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Date: 10th November, 2026

To,

The Manager,
Corporate Filings Department,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

**Security Code: 532815**

The Manager,
Listing Compliance Department,
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
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**Symbol: SMSPHARMA**

Dear Sir/Madam,

**Sub: Transcript of the Conference Call held on 5th November, 2026.**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find the attached transcript of the Conference Call held on Thursday, 5th November, 2026 for the second quarter and half year ended 30th September, 2026.

A copy of the said Transcript is being uploaded on the website of the Company www.smspharma.com

Kindly take the same on record and disseminate on your website.

Thanking you

Yours Faithfully

**For SMS Pharmaceuticals Limited**

RAMESH BABU POTLURI

Digitally signed by RAMESH BABU POTLURI
Date: 2026.11.10 16:24:40 +05'30'

**Ramesh Babu Potluri**
**Chairman & Managing Director**
**DIN: 00166381**

# “SMS Pharmaceuticals Limited

# Q2 & H1 FY27 Earnings Conference Call”

# November 05, 2026

Disclaimer: E&OE - This transcript has been edited for clarity. In case of discrepancy, the audio recordings uploaded to the stock exchanges on 5 November 2026 will prevail.

**MANAGEMENT: MR. VAMSI KRISHNA POTLURI – EXECUTIVE DIRECTOR – SMS PHARMACEUTICALS LIMITED**
**MR. LAKSHMI NARAYANA TAMMINEEDI – CHIEF FINANCIAL OFFICER – SMS PHARMACEUTICALS LIMITED**
**MR. MANOHAR MOLLAMA – COMPANY SECRETARY AND COMPLIANCE OFFICER – SMS PHARMACEUTICALS LIMITED**

**Moderator:** Ladies and gentlemen, good afternoon and welcome to SMS Pharmaceuticals Limited Q2 and H1 FY27 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines 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 touchtone phone. Please note that this conference is being recorded.

Also today, we have with us Mr. Vamsi Krishna Potluri, Executive Director; Mr. Lakshmi Narayana Tammineedi, Chief Financial Officer and Mr. Manohar Mollama, Company Secretary and Compliance Officer.

I now hand the conference over to Mr. Vamsi Krishna Potluri, Executive Director. Thank you, and over to you, sir.

**Vamsi Krishna Potluri:** Hello. Good afternoon, everyone and thank you for joining us today. Detailed press release and investor presentations have been uploaded on the stock exchange and our website. We maintained our growth momentum in Q2 FY27 and delivered a strong operational and financial performance. Revenue grew 30% year-on-year to INR316 crores. This was driven by higher volumes, improved price realization and continued growth across our product portfolio.

Backward integration gives us a structural cost advantage, not a temporary pricing benefit. And this quarter shows that clearly. It reflects 5 years of investments in backward integration and capacity building. And we will keep investing in backward integration across our core portfolio.

Let me now take you through the key financial highlights. In Q2 FY27, revenue from operations stood at INR316 crores, a growth of 30% over Q2 FY26 and 53% over Q1, driven by strong volumes and improving price realization. Gross profit, including manufacturing expenses, rose 41% to INR111 crores and gross margin expanded to 35%.

EBITDA stood at INR68 crores, a growth of 40% with margins expanding 145 basis points to 21%, aided by operating leverage. PAT grew 57% to INR39.6 crores, a PAT margin of approximately 13%. The trend over the last three quarters is clear. The gross margin has moved from 34% in Q4 FY26 to 36% in Q1 and 35% this quarter.

This was slightly below Q1, but well above the 32% a year ago, driven by backward integration. EBITDA margins have moved from 17% to 20% and now 21% driven by operating leverage. For H1 FY27, revenue grew 19% to INR523 crores. EBITDA grew 24% to INR109 crores, a margin of 21%. PAT grew 36% to INR 59.8 crores. Including our share of VKT profit, net profit grew 33% to INR60.8 crores.

Moving to our performance by therapeutic area. Our growth this half was broad-based. ARV and anti-inflammatory led the way. In first half, ARVs grew 47% to INR150 crores on market

share gains and anti-inflammatory grew 25% to INR110 crores on ibuprofen demand from regulated markets.

Our other therapeutic areas also contributed. Anti-migraine grew 32%, anti-epileptic 44%, anti-anginal 45% and anti-ED 52%. Across the portfolio, high-value APIs continue to climb as a share of our revenue to 49% in the first half from 47% in FY26. We are growing our market share in products where economies of scale and backward integration give us a structural advantage.

I will now share some key updates on our business. Starting with R&D, our team has over 200 professionals and has completed 19 DMF and CEP filings over the last 24 months. We continued that momentum into this quarter. So far we have completed 6 filings, 4 in the first half and 2 more in October, well on track for our FY27 target of 10.

They cover anti-ulcer, anti-migraine, antidepressant, antifungal and antifibrotic APIs. As a result of these APIs, we now expect 6 to 8 new molecules to start commercial production in FY28. As they scale up over the following six quarters, we expect them to be EBITDA accretive and to diversify our revenue.

On ibuprofen, we expect to complete our remaining capex in the coming quarters. This will take our total capacity to 9,600 tons a year and the volumes will ramp up gradually over the next few quarters. Turning to our capex program, we have deployed INR160 crores of the INR280 crores program so far and the program remains on track for completion by FY27.

It adds capacity for few of our existing molecules and for the 6 to 8 new molecules in our pipeline. Coming to peptides and CDMO, we have set up SMS Peptides Private Limited, a 99.9% owned subsidiary to build a dedicated peptide business. Its peptides R&D facility is now fully operational.

To support its expansion, the Board recently approved a loan of INR50 crores to the subsidiary. Pilot scale production is targeted for Q4 FY27 and we expect our first CRO revenue from it in Q2 FY28. We have also set up SMS coLab Private Limited, a wholly owned subsidiary which will serve as a dedicated CDMO platform for APIs and peptides.

Finally, let me turn to our outlook. For FY27, guidance was revenue growth of 15% with an EBITDA margin of 20%. With pricing in our key APIs expected to remain stable in the near term and on the back of a strong first half and the outlook for the rest of the year, we now expect to exceed both. Thank you. With this, I would request the moderator to open the lines for any Q&A.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nirali Shah from Ashika Investment Managers.

**Nirali Shah:** Firstly, congratulations on the great set of numbers. I have a couple of questions. Firstly, on the peptide side. What kind of customer engagement are we seeing at this stage? And what would need to happen for peptides to become a really meaningful revenue contributor say, over the next 2 to 3 years?

**Vamsi Krishna Potluri:** Thank you for your question. So right now, peptides, we are evaluating 2 opportunities, 2 legs right now. So the first one would be generic peptides. So that -- so there are different types of peptides that we've selected. Some range from GLPs to we are looking at cosmetic peptides as well. So that is a more genericized field.

And parallelly at the same time, we are looking for CRO and CDMO opportunities at peptide scale, starting off with Tier C, Tier B customers and then probably proceed up the ladder for a Tier A customer because this is the first time we are getting into CDMO activities that will be starting with peptides.

So it might take a little while for us to attract the real top names in the industry to come and work on CRO and CDMO with us. But definitely, I think in the next 2 to 3 years, we anticipate a meaningful revenue coming out from the peptides.

**Nirali Shah:** Okay. You mentioned on the cosmetic peptide side. So if you could help me understand what kind of margins are available in this kind of peptides?

**Vamsi Krishna Potluri:** No, it's too early, to be honest with you, right now because we just started off our R&D maybe a few months back. So it's too early for us to let you know what kind of margins would be there on this. But typically, peptides have a decent margin with respect to, I think, 40% plus margins are available for peptides.

**Nirali Shah:** Fair enough. Secondly, on our ibuprofen business, some more color on how the volume ramp-up is progressing and what is the current utilization level?

**Vamsi Krishna Potluri:** So right now, the utilization level is at 90% right now, 90% to 95%. So, we are at full -- we are running at full capacity right now. Again, at the same time, we are doing another -- we are still continuing our existing capex to improve capacity further to 9,600 metric tons. So this is anticipated to be completed in the next coming few quarters. Once that is done, we'll be slowly ramping up the capacities. We have enough customer orders and customer interest to take care of this existing capacity.

**Nirali Shah:** So any timeline on the volume scale up and how should be the profitability profile of this business?

**Vamsi Krishna Potluri:** Again, it's a step-up sort of -- it's an incremental growth that we'll be doing. Right now, we are currently doing almost 450 tons per month -- 450 tons to 500 tons. But I think slowly in the span of 6 to 9 months, I think you will see a full utilization of 9,000 -- I think 90% occupancy of 9,600 tons, span of 6 months – 6 months to 8 months.

**Nirali Shah:** That's fabulous. That's great.

**Moderator:** I request you to join back the queue. The next question is from the line of Raj Agrawal from Niveshaay Asset Management.

**Raj Agrawal:** Congratulations on a good set. Sir, I just wanted to understand on the ibuprofen side. So some of our peers are shutting down capacity and our focus is also moving towards the U.S. and

European markets. And also we are now doing some ibuprofen derivatives. Is there a scope for pricing to also improve in ibuprofen?

**Vamsi Krishna Potluri:** Yes, definitely. I think definitely, there is a possibility of a price improvement on ibuprofen. And typically, see, for these commodity products, it's always cyclical. There will be a time in a year when you can -- the margins will really go up, but the remaining time, the margins will be slightly lower. But it's a cyclical product, and it goes through many phases.

It's been since many years, right, the product in the market. So it goes through multiple phases. There will be up phases, there will be down phases, there will be shortages, there'll be overcapacity. So definitely, I think we are seeing all these phases. And definitely, we are equipped to handle all these phases at this point of time.

**Raj Agrawal:** Got it. Sir, another question on same. Basically, how would you now rate SMS cost structure in ibuprofen compared to your peers since basically, they have an integrated plant, you have basically also alluded to a new process. So is there any scope to now even improve the process for the peers are also adding capacity. So how would you rate SMS cost structure in ibuprofen compared to peers in India or globally?

**Vamsi Krishna Potluri:** Thank you for that question. But see, to be honest, we are -- we don't know what peers product is and how they are manufacturing. But one thing from our side, we can tell you, we have one of the best -- from our point of view, we have one of the best manufacturing processes in the market for ibuprofen. And definitely, it's a cost improvement process.

As we go and as we take out more batches, our batch sizes are growing, our batch sizes are close to 10 tons right now. And we try to reinvent and try to see if there could be some reduction. So it's an ongoing process. There's no end to that process, which we keep trying to see if we can reduce the cost on a product like this, especially.

**Raj Agrawal:** Got it. And just one last question. I think you already basically answered a part of it, but basically, just wanted to understand on the peptide side, if you can give some kind of sense on what are the number of scientists today? What would be that count 1 year down the line? In what geography do we want to do this peptide business? Just want to get a sense how are we basically thinking about it? How would this business look 1, 2 years down the line?

**Vamsi Krishna Potluri:** So definitely, I think from SMS point of view, we are going to give a lot of emphasis on the peptide part. Right now, we have around 30 chemists, most of them are PhDs. And definitely, I think there is a recruiting process still ongoing because also considering the fact that we just started our R&D a few months back. So the recruiting process is still ongoing. Again, it's fairly new. But again, we have a CEO for peptides, dedicated CEO for peptides and there is a different team and division that is working exclusively on peptides. And we think peptide will be a good part of SMS' revenue going forward. It will take 1 year to 2 years.

**Raj Agrawal:** Got it, sir. Thank you for the opportunity. Wishing you good luck.

**Moderator:** Thank you. The next question is from the line of Bhavika from Niveshaay Asset Management. Please go ahead.

**Bhavika:** Yes, thank you for the opportunity and congratulations for the set of numbers. So, just to follow up on the previous question, that how much margins like we make in the ibuprofen business? And also, are we into like the standard ibuprofen or we are also into derivatives? Because I think the peers in the industry have been doing well in the derivatives as well, and that's leading them good margins comparatively to the standard ibuprofen. So if you can, give understanding on the margin side of ibuprofen. That's my first question.

**Vamsi Krishna Potluri:** Yes, thank you for your question. So with respect, we cannot disclose the exact profit margin on ibuprofen on a call like this, for sure. But definitely I think our EBITDA margins are in the teens. That much we can tell you on this particular product. And with respect to other products, we have a few other derivatives of ibuprofen, we have multiple salts of ibuprofen, everything that's available in the market.

We are currently already validated in CEPs and DMFs already filed. And definitely margins on those are much, much higher compared to the regular ibuprofen, and volumes of those products are much lower compared to regular ibuprofen. So they sort of offset each other.

**Bhavika:** Got it. But will it be more than what we are doing at the consol level, or the margins which we are doing at consol level? Ibuprofen margins are higher than that, am I right?

**Vamsi Krishna Potluri:** I'm sorry, could you repeat that again?

**Bhavika:** I'm asking that, like, is it higher than what we are doing at a consol level, the margins which we make at consol level? Are the ibuprofen margins higher than that?

**Vamsi Krishna Potluri:** No, it will be more or less similar, to be honest with you, more or less similar in that range because, yes, that's a big enough product that contributes, right? So I think it's similar range.

**Bhavika:** Got it. And also sir, like, because in the last few calls you mentioned that we are like, because of the backward integration, we would be able to see the, like, benefit on the margin side, on the back, like, because of the backward integration in the ibuprofen. So, by what time we will be able to see that benefit and how much it will be, if you can say in the percentage term, like, how much impact it will create on our margin side for this ibuprofen?

**Vamsi Krishna Potluri:** So definitely, see, before backward integration, ours was below 10% margin. So definitely, I think all the backward integration -- work is already done. And see, more, more important than the margins, the stability on the product.

So now we are not dependent on anyone else right now because of the current situation, global scenarios, the prices have escalated so much, if we were not backward integrated, we would have been caught napping and we wouldn't have -- we wouldn't actually have the product to -- the intermediate to actually manufacture ibuprofen.

Fortunately, since it's backward integrated and we have the control on the intermediates, now we are able to successfully deliver ibuprofen. And okay, putting the profits aside, which are definitely going to improve, but the stability on the product and the control on the product that we currently have is a big advantage for SMS at this point of time.

**Bhavika:** Got it. And this second question I have on the peptide side, basically you mentioned that we are doing generic peptide including GLP and cosmetic peptides. Like, just wanted to understand that initially, are we targeting the domestic players and/or the, like on the export market?

And also because must be we are at the R&D place, so we must have sent our samples to our customers, like the potential customers. So what are the feedbacks which we are receiving from them, and what timeline, like from the feedback and from the industry understanding, that how much, like timeline we can assume for the ramp-up of this peptide business?

**Vamsi Krishna Potluri:** Yes, again, as I mentioned, right, we just started the R&D a couple of months back, so definitely we've not sent out any samples as of now because the development will take time, right? So again, as indicated in my presentation, I think we will be ready with pilot-level samples only by Q4 FY27.

So we still have some time. So we've not sent any samples as such to any of the customers yet, but definitely we'll be targeting domestic and international, both the customers. And definitely there's a lot of interest from the US customers also coming in based on some of our trade shows that we've attended.

**Bhavika:** Got it. But even on the CMO side or CDMO side, we are not having any customer on board, like, or any negotiation or any conversation going on with any customer?

**Vamsi Krishna Potluri:** Again, as of now, we've not set up the facility yet, right? So without the facility or the R&D, there will probably not be any discussions as of now. Yes.

**Bhavika:** Got it. That's all. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

**Vignesh Iyer:** Hello, sir, and thanks for the opportunity. So my question is, wanted to know what is the total amount of capex that we have already done in the first half, and what is the amount that we are going to spend in the second half?

**Vamsi Krishna Potluri:** Yes, so the total capex is for INR280 crores and we've already deployed around INR160 crores as of now. So another INR120 crores will be deployed before end of this financial year.

**Vignesh Iyer:** Okay, so would it be fair to assume that we might see a higher debt level by the end of FY27?

**Vamsi Krishna Potluri:** Can you please repeat it and slowly, please? We're not able to hear you.

**Vignesh Iyer:** Hello, hello, am I audible now? Hello?

**Moderator:** Yes.

**Vamsi Krishna Potluri:** Yes, yes.

**Vignesh Iyer:** Okay, so I was saying, considering the prices of APIs are also increasing and the need for working capital that comes with it, and also considering the capex, could it -- be can you give a number of what our peak debt would look like by end of the year?

**Vamsi Krishna Potluri:** Peak debt?

**Vignesh Iyer:** Exactly.

**Vignesh Iyer:** Peak level of debt that you will reach by end of the year considering we have a capex planned as well as higher working capital requirement?

**Vamsi Krishna Potluri:** So both put together will be around INR400 crores by end of this year.

**Vignesh Iyer:** Okay. This is long-term debt you're talking about, right?

**Vamsi Krishna Potluri:** This is long-term and short-term both.

**Vignesh Iyer:** Yes. Okay, okay. I'll get back in the queue.

**Moderator:** Thank you. The next question is from the line of Nirali Shah from Ashika Investment Managers. Please go ahead.

**Nirali Shah:** Thank you for the opportunity again. Sir, one question is, on our partnership with Chemo, can you elaborate more on that?

**Vamsi Krishna Potluri:** I think this has been in the -- I mean, it's been ongoing for almost 10 years now. So we developed a lot of products under the JV partnership. All the sitagliptins and the flozins and few other products are developed on this partnership and there's a profit share between both the companies that happen.

**Nirali Shah:** Okay. And...

**Vamsi Krishna Potluri:** It's a joint venture, joint development and they are joint marketing and joint venture.

**Nirali Shah:** Okay. And lastly, if you were to identify a biggest growth driver for SMS over the next 3 years beyond the opportunities that are already visible today, so what would that be? Where do you think the -- I can ask that later. I think I'll stop there.

**Nirali Shah:** So, opportunities beyond the ones that are visible today, what, what could be the biggest growth driver for SMS over the next 3 years?

**Vamsi Krishna Potluri:** So definitely, I think once we are consolidating our existing business, and I think one very strong growth driver that we're still entering is, I think, peptides. This is one big area that we would like to focus and, you know, try and see if we can get some good opportunity and good customers there. Because we have a very strong team on peptides and we believe that, you know, we have a good advantage on that side.

And we're fairly early. I know a lot of people are working on peptides, but I think comparatively we're fairly early into the peptide market at this point of time. So we have a good strong team that's working on some of our peptides. So we fairly anticipate that's a good growth phase for us.

**Nirali Shah:** Sir, I believe in FY29 there is this patent cliff coming also in peptides. So, that is -- that could also be a very huge opportunity for us, right?

**Vamsi Krishna Potluri:** Sure, sure. Yes. Yes.

**Moderator:** Thank you. The next question is from the line of Maitri Shah from Sapphire Capital Limited. Please go ahead.

**Maitri Shah:** Firstly, on the revenue growth side, we've grown close to 30% this quarter. If you could mention what sort of volume growth we had and what sort of price hikes we've taken in, for this growth.

**Vamsi Krishna Potluri:** Do you want us to let you know what is the volume growth, right?

**Maitri Shah:** Correct.

**Vamsi Krishna Potluri:** In terms of the quantity?

**Maitri Shah:** Yes, like the Y-o-Y volume growth percentage, if you could let me know?

**Vamsi Krishna Potluri:** I think the volume growth is around 10% to 15% in terms of the kgs, right?

**Maitri Shah:** Got it. And the scale-up on the price realizations that you've taken, the hikes, is -- are we completed with them, or do you expect them to continue for the next few quarters going forward as well? Are we seeing more pressure on the raw material prices yet?

**Vamsi Krishna Potluri:** Yes, there is pressure on the raw material prices, but also the global scenario. I mean, we've also increased our raw material prices. I think it will continue for the next 1 to 2 quarters, I believe.

**Maitri Shah:** Got it. And are we increasing ibuprofen capacity as well? Currently, I think ibuprofen contribution is close to 20%, or how do you expect that to scale up over the next year, a year and a half?

**Vamsi Krishna Potluri:** Yes, we are -- apart from ibuprofen, we are adding many more other products. So even with our increased capacity of ibuprofen, we think it will be below 30% or around that 30%-35%. We will not -- we will make sure that, you know, it's not a single product company. So we want to make sure it's evenly spread out. So we will make sure that it's not -- dependency is less than 35% on a single product.

**Maitri Shah:** Got it. And this growth will be driven more by the kind of, non-commodity ibuprofen or the non-regular ibuprofen?

**Vamsi Krishna Potluri:** Exactly. So we are developing a lot of other products that are in the pipeline that are non-commodity and, you know, high-value products.

**Maitri Shah:** Got it. And yes, on the high-value products, we I think it's clocked in 49% revenues from there. Again, with the scale-up of these new ibuprofen products, and you mentioned that they're scaling up close to 6 to 8 new launches in FY28 as well, where do you see this percentage going forward and how do you see the impact of that coming in on the EBITDA margins as well?

**Vamsi Krishna Potluri:** So definitely EBITDA margins are going to improve once we launch these products commercially because, you know, some of these products we are filing still are under patent. So, you know, it will take some time for these products to be commercial. So once these are commercial and we have good customers on these products, definitely the EBITDA margins will improve.

**Maitri Shah:** Any sort of quantification, what range of EBITDA we're targeting for next year? Because I think the raw material pressure will also ease by then and the high-value product share will also increase. So any sort of range you're targeting for EBITDA margins next, sir?

**Vamsi Krishna Potluri:** So I think it will be around 22% to 24%.

**Maitri Shah:** 22%, got it. And on the peptide side, we have one, I know, CRO contract that we're going to be sending the pilot in 2Q '28. Do you expect once this is done to convert this to a CDMO project, or we'll be taking CDMO projects, not with the CRO included? Any sort of clarification on that?

**Vamsi Krishna Potluri:** Could you repeat your question, please?

**Maitri Shah:** Yes, so we have a CRO opportunity that we're sending the pilot by 2Q '28. Do you expect that to further scale on and then convert to a CDMO project? And any capacities will be adding in peptide in the next 1 to 2 years?

**Vamsi Krishna Potluri:** So no, at this point of time, that's not a CRO opportunity. It's our own, generic peptides that we are developing in-house. So it is not a CRO opportunity. So It's our own, how we're developing APIs? we are developing our own generic peptides. So those will be, they will go into the pilot scale by Q4 FY27. I am talking about those.

**Maitri Shah:** Got it. And I'm...

**Moderator:** Ms. Maitri Shah. I'd request you to join back the queue for a follow-up question. The next question is from the line of Ahmed Madha from Unifi Capital Limited, please go ahead.

**Ahmed Madha:** Congratulations on a good set of numbers. If I try to understand the ibuprofen production run rate and just look at the numbers being published by the company, the anti-inflammatory line item was up from about INR47 crores, INR48 crores to INR62 crores, INR63 crores in Q2.

It doesn't reconcile the production run rate which, you have mentioned, which is relatively higher. If I just take the normal $8 pricing, $8-$9 pricing which is currently in the market, can

you give some sense how should we look at your current production run rate of ibuprofen and the sales, thereafter?

**Vamsi Krishna Potluri:** Again, when you come into ibuprofen, right, so a lot of moving parts there. So right from day 1 our capacities are not fully occupied, and we've been ramping up capacities right from day 1. So it's not like, you know, we have a fixed capacity that we've been operating full year, and, you know, like, you know, just putting $8 or $9. Again, that is the price right now, but, you know, it was $7 and below that sometime back. So a lot of moving parts. So I don't think you will be able to exactly come out with the exact numbers, you know, just seeing those final numbers. I think there are a lot of moving parts there, but right now I could tell you that…

**Ahmed Madha:** Yes, you can. You can continue your answer. You can continue your answer.

**Vamsi Krishna Potluri:** Yes. So, what I'm trying to say is right now, with respect to ibuprofen utilization, right now we are at 90% to 95% with the existing capacity. But again, as each month passes by, we are adding more reactors and trying to increase the capacity going forward. Again, as I said, this project capex will take another, I think 1 quarter to 2 quarters to completely -- complete our target of 9,600 metric tons.

**Ahmed Madha:** And how will you define your existing capacity? Will it be like 400 tons per month?

**Vamsi Krishna Potluri:** Around 400-500 tons per month.

**Ahmed Madha:** Okay. Sure. Yes. That's it from my side. Thank you.

**Vamsi Krishna Potluri:** Thank you.

**Moderator:** Thank you. The next question is from the line of Vandit Dharamshi from Anantra Growth Capital Limited. Please go ahead.

**Vandit Dharamshi:** Congratulations team on a very good set of numbers. One question, we have seen a considerable cash flow improvement in this H1 in terms of working capital days improving. What do you think should be a reasonable working capital cycle to assume over the next 3-4 years with our business mix now changing towards higher value products?

**Vamsi Krishna Potluri:** Yes. That working capital cycle is around 120 days to 150 days.

**Vandit Dharamshi:** Okay. So, we should assume that, we will continue to stay somewhere here and the older days of 180 days and 200-220 days are now behind us? Is that a fair assumption?

**Vamsi Krishna Potluri:** Yes. I think you can consider 150 days because, because we sell some of the commodity product like ibuprofen domestically, right? So where the credit terms are a little more higher than the regular export orders. So on average you can say 120 days to 150 days. Yes.

**Vandit Dharamshi:** Understood, sir. And second question is again on cash flow. In our presentation we have mentioned about our long-term cash flow conversion being closer to 72%, I believe, for the last decade -- improve going forward, say over the next 5-7 years with our business quality

improving and mix changing? Do you think we can see a higher number in terms of cash flow conversion with also the working capital days coming down?

**Vamsi Krishna Potluri:** Yes. I think our current conversion ratio is around -- I think for this half is around 93% -- this half is around 95%, right?

**Vandit Dharamshi:** Yes. Right.

**Vamsi Krishna Potluri:** And we definitely -- I think -- yes, I think we definitely anticipate it to be a little more higher. I think maybe it will increase by 10 bps to 15 bps going forward.

**Vandit Dharamshi:** Understood, sir. Wishing you all the very best. Thank you so much.

**Vamsi Krishna Potluri:** Thank you.

**Moderator:** Thank you. The next question is from the line of Mudit Daga from Merlin Holdings Private Limited. Please go ahead.

**Mudit Daga:** Hi, thank you for the opportunity. So, in the presentation you have mentioned that your asset turnover right now including capital work-in-progress is 1.46x. So what would be the asset turnover excluding capital work-in-progress?

**Vamsi Krishna Potluri:** It is 1.72.

**Mudit Daga:** So, in that sense, there's not much of an incremental operational efficiency that we are targeting because the 2-3 year forward target is 1.75x?

**Vamsi Krishna Potluri:** No, our target is 1.75x. So just give me one second. Okay, so you mean to say is that 1.47 to 1.75 is the little bit, correct?

**Mudit Daga:** No, since 1.46 is including capital work-in-progress, I wanted to understand what is our excluding capital work-in-progress right now and what are we targeting in 2 to 3 years?

**Vamsi Krishna Potluri:** Capital work-in-progress has not yet generated the revenues, no?

**Mudit Daga:** Yes, correct. That's why I wanted to...

**Vamsi Krishna Potluri:** To -- one thing, no, one. Once it's capitalized into that, then only we can start for the generation of the capex. Still, it's a working -- capital work-in-progress only.

**Mudit Daga:** No, I get that point, but, so I wanted to understand what is our turnover right now excluding capital work-in-progress, and what would be our future target excluding capital work-in-progress, so that you could make a fair comparison?

**Vamsi Krishna Potluri:** Yes, the current fixed asset turnover excluding capital work-in-progress is 1.72. We definitely expect an improvement on that going forward.

**Moderator:** Thank you. We take that as the last question from the participants. I now hand the conference over to Mr. Vamsi Krishna Potluri for closing comments. Over to you, sir.

**Vamsi Krishna Potluri:** Thank you all for your questions and your continued interest in SMS Pharma. To sum up, H1 FY27 has been a strong first half for us. Backward integration, a growing portfolio of high-value APIs, and new capacities and capabilities coming on stream position us well for the next phase of growth. For any further information, please get in touch with our IR team. Thank you and have a good day.

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