



**SUPRIYA LIFESCIENCE LTD.**

*Creating true values that bind global health*

Date: November 13, 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 the quarter and half year ended September 30, 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 Wednesday, November 8, 2023 at 11.00 A.M. IST to discuss operational and financial performance of the Company for the quarter and half year ended September 30, 2023 (Q2 & H1 of FY 2023-24).

This is for your information and records.

Thanking you,

Yours faithfully,

**For Supriya Lifescience Limited**

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

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SUPRIYA LIFESCIENCE LTD.

# “Supriya Lifescience Limited Q2 & H1 FY24 Earnings Conference Call”

**November 08, 2023**



SUPRIYA LIFESCIENCE LTD.



**orient capital**



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

**MODERATORS: MR. IRFAN RAEEN – ORIENT CAPITAL**



**Moderator:** Ladies and Gentlemen, Good day and welcome to the Supriya Lifescience Limited Q2 & H1 FY24 Earnings Conference Call.

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 ‘\*’ then ‘0’ on your touchtone phone. Please note that the conference is being recorded.

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

**Irfan Raeen:** Thank you Yashashree and good morning, everyone. On behalf of Supriya Lifescience Limited, I extend a very warm welcome to all participants on Q2 & H1 FY24 Financial Discussion Call.

Today, on the call we have Dr. Satish Wagh – Chairman and Managing Director, Dr. Saloni Wagh – Whole Time Director and Mr. Krishna Raghunathan – Chief Financial Officer. I hope everyone had an opportunity to go through our Investor Deck and Press Release that we have uploaded on exchanges and on companies’ website.

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

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

**Satish Wagh:** Good morning and warm welcome to all the participants. Thank you for joining us today to discuss the Q2 Financial Year 24 Results of Supriya Lifescience Limited.

Let me take this opportunity to wish everyone in advance a very happy and safe Diwali. To take us through the results and answer your questions along with me I have Dr. Saloni Wagh – Whole Time Director and Mr. Krishna Raghunathan – Chief Financial Officer and our Investment Relations Department Oriental 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 the company website. At Supriya, we believe that accessible, affordable, and effective healthcare is a fundamental human right and to this effect, especially in a country like ours, I am pleased to announce the company has signed two agreements with Kalinga Institute of Technology for development of one of its kind Oral Cancer Detection Kit named QuickBlue and Wound Healing Gel named GelHeal.

The development of an Oral Cancer Detection Kit is in line with Supriya Lifescience vision of manufacturing, niche products and becoming an innovation led global CDMO player. This



product is not only a cheaper option, but it is also found to be very sensitive detector. The global cancer market is estimated at U.S \$21.5 billion, and the company is expecting to create a 1% to 2% market share.

The company has also filed for the patent of the QuickBlue oral chip. We also assigned another agreement with Kalinga University Institute of Technology for further development of GelHeal Wound Healing Gel is one of the kind of onsite protein matrix technology and is essentially a protein based cross link hydrogen.

As the company continues to introduce such versatile product that cater to unmet medical demand, led by the strong thrust in its R&D capabilities. We believe more and more of such products, which established Supriya Lifescience Limited as an integrated healthcare provider. The company committed to build a pipeline of new products which extend beyond its long-standing competence in the area of antihistamine and toward Anti-Allergies, diabetic and other areas.

The company intent to patent technology and undertake further new projects for CDMO business, which would translate into long term revenue possibilities.

With this, I hand over the call to our CFO – Krishna Raghunathan to share Q2 Financial Year '24 Financial highlights with you all. Over to you, Krishna.

**Krishna Raghunathan:**

Thank you, sir. Hello, everyone and good morning. I will now share the operational performance of the quarter and following which we will open the floor for question and answers.

Company reported revenue from operations of INR140 crores in Q2 FY24 as against 112 crores in Q2 FY23. EBITDA in Q2 FY24 stood at 32 crores as against INR 29 crores in Q2 FY23 and EBITDA margins stood at 22.7% for Q2 FY24 as against 25.5 in Q2 FY23 and profit before tax was at INR 30 crores for Q2 FY24 as against INR 27 crores in Q2 FY23.

PAT stood at INR 24 crores in Q2 FY24 as against INR 17 crores to Q2 FY23. PAT margins stood at 17%. Moving to H1 Financial Year 24 performance revenue from operations stood at INR 272 crores as against 214 crores in H1 FY23. EBITDA and H1 FY24 stood at 76 crores as against 60 crores in H1 FY23 and EBITDA margins stood at 28% in both the quarters and in both the half year, respectively.

Profit before tax was at INR 72 crores for H1 FY24 as against 58 crores in H1 FY23 registering a growth of 26%. PAT stood at INR 52 crores in H1 FY24 as against INR 42 crores in H1 FY23, PAT margins stood at 19%. We have certain one of expenditures during the quarter we had a GST which covered till FY2021 and around 26 lakh have been paid during the course of this audit.

We also had to pay around 2.5 crores interest in the pre import case which we are contrasting in Mumbai High Court. Repairs and maintenance were higher due to the impending FDA audit in



December and also I would like to highlight the company has successfully reduced its inventory days to 158 days and we have become virtually debt free and with miniscule interest payments the company solvency ratio further improve and increase the profitability of the company along with the excess cash of around 116 crores, ensuring that the organization will be able to meet all its future obligations.

Now we can open the floor for questions and answers.

Thanks to all of you and wishing you a happy and safe Deepavali.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Shubham from Purnarta Investment Advisers. Please go ahead.

**Shubham:** During the quarter change inventory has increased to 10 crores, can you throw some light on that?

**Krishna Raghunathan:** See basically what had happened is we had a lot of inventory. I think for the last couple of quarters we have been saying that we have to reduce our inventory. So, technically most of our WIP and FG we had converted which were in what do you call inventory, and everything got converted and got sold, some of which will get sold in the Q3 also.

So, because of this there is a huge reduction that could also be seen in our cash flow. This is of course cash flow positive and it's a very good sign for the company.

**Shubham:** So, it's in finished growth inventory you are saying?

**Krishna Raghunathan:** No, it's WIP inventory, WIP and some bit of finished inventory got moved out.

**Shubham:** And what tax rate we can assume for the whole year as sale is fluctuating at quarter-on-quarter basis?

**Krishna Raghunathan:** We don't give any quarter wise guidance on sales. See, we will maintain an overall around 20% to 25% overall growth on the revenues over the last year number I think that is anyhow, that will bound to happen otherwise we don't provide any sort of a guidance on what you call quarter wise numbers.

**Shubham:** I am asking about tax rate, what we can assume tax rate for the whole year?

**Krishna Raghunathan:** Tax rate could be somewhere around 26%. See this would be on the current tax only at this point in time. See, the deferred tax, there will always be some impact which can always change. So, on the overall around 26% to 26.5% you can take for the tax rates.

**Moderator:** Thank you. We have our next question from the line of Ridhima Goyal from Acquaint Bee Ventures. Please go ahead.



**Ridhima Goyal:** My question is despite the increase in the absolute number of our EBITDA and PAT number, what is the reason behind decline in our margins because as we are seeing in other companies as well that there is an increase in margins and second question is I wanted to know your volume and price mix growth?

**Saloni Wagh:** One of the main reasons why the margin have sort of declined is because of the geographic and the product mix. We have also said this in the past because we are an export-oriented company and we cater to more than 86 countries across the globe including semi regulated and regulated market.

As a part of our strategy, we have focused in the last couple of quarters to derisk our portfolio and some of the other products other than our major products we have been trying to scale up in semi-regulated markets and then of course into the regulated markets.

So, we have seen increased traction in some of our other products in semi-regulated markets. So, that is one of the reasons why you see that there is a slight dip in margin. In spite of increased sales and the absolute number increasing, but it is a good thing and a positive thing for the company because we are trying to derisk the portfolio and dependence on some of the key products and it is just I feel like because of the geographic and product mix for the overall 6 months if you see we maintained our margin at 28%, which is the guidance that we have given that on an annual basis, we will maintain our 28% to 30% margin. So, it is just a quarter play because of the product and region mix.

**Ridhima Goyal:** Can you please just give us the mix between your regulated and semi regulated and also under unregulated markets mix?

**Krishna Raghunathan:** See basically the export process domestic could be somewhere around 81 to 19 and coming to what do you call regulator it would be one moment in H1.

**Ridhima Goyal:** I didn't get this can you please repeat?

**Krishna Raghunathan:** One moment. Around 46% were there in regulated market and the rest would be in semi regulated and unregulated markets. India would be somewhere around 19% in that.

**Ridhima Goyal:** And my second question was related to the volume and price growth mix. I mean the growth which we have seen this quarter is what is the mix between your volume growth and prices?

**Krishna Raghunathan::** See price have been remaining stable. So, whatever the growth is like what Dr. Saloni has already said it is due to all the other molecules picking up momentum and there is nothing not much of a moment in the prices across all the molecules f(Incoherent language). We haven't seen any sort of price erosion or also the price increase also.

**Saloni Wagh:** Majority of it is through the volume increase.



- Satish Wagh:** See any new product when you enter you cannot straight away go into regulatory because he takes minimum one year. To establish that API you have to go with non-regulated markets and then you can make establishment in the regulated market that's the API for me.
- Ridhima Goyal:** And this you are saying, sir, on a year-on-year basis, right?
- Saloni Wagh:** Yes on a year-on-year basis.
- Satish Wagh:** When we said that out of 100%, we have 82% export that means that export has been continuously coming for couple of years, so it will continue. It will not drop down. So, the focus is on regulated markets only as far as the business is concerned and more focused as far as businesses in exports only.
- Ridhima Goyal:** And sir what is the proportion coming from China?
- Satish Wagh:** See whatever is there that continues in China. I have in the past also regularly telling that you cannot focus China. The day you focus more and more in China, I'm sure you all are aware we are reading in the newspaper anti-dumping duties will be put on the product and there will be no say in the future. It's an actual property which we do with them they are also trying to do so.
- So, we are trying to derisk whatever has been committed in the China market that quantity we already have sold for next two years. Our balance we sell in the other markets, we have no interest in increasing that in China market.
- Moderator:** Thank you. We have a question from the line of Jagvir Singh from Shade Capital. Please go ahead.
- Jagvir Singh:** So, sir earlier you were guided around the 32% margin, so now you are talking about 28% margins for the full year basis?
- Saloni Wagh:** If you actually have attended our earnings call for the last four, five quarters plus you will know that we have corrected our guidance post our impact of the China business in the last financial year. Since then we have corrected our margin guidance to be 28% to 30% which we have maintained and that is the margin that you will see also for the first 6 months.
- Jagvir Singh:** So, in this second quarter we have done around 23% margin. So, you are saying in the next 6 months margin will be around 28% to 29%?
- Saloni Wagh:** Yes.
- Krishna Raghunathan:** See, it is not a quarter-on-quarter guidance.
- Satish Wagh:** Sorry to interrupt you, you want to do 28% a full year, so you have to do 28% in the next 6 months also.



**Krishna Raghunathan:** See if you see our last quarter, we already had a 34% plus in our margins. Yes, the average would be around 28% to 30%.

**Jagvir Singh:** And sir there is also some seasonality also in the businesses second half is better than the first half if I am correct?

**Saloni Wagh:** Yes, usually second half is slightly better than the first half. So, that's why we are confident that we will be able to maintain the guidance of 28% to 30%.

**Jagvir Singh:** 20% to 25% in the top line?

**Saloni Wagh:** Yes which you can see in the first two quarters as well in terms of the absolute revenue, we have seen a good increase. In fact, 24% if you compare it with the last quarter as well. Last year 6 months and this year 6 months we have done a 24% growth in our sales. So, that trend will continue.

**Jagvir Singh:** So my last question related to China, is there any pickup or not in the China?

**Saloni Wagh:** So, for China our CMD just said, we have already finalized our contract, which is a fixed volume contract, and we don't expect anything additional coming in from China. The volumes are stabilized. The pricing we have said it in multiple earnings call before as well that it will take some time for the market to stabilize. We don't see it happening in the near future. So, whatever growth and margins we are guiding it is including the China contract that we have finalized for the entire year.

**Moderator:** Thank you. We have our next question from the line of Richa from Equitymaster. Please go ahead. Our line is disconnected. We'll move on to the next question from the line of Rahil Shah from Crown Capital. Please go ahead.

**Rahil Shah:** Just going back to the growth guidance, you mentioned, so I just want to ask you what help in this first half the growth we have seen and you're confident that this will continue. So again what will help it, can you give a general scenario how is the market right now and so how will we achieve the guidance?

**Saloni Wagh:** So, we have always maintained that other than our top 3, 4 products, we have a basket of about 8, 9 products in the portfolio where there is a very large potential in semi regulated and regulated markets and a lot of the growth for the next couple of years will also come with the volume scale up of these products which is getting reflected in the quarter to sales this year.'

A lot of the other products in anti-hypertensive vitamins, decongestants, these products have really scaled up well in semi regulated markets. We are seeing a lot of volume traction and we are just waiting to get these approvals for the regulated market. So, once they move into the regulated markets, the margins for these products will also eventually improve.





So, one growth we are seeing in these products, the other thing is that we are introducing a lot of new products into our portfolio. Three therapies where we are focusing is anesthetic, anti-diabetic, and also cardiovascular and anti-anxiety. So, these are the four categories what we are currently focusing on.

So, a lot of new products are getting infused in the portfolio which are just out of development and in validation stage. In the next 9 months to 12 months, we will be in a position to start filing for these products. So, once they also come into the pipeline, the product portfolio would be more derisk.

So, growth will come from existing products scale up in regulated markets and also the new products what we are infusing in the portfolio. So, these are the two main areas now for the CDMO opportunities that we have they will also start scaling up the whey protein which we had announced two quarters back, some volumes we will start seeing from the next quarter then the Riboflavin I mean the vitamin project what we had announced with the European company's tie up. Those volumes have also started coming in. A DSM is the name of the company with whom we have tied up for the vitamin product. So, those volumes will also start coming in. So, these three areas are where we are looking at growth mainly.

**Rahil Shah:** And just clarifying again, you mentioned this growth which you've suggested or guided for is including the China business or excluding I want to understand?

**Saloni Wagh:** It is including the China business because for us like I said more focus on other products de-risking the portfolio, reducing our dependence on some of the key products. So, this is including the China business, which we have said multiple number of times that the volume is staggered. We don't anticipate the volume to grow any longer in China market.

So, it would be the constant volume for at least next 2 years because we have already signed the contract at the same price. So, we don't expect any changes happening in China business anymore.

**Moderator:** Thank you. We have a question from the line of Richa from Equitymaster. Please go ahead.

**Richa:** Sir, my question is on these two announcements that you have made about the wound healing gel and as well as this oral care, if you could help us understand what this means for the revenue and margins of the company, what kind of investment you guys need to make for this opportunity to materialize in a meaningful way, and if it is a unique product, if it is patented, is it B2C just if you add more color on these?

**Saloni Wagh:** So, both the products, I mean both the announcements that we have made recently with Kalinga University is in line with our strategy to derisk our business and focus more on CDMO activities. Both the products are extremely novel, they are one-of-a-kind in the world. I would say the best technology in the world in terms of the product cost, I mean, the Oral Cancer Detection Kit, it is



the cheapest available kit in the world which detects and is a preliminary test for oral cancer which detects oral cancer in less than 2 to 3 minutes.

There is no product of its time globally, and even for the gel, it is an extremely innovative product which helps in wound healing and scar free wound healing again no significant competitors globally for both the products. The strategy is that we will help Kalinga University co-develop these products so they are already developed at the lab stage, but now we have to take them through the commercialization stage.

The patents for both the products are filed. In fact, for the quick oral kit already the international patents, the PCT is also filed and we will also now file for country specific patterns in the next couple of quarters. We anticipate that this entire project will take at least 3 years for commercialization for both the products. The market itself for both the products is extremely large.

Today, it is valued at around 21 billion globally. So, it's a very, very large market and with the kind of product that we are bringing into the market, we are very, very confident that we will be able to at least get 1% to 2% of this global market.

The strategy, like I said, is to co-develop and then take it to commercialization with Kalinga Institute and then while we keep the manufacturing of the product to us, we would probably out license these products to some of the larger pharma companies. So, this is in terms of the strategy behind both the products.

**Richa:** And could you also talk about utilization and potential CAPEX that you're likely to undertake if any in FY24 and 25?

**Krishna Raghunathan:** See utilization were around 72% to 73% during this quarter and CAPEX of course for the first 6 months we had somewhere around 50 crores. I think we will spend around the same 50 crores most probably in the second half also and for next year I think we need to have our planning in place.

As of now, I think we should be in the range of around the 100 crores max. We'll have to see next year we haven't our planning cycle is on and the work on CAPEX will be happening and I think most probably in the next quarter we will be in a position to announce what sort of CAPEX number we can do in the next year. Current year we will be finalizing somewhere around 100 crores out of which 50 crores has already been spent in H1.

**Saloni Wagh:** And just a quick addition to this the kit, the global market size is 21 billion, but for the gel the global market size is valued at about \$26 billion U.S. So, both put together is more than \$47 billion. So it's a very large market which would open up for us as a company and plus the products are extremely novel, innovative. So, we would like to bring the products out to as many people as possible.



**Richa:** And I mean do you have any sense of the investments that can go into it in co-developing, commercialization over next three years?

**Krishna Raghunathan:** We are working around with the innovators at this point in time. I think once we have our what you call full strategy in place specifically on the numbers, I think we can always come back to you and then we can let you know.

As of now we are working with the innovators as to at what stage what are the things which we need to do all those working are going on at this point in time as we speak.

**Richa:** And sir just one more question on margins I think there was an erosion in margins because of the regional mix, but like 2 years ago our regulated share market used to be much lower than what it is now and yet there is significant decline in the margin. So, if you could just talk a little bit more about that and what gives you the confidence to maintain the margins that we have, what is the supply side situation pricing scenario?

**Saloni Wagh:** Like I said previously, more than the region mix, it is the product mix because of the other products other than the top 3 products, 4 products, the next basket of products which are moving into the semi-regulated market because we are still in the sort of market gaming stage for those products, we don't have a leadership position for those.

Hence, the margin profile of those products would be definitely lower than our leading products. So, more it is driven by the product mix and the de-risking of the product basket that we have. So, that is why you're seeing that erosion on margin plus one of the reasons also for this quarter slightly lowered margins is on the expense front.

Like Krishna also explained, there have been certain one-off expenses which also have had impact on the margin. So, it's a playoff both the things, but mainly it is the product mix and the other products getting more traction in semi regulated markets other than the top couple of products.

So, that's one of the reasons why we are confident of maintaining the margins because once we get more market traction of these products once we get the regulatory approvals we would sort of replicate the success and the leadership position that we have in the top products in this product basket as well and then the margin for these products would also improve, also backward integration, although for the top 10 products, 12 products we are fully backward integrated for some of the new products what we are seeing good traction. We are in the process of further backward integration. So, once all these things happen together the regulatory approvals, the backward integration and the movement into regulated market margin again would sort of stabilize to that 28%, 30%, which is the situation even today.

**Satish Wagh:** So, I further want to add that in this world now there are two more countries which are becoming the regulatory one now earlier people were neglecting about the Latin America, that's Brazil and Mexico. Now let me tell you in the last year these two countries have come up with the regulatory



notification that they had earlier previous China was the sole supplier for couple of years left more than 35 years, 40 years.

But now these people have said that they required the GMP standards where Chinese are failing and Indian companies have a good opportunity like Supriya already from last year started in the regulatory in the Brazil regulatory body to file the products out of 70. I'm very happy to say successfully within last 9 months, we have filed 12 products with the regulatory authority in Brazil.

Now once you file and you become a sole source of that product, you must understand this is the second source, but this is the first source for Brazil and that will continue. It will not replace by any other. So, you will get more profitability, more chance in Brazil and Mexico market, which are now becoming a regulatory market.

**Richa:** And sir this 100 crores kind of investment every year that you're making like FY24 and 25, is this mainly going into backward integration or I mean, where are we investment has happened?

**Saloni Wagh:** So, basically this is mainly going into capacity enhancement, capacity enhancement for volume growth of existing product basket as well as the new products what we are infusing into the portfolio. We will also need the capacity to grow those products. So, this is mainly for capacity enhancement to cater to the growing product demand.

**Moderator:** Thank you. We'll take our next question from the line of Naresh from Sameeksha Capital. Please go ahead.

**Naresh:** So, my first question, if you can quantify the onetime expenses which you have made during the quarter and also the employee expenses QoQ has increased quite a bit. So, what would be the reason for that?

**Krishna Raghunathan:** Let me take the employee first. So, basically if you look at it between last year and current year we had our annual increment cycle and that will increase the expenditure correspondingly in the current year, and of course there were a couple of hires also I think on which we had given the press releases there also these are the reasons why the employee benefit expenses are comparatively higher.

So, with respect to one off technically we had a GST audit and a pre import case. I think that is something which I had already covered in my speech and of course we are also expecting an FDA audit in December for which we have to have our repairs and maintenance and upkeep of the plant. So, these are the three expenditures which are one time in nature, and this were somewhere around 3 crores to 4 crores which we had to spend in as a onetime expenditure. So, these would be the one time and of course the employee had already talked about.

**Naresh:** And second question in terms of diversifying the product portfolio, so while you have been speaking about the 6 to 8 new products which you expect to start selling in the regulated markets,



but if you can explain a bit more granularity that at which stage these products are, do we already have CEP and DMF in place and have you started sending the validation batches to the customer and how much time realistically it would take for these products to ramp up in these regulated markets so that the volatility which we see currently that sort of normalizes?

**Saloni Wagh:**

So, in terms of the 6 to 8 products we have already been selling these products for many years in semi regulated market. For some of these, we have already received CEPs and the US DMF, and we have already started supplying some small quantities for trials and validations. For some of them the CEP's are still awaited in another 6 months to 9 months we will get the CEPs.

I would say the full effect of these products in regulated markets, you will be able to see at least in the next 3 quarters that is when we anticipate that the trials and the customer validations would have been completed and they would start buying the commercial quantities. So, that would approximately be the timeline for the commercialization of these.

**Naresh:**

So, is it fair to say that the new blocks which are coming in the next quarter, so largely on an incremental basis this would be utilized for selling these products in those regulated markets, so that we have some understanding as to what time it would take to reduce the concentration of the product portfolio?

**Saloni Wagh:**

So, the new block which we have put in, I mean, which we are putting in module E that would be driven for two things. One is, of course, the existing product scale up and the other is the new products that we have infused in the portfolio. Like I said we have focused on anesthetic, anti-anxiety, anti-diabetic products. These products we have now completed the development and now we are in the phase of validation.

So, in another 6 months to 9 months or we should be in a position to start selling some smaller quantities at least for market seeding and for customer trials and samples. So, the new module is for the existing products to scale up as well as some of the new products that we have infused in the basket.

**Satish Wagh:**

Let me add one more thing because I have already said in my speech, but I think people have not understood that. The new regulated market is coming up, which is large in Brazil. People are ignoring that Brazil was catered for last 40 years by China, but all Chinese manufacturer was supplied without GMP standard, GMP documentation and for the first time the government of Brazil has come in 2022 in force that any supplier would like to change the vendor. They should come with the GMP certification from that company.

So 99% and we are saying that Chinese are failing to give the documents on GMP. So, looking the new notification of Brazil and Mexico, Supriya immediately started entering into and giving the documentation to the regulatory authorities and out of the current 16, 17 APIs. 12 have been registered with the regulatory authority of Brazil.



Now you will understand when you register means what you become the second vendor, but the first vendor for that particular end user and once that end user finalizes your name lifetime it will not be changed because second vendor will not come in the picture. So, this was the opportunity given by these authorities to their final formulation units that you should qualify the second source now and that second source will continue as a first source. So, you have a large basket which is available in Brazil and Mexico, which is in large market today for APIs are concerned.

**Moderator:** Thank you. We have a next question from the line of Anmol Das from Arihant Capital Markets. Please go ahead.

**Anmol Das:** So, I wanted to ask you regarding a couple of things in future pipeline that you have two agreements with the oral cancer detection and wound healing gel and there was a collaboration with the plasma nutrition.

So, want to understand how these collaborations are going to materialize in the future and in terms of the revenue what amount kind of the revenue you are looking for these collaborations and what will be the opportunities in similar kind of business and collaborations that you see in the future?

**Saloni Wagh:** So, in terms of the three collaborations that we have announced, the plasma nutrition the protein project that would be slightly faster as compared to the other two. For the plasma nutrition we have already started manufacturing some small trial quantities of samples and we have started giving them to all the larger protein distributors.

So, we anticipate that in another 6 months to 9 months we should start seeing good commercial volume coming from this particular project, so that would move much faster. For these two the oral kit as well as the gel like we said the market potential is extremely large it's \$47 billion globally and the products truly are extremely innovative and for the value at which they will be available in the market. There is no competitor which can match those globally.

So, it would actually be a revolutionary change in oral cancer detection as well as wound healing. So, we are very confident these two projects would take 3 years to commercialization, but we are very confident that when they come out in the market, they will gain significant market traction.

We are working on multiple such opportunities there are there in the pipeline currently at a very premature stage, but we are very confident that such innovative opportunities we will be able to convert in the next two to three years into commercial business.

Also, the other CDMO opportunity which we had announced a couple of quarters back was with the European company DSM-Firmenich they are one of the largest companies. Globally, we signed an exclusive vitamin supply agreement with them, those commercial volumes also will



start coming in from the next quarter itself. The CDMO in general for in the next I would say 9 months to 12 months, we'll start contributing commercially to our revenue.

**Anmol Das:** And one thing regarding the geographic mix that has shifted and then went for like from Europe to Asia, it shifted in Q1 FY24 now that again that Europe mix is gaining approximately 25% share, so what is that makes this change in these two geographies between Q1 and Q2?

**Saloni Wagh:** So, one of the main reasons is I would say more than the geography this time for the margin, the product mix like I highlighted was one of the main reasons was the margin dip. What the other than the top 3 products, 4 products there are other products like decongestant products like Diphenhydramine vitamin products like Riboflavin 5 phosphate sodium Bisoprolol Fumarate which is an antihypertensive product. Some of these products we have seen good traction in European markets and the other market.

So, these are the products where we don't have currently a leadership position, we are still trying to gain more customers, gain more market share. So, once we have a significant market share, we do the backward integration, all the regulatory approvals come through, then we will start seeing similar margins to what we have for our leading products. So that is one of the main reasons.

As such, there will always be quarter-on-quarter because it's a multi-product we have more than 30 products in our portfolio. So, there will always be a shift in the product and the geographic mix, but our main focus like our CMD said remains on regulated market. So, year-on-year we will try to increase our regulated market share. So, that is one of the prime focus area and if you see even for this quarter the export percentage has gone up. We are at 81% export as compared to the previous quarters. So, the more focus will always be on more regulated markets.

**Moderator:** Thank you. We have a question from the line of Am Lodha from Sanmati Consultant. Please go ahead.

**Am Lodha:** Ma'am, I have got three questions, one relating to our plant and number one Lote when it will be in operations?

**Saloni Wagh:** So, the Module-E it will get commissioned by March or April next year.

**Am Lodha:** 400 kiloliter?

**Saloni Wagh:** Yes. It will add around 400 KL per day to our capacity. So, the total capacity of the Lote site would be somewhere at around 900 KL.

**Am Lodha:** It will be operationalized in the commercial operations in the month of March FY24?

**Krishna Raghunathan:** It might not be commercial operations; validations will start and then we will have our commercial operations following up immediately.



- Am Lodha:** What about Ambernath? (inaudible)
- Saloni Wagh:** So, the Ambernath will also be commissioned around March and April, so maybe from May onwards we can start some commercial production from that side.
- Satish Wagh:** I want to add to this sir anything when is in your mind you might understand that it requires huge requirements of rules and regulations and the formalities, all the licenses in place without that it cannot manufacture anything. These are always taking time. Once you get then only we start because the company has principles and ethics. Unless and until they get the regulatory and all the permissions, they won't enter into any product, that is why we always try to get everything in the hand then we start.
- Am Lodha:** Sir, my second question is relating to export? What is the percentage of export in that present quarter turnover?
- Krishna Raghunathan:** 81%.
- Am Lodha:** My third and last question is relating what is the growth the company expect in FY25 and FY25 and FY26 growth in the sales tentatively?
- Saloni Wagh:** So, we have always maintained our guidance that year-on-year we will grow anywhere between 20% to 24%. So, that is the same kind of guidance we would like to give. The revenue growth would be anywhere between 20% to 24%.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Wagh for closing comments. Over to you sir.
- Management:** See, we would like to thank each and every one who has attended our call. We would like to wish each and every one a happy and prosperous Deepavali and thanks and all the best.
- Moderator:** Thank you, sir. On behalf of Supriya Lifescience Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.