SUPRIYA LIFESCIENCE LTD.
Creating true values that bind global health

Date: January 31, 2025

To,
The Corporate Services Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400 001
Scrip Code: 543434

To,
Manager – Listing Department
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 nine months ended December 31, 2024

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, January 27, 2025 at 10.30 P.M. IST to discuss operational and financial performance of the Company for the quarter and nine months ended December 31, 2024 (Q3 of FY 2024-25).

This is for your information and records.

Thanking you,

Yours faithfully,
For Supriya Lifescience Limited

SALONI SATISh WAGH

Digitally signed by SALONI SATISh WAGH
DN: c=IN, o=Personal, pseudonym=fHtfgQXairCV8xc59MvgjaKZL7kjzmWS, 2.5.4.20=8fdfcd93ed92db05e039f5666b235f6da7eedf5c232fad531f9cd93ba7d12f44, postalCode=400063, st=Maharashtra, serialNumber=4cdd71d9825488e14c7f6869c9f3f011423eb035c48b44a39545755aa9b8bc0, cn=SALONI SATISh WAGH
Date: 2025.01.31 12:22:02 +05'30'

Saloni Wagh
Managing Director
DIN No. 08491410

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 Website: 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

SUPRIYA LIFESCIENCE LTD.

“Supriya Lifescience Limited

Q3 FY '25 Earnings Conference Call”

January 27, 2025

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

MODERATOR: **MR. PRACHI AMBRE – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Supriya Lifescience Limited Q3 FY '25 Earnings Conference Call. As a reminder, all participant line will be in 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.

I now hand the conference over to Ms. Prachi. Thank you, and over to you, ma'am.

Prachi Ambre: **[**inaudible 0:0:38] Thank you. Good afternoon everyone on behalf of Supriya Lifescience Limited I extend a warm welcome to all participants in Q3 and 9 months FY '25 financial results discussion call. Today on the call, we have Dr. Satish Wagh, Executive Chairman and Whole-Time Director; Dr. Saloni Wagh, Managing Director, Mr. Krishna Raghunathan, Chief Financial Officer.

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

With this, I would like to hand over the call to Satish sir for his opening remarks. Over to you, sir. Thank you. [inaudible 0:01:20]

Satish Wagh: Good afternoon, and warm welcome to all the participants. Thank you for joining us today to discuss the Q3 and 9 months financial year '25 results of Supriya Lifescience Limited. To take us through the results and answers to our questions, along with me are Dr. Saloni Wagh, Managing Director, Mr. Krishna Raghunathan, Chief Financial Officer, and our Investor Relations team, Orient Capital.

I hope you have had the opportunity to review the financial results and investor presentation, which have been uploaded on the stock exchanges and our company website. It gives me an immense pride to share that Supriya Lifescience has delivered another quarter of outstanding performance, maintaining our strong growth momentum at Q3 financial year '25.

Revenue from operations grew by an impressive 33% year-on-year to approximately INR186 crores, driven by robust demand across our product portfolio. Our operational efficiency and strategic focus on high-margin niche products have translated into exceptional EBITDA margin of 35.5% and a PAT margin of 25%. These results reflect our unwavering and commitment to operational excellence and disciplined execution.

Supriya Lifescience continues to be a well-established leader in API manufacturing, specializing in differentiated value-added products with limited competition. Our fully backward integrated business model, spanning key therapy areas such as anesthetics, anti-asthmatic, anti-histamine, decongestant and anti-gout gives us a distinct advantage in ensuring supply chain, security and cost efficiency.

We are continuously expanding our portfolio with new and critical molecules and strengthening our presence in regulated markets. Looking ahead, we remain on track to launch new products in such therapeutic segments, including anti-stimulants, anesthetics and anti-anxiety and anti-diabetic to meet growing market demand.

This quarter, exports contributed 85% of our total revenue, up from 74% in the -- same period last year, reflecting our increasing penetration into regulated markets that command premium pricing. The LATAM region, in particular, has demonstrated remarkable growth, contributing 21% of the revenue this quarter compared to 8% in the corresponding quarter last year.

Additionally, we are witnessing strong traction in the North America and Africa for our key products, further advancing our global expansion strategy. Our transformation from a generic OTC provider to an innovative leader in regulated and higher-margin markets is built on the trust of our diverse customer base of our 1,500 clients across 120 countries.

During the quarter, we achieved significant milestone by commissioning the Module E block at our Lote Parshuram facility adding 335 KLPD to our capacity and taking the total capacity to over 1,000 KLPD. Our facilities are approved by major regulatory bodies, including USFDA, Health Canada, EDQM, ANVISA, TGA Australia, etcetera, which positions us strongly in a market where supply chain security and GMP compliance are paramount.

We are also capitalizing on the China+1 strategy by launching products that reduce the dependence of China and leveraging our new formulations and R&D facility in Ambernath. These efforts further bolster our CMO and CDMO business, supported by our backward integrated model and decades long customer relationship.

We remain confident in achieving our revenue growth guidance of 20% while maintaining strong margins. Our long-term goal of doubling revenue to INR1,000 crores by financial year '27 remains firmly on track, supported by the expansion of existing molecules in the regulated market and robust pipeline of new products. Our strategy includes launching at least 4 new products annually, ensuring we remain at the forefront of innovation of API manufacturing.

With that, I will now hand over to our CFO, Mr. Krishna Raghunathan, who'll provide a detailed overview of our financial highlights of quarter 3 financial year '25.

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. In Q3 FY '25, our revenue from operations grew to approximately INR186 crores, marking an impressive 33% year-on-year growth compared to INR140 crores in Q3 FY '24. This strong performance extended to the first 9 months of FY '25 with revenue reaching approximately INR512 crores, reflecting a 24% increase from INR412 crores in 9 months ended FY '24.

Moving to EBITDA. We delivered robust growth with EBITDA for Q3 FY '25 increasing by 59% to approximately INR66 crores, up from INR41.5 crores in the same quarter last year.

This translated to an EBITDA margin of 35.5%, representing a significant improvement of 591 basis points year-on-year. For 9 months FY '25, EBITDA stood at approximately INR193 crores, reflecting a 64% increase over INR117 crores in 9 months FY '24.

On the bottom line, profit after tax for Q3 FY '25 grew substantially to approximately INR47 crores compared to INR30 crores in Q3 FY '24. The PAT margin for the quarter increased to 25%, an increase of 394 basis points year-on-year. For 9 months FY '25, PAT reached INR137.5 crores, a 67% increase from INR82 crores in 9 months FY '24. With PAT margins improving to 27%, up 691 basis points from the corresponding period last year.

Our capital expenditures for 9 months FY '25 amounted to INR110 crores compared to INR97 crores during the same period last year. For the full year, we expect capex to close around INR120 crores to INR130 crores, primarily directed towards the refurbishment of block A, B and C at our Lote facility and development at Ambernath plant.

We have invested a total of INR125 crores in the newly inaugurated Module E manufacturing block, which is expected to achieve its peak revenue contribution by FY '27. On the operational efficiency front, our working capital days have improved to 124 days in Q3 FY '25 compared to 134 days in the same quarter last year.

We have maintained a strong financial position with a debt-to-equity ratio of 0.01, adopting a conservative approach to borrowing by utilizing only letter of credit and bank guarantees without tapping into working capital limits. With that, I conclude my remarks and open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin with question and answer session. The first question is from the line of Nirali from Ashika Institutional Equity.

Nirali: I just have a few quick ones. So the first one is, could you provide an update on the progress of Module E, which we have actually commissioned in December? So that's the first one. I'll follow after you or the questions later on?

Saloni Wagh: So Module E -- thank you for the question. This is Dr. Saloni here. For Module E, we have started commercial production from this quarter. We have already taken validation campaigns of some of the new products that we are planning to come out of this block. We expect the commercial production to begin full-fledged in the upcoming quarter , but already commercial production for validating batches have started.

Nirali: Okay. The second one is that in the previous call, you had mentioned that we have some 3 to 4 opportunities on the advanced intermediate and the API side. So what kind of growth can you pencil in over the next 2 quarters from these opportunities? And just trying to understand that are these significant enough to materially impact the top line? And if also you can explain which geographies are being targeted in these opportunities?

Saloni Wagh: Yes, we do have a lot of opportunities in advanced intermediate as well as API space in contract manufacturing. However, these opportunities are currently at negotiation stage or at contract signing stage, so we do not expect any top line generation from these, at least for the next couple of quarters. We will only be able to see the impact of these on the revenue in FY '27.

On the whole as CMO, including the current opportunities what we have and the new opportunities which are there in our pipeline, we expect in FY '27, CMO to contribute closer to 20% of the total revenue.

Nirali: So none of the advanced intermediate opportunities we are witnessing in FY '26, right?

Saloni Wagh: No, we will not be able to because any contract manufacturing opportunity takes minimum 2 to 3 years to start giving commercial revenue.

Nirali: Okay. Understood. And just last one. Have we secured the FSSAI license for the whey protein project? How are we progressing on this? And just specifically on the whey protein project, what's the next trigger?

Saloni Wagh: Yes. Actually, we have a very good news on that front. Just last week, we have already received our FSSAI license. And now we are going all out in the market. Our marketing partner has already contacted a lot of large distributors of whey protein. So we are actually expecting some revenue contribution happening in FY '26 from the whey protein project.

How much, I will not be able to tell at this point because this is a completely new product, which is getting a plan to launch in the market. So the volumes depend on what kind of traction the product -- end product gets in the market, but we are very hopeful because the product is extremely novel. It has shown great benefit in the whey protein market.

It's a differentiated product, which has not happened in the last many years in this space. So we are very confident now that we have the FSSAI license, we will start getting good revenues from this opportunity in FY '26 itself.

Nirali: Congratulations on that front.

Moderator: The next question is from the line of Adityapal MSA Capital Partners.

Adityapal: Yes. So first of all, many congratulations to the management. Fantastic set of results. I wanted to quickly understand, so there was a slight decrease in gross margins when we look in quarter-on-quarter basis. So wanted to understand that even though we saw an increase in revenue contribution from a backward integrated products, is this a purely product mix thing because there is some geographical color to it as well? And what is the gross margin that one should work with?

Saloni Wagh: So Aditya, we never guide on gross margin. So I will not be able to give any guidance even today on gross margin. On EBITDA margin, yes, I can guide. And the EBITDA margin is a

product of the geographic and product mix. So depending on what product is moving in which geography, there could be an impact on the EBITDA margin quarter-on-quarter. But for this financial year, I'm not guiding anything for quarter 4, but for the full financial year, we would like to guide an EBITDA margin of 34% to 36%.

Adityapal: Understood. But Saloni, if you can just help me understand that a decline in gross margin this quarter was because I've seen it -- revenue from our backward integrated products quarter-on-quarter increased from 74% Q2 and 77% this quarter. So just for my knowledge, how do I look at it? What do I'm trying to get for out of it?

Saloni Wagh: Like I said, I will not be able to comment much on the gross margin. And we never have in the past also, and we would like to, moving forward, also not give any comments on the gross margin. Any questions around the EBITDA, definitely I can answer those.

Adityapal: All right. So export share, this quarter was 85%. What would the regulated share be this quarter compared to last quarter -- sorry, same quarter last period?

Saloni Wagh: So this quarter, I think we are closer to almost 45% is coming from the regulated market, closer to 45%. And if you look at the same quarter last year, it would be somewhere less than or closer to 40%. So yes, there is definitely an increase in the regulatory market share contribution. And for this quarter, specifically, I would like to highlight that LATAM has really demonstrated good growth because for the same quarter last year, we did only about 8% of the total revenue from LATAM market.

But as we have said in the past calls also, we have actively registered a lot of our existing products there. We already have approval of 10 DMFs from CADIFA. So I think that is now showing revenue generation. And LATAM, this quarter has contributed almost 21% to our total revenue. So I think the major growth on this quarter in regulated markets have come from LATAM.

Adityapal: Understood. Just last question before I come back in the queue. Thinking a bit longer term, 2 to 3 years out now, so we have a couple of land parcels. So Dr. Wagh had already explained about what is the plan with Patalganga land parcel. But the other 2 land parcels, right, one that we are going to use for backward integrated and there's another land parcel. So what is the strategy of utilizing this? What is the road map? What is the capex that we are planning to do?

And secondly, if we are planning to produce some final products, we'll also need to get it -- we'll also need to think about the regulatory timelines as well. If you can help me just understand that aspect.

Saloni Wagh: So one of the land parcels, we are already utilizing, like you rightly said, for backward integration. We are producing N minus 2 stage of a lot of our existing products from this site. But in the next couple of quarters, we will be refurbishing this site, and it could be potentially used for some of the advanced intermediate API CMO opportunities that we are getting

because where we have the capability of designing the facility as per the requirement of the project.

The other land parcel, which is actually very close to our existing facility, which is the A21 land, that we will be utilizing for the whey protein opportunity because the whey protein volumes in the future could be significantly higher, so that would be done from that as well as for warehousing activities because all our existing products are growing, we are adding new products in the basket.

So we will run out of warehousing capacity from the current site. So the A21 plot will be predominantly used for whey protein volume scale up as well as warehouses for the existing set of products and the new products, which we'll be launching.

Moderator: The next question is from the line of Charvin from Share India.

Unnati Bhavekar: This is Unnati Bhavekar from Share India. I have 2 questions. Could the average selling price of ketamine or anesthetic products will be higher than that of anti-histamine or vitamins? Or how is the pricing trend for ketamine vis-à-vis anti-histamine products? That is the first question?

Saloni Wagh: Unnati, sorry, we will not be able to talk anything product-wise.

Unnati Bhavekar: But could you just give a general sense of how is the trend? Whether it is positive or...

Saloni Wagh: We have never spoken anything product-specific, and we don't intend to do that in the near future as well. We will only guide therapy-wise, so we'll not be able to give any guidance on any specific product.

Unnati Bhavekar: So could I kind of reformulate this question. So anesthetic products will be a better price compared to anti-histamine or vitamins, is it?

Saloni Wagh: No, it is nothing like that because for us, anesthetic basket is multiple products. It's not just 1 product, it is at least a set of 8, 9 products. Again, it only purely depending on the product, the regulatory market where it is going. So there are many anti-histamines or anti-allergic products, which could be higher priced than some of our anesthetic products as well. So it is very product specific.

Satish Wagh: Madam, all these products to understand, we have almost spent our 40 years of life. So we'll not be able to disclose anything unless and until we are confident about that. And we will do that for ourselves, the product selections and all, we cannot disclose with anybody.

Unnati Bhavekar: Okay. Sure. So in case of Latin America, the contribution has increased considerably in this quarter to about 21% of the total revenue. So it is considered a regulated market or a semi-regulated market? And any comments over there? And is the pricing considered equally premium in the LATAM market compared to rest of the world?

Saloni Wagh: So yes, LATAM, definitely, for us is a regulated market because the authority, CADIFA, is very, very stringent and the registration process in Brazil is much more stringent, and it is comparable to even with USFDA and EU. So we consider it as a regulated market. But because the volume demand from Latin American markets is usually on the higher side, the price is not -- although it is a little premium as compared to the other markets like Southeast Asian market and domestic market, it would probably not be as high as some of the European markets.

Unnati Bhavekar: Okay. So volume growth could be higher in LATAM is what you're saying?

Saloni Wagh: Yes. And for some products, like I said, it is definitely better than Southeast Asian market and the sort of semi-regulated market, it's definitely higher than that, but not as high as North America and Europe.

Unnati Bhavekar: Okay. So this increased backward integration could have played a part in the improved margins, right, on the gross profits front?

Saloni Wagh: So like I said, we are constantly trying to backward integrate more and more products. We are also trying to constantly penetrate existing set of products in more regulated markets. We have applied for a lot of CEPs, USDMFs. So margin, like I said, EBITDA margin is given by 2 things. One is the backward integration, which we focus on, which tries to bring our cost down; and the other is penetration into regulated market where we get better average selling price. So we are constantly trying to improve our margin.

Unnati Bhavekar: Okay. So you had earlier guided that second half of '25 is going to be a little weaker for non-anesthetic products. So you would have kind of in this quarter have more than made up with these anesthetic products doing far better than expectation. So do you expect this trend to continue in the rest of the year for anesthetic products?

Saloni Wagh: Like I said for us, growth will come not only from the anesthetic products, we are also expecting good growth happening in vitamins, anti-asthmatic. And in anesthetic product, we have a basket of about 8, 9 products. So we are seeing good growth in all the individual products. So I think the trend would remain the same for quarter 4 as well. On the guidance on the margin, like I said before also, we are expecting to close this year with 34% to 36% EBITDA margin.

Moderator: The next question is from the line of Mohit from Shubh Labh Research.

Mohit: I'm Mohit from Shubh Labh Research. Personally, congrats on a good set of numbers. Ma'am, I just have a couple of questions. First, earlier, you mentioned that you are increasing your -- the increasing demand from North America and Africa. So just wanted to know what is the progress on that? And what percentage of revenue we can expect from that business in future?

Satish Wagh: Your voice is not...

Krishna Raghunathan: Mohit, we are not able to hear you.

Satish Wagh: Humming sound is coming from your back end.

Saloni Wagh: We were not able to hear the question very clearly.

Mohit: Now I suppose it is clear.

Saloni Wagh: Yes, slightly better.

Mohit: Yes. So sir, I just want to know that earlier you mentioned that the demand from North America and Africa regions are increasing. So just wanted to know that what are we planning on that business and that region and what is the progress? And what percentage of revenue we can expect from that?

Saloni Wagh: So for us, North America, as of now, is very stable. It only contributes about 4% to 5% of the total revenue. But we are hopeful that with some of the new launches that we are doing in quarter 4, beginning from quarter 4 itself we are launching 2 new products. So once the new products launch, the North American market contribution will go up. Right now, the main markets, which have given the growth are Europe and Latin American markets.

As I said before, LATAM has grown from 8% to almost 21%, and Europe is pretty stable at around 40%, 42%. So these are the 2 main markets which have given us the growth. But in due course with the new launches, I'm sure that North American market would also scale up.

Mohit: Okay, Ma'am. And then my second question is like we are backward integrating. So what percentage we can expand towards backward integration? And in what therapeutic areas we are planning for backward integration, except anti-anesthetics or anti-histamine?

Saloni Wagh: So backward integration, we do as a concept across all products. It is not limited to any particular therapy. Whenever a product reaches a certain volume threshold, we definitely move that product towards backward integration. Sometimes it is not possible to have backward integration from day 1, but we have that vision that yes, once this product has reached this volume, we will have a fully backward integrated product.

Today, backward integrated products are almost contributing to 77% of our total revenue, and we intend to keep that trend upwards. We want to grow that trend. And we would like to have a fully backward integrated basket.

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

Sahil: I had a couple of questions. So how do you view our CMO, CDMO potential, particularly in leveraging the China Plus One strategy?

Saloni Wagh: So yes, we see a lot of opportunity there because we are one of those manufacturers who has a very strong regulatory and manufacturing background. We have a site which is approved multiple times by USFDA, by EUGMP, by Health Canada, more than 30 regulatory authorities

over the globe have already approved our site. So we are very strong when it comes to regulatory, EHS and all these aspects.

So any company who has that strong track record in EHS regulatory manufacturing quality will stand to get a lot of benefit from this China Plus One strategy because a lot of the global customers are now looking for manufacturers who can give them high-quality products and there is a supply chain stability. And because we have a backward integrated model.

And we do not buy any advanced intermediates from outside, we have a very, very robust supply chain. So we are getting a lot of opportunities in API and advanced intermediate space.

Sahil: Okay. And my next question is, are there specific reasons for therapeutic segments where you see untapped opportunities for Supriya Lifescience to explore?

Saloni Wagh: Yes. So like I said, we are adding new therapies in our product portfolio like we are adding anti-anxiety, we are adding anti-diabetics. Even in the anesthetic portfolio itself, we are adding at least 4 new products. So there is a lot of area for us to grow. In fact, in the last couple of quarters only we have strengthened our R&D. So now our R&D is up and running, and we can churn out at least 3 to 4 new products every year.

So you can expect new product launches from us, beginning this quarter 4 itself for this financial year. Every quarter, you can expect at least 1 new product launch happening.

Sahil: That surely sounds promising. That's it from my side.

Saloni Wagh: And one more -- sorry, one more therapy I missed out is we are also going into contrast media. So we are also launching 2, 3 APIs in contrast media. So that is another therapy what we are adding.

Moderator: The next question is from the line of Tushar from MK Ventures.

Tushar: Yes. Congratulations to the management for delivering a good set of numbers. Ma'am, first of all, just to the previous participant, you mentioned about contrast media. Maybe you could explain that a bit more, some more qualitative comments around that, what's the size of opportunity? What are the products you're looking at? And how soon? What timelines are we looking at?

Saloni Wagh: So in contrast media, we found a lot of opportunity where the manufacturing is very, very concentrated, and there are only 1 or 2 manufacturers globally who are catering to the demand. The demand for contrast media products is growing because surgeries are on rise. So definitely, the growth is there in these kind of products.

We are working on 2 or 3 products in this area. While at this point, I will not be able to disclose the name of the product, but we are expecting to launch our first product of contrast media in quarter 2 of next financial year. The volume is definitely very, very large globally. And these products are also -- value-wise also they are very large globally.

So we can expect by FY '27 contrast media products to be large contributors to our revenue. But around quarter 1 of next year, we'll be able to disclose more details on this.

Tushar: Ma'am, second, the formulation opportunity at Ambernath that you're working on. You had highlighted a bit more about that in previous quarters. Maybe if you can explain the status of that product. Also, what else is being planned at Ambernath now that the site is almost up?

Saloni Wagh: So the Ambernath is almost ready. We are expecting to start production in this site from quarter 1 of next financial year. We are initially focusing on liquid inhalation. That is going to be Phase I for us. The liquid inhalation line is already set up. And we are getting good traction for that because like I said, with this line of products also the manufacturing is very, very concentrated. And globally, the demand is catered by only 1 or 2 players.

Ambernath facility is going to be a pure CMO side on finished formulation. We are not intending to come up with our own brand. This is just to cater to the demand of regulated markets. Like I said, liquid inhalation line is Phase I. Quarter 1, we will start production. And you can actually expect revenue generation happening from the Ambernath site in quarter 4 of this financial year.

Once Phase I is done, we are also planning tablets and capsules as Phase II. We have already set up the line, but the demand and everything, we will be able to give guidance in the next coming quarters.

Tushar: Ma'am, would you also like to highlight a bit more about some of the upcoming CMO/CDMO opportunities? You mentioned that we are working on a few projects, any more qualitative details that you can highlight on that?

Saloni Wagh: So yes, we are working on 2, 3 opportunities which are very similar to the DSM-Firmenich opportunity that we have, where we have APIs and advanced intermediate demand from some multinational customers. The contracts with these customers are already signed, and we are now catering to their validation volume. The individual contribution of these products might not be very large, but still they are to the tune of around INR25 crores, INR30 crores individually and we are discussing 2, 3 such opportunities.

I think in the next financial year, at least, toward these, we will be able to commercialize. Again, like I said before, we'll be able to disclose the name of the customer probably in quarter 1 of the next financial year.

Tushar: Got it, Ma'am. On the DSM project itself, what's the update -- status update?

Saloni Wagh: We are supplying our first commercial quantity to them in quarter 4, approximately 5 to 10 metric tons their demand. So we have already started. I mean, the production is ongoing right now. And in quarter 4, you will see some sales happening to DSM. We already have a firm forecast from them for the next financial year, which is very, very encouraging. We have got

about 25, 30 metric ton of forecast from them. So the project is moving really well. And we are on target of taking it to full potential by FY '27.

Tushar: One last question from my side. North America is still low-single digits for us. Do you expect that even with growing contribution from LATAM and Europe being stopped, you expect North America can become more important for us in percentage terms? Maybe a double digit over the next couple of years?

Saloni Wagh: So yes, while North America will grow, I think at least in near future, I'm talking at least in the next 2 to 3 years, Europe and LATAM would still be the larger markets for us because we will take at least 2 to 3 years to get the project develop and to start delivering the product. But yes, after 3 years, it could be a slightly bigger contribution from North America. We are expecting it to grow to almost 10% in the next 3 to 4 years. But like I said, Europe and LATAM will continue to be the larger markets for us.

Moderator: The next question is from the line of Nikhil from Simpl.

Nikhil: Congrats on good set of numbers. I just have one question on LATAM. I think when we received the approval from ANVISA, we had talked about opportunity size of INR200 crores. Based on our new R&D setup and all, how is the opportunity size growing? And commercially, based on your discussions with the customers, what is the potential revenue LATAM can reach?

Saloni Wagh: So see, there are a lot of new products that we are launching now, and they also have a very large market in countries like Brazil and Mexico. So the full potential of the LATAM market, I'll not be able to tell right now. But definitely the INR200-odd crores, which I referred to, some part of the revenue is already coming to us. And once the DMF is approved and the customers have also switched to us in the next 2 to 3 years, you can see the full INR200 crores coming to us.

But with the newer product launch and all, I'm sure in the next couple of quarters, I will be able to give you a firm revenue generation from LATAM. But at this point, it is too premature because we are launching at least 4 new products in the next financial year. And all of the 4 have very large markets in LATAM. So maybe 1, 2 quarters down the line, I'll be able to give you a better projection.

Nikhil: Okay. And just one conceptually to -- for my understanding. See, when we understand in markets like U.S. or Europe, when we file a product, it takes almost 18 to 24 months to actually commercialize based on the validations and the plant approval and all. What is the timelines in LATAM market? Like does the commercialization from filing to commercialization is the window is around 1 year? What's the kind of time periods?

Saloni Wagh: It is the same as CEP and USDMF, it takes about 18 to 24 months.

Moderator: The next question is from the line of Shubham from Purnartha Investment Advisors.

Shubham: Team, congratulations for good set of numbers. I just want to ask, APIs, in general, are witnessing pricing pressure. Does we also witnessing the same, for our API pricing are stable and growth is due to volumes?

Saloni Wagh: See, most of the API companies have not really focused on having a backward integrated business model. Most of the API players today also rely on advanced intermediate sourcing from countries like China. And when you are sourcing advanced intermediates from outside, there is very little room for you to work on the raw material cost because it's only 1 or 2 steps that you do in-house. We have a backward integrated business model.

Since the inception, our Chairman has believed on working on a backward integrated business model. We only buy starting raw materials, which are cheaply, widely available chemicals from outside. So in our case, because we do 7 steps, 8 steps in-house, we have a better grip on the raw material costing as compared to the other manufacturers.

Although, overall, yes, there is some erosion happening in the API prices because we have a very strong backward integrated model in place, for our set of products, we are not seeing that kind of erosion. For us, the growth is going to be very stable moving forward also.

Shubham: So some erosion is there in pricing, but not much?

Saloni Wagh: Not much. So our set of products, I don't think we will be very much impacted by them in any of the markets. Plus, like I said, we are constantly focusing on more regulated markets. We're getting CEPs, USDMFs for the other products also in the portfolio. So once they start revenue generation, the margins will be maintained. So we are very confident that in terms of growth in revenue as well as the kind of margins we are doing, for us, moving forward, it's going to be very stable.

Shubham: Okay. And we are generating volumes also, we are growing in volume terms.

Saloni Wagh: Yes, absolutely. In fact, some of the new products what we are launching in the next couple of quarters, these are higher volume products globally. And with these products getting launched, you can see the revenue growth happening very fast. So that is why we are targeting to double our revenue by FY '27.

Moderator: The next question is from the line of Jay from JS Family.

Jay: Congratulations for a good set. I just want to know more about the contrast media intermediates. I agree you will not talk more about the product, but can you at least talk about what kind of chemistry you're pursuing because there are majorly 2 chemistries, gadolinium and iodine. So would you be able to say that what chemistry are you pursuing? And what kind of integration you have and what kind of raw material control do you have in the chemistry that you are pursuing?

Saloni Wagh: So for all the products that we are launching in contrast media, we are again going for a fully backward integrated business model. We are actually -- our R&D, themselves, have developed

the product end-to-end. So we are not going to outsource any advanced intermediate from our side. We will be making our own advanced intermediate. We have been able to find alternate process where we are able to sort of bypass that iodine usage.

So we are very confident that once these products commercialize, we'll be able to start getting good traction. And we don't intend to be in advanced intermediates. We are planning to go all the way up to the API level. And we are getting good traction from a lot of regulated customers. And we are very confident that after launching, we'll be able to convert customers very fast.

Jay: Okay. So now that you've said that you would be able to bypass the R&D usage, so can you just tell me that what kind of the waste recycle or solvent recovery would you have in the chemistry that you're pursuing? Would we be able to get all the solvent back in the chemistry that you are pursuing?

Saloni Wagh: Yes, definitely. I think whenever we work on a process and because we are very strong when it comes to the solvent recovery manufacturing, EHS aspect of things, the process which has been designed is considering solvent recovery. And it's too premature right now to talk because the product is just out of R&D and in validation stage. So once we complete validation and we take up commercial batches, we would be in a better position to comment.

But whenever the process is developed, it is developed with a full backward integrated model, taking into account all the solvent recovery aspects as well.

Satish Wagh: And my submission will be -- no, no, my submission will be for you, just listen carefully, we have to make everything at our plant. If you keep on buying from China, you're aware the product which you buy from China is from a non-GMP plant. Will you continue with that with the regulatory departments? Not at all. So that is why if I keep on buying the N minus 1, N minus 2 from China, and if they are coming from the non-GMP plant, my business is finished.

So that is why I have decided 20 years back that everything what we manufacture, slow and steady, but we will manufacture everything in our plant from the basics. That's the attitude and that's the style we are working. I hope you understand that.

Moderator: Thank you very much. In the interest of the time, that was the last question. On behalf of Supriya Lifescience Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.