

May 21, 2026

To,
Dy. General Manager
Department of Corporate Services,
BSE Ltd.,
P. J. Towers, Dalal Street,
Fort, Mumbai – 400 001

To,
The Manager – Listing,
National Stock Exchange of India Ltd.,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Ref: Scrip Code: 543322

Ref: Scrip Name: ALIVUS

Dear Sirs,

Sub: Transcript of Earnings Call

Pursuant to the Regulation 30(6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of Earnings Call held on Friday, May 15, 2026 for the fourth quarter and year ended March 31, 2026 is available on website of the Company at:

https://alivus.b-cdn.net/alivus_pdfs/investors/financials/reports_presentation/Alivus-Earnings-May15-2026.pdf

The said transcript is also attached.

Request you to kindly take the same on record.

Thanking you

Yours faithfully,

For Alivus Life Sciences Limited
(formerly Glenmark Life Sciences Limited)

Rudalf Corriea
Company Secretary & Compliance Officer
Encl.: As above

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“Alivus Life Sciences Limited
Q4 FY26 Earnings Conference Call”
May 15, 2026



**MANAGEMENT: DR. YASIR RAWJEE – MANAGING DIRECTOR AND CHIEF
EXECUTIVE OFFICER – ALIVUS LIFE SCIENCES LIMITED
MR. TUSHAR MISTRY – CHIEF FINANCIAL OFFICER –
ALIVUS LIFE SCIENCES LIMITED
MS. SOUMI RAO – ALIVUS LIFE SCIENCES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY26 Earnings Conference Call for Alivus Life Sciences Limited, formerly known as Glenmark Life Sciences Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this 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 Ms. Soumi Rao. Thank you, and over to you, ma'am.

Soumi Rao: Good morning, everyone. I welcome you all to the earnings call of Alivus Life Sciences Limited for the quarter and financial year ended March 31, 2026. From Alivus Life Sciences, we have with us Dr. Yasir Rawjee, our MD and CEO; and Mr. Tushar Mistry, our CFO.

Our Board has approved the results for the quarter ended March 31, 2026. We have released it to the stock exchanges and updated the website. Please note that the recording and transcript of this call will be available on the website of the company.

Now I'd like to draw your attention to the fact that some of the information shared as part of this call, especially information with respect to our plans and strategy, may contain certain forward-looking statements and involve risks and uncertainties.

These statements are based on current expectations, forecasts and assumptions that are subject to risks and which could cause actual results to differ materially from these statements depending upon the economic conditions, government policies and other incidental factors. Such statements should not be regarded by recipients as substitute of their own judgement.

The company undertakes no obligation to update or revise any forward-looking statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

With that, I invite Dr. Yasir Rawjee to say a few words. Thank you, and over to you, Dr. Rawjee.

Yasir Rawjee: Soumi, thank you. Good morning, everyone, and welcome to our Q4 and FY26 earnings call. I am pleased to share that this year marks an important milestone in the journey of Alivus Life Sciences as we complete 2 full years with Nirma as our promoter. During this period, we transitioned and strengthened the foundation of our business as we position the company for its next phase of sustainable growth.

The partnership with Nirma brought enhanced financial strength, long-term stability and greater flexibility to invest in future growth opportunities. Our focus on building a more diversified and

resilient business model remained while we have accelerated strengthening our product portfolio, expanding capabilities and steadily improving the overall quality of business.

During this period, we have faced some headwinds like uncertainties around tariffs and regulatory shifts. These factors continue to disrupt supply chain, elevated logistics and energy costs and created uncertainty across global markets, making resilience and agility increasingly critical.

Despite these challenges, Alivus has not only navigated this environment successfully, but has also meaningfully improved the quality of its business. This is reflected in the strong and consistent performance of our non-GPL segment, whose contribution to the overall business has steadily increased over the years from 59% in FY22 to 71% in FY26, thereby reducing our dependence on the GPL business.

This growth reflects the increasing diversification of our portfolio and geographies, supported by robust demand across regulated markets and sustained momentum from new product launches. We expect the contribution from the non-GPL business to continue to increase going forward.

We also witnessed a meaningful recovery in the CDMO business from Q3 of FY26, as existing projects gained traction and newer projects scaled up. Notably, the improvement in the quality of our business is reflected in our profitability profile. We continue to improve our EBITDA margins and remain among the industry leaders and profitability.

To add more perspective, between FY24 to FY26, our revenue CAGR stood at 5.7%, while EBITDA CAGR during the same period was 15.8%. In absolute terms, we approximately added INR270 crores of incremental revenue over the last 2 years and INR220 crores on the EBITDA side, taking our margins to 33.6%, the highest in our history.

What is particularly noteworthy is that this improvement was achieved despite the loss of PLI benefit. This was driven by a favorable product mix, disciplined cost management, operational efficiencies and an increasing focus on high-value differentiated products. As a result, we have consistently generated strong cash flows strengthened our balance sheet and maintained a net debt-free position.

Over the last 2 years, we have demonstrated the resilience of our operating model and the strength of our diversified portfolio. This has reinforced our confidence in the strategic direction we have taken as this steadily translates into a stronger, higher quality and more sustainable business.

Moving to our full year performance. Our revenue for the year stood at INR2,552 crores, registering a 6.9% year-on-year growth and in the non GPL business leading the momentum with 13% growth. This performance was supported by strong execution across markets, including Europe, Japan, Latam, RoW and India.

Growth was further aided by new product launches and the recovery in the CDMO business. We have added 11 new products during the year, and the current portfolio stands at 176 unique molecules. We have also added 49 new customers during FY26, taking our total base of customers to about 900.

We delivered EBITDA margins of 33.6%, expanding by 360 basis points, highlighting the inherent strength and operating efficiency of our business. On the capex front, Solapur Phase 1 is progressing as planned and is expected to be operational in Q2 of this year. While construction of the new R&D center in Taloja in Navi Mumbai is also underway.

Our pipeline remains robust with over 611 DMF and CEP filings globally as on March 31, 2026. The high potent API portfolio remains on the development path with 28 products in the pipeline. 12 of these products are validated, seven products are in advanced stages of development and the remaining Nine products are progressing well through land development stages.

Given the ongoing geopolitical conflicts and uncertainties around global demand, we continue to remain watchful of the external environment. However, we remain confident in the strength of our business fundamentals and our ability to sustain EBITDA margins in the range of 30% to 32% going forward.

With this, I now turn the floor to our CFO, Mr. Tushar Mistry, who will walk you through our financial performance for the quarter in depth. Over to you, Tushar.

Tushar Mistry:

Thank you, Dr. Yasir. Good morning, everyone. Welcome to our Q4 and FY26 earnings call. Adding to Dr. Yasir's commentary, I would like to share a few insights on our performance over the last 2 years, particularly how our growth profile and profitability have meaningfully improved. Our growth has become more broad-based and importantly, our dependence on any single brand is gradually reducing.

To illustrate these, while our GPL revenues have remained relatively stable over the past 2 years, our non-GPL revenues have grown at a CAGR of 7.5% during the same period. This shift in mix is also reflected in our profitability with margins improving from 28% in FY24 to 34% in FY26.

This clearly demonstrates the new business we are adding is more profitable and value accretive in nature. With ongoing capex and continued investments in new technologies and products, we remain confident in our ability to sustain this margin trajectory going forward. Now I would like to highlight the key performance updates for the quarter and full year ended 31st March 2026.

For Q4 FY26, revenue from operations stood at INR689 crores, reflecting a growth of 6.1% year-on-year. Gross profit for the quarter was INR418 crores, up 14% year-on-year. Gross margins for the quarter stood at 60.7%, up 420 basis points year-on-year, driven by new launches, product mix and operational efficiency. EBITDA for the quarter was at INR237 crores, up 13.8% year-on-year.

EBITDA margin for the quarter was 34.4%, up 230 basis points year-on-year. PAT for the quarter stood at INR163 crores with PAT margins at 23.6%. For full year FY26, revenue from operations stood at INR2,552 crores, a growth of 6.9% year-on-year. Gross profit for FY26 was at INR1,485 crores, up 13.7% year-on-year. Gross margins for FY26 stood at 58.2%, up 350 basis points.

EBITDA for FY26 was at INR858 crores, up 19.6% year-on-year. EBITDA margin was at 33.6%, which was up by 360 basis points year-on-year. PAT for FY26 stood at INR 565 crores with PAT margins at 22.1%. Turning to the therapeutic mix. CVS and CNS continued to lead the growth during the quarter with both therapies contributing 50% to the top line.

In addition, we are gaining traction in newer therapies like respiratory and anti-allergy, which collectively contribute more than 10% of our revenues. Chronic therapies continue to outgrow acute segment and contributed 67% to the top line in FY26. R&D expenditure for Q4 FY26 was INR25 crores, which was at 3.6% of our sales. And for the full financial year 2026, it was INR91 crores, again, 3.6% of our sales.

Before I delve into cash flow details, I would like to first highlight a fundamental shift in how the company is utilizing its cash. As many of you are aware, prior to FY24, while our operating engine was strong and consistently generated cash, a large part of that cash was upstream. FY24 marked a clear inflection point.

Over the last 2 years, we have generated cash from operations of about INR984 crores, of which we have invested in capex of INR472 crores, paid dividend of INR61 crores and resulted in a war chest of INR 451 crores. Let me now move to the current year's cash flows. As of 31st March 2026, our cash and cash equivalents stood at INR782 crores, with capex for the year being INR306 crores.

Looking ahead to FY27, we plan to incur a capex of about INR540 crores, which includes carryover commitments from FY26 as well as fresh capital investments. Importantly, this entire capex will be funded through internal accruals. These investments are focused on building new capabilities at Solapur, our greenfield project as well as strengthening our R&D platform. The capacity we are adding today will take us from 1,198 KL in FY24 to a planned 2,690 KL by FY28, positioning the company to drive sustained growth well beyond FY28.

With that, let us open the floor for Q&A.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. We will take the first question from the line of Ahmed Madha from Unifi Capital.

Ahmed Madha:

Congratulations on the great execution you have delivered over the last 2 years post change in the ownership. First question is, we had a fire incident at Dahej plant. Can you quantify, was there any impact of production and sales? And is there any spillover we are expecting in Q1? And also, was there any costs booked related to the same on P&L?

- Yasir Rawjee:** So the fire at Dahej impacted only the intermediate side of the facility. The API, the finished area was intact. So we didn't experience any great delays. As a result of that, there is no significant spillover. There is some but not very significant. And we hope to be able to tide that by in Q1.
- Tushar Mistry:** From an expense perspective, yes, we have booked a loss due to fire in our other expenses to the extent of INR20 crores. And that's why you see a jump in the other expenses line item.
- Ahmed Madha:** Okay. So just to clarify, out of INR126 crores, INR20 crores is related to the impact. And on the employee cost side, is that jump organic? Or is there something else as well?
- Tushar Mistry:** So on the employee cost side, we have accrued performance bonuses since the performance for the company is good. There are certain performance bonuses which are payable to the employees, and those have been accrued in the last quarter.
- Ahmed Madha:** Sure. That helps. Other question was, considering the lot of volatility we are seeing in global macros, there is obviously some Forex impact we'll be seeing, and I'm assuming it will be positive considering we are net exporters. Can you quantify does that sort of help us in the gross margins?
- Is that sort of number baked in the gross margins? If possible to quantify and give your thoughts around? And I'm assuming there will be some impact because of yuan appreciation and according imports cost. So that's first. And second, was there any major Forex gain booked in other income in Q4 and full FY26?
- Tushar Mistry:** So yes, there is an element of Forex gain for the year in the P&L. As you rightly mentioned that since we are net exporters, any rupee depreciation definitely helps us. For the entire year on the P&L, we have seen a net gain of about INR31 crores on the P&L. There is about INR11 crores of gain that we have booked for Q4 and about INR20 crores for the full year that we have booked.
- Ahmed Madha:** Okay. Sure. And are we seeing any challenges in terms of RM procurement, RM costs, pressure in terms of gross margin because of cost inflation, any logistic issues on the business in general? I mean, obviously, we'll be facing challenges, but something significant, if you can call out?
- Yasir Rawjee:** So freight was impacted first starting from February 28, 2026 itself and more or less, that has been passed on to customers as far as material costs go, solvents were the first materials that went up quite significantly. The good thing is that solvents contribute about 12%, 13% to our overall cost. So yes, there is an increase.
- But again, on the overall cost, it's not going to have that big an impact. Of course, we are in touch with our customers to give them that view and most customers are agreeable to take on that added cost, whether it relates to freight or relates to material costs. So we don't expect an impact.

- Ahmed Madha:** Sure. That helps. And in the industry environment in general for pricing, how would you evaluate current environment? Is it sort of a steady I mean, apart from what has happened because of war, but in general, are you seeing any improvement in pricing environment for your API business?
- Yasir Rawjee:** See, for our markets and our portfolio, the pricing environment has been reasonably stable to begin with. And the war should not have any effect on the pricing environment.
- Ahmed Madha:** Sure. Last question from my side. In terms of inorganic opportunities, if you can give some thinking how you are thinking about that piece? What sort of profile of business you are looking for? And are we any close to do something?
- Yasir Rawjee:** So we are actively looking and the direction is to basically enhance the platform that we already have. So our goal is to extract more value from our pretty large and diverse pipeline of APIs. So if we can sort of milk that pipeline much more through a lateral buildup of allied platforms, then that's the direction we are looking into in terms of inorganic.
- Moderator:** We will take the next question from the line of Krishnendu Saha from Quantum AMC.
- Krishnendu Saha:** Just a couple of questions. Looking at the on a Y-o-Y basis, our material cost is practically flat and our CDMO share of revenue has been also flat. Just understanding, has the product mix on the CDMO been largely superior in the past? That is why we have an expansion in the EBITDA margin?
- Yasir Rawjee:** So CDMO definitely has better margins, but our CDMO business has grown 18%. Why do we say it's flat? I don't know.
- Krishnendu Saha:** No, I mean, sorry, let me rephrase that question. The percentage of revenue has been flat at 6%, 5.5%, 6% compared to the last year also. So contribution to the total revenue is still the same. So I'm just wondering, is it largely because of the larger superior mix of the CDMO within the CDMO. That's what I'm trying to understand.
- Yasir Rawjee:** Okay. So improvement in margin has got like, I would say, 3 to 4 factors. Operational efficiency has helped. We have had better cost processes implemented, CDMO has gone from 6% last year to 7% this year in terms of I mean, FY25, it was 6% it's gone to 7% in FY26 and that certainly matters. But we've also had some good launches of generic API in the multiple markets. So all in all, that is how we've achieved better margins.
- Krishnendu Saha:** And the backward integration of Ankleshwar and Dahej, to Solapur, has that played out as of now?
- Yasir Rawjee:** No, not yet. Backward integration in a big way still has to contribute. There's some, but not very significant because Solapur is still not yet online, and we don't have the capacity for backward integration yet. in the regulated plants. So Solapur should be up and running in Q2. And then we hope to implement those backward integration projects.

- Krishnendu Saha:** That helps us in the margin, I suppose I understand that, right?
- Yasir Rawjee:** Yes. We hope to have some benefit from that.
- Krishnendu Saha:** And sir, sir, something about Solapur being reinspected or something. Are we going for any regulatory inspection over there? It's going to be normalized as well?
- Yasir Rawjee:** I think you're probably referring to Ankleshwar, Dahej because Solapur is not yet commissioned. I mean.
- Krishnendu Saha:** No, I know. I mean, in the future, do we look at implementing Solapur for regulated markets because we only have Solapur for the ROW market. So I was wondering, do we go for the regulated markets for Solapur also?
- Yasir Rawjee:** Yes, yes, that is the plan very much.
- Krishnendu Saha:** I see. And last question from my side. When we talk about high potency API has been validated, the validation when I understand, when I hear that, I mean, just to clarify, I understand less of the subject. So the innovator or the client has validated the object or the API or the molecule, right?
- Yasir Rawjee:** Yes, yes. So the thing is that it's a progression. So before we validate, we've already sort of engaged with the potential customer. And then when they are ready to take exhibit batches is when we get we validate the material in the plant. So that larger quantities are also generated as a result.
- Krishnendu Saha:** Okay. So the validation, they have started taking small amounts of validation batches from us for the 7, 8 molecules which we have right now and the high potency API. That's what I can understand. That's right. And high potency API will be a better margin than the rest of the business, right?
- Yasir Rawjee:** Let's see that has to play out because most high-potency APIs that we are working in have patent expiries that are going to come in from the year 2028. So it remains to be seen. But yes, typically, these molecules do attract better margins.
- Moderator:** We will take the next question from the line of Shubh Mehta from ICICI.
- Shubh Mehta:** So building on to the question of previous participant on high potent molecule contribution, I wanted to understand this year, we had 12 molecules which were there. And last year, if I see the size was 7 molecules, which were there submitted and accepted. So can you help me understand what is the contribution of high potent molecules this year in our portfolio vis-a-vis last year?
- Yasir Rawjee:** So see, the only contribution that we get is from the sale of exhibit batch quantities because like I explained, the patent expiries are not going to happen until early 2028. So until then, our customers would not be able to launch and would not be able to buy API from us for those launches. So the

only sort of revenue that comes from the high-potent segment right now is the sale of exhibit batch quantities.

Shubh Mehta: So it will be fair that it will not be the material contribution for us in the revenue?

Yasir Rawjee: Not very significant, no.

Shubh Mehta: Okay. Second question is, sir, that growth, how much would be the growth contribution from the 12 new introductions which we had for this entire year? And what would be the price erosion in our base business, if I exclude GPL and CDMO business?

Yasir Rawjee: See, again, these 12 molecules are new molecules. Their patent expiries are going to happen in the next 5 to 7 years for the regular molecules. Because typically, we don't go for already genericized APIs. That's the idea. And you wanted to know the base business erosion, what were you asking?

Shubh Mehta: Price erosion in the base business, excluding GPL and CDMO.

Tushar Mistry: Yes. So on that, the price erosion is about 5.5% is what we have seen on the non-GPL, non-CDMO.

Shubh Mehta: All right. So if I exclude despite that, we have grown pretty well, 13% kind of growth in the base business. If I exclude GPL and CDMO, that seems pretty healthy. Are we expecting to continue that traction over there?

Tushar Mistry: Yes. That is what we are seeing.

Moderator: We will take the next question from the line of Sunil Kothari from Unique PMS.

Sunil Kothari: Congratulations for this transformative journey under this Nirma and your leadership, the way we achieved our cash flow control, then the way we have started investing and the way we leverage the benefits of better operating margin. My question is, sir, first is yet another scope, which are another area where you feel you have scope to improve further the margin or maybe maintaining this very respectable margin?

Yasir Rawjee: See, this year is going to be a bit challenging because of the war. Supply chains do have a little bit of constraint. But demand visibility is pretty good. So we'll have to see how the whole margin thing shapes up. But the thing is we are still confident of maintaining between 30% and 32%. So let's see how it goes. It's a bit early to sort of give the whole year margin guidance.

Sunil Kothari: Sir, I just wanted to understand which are the areas where you see internally where you find the scope to improve the margin without giving any numbers, but do you see any area where you feel internally you can do something which will help us to improve the margin?

Yasir Rawjee: So see, backward integration is certainly one area where we see some scope for margin improvement. And once Solapur comes online in the second half of the year, we will be doing backward integration on a few key projects. And that momentum will build up as we go along.

Sunil Kothari: And sir, second question is, during last 2, 3 years, our objective and our basic strategy is to we don't want to go for a well commoditized business. And that's why we are very respectable, very highly profitable business only. But looking at the cost structure, the way we invest, the way inflation is working, if we don't grow in double digit, then it becomes very challenging to give a better bottom line.

But that is our understanding as an investor. What is your thought process for next 2, 3 years? Will we be able to move from single digit, lower single digit, mid-single digit to maybe a little higher or mid-double-digit revenue growth?

Yasir Rawjee: See, in the non-GPL business, we are already growing at double digit so thing is that the GPL business is a bit wavy. So it remains to be seen, but we are not seeing it keeping staying in line with the non-GPL business. So that element will be there.

But what's also happening is that as the non-GPL business grows faster, the contribution of the GPL business is going to be much less as we go forward. And honestly, see, I mean, we've interacted with you right before as well. The thing is that the focus for us is on having a good margin profile for the business and generating good profits, which translate into good cash generation.

So maintaining a high-quality business is a much bigger priority for Alivus And growth will come. I'm not saying that growth will not come, but growth will not be pursued at the cost of margins because it creates a lot of other challenges then.

Moderator: The next question is from the line of Yog Rajani from Omega Portfolio Advisors.

Yog Rajani: I just wanted to congratulate the team on great results. I had a question regarding the capacity utilization for the new facility that will be coming up in Ankleshwar, Dahej and Solapur. So as I see in Q2 and Q3, we will have a bulk of our capex coming live.

So how much time would it take for it to get to an optimal capacity utilization? Because like if it's coming in Q2, I don't believe that it would like be ramped up immediately. So could you just share time lines in terms of capacity utilization we see in our new brownfield and greenfield facilities?

Yasir Rawjee: Yes, sure. So see, capacity utilization in the brownfield will be pretty rapid in terms of bringing it at the 80%, 90% level in a matter of 2 to 3 quarters because that's brownfield, that's an approved site inspected by FDA and other agencies. So that capacity will get taken up pretty quickly. As far as Solapur goes, we have done a fair amount of product mapping in Solapur.

So we expect that in when Solapur starts off, we should start off with a robust 40% to 50% utilization and then probably take it up to 60%, 70% in the following year. So see, we have always been calibrated in terms of building out capacity We've not been too adventurous, right? And here, it helps us because we can do it in phases.

And that's why what we are doing at Solapur to start off is Phase 1, where we will have 370 KL for the BI block and then 120 KL for the API block So capacity utilization should be, like I said, around 40% to 50% to start off in Solapur. And brownfield will kick in pretty quickly, 2 to 3 quarters.

Yog Rajani: So as I understand, FY28 because of the huge bulk of the capex coming live would give us a huge revenue jump again in FY28 and onwards. Is that a good understanding?

Yasir Rawjee: It will definitely give us a runway for new launches and volume growth but mind you, see, the Solapur capacity, like I said, the 370 KL is for backward integration So that won't contribute directly to front-end sales. That capacity should not be factored into any kind of model you're building.

Yog Rajani: Okay. Fair. I completely understand. And just wanted to understand, given after the greenfield and the brownfield expansion that have happened, do we have further available land bank for expansion down the line? Or would the next phase again be greenfield?

Yasir Rawjee: Land bank where?

Yog Rajani: No. So for our further capacity expansions beyond what is already planned, would we need to again go greenfield? Or do we have land available in our existing plants to continue with the expansion?

Yasir Rawjee: Solapur is on 40 acres, and we would comfortably be able to add another 700 to 800 kiloliters of capacity of API capacity in Solapur. Right now, we have only 120, right? so Solapur should give us a good runway once we hopefully get inspected soon and are through with that, then we can ramp up the Solapur expansion, and then that should give us a runway for at least 3 to 4 years in Solapur. Ankleshwar has capacity. We can ramp up there further. But the thing is it's still it's quite it contributes almost 65%, 70% of our revenue today. So we would like to go a little slow with Ankleshwar and Dahej is full.

Moderator: We will take the next question from the line of Meghna Agarwal from Mount Intra.

Meghna Agarwal: I just wanted to understand the API segment as a whole, like what are the pricing and the volumes are they improving and how do we see that going forward?

Yasir Rawjee: So, see, there's a significant volume growth in all segments of our business. With respect to the pricing environment, I answered to an earlier question that we have not faced any major challenges with respect to pricing in most of our geographies because we have a newer portfolio.

And so it's not that commoditized. So we don't get that much pressure on pricing. Although on the overall bucket, we do see an erosion of around 4.5% because of the some price reduction that we have to give on some of the products. So that's the overall sort of situation with respect to our portfolio. And the volume growth is pretty good, and we expect it will continue to be that way.

Moderator: We will take the next question from the line of V.P. Rajesh from Banyan Capital Advisors.

V.P. Rajesh: Most of my questions have been answered. But just on the asset turnover, do you think it has stabilized at 2.2, or do you foresee it going down further from here as other facilities ramp up?

Yasir Rawjee: So it would go down a little bit more because like we said, Solapur will be coming online soon and some of the brownfield capacity will also be coming in. But when you compare us to the industry, we are still, I would say, pretty much on top of the table there.

V.P. Rajesh: Okay. So let's say, 2 is probably a reasonable level that one can expect? Or could it go down further from that?

Yasir Rawjee: I mean it would temporarily go down below 2 as well, right? But it would come back up once the utilization picks up, like I explained earlier.

Moderator: We will take the next question from the line of Alankar Garude from Kotak Institutional Equities.

Alankar Garude: Sir, we have seen R&D spends increasing consistently over the past few years as a percentage of sales. We have spoken about flow chemistry earlier. You're also talking about high potent API iron complexes as well as an evolving CDMO pipeline. Can you help us understand a bit more in detail as to where exactly your focus lies as far as R&D is concerned? And where do you see this R&D number as a percentage of sales settling over the next 2 to 3 years?

Yasir Rawjee: Alankar, the areas that you outlined are where we are focusing on R&D, and that's really going to drive the growth. As far as settling down, I don't think we'll cross 4%, right? We'll probably be at 4% in the next year or 2. And then it should settle down. I mean but then we needed to fire off on many cylinders here because the thing is that, that's how the growth will come, right? You mentioned all the areas. I don't need to repeat.

I mean, you talked about flow chemistry, you talked about the CDMO side, and we are looking seriously into pellets and granules. That's also an area that we've started working on. It's that whole lateral expansion of the API. I mean, we call it API plus, right? So a fair amount of investment is going into that. And then, of course, the pipeline buildup also is geared more towards the more complex molecules. So all in all, put together, yes, it is our R&D spend is going up. But again, it is going to pay off. I mean, much, much more than what we are investing today.

Alankar Garude: Got it, sir. The second one is more of a clarification. When you're speaking about pricing, would it be fair to understand that given our portfolio is slightly more niche, more chronic-oriented, non-

commoditized, as you said, any benefit of price hikes will be limited compared to, say, any other company or any other portfolio, which is much more commoditized than ours amidst this Middle East situation?

Yasir Rawjee:

Yes. So I don't know if I said it, but I think I did, but most customers are pretty comfortable taking price rises because they understand the situation, right? And rather than have a slowdown in supplies or not have supplies, they've kind of given us the green flag that, yes, that's fine. You go ahead. But as long as it's going to be reasonable, we are okay to absorb that price increase. And there will be some.

The good thing for us is that the only area where we see that increase is on the raw material side. On the operations side, our operations are going to be stable because we moved away from gas. So we moved from gas to operating briquette boilers. So there is no impact on operational cost because of gas shortages or because of hikes in price.

And that way, our the operation cost is going to be stable going forward, even in a war situation. But yes, certain raw materials have gone up and are likely to go up even further. But we've got a kind of green light from our customers that, yes, we can charge them more, it's going to be fine.

Alankar Garude:

Understood. So basically, more or less on the gross margin side, we should not really expect too much of an increase and on the other hand, not too much of a drop as well?

Yasir Rawjee:

Yes, you're right.

Moderator:

We will take the next question from the line of Pratik Kothari from Unique PMS.

Pratik Kothari:

Sir, just one on CDMO, if you can talk about the Phase 3 project, if the runway continues and the ramp-up that you are expecting for fourth and fifth and also the new deals or pipeline you had on the CDMO piece please?

Yasir Rawjee:

So CDMO, the fourth and fifth project have kicked in really nicely. There's some revival even on the earlier projects. And so we expect that CDMO will continue this momentum. As far as new projects go, we hope to close 2 new deals in the second half early second half of this year.

Moderator:

We will take the next question from the line of Deepak Lalwani from Unifi Capital.

Deepak Lalwani:

Yes. A couple of questions. Firstly, if I look at the new launches, which probably have given the gross margins, if you can give some sense what percentage of revenue incrementally has come from the new launches, which happened in FY26. that's sort of a benchmark number or something you can give.

Yasir Rawjee:

I don't know whether we'll be able to do that. I mean we do have a sense I mean we'll have to see, but I can't.

- Tushar Mistry:** Just to answer your question, as Dr. Yasir also explained earlier, new launches are not a very significant contributor to the top line revenue growth. They are new launches and the ramp-up will continue to happen on those products. It's not like they are contributing significantly to the growth.
- Deepak Lalwani:** Okay. Got it. And if I look at the HP API pipeline building, obviously, it has built up very well last couple of years. That sort of contribution when you say will start coming in, will it be from the same Ankleshwar and Dahej side and should start coming in from, say, FY28 or it will take some more time?
- Yasir Rawjee:** It will start in FY28 because customers order material at least 6 to 9 months before the launches happen.
- Deepak Lalwani:** Okay. Sure. And do we have like any meaningful big launches coming in FY27? Or will that take some more time? I'm just trying to gauge whether the gross margin expansion, which has happened will continue.
- Yasir Rawjee:** Yes, we have launches.
- Moderator:** We will take the next follow-up question from the line of Krishnendu Saha from Quantum AMC.
- Krishnendu Saha:** Sir, just on a financial question, just to understand, we are closing cash balance is just INR20 million. Mutual fund has increased by INR350 crores. Capital work in progress has also increased. So are we comfortable on the cash position? That's what I'm trying to understand.
- Tushar Mistry:** Cash position is about INR784 crores, including the investment in...
- Krishnendu Saha:** Yes. Yes. That's what I said. And your working capital has already been paid for halfway through I suppose because of the INR540 crores capex we have to do. So we're just very comfortable on the cash position, right?
- Tushar Mistry:** Yes, absolutely. The entire capex will happen from internal accruals.
- Moderator:** We will take the next question from the line of Bhawana Israni from Ambit Asset Management.
- Bhawana Israni:** Sir, just wanted to check, in the last call, we said that the CDMO 2 contracts will come in next 6 months like it was roughly June, July. But now this time, we are saying that it will come in the early second half of FY27. So we are expecting some delays in 2 CDMO contracts?
- Yasir Rawjee:** Not really expecting delays, but then I do want to moderate it a little bit. It may come in the first half also, a little later in the first half. But just to be on the safe side, we are saying it will happen on the early part of second half.
- Moderator:** We will take the next question from the line of Nitin Agarwal from DAM Capital.

Nitin Agarwal:

I think we alluded to that in the opening comments around the fact that how we're looking at the business differently in terms of capital allocation after the changeover of the management and the promoter ownership.

If you can probably just take a couple of minutes to sort of reflect on the journey since the time the ownership change happened to how the strategic priorities has the business, what have you been from a strategic perspective, what have you been doing for the last 3, 4 years?

And now as you look forward from the base that we built out over the last 3, 4 years since ownership change, I mean, how are things going to change? Is there any meaningful change the way you're looking approaching the business from here on?

Yasir Rawjee:

Yes. I mean I'll take a little time, but yes, you had explained that. See, what was happening is in the earlier the pre-Nirma ownership, right, our focus was purely on portfolio, and we had to cherry pick the right kind of molecules so that the growth came as a result of that. There wasn't much scope to go laterally.

So essentially, the R&D investment continued to be in picking the right molecules and taking them forward, which is helping us now for sure. And then the capex investment was again geared up to just ensure that whatever volume expansion happened as a result of overall volume growth, but also as a result of new product introduction as the patents expired and the customers launched.

So that was very limited. Now I just answered Alankar's question on why the R&D spend is going up. And that is basically what has significantly changed in terms of our thinking in terms of the various directions that we can get into. And so it obviously starts with R&D, and we are looking at various new areas to get into. Of course, we've done enough market analysis to see whether all this will pan out.

One example that I can give you is the kind of work that we did in flow chemistry. And very recently, we've even commercialized one flow chemistry product, which is doing exceedingly well. And the confidence we have now in employing flow chemistry has gone up multifold because we've had commercial success on our very first project in flow chemistry using flow chemistry.

And so the investment in flow chemistry in more complex molecules in a lateral growth of the current portfolio are the areas where we are investing, and we are able to invest relatively freely because we are not just limited by a capacity buildup for the future portfolio. So I mean, these are areas that we believe that will drive growth in various different directions. And only time will tell, of course, but that work has begun in earnest.

Nitin Agarwal:

And if I sort of take that forward, so when you look around you, obviously, when you look at India, the Indian environment as well as probably some of the global ones, I mean, when you look at your peer set, what is it that we, in your mind, do differently versus the others, which what we do better

than the others, which sort of gives us the profitability metrics the way they play out and confidence in growth that we have?

Yasir Rawjee:

I think the others are also doing well, but they've chosen that path. I mean, with respect to our own sort of path or DNA that we've picked is we want to have some element of uniqueness or higher entry barrier in whatever we are doing. The thought process here is that at least gets a fair amount of differentiation going so that in the longer term, we can sustain our business much more profitably.

This is the whole point here. See, what happens is that this is a choice you make way before. I mean, we made this choice 7 years ago when we became Glenmark Life Sciences and took that direction. So that directional sort of that we defined for ourselves and then consistently stayed along that is what has helped us. This is what I would say. And look, at the peers also, there are people who are doing really well.

I mean, if you look at there are companies that have done exceedingly well. They've branched out pretty smartly into various areas. Of course, some because of portfolio choices and because of the overall competitive intensity in the market, there are challenges, right? But still, I would say, overall, people are focusing on the direction that they set for themselves.

Moderator:

We will take the next question from the line of Ketan R. Chheda, a Retail Investor.

Ketan R. Chheda:

Congratulations on a very good result. Could you help me with what is the revenue contribution from the geographies or at least the top 2 geographies, be it U.S. or Europe or any other geography? Could you help with percentage revenues?

Yasir Rawjee:

So see, I mean, we have mature geographies that are contributing quite evenly. So if you look at India, Europe, Latin America, these geographies and even the U.S., right, they're contributing pretty significantly. The newest geography for us that has come in, in the last 4 to 5 years is Japan.

And so that's relatively small compared to the others, but that's also growing quite well. But we are pretty evenly distributed across the geographies with respect to so if you look at the product selection again, this goes back to the answer I gave to Nitin Agarwal from DAM is that the selection of portfolio that we make over the years has been for all geographies.

We've tried our best to make sure that we select those molecules accordingly. So the overall growth in all the geographies has been pretty significant. And like I said, even Japan, which is a relatively smaller geographic beginning to shape up very nicely.

Ketan R. Chheda:

Okay. Okay. And the other question I have is with respect to the contracts that we have with our customers. Now if you could just help me understand whether these contracts are like long term in nature or they are kind of short term, like you get contracts for deliveries a few months out, something like that.

If you can just give a flavor, give an understanding of how the contracting how the ordering from the customers work in our thing. And if there's a differentiation in terms of the older molecules versus the recently launched molecules, if you can throw some light on these aspects.

Yasir Rawjee:

So in our business, right, in CDMO, we have contracts, and these are longer-term contracts. But on the generic API side, we have fewer contracts. But even where we have them, they are not that long term. It could be about it could be for a year or 2 years at the most. That's how and we prefer that really because the environment is very dynamic, and we can't get locked into very cumbersome kind of clauses and get stuck.

Now if you see this war situation, we are asking for price increases. If we were contractually bound, then we would have trouble, right? So here, it's much better that we work with the customers as and how things progress. And we don't see any downside to that either. I mean it's better really not to be too badly tied up in contracts.

Moderator:

Thank you very much. Ladies and gentlemen, that was the last question for today. And with that concludes the question-and-answer session. Thank you, members of the management. On behalf of Alivus Life Sciences Limited, we conclude this conference. Thank you all for joining us, and you may now disconnect your lines.