on the higher side. Since you are targeting those set of markets right now, what kind of incremental cost initially will be, we have to bear?

**Krishna Raghunathan:** See, we are not able to hear your question. See, but if I hear you right, are you checking about the per molecules R&D cost? Is that your question, sir?



**Siddharth Purohit:** R&D cost as well as the cost of launching in the different market, the regulated market, probably the filing cost and everything will be on a higher side for the regulated market. So any specific team that, we are setting up for that or what is the cost that, we are budgeting for that, for the venturing into the more regulated market?

**Saloni Wagh:** So, nothing like that. Whatever expenses, we are incurring in the last couple of financial years. It is similar to what, we would be incurring going forward as well. It's not a very significantly high expense, wherein we have to set aside some funds for doing these kind of registrations. They are a part and parcel of the portfolio and would be in line with the last couple of years, what we have done.

**Krishna Raghunathan:** Having said that, we will also have as and when the products increase. Yes, we might have a couple of new filings, which will have some impact on the R&D line. I don't think that, is highly significant, which will have to be separately budgeted. No, this is always a part and parcel of Supriya's budget.

**Moderator:** Our next question comes from Naresh from Sameeksha Capital.

**Naresh:** Yes. So my first question is on the other current assets. So, it has increased from INR55 crores to almost INR100 crores in last one year. So, can you throw some light on this? What does this pertain to and how should this number move, going ahead?

**Krishna Raghunathan:** See, basically the major impact on this line is, we had paid advance for a land in Isambe, near to Patalganga. Okay. And, we were not able to register this because Maharashtra authorities have yet to take the environmental clearance for it. Which is expected in another, what you call maximum three months to four months. That is what my corporate affairs team is saying today morning. I just checked with them specifically on this. I was expecting this question. So, post the rainy season, most probably, we should be getting the clearance and then the registration would be done and then this would be moving into CWIP line.

**Naresh:** Sir. So most of, the majority of the increase of INR45 crores is on account of land advances?...

**Krishna Raghunathan:** Yes.

**Naresh:** What is the cost of the land in Isambe?

**Krishna Raghunathan:** It's somewhere around INR55 crores and there will also be some registration cost attached to it. Those things are yet to happen. Sir.

**Naresh:** Okay and my next question is on Salbutamol also. Have we started supplying this product in the European markets? And if you can throw on a quarter-on-quarter base, like from Q three to Q four, have we seen a good ramp up in this product in Europe?

**Saloni Wagh:** Yes, we have started supplying some volumes in the European market because we got the CEP. However, it is just small volumes for validation and all. Specifically for Europe, I'll not be able to indicate any percentage of growth but if you look at the historical, this particular therapy has really grown for us from almost 8% to 12%, in this year. And we anticipate similar kind of





growth, in fact, faster growth for Europe as well as North American markets for this product in the coming few quarters.

**Naresh:** We already have the CEP and DMF, for this product, right?

**Saloni Wagh:** Yes, we have both and we are in active discussion with a lot of customers in Europe and US for this.

**Naresh:** Okay. And on another two products, Dextromethorphan and Cetirizine, if you can talk about, how are we seeing the traction in these two products in FY '24, especially in the regulated markets?

**Saloni Wagh:** So, again, both products, we are still under registration process for Dextromethorphan, we do have the USDMF available but CEP is under registration and for Cetirizine, both USDMF as well as CEPs under registration. We expect to do both the filings in June, of this year. So probably, in another nine months to twelve months, we should have the USDMF and the CEP in our hand. For both these products. Europe and US are very large markets. So, we are expecting very good growth from quarter 3, of this year, next year in fact, we will see very significant contribution from these two products. But the products are really good. They are growing products year-on-year. Their volume has grown in the market. So, they could be potentially large products for us going forward.

**Naresh:** And in Dextro, since you said that, we have a DMF, so in FY '24, how much do you expect out of this product? Qualitatively, if you can give some color on that because this was one of our key products for FY '24. So, if you can help us understand, how much it could likely contribute in '24?

**Saloni Wagh:** Specific information on how much it can contribute, while we are not in a position to share, but I can say that, we have already started seeing good traction for this product in OTC market and a lot of active customer discussions are ongoing. So, definitely for this year itself, the volume from US OTC market would be large for the company.

**Naresh:** Okay. One last question. So, out of the eight to ten products which you mentioned, which in next two to three years, you expect that, will the ramp-up finance diversify our product base specifically for FY '24? Any product out of those, which you expect to contribute meaningfully, in your revenues?

**Saloni Wagh:** So, while we can't talk very product specific but definitely, I can discuss about the therapies, which we anticipate would contribute significantly. So, therapies like anti-hypertensive vitamins, anti-allergic, then? Yes, some scale up in anti-asthmatic products as well. These are decongestants. So, these are the four or five therapies, where we anticipate a large volume scale up in the next couple of years.

**Naresh:** Okay. And one last, on the revenue front, do you stick to your guidance of doubling our revenues by '26 on FY '22s base?



- Saloni Wagh:** So, yes, we are still maintaining that for the financial year FY '26-'27. We are still confident that we would be able to achieve the guidance what we have given in terms of revenue.
- Naresh:** Sure, okay. Thank you.
- Saloni Wagh:** Thank you.
- Moderator:** Thank you. Our next question comes from Mr. Tushar Bohra from MK Ventures.
- Tushar Bohra:** Yes, hi. Thanks for the opportunity. Congratulations to the management for a much better show this time. First, just I think a few days before the results, we had this announcement on one of the CMO contracts. Maybe if you can share more details around it, and also more qualitative details, specifics around your overall CMO pipeline?
- Saloni Wagh:** Okay. So yes, we have recently announced a CMO tie-up with one of the leading European companies. This would be an exclusive contract with this company where we would be the exclusive API suppliers. This is one of their existing products, which they are planning to phase out of their European facility. So the complete volume would be transferred to Supriya in the next few years.
- As we speak, we are in the preparatory phase where we are doing the filings for the CEP, for the US DMF, and for the Japan DMF. We expect that all these three regulatory, all the registrations should come through probably in the next nine to 12 months. During this time, we would start catering to them some volume for their validation batches and for their trial batches for their customers globally.
- But once all the registrations come through, we anticipate that the volume should really start picking up. In FY '26-'27, we anticipate, it should give us a revenue of about INR40 crores a year. And there is definitely potential in this contract to get a higher volume as well as a higher turnover. But this is something that we are fairly confident that we should be able to achieve in the financial year FY '26-'27.
- So this is in terms of the current CMO opportunity, which we have already announced. Similar to this, we are also working on another similar scale opportunity, which hopefully we should also be in a position to announce very soon as we are in the final stage of agreement signing.
- Other than these two large opportunities, we are working on six, seven smaller opportunities, which are more API and advanced intermediate. All these smaller opportunities also we are expecting by FY '26 should contribute in a good way to our revenue.
- But all these are in very initial stage of discussion where, we are just supplying some samples. In certain cases, some R&D work is ongoing. In the next two years, I think we should have a fairly good basket of CMO projects commercialized in our hand.
- Tushar Bohra:** Ma'am, when you say CMO, possible that some of these may actually be CDMO where we may be working with innovators, or specific buildouts?



**Saloni Wagh:** Yes, there are one, I mean there is one particular opportunity where we are working with the innovator. So yes, that is also in place.

**Tushar Bohra:** And ma'am, just to clarify on the contract that you mentioned, the European CMO, if we are going to start supplying some batches and some supplies this year and you said that nine to 12 months you expect CMOs to start coming in, is it possible that we may actually start getting meaningful revenue from maybe FY '24 or FY '25 itself rather than looking out at this as an FY '27 and beyond opportunity? Should we budget for reasonable growth from this project, sooner, maybe by FY '25?

**Saloni Wagh:** So, we can, I mean, we will start getting some volume traction from FY '24 itself, but the value impact would not be as significant, as it would be once it reaches its full completion in FY '26-'27. That's when, we would have had all the regulatory approvals, because this particular company operates in highly regulated markets, the markets, which I mentioned, which is the European market, the Japanese market, and the US market, all these are highly regulated markets and all their customers are pharma customers.

So, it takes a little bit of time for the pharma customers also to evaluate our source, do the validation and redo their formulations with our source. So, that's one of the reasons why although the volumes would start kicking in from FY '24, the significant impact on the revenue as well as margin would only start coming in from financial year FY '26-'27.

**Tushar Bohra:** Sure, ma'am also in the overall CMO pipeline/CDMO pipeline that we have, is this all only pharmaceutical products? You mentioned intermediates also, but are there any non-pharma products also in this? Is the company looking to actively reach out for other chemistries and other projects that are non-pharma in nature?

**Saloni Wagh:** So, there is one project, which is non-pharma where we are working on more nutraceutical kind of an application. Hopefully, we should be now positioned to announce this project also very soon. We are in the final stage of this particular project as well, and the scale is similar to the one that we have currently announced. But other than this one project, most of the other projects are API and advanced intermediate related in the pharmaceutical space.

**Tushar Bohra:** And these would be margin profile-wise similar or better than your current margin?

**Saloni Wagh:** So, they would be similar to the margin guidance what we have given on an annualized range, the 28% to 30% margin what we have indicated, these all would be in this line of margin.

**Tushar Bohra:** Ma'am, just one clarification on the guidance and the overall commentary. You mentioned 20% minimum growth and 28% to 30% margin. So first, is the growth, since we had a blip in FY '23, a negative year over FY '22, should we assume this 20% from FY '23 as a base? Would it be higher because of the blip, would this year actually be better than 20% for us?

And secondly, the margin profile, while it is good to be conservative, should we budget for a decline in subsequent quarters, or is it just that this is the minimum and we can hope for performance similar to what you have done in Q4?



**Krishna Raghunathan:** Hey, Tushar Krishna here. See, the general 20% guidance is for all the regular years, this year since the base is lower; the increase would be looking on a higher side. So this is only for this current year, this will be holding good.

See, the 28% to 30% whatever we are looking at is an average of all the quarters put together because see, as you have seen in the current quarter itself, depending on the product mix, there is always going to be some sort of either it is going to spike up, or it is going to go down depending on the product mix.

So whatever we are giving is the, what do you call, the average number, which we think that we might be able to achieve. And if the product mix is going to be highly favorable, then yes, there could be a couple of percentage points here and there, there could be some possibilities, but that is something, which we don't want to, what do you call, give it as a general guidance to anybody. So we still stick to 28 %to 30%.

**Tushar Bohra:** So this is -- sir, essentially this is the minimum we hope and assume that we should be able to achieve through the year and hopefully better than this. Is that how we shall read the guidance?

**Krishna Raghunathan:** Yes, yes, Tushar, you are right.

**Tushar Bohra:** Thank you, sir. I'll join back in queue for more questions.

**Krishna Raghunathan:** Thanks Tushar.

**Moderator:** Thank you. [Operator Instructions] Our next question comes from Mr. Abhijeet from Pi Asset Management.

**Abhijeet:** Thanks for the opportunity. Am I audible?

**Saloni Wagh:** Yes, you are audible.

**Abhijeet:** Okay. So my question is again regarding the margins, in Q4, we did around 39% EBITDA margin and you have guided about 28% to 30%. So what are the reasons we think that Q4 margins are not sustainable?

**Saloni Wagh:** So, you know, we have indicated and we have explained this a couple of times before as well, the initial margins, what we were getting were also -- see, because the product concentration in our portfolio is high. There are three products, which are mature products for the company, which have already matured into the regulated market space. Unfortunately, this year one of our key therapies and key markets got hit, and we don't anticipate that this market would recover in the near future.

So that's one of the main reasons why the previous margins are not sustainable, and particularly for this quarter, as I mentioned before also, the high margins are due to a certain product mix seeing a good traction in certain regulated markets. But this also has a certain seasonality impact and some of the sales from quarter three also have gone into this year. So that's one of the reasons why the margins are extremely high for this quarter.



However, going forward, based on the product portfolio that we currently have and still anticipating the impact of the China market and the key therapy, we anticipate that 28% to 30% margin is something that would be a normalized margin for us. That's one of the main reasons.

**Abhijeet:** Okay. And in the last quarter, we saw promoters adding from the open market. Can you expect further additions in the coming days, months, quarters?

**Krishna Raghunathan:** See, this is something, which is very speculative. See, he might add, he might not add. I think this is something I don't think we can talk to about some futuristic events. If he finds value, I think he might buy. I don't think that this can be, what do you call, a stop for guidance.

**Abhijeet:** No, that's fine. That's fine. Thank you. These were my questions. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, our next caller is Mr. Hemant, an Individual Investor. Mr. Aashish Urganlawar from InvesQ Investment Advisor please go ahead.

**Aashish:** Hello.

**Saloni Wagh:** Yes.

**Aashish:** Yes, I just wanted to understand on the working capital side, how should we read things? It has been pretty high for us as a company. Given the supply chain disruptions, we had said that we were a bit conservative on ensuring supply and stuff. So now, what is the situation and where do we see things going?

**Krishna Raghunathan:** See, we do agree that the inventory was something, which was pretty, pretty high. In fact, even now I think it is somewhere around 200 plus days of inventory because last year since it was -- China was totally disrupted, a couple of raw materials, which we were dependent on in China for some specific materials, we had to stock up in excess.

The management is aware that their inventory cycle is on the higher side and of course we are taking corrective actions for the same. I think now that every of the countries are now opened up, I don't think we need to maintain so much of inventory. You would see a gradual reduction over the next few quarters.

**Aashish:** Okay. So, any guidance on how this number would shape up on the inventory side?

**Krishna Raghunathan:** See, at this point of time, we don't want to give any guidance on working capital at least. See, you should also be cognizant of the fact that our working capital loans are hardly around INR15 crores to INR16 crores and we are cash sufficient. In that sort of a scenario, I don't think we should be worrying too much with respect to the working capital at this stage. But having said that, we do understand that inventories are on a higher side. That is something which the management is very, very cognizant about and in fact, I have a meeting with the management in the afternoon specifically on this.

**Aashish:** Okay. And on the other current assets you mentioned that, it should come down, right, and it should correct?



**Krishna Raghunathan:** See, I think once the land is capitalized or getting into CWIP, once it is registered, it will get into CWIP of course. So, I think that is going to come down. It is just a temporary stuff, not to be worried too much into it.

**Aashish:** Okay. So, it should come down to around INR15 odd crores, again?

**Krishna Raghunathan:** Yes, that is going to come down pretty much. In fact, to be honest, certain of long pending export receivables or the DEPB receivables, some brought up receivables we had received in April and May, you wouldn't see a significant amount of reduction even in the first quarter itself.

**Aashish:** So, on the business side, I would like to understand how is the overall scenario shaping up because typically, we have seen a lot of volatility in the last two years on the most of the API market, the companies in the sector and stuff and you also, FY '23 has been quite a tumultuous year in terms of ups and downs. So, should we say that for us, the worst is over and moving back to our glory days in continuous growth with good margins and ROCEs. So, should we expect that, or is the situation still not to call out that everything is normalized?

**Saloni Wagh:** So, definitely, I think, I mean, the last financial year was a one-off for us. If you look at the historicals of the company, we have consistently grown. This is mainly because of getting good traction for our existing product basket in more regulated space and that's one of the company's main strategies to focus on getting traction in more regulated markets.

So, with the same view, in fact, we are working on de-risking the existing product basket. We plan on adding newer products from newer therapies. So, any particular therapy dependence, or any particular geography dependence of the company is significantly reduced.

For us, way forward definitely would be good growth, what we have indicated in this call also today that 20% growth is what we are anticipating going forward and the margins at a conservative level between 28% to 30% is what we are confident of achieving in the near future.

**Aashish:** Okay. Thank you so much.

**Moderator:** Thank you. Our next call is from Mr. Tushar Bohra from MK Ventures.

**Tushar Bohra:** Yes. Thanks for the follow-up. Ma'am just if you can highlight the new products that we -- you mentioned few of them like Dextromethorphan and Cetirizine. But just how many DMF/CEPs are active where we are expecting some movement this year and next year in terms of new client additions, more regulated market business, and which are the ones where we have filed or are in the process of filing, which also should become a possibility for FY '24 and beyond?

**Saloni Wagh:** So currently we have already filed three US DMF and three CEPs are also, I mean they already filed three CEPs. These are mainly decongestant, anti-gout and anti-allergic. These three therapeutic areas where we have already filed for the registration. So probably in another nine to 12 months, once we have these registrations in place, we can immediately start seeing good volume scale up, because we have already done the validation and the trial volumes for these products with some of the customers. Active discussions are ongoing.



And in the future, anti-hypertensive, anesthetic, then anti-asthmatic and vitamins are some of the key therapies where we would want to apply for the CEPs and the US DMF. Currently most of the documents are under compilation for these products. And in fact, even China registration for that matter. So probably in Q3, we would be in a good position to have all the documents in place and start the registration for these products as well. So overall, the eight to 10 basket of products, what we said where we will be seeing a good volume scale up would be from these therapeutic categories.

**Tushar Bohra:** And you already have some China registration in place for some of the existing portfolios outside the one that is currently in practice?

**Saloni Wagh:** We do have some antihistamine products already registered with China. But these volumes, I mean, the volumes for these products are very small. This is a very stable business, which we have been doing for last couple of years. And there are three registrations, which we are currently doing in China also. One is an anti-allergic product. One is again anti-histamine range. And one is anti-gout. So these three products we are currently registering as we speak. So hopefully by beginning of next year, we should have all the registrations in place.

**Tushar Bohra:** Ma'am, one of our products, Tramadol, which was classified as a narcotic recently, we were applying or had applied for US DMF and CEP for Tramadol as well. Any updates on that?

**Saloni Wagh:** So we have just applied for the CEP and the US DMF. It takes usually around nine to 12 months to get the CEP and a little longer in fact for the US DMF. So somewhere again, goes back to the same timeline that somewhere around end of this year, quarter three or quarter four of this financial year is when we anticipate we should have the CEP and the US DMF for this product as well.

The volume scale I've expected from this product is also quite large as this product itself is very large across Europe and US. So definitely once we have these registrations in place, the volume scale up would be good.

**Tushar Bohra:** Okay, sure. Thank you so much.

**Saloni Wagh:** Thank you.

**Moderator:** Ladies and gentlemen, in the interest of time, that was the last question on today's call. I would now like to hand the conference over to Dr. Saloni Wagh for closing comments.

**Saloni Wagh:** Thank you. I would like to thank everyone for joining the call. I hope we have been able to respond to your queries adequately. If you have any further queries, you may reach out to our investor relations partner, Orient Capital. Thank you very much for joining us today. Have a great day. Thank you.

**Moderator:** On behalf of Supriya Lifescience Limited, that concludes the conference. Thank you for joining us and you may now disconnect your lines.