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August 14, 2026

To
Listing / Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

To
Listing / Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

BSE CODE: 543329

NSE SYMBOL: WINDLAS

Dear Sir/ Madam,

Subject: Q1 FY27 Earnings Conference Call Transcript

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Q1 FY27 Earnings Conference Call Transcript.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For Windlas Biotech Limited
ANANTA NARAYAN PANDA
2026.08.14 14:51:10 +05'30'
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Ananta Narayan Panda
Company Secretary & Compliance Officer

Encl: As above

"Windlas Biotech Limited
Q1 FY27 Earnings Conference Call"
August 11, 2026

MANAGEMENT: **MR. HITESH WINDLASS – MANAGING DIRECTOR – WINDLAS BIOTECH LIMITED**
MS. KOMAL GUPTA – CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER – WINDLAS BIOTECH LIMITED

MODERATOR: **MR. ANKIT JAIN – STELLAR INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY27 Earnings Conference Call of Windlas Biotech 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ankit Jain from Stellar Investor Relations. Thank you, and over to you, sir.

Ankit Jain: Thank you, Alaric. Good morning, everyone, and thank you for joining us today. To discuss Q1 FY27 business performance, we have with us senior management team of Windlas Biotech Limited, represented by Mr. Hitesh Windlass, Managing Director; and Ms. Komal Gupta, CEO and CFO.

Before we proceed with this call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. The company undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made. Documents relating to the company's financial performance, including the investor presentation have been uploaded on the stock exchanges and company's website.

I now hand over the call to Mr. Hitesh. Thank you, and over to you, sir.

Hitesh Windlass: Thank you, Ankit, and good afternoon, everyone, and thank you for joining us today to discuss the financial results for the quarter ended 30th June 2026. We have uploaded the press release and investor presentation on our website as well as on the stock exchanges. I hope everyone must have gotten an opportunity to go through it.

To begin, I would like to talk about the outlook and way forward for Windlas Biotech, followed by financial highlights for Q1 FY27, which will be shared by our CEO and CFO, Ms. Komal Gupta.

The Indian pharma market witnessed a volume growth of 3.4% in Q1 of FY27, reflecting a steady yet measured industry environment. Against this backdrop, Windlas Biotech continued its growth trajectory, delivering its highest ever quarterly revenue of INR248 crores, representing 18% Y-o-Y growth. This performance underscores the strength and resilience of our diversified business model, our operational excellence and the trust our customers place in us.

We are on track for the commercialization of Plant 6 in H1 of FY27, which will further strengthen our manufacturing capacity and enable us to support future growth opportunities. Our injectables and Plant 2 extension facilities continue to drive scalable growth, highlighting the effectiveness of our strategic investments.

We remain focused on creating sustainable value through disciplined execution, talent development, client diversification, capability enhancement and expansion across dosage forms. I would like to thank our customers, partners and employees and shareholders for their continued trust and support.

Over to you, Komal.

Komal Gupta: Thank you, Hitesh. Good morning, everyone. We have started FY27 with a positive note by extending our record revenue streak to 14 consecutive quarters with 18% Y-o-Y growth to INR248 crores revenue. Consistent with our focus on long-term shareholders value creation, in Q1 FY27, the company also completed INR47 crores buyback in which promoters did not participate and declaration of FY26 dividend of INR13 crores, INR6.30 per equity share.

Excluding the impact of ESOP expenses, which are non-cash in nature, INR7.2 crores, our EBITDA grew 26% Y-o-Y to INR34 crores. PBT and PAT grew 27% and 37% Y-o-Y to INR30 crores and INR25 crores, respectively, reflecting our continued focus on improving operational leverage. If we take into account noncash ESOP expenditure, INR7.2 crores, the company reported EBITDA INR27 crores, PBT INR23 crores and PAT INR18 crores. For Q1 FY27, earnings per share has improved to INR8.46.

Our Generic Formulations CDMO vertical delivered 29% Y-o-Y revenue growth to INR207 crores, driven by customer expansion, deeper customer engagement and new product launches. The Trade Generics & Institutional vertical reported revenue of INR30 crores, following discontinuation of codeine-based products.

As we expand the portfolio with new launches and replacements, we expect to progressively bridge this gap. Our Exports vertical recorded 79% Y-o-Y growth to INR11 crores. We remain focused on long-term company level performance rather than quarterly and vertical-wise fluctuations and are confident in the underlying growth opportunity in all 3 verticals.

Looking ahead, our priorities remain focused on strengthening strategic partnerships, expanding our offering, achieving operational excellence, accelerating portfolio development and driving disciplined execution. Supported by a modernized manufacturing base, a talented workforce and clear strategic direction, we are all well positioned to capitalize on the opportunities across all 3 business verticals.

Thank you for your continued trust and support in the company. We'll now open the floor for questions.

Moderator: Thank you. We will now begin with the question-and-answer session. The first question comes from the line of Dhwanil Desai with Turtle Capital.

Dhwanil Desai: First of all, congratulations for a very strong execution once again despite challenges on the Trade Generic side. So, my first question is we have done exceedingly well on the CDMO, CMO side. So, if you can give some colour, is it that because the overall volume growth in the market has come back and hence, it is kind of helping us.

And generally, we have been in that 17%, 18%, 20% kind of a range. So, is this still delta coming because of the injectable now also contributing to CDMO and hence, slightly more sustainable higher growth? If you can give some colour on that.

Komal Gupta: Thanks, Dhwanil. So CDMO, you have rightly pointed out, we have delivered a 29% kind of a number, which in a long period of time, this should be the highest one. However, I would like to emphasize that it is important for everyone to note that quarter while growth percentage is an area on which consistently we have been saying that it is important to look at quarterly growth numbers with caution, positive or negative because there are several factors that contribute to having a very high or very low growth number as far in any vertical for that matter.

So, it is important to look at our growth, which is consistently maintained at a company level instead of going vertical-wise. And of course, the few points that you mentioned have contributed like, injectables has started participating in the overall revenue of the company, but it's not particular to this quarter, right.

Injectables has been now participating in the overall revenue of the company, which is not separately given. But -- so that none of the long-term factors we see have changed in any of the verticals, to be honest. So, there is no specific reason that we have to offer which says that very high growth was because of it.

Dhwanil Desai: Okay. Got it. Second question is even looking beyond the quarterly dip on the Trade Generic side, last 2, 3 quarters, even if we remove the codeine-based revenue, whatever that INR55-odd crores on a yearly basis from the base, we're still at that INR30 crores, INR35 crores kind of a run rate. So even if I remove that entire INR13 crores, INR14 crores quarterly number, we are still kind of not grown.

And we have kind of been stagnant. I understand you guys have been talking about that it's a lumpy thing, all those kind of things. But now 3, 4 quarters of the same range, so how should we read this? And do you -- so once this kind of goes out of the base, maybe, let's say, Q4 next year, will we again go back to that 25%, 30% growth? How should we again look at that?

Hitesh Windlass: So, Dhwanil, first is that, as you know, we do not give guidance. So, I would not comment on what could be the growth going forward. But -- see, one thing I want to say is that growth is a function of sustained work on how we are -- what is our go-to-market strategy, what products we are offering in the TGx vertical, which geographies we are opening and finally, execution across all of these.

So, as you rightly summarized that although the loss of cough syrups is a sizable hole, we continue to believe that our sustained efforts in all of these areas are the only way to build long-term success. And that is what we are executing to.

Dhwanil Desai: Right. If you can highlight some of the things that you guys are doing, right, to kind of again bridge the gap, that would be really helpful.

Hitesh Windlass: So, as I said, the fundamentals of the business do not change, right. We have to grow our product offerings in terms of the range of products we are bringing to our Trade Generics vertical. And still, I think we are much, much -- a lot of room to grow the number of SKUs that we can offer.

The second is, as we have spoken about in the past, the geographical opening of other states and deepening of where we are present. And every time you add people, there will be a period of nucleation and then growth comes. So that second big part around geographic expansion is also something that we are aggressively working on.

And finally, the third one is ensuring that the execution is happening in the right -- with the right hygiene and in the right timely manner. So fundamentally, these are the 3 things, and this is what we are working on.

Moderator: The next question comes from the line of Sajal Kapoor with Antifragile Wealth.

Sajal Kapoor: Team, to be fair, the execution deserves acknowledgment. 14 consecutive quarters of record revenue is itself a clean execution. And I always say publicly, EBITDA alone is never the yardstick unless that EBITDA translates into solid cash flows. In Windlas, we have the cash flows and the balance sheet to show substance. What happens is in a bull market, the herd mentality often chases P&L, the reported earnings that shown, elephant tusk. So that is the P&L earnings and forget to ask where the cash went.

Anyway, coming to my question, as Plant 6 comes on stream and capacity expands, what specific operating milestones should shareholders track over the next, say, 4 to 6 quarters to judge whether the incremental capacity is translating into higher utilization, stronger cash generation and sustainable returns on capital rather than simply higher revenue and EBITDA? That's the only question I have.

Hitesh Windlass: First of all, thank you, Sajal-ji, for your recognition. We really appreciate that feedback. And to your question around what are some of the operational milestones for Plant 6. See, for Plant 6, we are estimating H1. We have already done the mechanical completion. We've updated that. And as all the validations and customer audits are ongoing, we expect that at end of H1, we will be in play with that capacity fully coming online.

Now in terms of this plant 6 is an expansion of our core. Injectables was an expansion of our periphery because we entered a new dosage form. And therefore, that required some learning side from us also and customer also testing us and also a more complex dosage form.

In case of Plant 6, which is an expansion to our core, we expect that similar things will follow, just like in the Plant 2 expansion we had, where customers -- we are extending our existing portfolio. We are not necessarily waiting for any new product development. And these portfolios will be offered from Plant 6.

There will be plant level approvals by customers. And then we expect that as we bring in new customers also, we will get to leverage Plant 6 in a more meaningful way because as customers see that we do have available capacity, they also get encouraged to work with a partner who can be more supportive of their growth in terms of both the breadth as well as the volume per product.

So, see, fundamentally, the signal of our success will still come in revenue, will still come in our cash flow generation, as you mentioned. Because really, honestly, that, as you said, is the crux of how the business should be looked at.

Moderator: The next question comes from the line of Kumar Saurabh with Scientific Investing.

Kumar Saurabh: Congratulations on great set of numbers and all the right steps, whether it is ESOP for the longer-term vision or investor-friendly buyback. I have 2 questions. First question is on the IPM data. I'm assuming because we work in this sector to a certain extent, we will not be independent of the industry growth and there'll be a dependence. Last quarter, IPM growth data has been very healthy. We -- for last 2 years, we were growing somewhere around 7% to 9% and now we have gone into 10% to almost 12%, 14%.

And 3 years back, this IPM data peaked somewhere around same 12%, 14%. So, I'm not asking for any future projection or forecast. But given you have been in the industry for so many years, what is your reading of IPM data?

Do you feel these are the things sustainable or is cyclic? What leads to a higher IPM growth? And what is the sustainable number looking at history we should believe? And do we have any correlation of our growth with that or our aspirational growth is independent of IPM data? That is my question.

Hitesh Windlass: So, Kumar-ji, see, what I can say is that if you look at -- as you very well summarized also that maybe 2, 3 years ago, IPM used to be around a healthy growth percent. What for us at Windlas, we actually look at volume growth more closely, because the price growth is something where as a CDMO, we don't necessarily participate.

The benefit of that goes to our customers. And if you see the volume growth in the last 2, 3 years has been very mild, sometimes even going negative. There were a lot of explanations that were out there in various industry publications and talk that this is probably related to maybe incomplete data capture, some of the trade generics not being captured fully in the market or it could also have been related to other factors.

What we did in our -- at Windlas was to just focus on execution. How can we bring business timely, how can we execute, how can we supply. And as I had mentioned earlier also that it requires a full team-based effort to do that. All our almost top 50 to 60 people are measured on revenue growth, whether there were a lot of queries earlier also with API pricing going up or down, how does that impact things. For us, we said that, okay, whatever is an externality, we can't change that. But we can focus on what's in our hand. And so that's what we have been doing.

With regards to whether this IPM growth in volume, which is close to almost last quarter of 3.4%, that is definitely a healthy sign. I think that I would love to see this continue going forward so that it is not actually a blip because our customers benefit as they get volume growth, as they penetrate deeper, as their brands become bigger, we have an automatic benefit that comes to us. And of course, we have to add more brands and grow.

So, I don't want to say that the tide has turned and pretend to know more than what anybody in the industry can say. But I think this is a welcome sign, and I want to -- we are honestly watching these growth numbers and definitely want to leverage them to the best of our ability.

Kumar Saurabh: Great, sir. Sir, my second question is our current utilization is around 65% and Unit 6 is coming. And we don't have any immediate new capex plan. So, what is the peak capacity utilization we can achieve? And coming to export growth, I think last 2 years, we have been doing very well, and we have been more focused in terms of rolling out BD team. So, do you see this kind of extraordinary growth of export continuing with our initiative? This is the only question I have.

Komal Gupta: About Exports, as we have always maintained that it is a higher gestation period conversion business. And that's why it takes time for several business ideas that we are working on to convert into revenue. So, everyone has been patiently waiting to see that growth come in, which has come in. But again, the additional factors that we continue to work on. In terms of our efforts, there is consistency that has been mentioned.

The results are very difficult to say that what kind of growth numbers should be achieved. Anyway, you are aware, we don't give away the guidance as such. But we stay focused. We have always consistent -- we have maintained consistently that we remain really positive in terms of the growth opportunity available for our Exports vertical, and we continue to do so.

Kumar Saurabh: And ma'am, on the utilization, where will we hit the peak?

Komal Gupta: In terms of utilization, we have mentioned earlier that with Plant 6 we can deliver INR1,100 crores kind of a number in terms of revenue. However, we have always in past seen that the initial estimate that we give in terms of revenue that can be delivered with our plants can be grown to a large extent, 10% to 15% more with various efficiency initiatives that we consistently take internally.

We keep figuring out the most suitable way to do manufacturing packing. And accordingly, we keep making incremental changes. Some of it also goes into the maintenance capex every year that gets done INR12 crores to INR15 crores every year. So, we are very positive that this number can grow to a large extent further in terms of capacity utilization. As such, we have said that 60% to 65% is the highest peak utilization level for our kind of business, which can, of course, be stretched to 70% or so.

But as we increase the operational capacity, this number does not really remain that important. That's why we are mentioning that the number, INR1,100 crores is an easy go. And beyond that, there is surely a great deal of possibility to further increasing.

Moderator: The next question comes from the line of Avnish Burman with Vaikarya Investment Management.

Avnish Burman: Congrats on a good set of operational performance. Komal, if we look at the Trade Generics business and if we remove the codeine from the base, do you think that the ex-codeine business has grown Y-o-Y this quarter?

Komal Gupta: TGx so -- because TGx is a TGx plus institutional vertical and institutional revenue, as we have earlier also mentioned is very lumpy in nature. So quarterly revenue to say in terms of Y-o-Y, if there is growth is very difficult to mention although -- so to take near to actually give response to that, I would say that with codeine being taken away, there has been some impact to our TGx and institutional vertical in terms of the momentum that we have been maintaining. We would like to acknowledge that.

And having said that, we would like to emphasize that we remain extremely positive in terms of the long-term growth potential that is available in our TGx and Institutional vertical, which continues to be supported by favourable macroeconomic factors, increasing demand for affordable health care and our internal AAA strategy. So, we continue to work in that.

We continue to work on geographic expansion, portfolio expansion, institutional account addition and also alignment of our internal sales force. All those factors we are continuously working on. The momentum has taken a hit, but that, I would say, is a temporary hit for a few quarters instead of a long-term listing. We are very confident of bringing back the momentum, bringing back good revenue numbers in this vertical.

Avnish Burman: Okay. And if you look at the employee cost on an ex-ESOP basis, they seem to have grown by 17% Y-o-Y. So just wanted some colour. Are you adding manpower? Or is it just increment largely contributed by increment, if you could just give some -- throw some light?

Komal Gupta: So, there are several factors that going to personnel cost increment is obviously one of the factors. There is another factor of contractual manpower that increases the variable manpower with increase in production. That is second. And third is also there has been further increase in the minimum wage by Uttarakhand government. So that increase has also become part of it.

In fact, Uttarakhand government gave retrospective effect increase, and that amount is also part of this personnel expense that we see. But there is nothing extraordinary. And we think that with these kind of numbers, we have still been able to maintain the kind of production that we have, and that's why able to maintain the EBITDA numbers.

Avnish Burman: And how much is this minimum wage? And by when was it implemented by the government?

Komal Gupta: It was done around the period when...

Hitesh Windlass: When these are -- maybe about 2 to 3 months back, the notification had come. They -- so -- I mean I don't remember off the top of my head, Avnish-ji, but we -- what Komal is also pointing out that we -- the growth in our case is mostly volume driven, right? So, if we have to produce more -- a lot more units, a lot more batches and cater to a lot more customers, that results in additional manpower also, so.

Avnish Burman: Okay. And the Plant 6, I mean, when it gets commercialized, what is the increase in quarterly depreciation run rate that we are expecting to see?

Komal Gupta: Quarterly depreciation, we have yet to do the thorough calculation, but should be around 30 million, plus/minus, I don't know, 10%, 15%, but around 30 million per quarter should be the number initially, initial 1 year and then it goes down as you have seen the quarter depreciation reduction. Yes.

Avnish Burman: Yes. Just last one with your permission. In this quarter, was there any increase in working capital because I see the interest cost increased a little bit, and it has been on an up trend. So, is it because of the geopolitical or I mean, crude prices going up and down that you had to extend the working capital? Is that what happened?

Komal Gupta: By the end of it, we were able to maintain similar working capital levels. But during the period, yes, there have been some factors in terms of increase in -- because of geopolitical factors, some increase in inventory was there. And accordingly, some increase in receivable days was also there. But net-net, we were by the end of the -- like, by now, we have been able to bring in back to the similar level as long as overall operating working capital is considered.

Moderator: The next question comes from the line of Ishit Desai with Fods Family Office.

Ishit Desai: Congrats on a very good set of numbers. My first question, sir, is on the Trade Generic side. You, couple of previous participants, kind of answered that. But one thing I wanted to understand on codeine-based products specifically. So, we are trying to expand the portfolio with new launches and geographical expansion as well.

But anything specific in terms of like-to-like replacement to a cough syrup product wherein we have already built a distribution chain? And if we are working around that, what kind of initiatives now again, we need to do it at company level, distributor level, customer level in terms of timeline, if you were to kind of replace it with the cough syrup product itself. So, if you could help us understand on that side?

Hitesh Windlass: Yes. So, Ishit, one thing that we should think about when we think about codeine and cough syrups is that India's 2 largest brands in the entire pharma market. I will not name them, but those brands are also basically not on the market now. So, this change in cough syrups consumption usage, government's own stance on that.

Certainly, it would be reasonable to think that at a overall market level, some other cough syrups would have replaced the ones that have been discontinued. And of course, in our side also, we were also having several other cough syrups in our product range.

And we have brought more focus on to them. And we have ensured that across our verticals, even in CDMO, where some of our customers also ended up dropping codeine. So even they required more cough syrups.

So, from a cough syrups perspective, I would say that it's very hard to say, okay, can we replace 1:1 -- 1 cough syrup with another cough syrup. But for us, our approach has been more than that. We also looked at our liquid line was a multiproduct line. And why not offer more liquid products to our customers, and our own vertical. So, we offered and launched more products in liquid to leverage this. We also launched more pack sizes variants in liquids. So, a whole range of strategies was thought about, and those are the ones that we have enacted upon.

And -- but fundamentally, as I mentioned earlier, in Trade Generics, the idea is that you are working on a product range of 150, 200 and looking to expand it much larger. And nobody in the market is working on a product strategy as such because you are on a portfolio and it is a basket approach. So we are also in the same boat, and that's how we are working.

Ishit Desai: Sure, sir. Understood. That's helpful. And my second question is on the injectable side, sir. Since last 3, 4 quarters, there have been numbers coming in injectables and also, we kind of caught up on a slightly slower start that we have already built an infrastructure for 2 lines, I think, when we initiated, I remember you mentioned that. So where are we on that?

I mean, are we at an advanced stage of now at least in terms of thinking of a new line? And if at all, given that the basic infrastructure is already in place, how much -- what kind of timeline are we looking at to add any capacity in injectables?

Hitesh Windlass: So, in terms of capacity, I can tell you that when we take a decision to enhance capacity, it will be around 6 to 8 months kind of a process to add the machinery, qualify it and bring it online. So, because we already finished all the supportive facilities work in terms of getting the area ready, in terms of laying out the water system extensions, in terms of getting the AHUs all installed. So, all that is there.

Of course, we are also looking at is it just a straight capacity expansion? Or can we look at some more variants in that. And those discussions are also on the way. But certainly, when we do it, we will come back and inform you. As of now, we are not commenting on that.

Ishit Desai: Sure, sir. I mean, more to understand, I mean, injectables now is back on track, right? I mean given the way it kind of ramped up a little slower than our expectation, now I think we are on track in terms of customer feedback and inquiries and offtake, we are reasonably on track, fair to assume that?

Hitesh Windlass: Yes, that is correct.

Moderator: The next question comes from the line of Pawan Kumar with RatnaTraya Capital.

Pawan Kumar: Sir, can you give us a broad understanding of volume versus price growth in CDMO this quarter? I'm just -- it might not be an accurate number, but...

Hitesh Windlass: We cannot hear any question.

Pawan Kumar: Can you give us a broad breakup? Can you hear me now?

Moderator: Yes, Pawan go ahead with your question please.

Hitesh Windlass: Are we audible?

Moderator: Yes, sir, you are audible, but the line for the participant has dropped. I'll move to the next one that would be Vansh Gupta from Prescient Capital.

Vansh Gupta: Thank you Hitesh-ji, and congratulations on a great set of numbers. Sir, just one question on my end. Has there been any noticeable change in API prices since the prior quarters, which has consequently led to a noticeable change in our revenue?

Hitesh Windlass: So, Vansh-ji the -- first of all, just a quick apology from our side. There seems to be some connectivity issue or some repair work on the fibre optic cable or something. Hopefully, we can finish this without any more interruptions.

On your question around API prices. The prices have been varying quite a bit with the crude situation. And early on, what we had seen was that even people who had stock of their past lower costs were taking an advantage and increasing prices when the crisis started in West Asia.

Thereafter, many times, there was corrections and things stabilized. So very hard to say. We have been seeing a lot of volatility though. That is for sure. both in availability of material as well as pricing. And -- but since we are a cost-plus business primarily, we have been -- our customers have been also monitoring this alongside us, and we have been executing despite this volatility.

Vansh Gupta: Right, sir, I understand that the future looks -- the future outlook remains uncertain. But for the current quarter numbers, sir, would it be fair to assume that the API prices have had a positive impact on our top line given that some of our competitors, they have actually reported an increase in gross margin because of higher realizations? So, would it be fair to assume that's true for Windlas as well?

Hitesh Windlass: It's very, very hard, Mr. Vansh, because we deal with a very large number of APIs and the -- whether there is a price gain impact and whether we benefit it or not, a lot of times, if we have stock, we offer it as a -- because we work in a transparent manner, we offer it at the same old price to our customers. And if there is a price increase, a sharp price increase in the market, our customers also accommodate that and give us that benefit even on sometimes existing orders.

So, it's very hard to say. Our focus has been to increase our ability to supply and increase our output as opposed to looking at shaving or getting some temporary advantage in margin.

Komal Gupta: If you look back in the period when API prices were sharply falling, we have been able to maintain our margins and improve in a few quarters. And those are the times when actually our customers go extra mile and support us in terms of maintaining the margins. And that -- so it works like a partnership. That is what happens when they do not really give too much increase when API prices increase. So, we believe more in trying to maintain the consistency at basket level with the customer instead of -- so that is how we deal with our business.

Vansh Gupta: Right, ma'am. So then just to rephrase my question, it would be fair then to assume that majority of the growth was volume linked this quarter and the API price impact is unknown for the lack of a better word.

Hitesh Windlass: Yes.

Komal Gupta: That's correct.

Vansh Gupta: And sir, again, has there been any change in sustainable demand environment for our products given that we have seen a rapid growth this quarter? Is there any particular therapeutic area that is being taken by our customers or any specific product category, maybe injectables or OSDs?

Komal Gupta: No specific changes noted, honestly speaking. It's just that several things that we have been continuously working on, we were able to convert into revenue this quarter in our CDMO vertical and also in our Exports vertical in comparison to earlier periods, but no strategic change or no big movement as such that we have noted.

Moderator: The next question comes from the line of Resham Jain with VVD Asset Managers.

Resham Jain: Congratulations for good set of numbers. So, I have 2 questions. So, the first one is with respect to your capacity. I think you mentioned about INR1,100-odd crores of revenue which you can reach once Plant 6 is commissioned. And we are already on, like, a run rate of close to INR1,000-

odd crores right now. So how are we thinking about further capacity addition because it has to happen now so that that capacity is available?

Komal Gupta: In fact, even -- so one is for this quarter, the revenue that we were able to convert a few machines that we had acquired for our Plant 6, we were able to make use of them in our existing Plant 2 and extension area. And that is why we were able to convert this revenue. So, first thing -- so in this quarter, there is some contribution coming in from there as well.

Second thing is, as we earlier mentioned, there is -- we see clearly INR100 crore, INR150 crores kind of further increase with Plant 6 possibility against the number that we already mentioned. That is second.

And third is we want to continually see in terms of the growth that we are able to deliver in terms of business. We are continuously tracking it. And we are also continuously tracking our capability to increase the revenue numbers. And any point of time where we see that we need extra capacities also to come in place, then we would start working on another organic growth.

But we would first instead of starting a new capex project, we would first want to completely focus in terms of increasing, enhancing this capacity in terms of revenue that can be delivered from existing plants and also bringing in more efficiencies in Plant 6, which is quite big in nature.

Hitesh Windlass: Yes. Just to explain a little bit, see, every time -- when you set up a plant, you have to make certain assumptions by -- in terms of the machine choices at every stage of production. As the products start to fill in, the bottlenecks that appear also are dynamic and they keep changing.

And this is where -- when you look at those bottlenecks and you remove them through localized changes, adjustments, strategic addition of small capex, the capex that we call as operational capex or maintenance capex, that's how the debottlenecking happens. So, this is part of -- it's not that we are not giving you visibility. But this is the part of the process that we have to go through in order to understand and take the right calls at those moments.

Resham Jain: So, is it fair to assume that INR1,100 crores is just a number, you can further debottleneck the existing facility to increase the top line further from current levels? Is that the right understanding?

Komal Gupta: That's correct.

Resham Jain: Okay. Understood. And the second one is on export piece, which is still small. Obviously, on a low base, it is growing on a very high growth numbers. But what are the important catalysts for us for growing this piece in the next 2, 3 years? Like which are the areas where you are focusing on? And what are the opportunity in those segments for us?

Komal Gupta: We have been and we continue to focus on geography expansion, portfolio expansion, getting more plant approvals. So, these are the areas that we continuously keep working on conversion happen at time -- particular point of time or in particular quarters. But these are the areas which we are sure of, we have always been sure of to work on. And we continue to do that. We see that there is even a much higher possibility of delivering a good revenue number in this vertical itself. It's a big opportunity vertical.

However, what point of time really, we are able to convert is a thing to see. So, we continue to work on all those things that we have been, so for Exports, there are a lot of a lot of registration work going on, a lot of new geographies being added, a lot of plant audits happening. All those things continue to happen for all the plants.

Moderator: The next question comes from the line of Ankur Kumar with Alpha Capital.

Ankur Kumar: Most of my questions have been answered. Just wanted to ask on this CDMO 29% growth. You said there is like some -- could be some API price hike also. So can you -- would like to comment how much would be the breakup or like as you said earlier participant, it's like too difficult. But roughly, any idea would you like to give and what kind of number we should continue -- expect to continue going forward in coming quarters?

Komal Gupta: Actually, we would like to mention that a quarter growth number should actually not be considered as a base growth number for any of the verticals. So, we just want to actually repeat that at the cost of sounding repetitive. But it is very important for everyone to look at one to look at company level instead of vertical by vertical, especially in a smaller period like a quarter.

About API growth, we want to say that, that portion should be lower and volume growth should be higher percent, but not because we have seen a huge number of a big matter as such, which has resulted into this growth. We have seen the business as usual. Maybe this has been the quarter where we have been able to convert a little bit more than usual. But we don't see a huge change in the way the vertical should deliver going forward. So, we have -- we are not seeing anything as such.

Hitesh Windlass: Yes. It's very tricky to read too much into a single point signal, right? So, what we are saying is that we are -- the work required to achieve the results has been ongoing, and we continue to focus on those right things.

Ankur Kumar: Sure, sir. And on this -- and congrats for this 14 quarters of consistent growth. I hope this continues going forward also.

Moderator: The next question comes from the line of Dhwanil Desai with Turtle Capital.

Dhwanil Desai: So, 2 questions. One is on export. I think in terms of the large markets, I think we had got dossiers approved in South Africa and Philippines. So, any new large semi-reg market we have added? And how are we scaling up our dossier portfolio in these 2 markets, South Africa and Philippines?

Hitesh Windlass: Yes. So, as you know, the information, of course, we have complete visibility of which markets and we are targeting, what dossiers we are expecting. But this is something that it is very sensitive from a competitive standpoint. So, this is something that we have not been sharing on the earnings call.

Dhwanil Desai: Okay. No problem. And second question, see, we have been doing phase-wise expansion and each expansion adds INR150 crores, INR200-odd crores of revenue. But it also may be creating some inefficiencies in terms of the process flows, in terms of planning. So, are you guys having any thought process in terms of creating a much larger blocks and moving and consolidating the manufacturing facility maybe at a later date, but is that thinking on that side to kind of increase efficiency, et cetera?

Komal Gupta: No. In fact, we think exactly otherwise. We don't think that having a huge plant facility would really do benefit us. We believe in having incremental capacity expansion in terms of -- because we -- there are a few costs that you would start bearing as fixed cost even if you are not able to -- even if you are not able to use it and you become a little bit more desperate in terms of filling that huger plant than being able to focus -- have a little bit of control in terms of, be it operating working capital, or be it cash flows, or be it margins. So, we rather, believe that it is important to keep a track, follow the discipline of only adding incremental capacities going bit by bit.

And however, we have to ensure, of course, which we do is that capacity should never become a hurdle to be able to deliver the kind of growth that the business can deliver. So, this is the balance that we have always maintained, and we are very solid in terms of this strategy working best in our favour instead of having a big capacity put in and then forgetting about everything else and just focusing on filling that capacity anyhow.

Dhwanil Desai: Got it. Very clear. And any update on the new dosage form?

Hitesh Windlass: No, nothing so far. Nothing is final.

Moderator: The next question comes from the line of Avnish Tiwari with Vaikarya Investment Managers.

Avnish Tiwari: Komal, can you articulate the gross margin performance, which we had this quarter? So, if a portion of Trade Generics mix has come down and which is typically a higher gross margin, so what might have from a mix point of view, helped our performance on gross margin? It's pretty remarkable performance. Any segment or any other factors added related to the API prices or anything?

Komal Gupta: Yes. So actually, the gross margin that we have been able to deliver, they are mainly driven by business mix, operational efficiencies that we have been able to bring in, and the product portfolio within -- especially within CDMO vertical that we were able to convert in this quarter. So, for the quarter, the margins that you see are coming in from these and increasing contribution from various value-added products that we always try to add.

But I'd like to mention that we don't try to maintain quarterly margin outcomes as such. We try to maintain and improve the material margin levels on customer level. If we are able to add a little bit a few more products, which are high margin in addition to a low margin product that is being added by the customer. So, we try to maintain that balance and continuously trying to improve that.

Exports vertical growth that keeps coming in has also helped us. And yes, there is clearly some hit that the business has taken because of lower Trade Generics & Institutional vertical coming in. But fortunately, we have been able to handle that through better products delivered in this quarter in CDMO vertical. That might not be a long-term thing. It will mainly be defined by the product portfolio that comes in the coming quarters.

Avnish Tiwari: Okay. And sir, last question, how are the API prices are trending or experiencing -- you guys have experienced? Are they more stable zone now or they were a bit more volatile due to the crisis earlier? How are they behaving now?

Hitesh Windlass: So Avnish-ji, there's a hype -- I would say that we -- the impression that I have in my mind is of volatility only. The stability is still to be there. And this is why Komal also mentioned that some inventory had to be also increased during the quarter. We also had to make sure that the negotiations with the customers happen very, very quickly.

And customers also have their own view about API prices many times because they are in the market and they sometimes help us also to get better prices because of their own influence in the market. So, we have been leveraging all these things, but the volatility is not gone. I don't see that stabilization -- I would be very incorrect to say that stabilization is already appear.

Moderator: The next question comes from the line of Kumar Saurabh with Scientific Investing.

Kumar Saurabh: And you have told that capacity addition we will do when it is required. But having interacted with fellow investors, I think the general concern is usually when any capex is announced, it takes 1.5, 2 years to come live and then operating leverage.

So, with that, my question is and having listened to the previous answers, correct me if I'm wrong, my sense is it could be a brownfield project for next expansion whenever it comes. My only question is from the time we plan, how much time will it take us to go live and start generating revenue?

Hitesh Windlass: See, Mr. Kumar, the important thing to understand is that in any CDMO business, not just pharma, if your customer sees that you have a huge unutilized capacity, he understands that he can get you to sign up for a very, very low-margin business, okay? So, creating very large capacity is somewhat counterintuitive. You go for efficiency and you lose efficiency. So therefore, there is a balance.

And we understand that from our history that if we are doing something in oral solids, if it is more or less the brownfield is more or less compliant to the new schedule and then for us, the time taken to bring it up is more like 1 year.

If it is a new dosage form, obviously, then there is a different learning curve. So, the -- and the number of dosage forms and the number of products in our space in pharma is also very, very large. So, if you see the largest player in this space, I think they have more than 19 facilities, and they have also gone ahead with some more acquisitions.

Our space is not to try to come and say that we are the cheapest and the largest. We try to go to the customers and say that we are upholding the quality. We are transparent, and we'll work with you for your needs. So, this is a different -- slightly different approach than to say that I'm the cheapest and the largest bring everything to me.

Moderator: The next question comes from the line of Ankur Kumar with Alpha Capital.

Ankur Kumar: Sorry, just small follow-up. When is this new Plant 6 coming in, which month is it coming in?

Hitesh Windlass: So, we have said Plant 6 will be coming in at the end of Q2. The H1, end of H1. So yes, maybe 15 days plus/minus could be there, but that's what we are targeting.

Ankur Kumar: So, this extra INR3 crores per quarter depreciation will start from Q3?

Komal Gupta: Yes, something in Q2 and Q3 it will be full.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Hitesh Windlass: Thank you very much, everyone, for giving us the opportunity to speak to you and wishing you all the very best.

Komal Gupta: Thank you.

Moderator: Thank you, sir. Thank you, ma'am. Ladies and gentlemen, on behalf of Windlas Biotech Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.