GUJARAT THEMIS BIOSYN LIMITED

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Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai- 400001
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Exchange Plaza,
Bandra Kurla Complex,
Bandra (East), Mumbai- 400051
Symbol: GUJTHEM

Sub: Transcript of the conference call held on Monday, 10th August, 2026.

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our intimation dated 4th August, 2026, intimating you about the conference call invite for Q1FY27 with Analysts/Investors Group held on 10th August, 2026, please find attached herewith the transcript of the aforesaid conference call.

The above information is also available on the website of the Company at www.gtbl.in

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Gujarat Themis Biosyn Limited

Dinesh Shantilal Patel

Digitally signed by Dinesh Shantilal Patel
Date: 2026.08.14 20:58:03 +05'30'

Dr. Dinesh S. Patel
Chairman

"Gujarat Themis Biosyn Limited
Q1 FY27 Earnings Conference Call"
August 10, 2026

MANAGEMENT: **DR. SACHIN PATEL – MANAGING DIRECTOR – GUJARAT THEMIS BIOSYN LIMITED**
MR. KRUPESH PATEL – CHIEF FINANCIAL OFFICER – GUJARAT THEMIS BIOSYN LIMITED

MODERATOR: **MR. HRISHIKESH PATOLE – 360 ONE CAPITAL MARKET PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Gujarat Themis Biosyn Limited Q1 FY27 Earnings Conference Call hosted by 360 ONE Capital Market Private Limited. This conference call may contain forward-looking statements about the company, which are based on 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 the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Hrishikesh Patole from 360 ONE Capital Market Private Limited. Thank you, and over to you, sir.

Hrishikesh Patole: Thank you, Parin. Good afternoon, everyone. On behalf of 360 ONE, I welcome you all to the Q1 FY27 Earnings Conference Call of Gujarat Themis Biosyn. Hope everyone is in good health and doing well. On behalf of GTBL today, we have with us Dr. Sachin Patel, Managing Director; Mr. Krupesh Patel, Chief Financial Officer.

I now hand over the call to Sachin for the management's opening remarks, post which we'll open the session for Q&A. Over to you, sir.

Sachin Patel: Thanks very much, Hrishikesh. Good afternoon, everyone. On behalf of GTBL, I welcome all of you to our Q1 FY27 Earnings Call to discuss our financial performance and business updates. As Hrishikesh mentioned, on the call with me today is Krupesh, our CFO.

It gives me great pleasure to address you all today as GTBL stands at an important transformational juncture in its growth journey. Over the last few years, we have consistently spoken about transforming GTBL into a larger, more diversified and innovation-driven pharmaceutical company.

Today, we are beginning to see this strategy take tangible shape. While our quarterly financial performance remains important, what is more significant is the strategic platform we are building for the next decade of growth.

The global pharmaceutical industry continues to evolve with increasing demand for complex APIs, specialty pharmaceutical ingredients and fermentation-based products. Customers are seeking partners that offer scientific expertise, process development, regulatory compliance and end-to-end manufacturing capabilities. We believe these structural trends create a compelling opportunity for GTBL, and our strategy is focused on building capabilities that allow us to participate in higher value opportunities across the pharmaceutical value chain.

The strategic initiatives undertaken over the last 18 to 24 months are all connected by one common objective, transforming GTBL into an integrated fermentation-led pharmaceutical platform. Our ongoing multiphase capital expenditure program is expanding our fermentation infrastructure, strengthening our R&D capabilities and creating downstream API manufacturing capacity. These investments are intended to diversify our product portfolio, deepen technology capabilities and enable greater value addition.

Historically, the company has developed deep expertise in fermentation-based intermediates. Going forward, we aim to progressively move downstream into APIs and other high-value products, thereby capturing a larger share of the pharmaceutical value chain.

Moreover, we have been strategizing to complement this organic growth with inorganic expansion opportunities. As you might be aware, we announced two major strides in that direction recently. We recently announced plans to acquire MicroBiopharm Japan, which specializes in precision fermentation and various other technologies and therapy areas.

This acquisition provides access to advanced fermentation technologies, specialized scientific talent, proprietary know-how, more manufacturing muscle and an established R&D platform. The move adds therapy areas across immunosuppressants, oncology and anti-infectives as well as technical capabilities such as peptides, plasmids, ADCs and enzyme engineering.

Overall, this would enhance our capabilities across fermentation science, process development and next-generation products and accelerates our aspiration of becoming a globally integrated fermentation-based CDMO player.

Complementing our technology expansion is acquisition of selected global brands from Sanofi France. As a part of this, we are acquiring 13 established brands in the anti-TB and anti-infective segments. This portfolio gives us access to 55 countries across Europe, Middle East and Africa markets. While MicroBiopharm strengthens our upstream scientific and manufacturing capabilities, the Sanofi portfolio expands our downstream commercial presence through established brands and international marketing access.

It also creates opportunities for forward integration from intermediates to APIs and finished formulations. Together, these acquisitions substantially broaden our therapy areas such as oncology, immunosuppressants, etcetera, as well as give us a global geographical footprint.

Viewed as a whole, these initiatives present a clear strategic road map. Expanded fermentation capacity supports manufacturing scale, investments in R&D strength and innovation, API expansion enables forward integration, MicroBiopharm enhances technology capability and the Sanofi portfolio broadens our commercial reach.

Collectively, these initiatives position GTBL as an innovation-led pharmaceutical company with a growing CDMO capability, a wide therapy area and a strong foundation for sustainable long-term growth.

Now I would like to hand it over to Krupesh to take you through the financial performance of the quarter. Over to you, Krupesh.

Krupesh Patel: Thank you, Sachin bhai. Good afternoon, everyone. Revenue from operations for Q1 FY27 stood at INR43.8 crores compared with INR35.9 crores in the corresponding quarter last year, an increase of 22.1% year-on-year. This growth came in from a robust increase in sales volumes, which reflects a healthy demand outlook for our products.

EBITDA for the quarter grew by 49.4% year-on-year to INR20.8 crores with an EBITDA margin of 47.5%, up by 867 basis points. Profit after tax stood at INR11.1 crores compared with INR9.1 crores in Q1 FY26, reflecting a growth of 22.1% year-on-year. Our balance sheet remains healthy and provides the flexibility to continue investing in our long-term growth initiatives.

With that, we can now open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session The first question is from the line of Harsh Upadhyay, an Individual Investor.

Harsh Upadhyay: It has been almost 3 years since we last had a con call, sir. So first of all, my question is that what was the reason behind the almost 3 years of silence?

Sachin Patel: Is that the first question or the only question?

Harsh Upadhyay: No, no, it is the first question, sir.

Sachin Patel: Okay. No, I think you're right. We have been silent for the past 3 years. I think we have been in a mode whereby our business has been pretty, I would say, flat, but at the same time, we've been sold out in capacity, and we have been in a working phase whereby we've been investing in capex and building the infrastructure that we have. And admittedly, we have been late by almost about a year in terms of the projects that have been implemented, but now it's all ready to go.

Harsh Upadhyay: Yes. So my first question is regarding the INR3,000 crores mega acquisition that we are doing. So we are raising around INR1,000 crores through QIP and taking a debt of around INR2,000 crores. Now if you take the modest cost of capital around 10%, then it will create around INR200 crores of interest burden every year.

So if this new business brings around INR1,000 crores to INR1,200 crores of revenue in the initial year, then a huge chunk of profit will go directly as an interest payment. So sir, how does this actually make financial sense for us in the near term? And when do you realistically expect these acquisitions to start adding actual net profit to our company's bottom line after paying the interest?

Sachin Patel: A couple of points. Although we have signed both the acquisitions at one time, one of them gets closed right now. The second one is still probably about 6 months or 9 months, if not longer away because the long stop date over there is June next year. The reason for that essentially being that there are significant regulatory approvals that have to be obtained from over 50 countries. So it is expected to take time, which it usually does.

And with regards to the interest cost, while the interest percentages are significantly higher in India, in the two geographies that we are looking at, the interest cost is significantly lower than the 10% that you have mentioned. So we don't see interest outflow to the tune of the number that you mentioned. And the way we see it from the very beginning, this business is actually cash flow positive.

Harsh Upadhyay: Okay, sir. Sir, my next question is regarding the API block. So back in November 2023 con call, you guided that we would start seeing additional revenue from the API block in FY '25. Now we are already in the FY27, but our quarterly revenue is still stuck around the historic INR40 crores run rate. Could you please explain what led to such a long delay of 2 years when we finally see the actual revenues in the P&L?

Sachin Patel: So essentially, our API block, although we were planning to start it immediately, it took a lot of time because we did not have enough capacity in the fermentation blocks. So that is something which has just begun now.

And unless we had more intermediate, we had no opportunity to produce API because, whatever we were producing was already contracted in terms of sales. So we could not get into the API part by cannibalizing or by reducing the supplies that we had to the current customers, which have been long-term partners of ours for a long time.

Harsh Upadhyay: So sir, now we are having the additional fermentation capacity that is which we are going to use to make the API, right?

Sachin Patel: That's right. That's right.

Harsh Upadhyay: Yes. Sir, my last question is regarding the merger, the merger that we have planned with the Themis Medicare, sir. Sir we noted the announcement happened in around November 2024. But after 6 months, the decision was made to withdraw the scheme. Sir, could you please explain the insight into the strategic thinking behind pursuing the merger initially? And what factors led you to decide to call it off?

Sachin Patel: So our initial thought was to essentially make this a fully integrated pharmaceutical company with API fermentation and brands in the domestic market. But that at a similar point of time at GTBL, we appointed an external firm to give us a strategic option in terms of what all could we do in GTBL. And this is where the whole concept of a fermentation-based CDMO became more clearer to us.

And we felt that if we would be doing anything else, we will be diluting what GTBL is doing. And hence, from a perspective of GTBL, it was decided that we want to grow this particular business as a fermentation-based CDMO and not get into other businesses, which were predominantly domestic in nature.

Moderator: The next question is from the line of Arihant Agarwal from Ardhant Venture.

Arihant Agarwal: I had a question with regard to your group company, Themis Medicare. And post the merger, near the acquisition that you have, the Sanofi brands and MBJ, what are the benefits that can actually move towards formulation for Themis? Do you see that happening over the next 1 to 2 years where I think a formulation which is currently outsourced, will eventually move towards Themis?

Sachin Patel: So I think a couple of things. I'll divide the discussion or the response between Themis and GTBL because, we are really on the GTBL earnings call. So from a GTBL perspective, the Sanofi business, which is there will be contracted to a certain part of it will be contracted to CMOs, which may or may not be Themis.

But as plans stand right now, it will not be Themis because there are projects which are going on in Themis already or some other category of products. So we don't envisage that. But yes, we most certainly will be moving production from Sanofi to other sites, but on a CMO basis, which may or may not be inside India.

Moderator: The next question is from the line of Nirali Shah from Ashika Investment Managers.

Nirali Shah: I have three questions. So first one is on the MBJ. We have a lot of capabilities that we are bringing in from the MBJ portfolio, like the precision fermentation, ADCs enzymes. Just wanted to know which of these platforms are already commercialized or commercially validated today and which are essentially like a 5-year option? And what revenue is currently being generated from each of them?

Sachin Patel: So at MBJ, apart from ADCs, which is a relatively new technology that they have developed and patented, all the other areas are already commercialized, which means they have experience of at least one project that they have put into development and also commercialized, which means they have the respective GMP accreditations too, which would be required. In terms of revenues, which are coming in from each of the verticals that we are not in a position to diverge at this stage.

Nirali Shah: Okay. So ADCs is something that will be coming up now, right?

Sachin Patel: ADCs is something which will be -- so they have the technology, but there is no project which is still bagged from a CDMO perspective. But it's an innovative technology, which only time will say how much interest it gains from the prospective customers.

But all the other technologies, meaning peptides, plasmids, onco, precision fermentation, immunosuppressants, anti-infectives, these are all commercialized or at least one product from each of them is commercialized.

Nirali Shah: Understood. My second question is on the -- so we are seeing a global product market shift from Rifampicin towards Rifapentine. What is the downside to our existing Rifamycin-S economics? And how much of that risk is offset by the Gujarat Themis moving downstream into Rifapentine APIs?

Sachin Patel: We actually like -- from a Rifa-S manufacturing perspective, we like the fact that the market is moving towards Rifapentine, although not as rapidly as we would like because the requirement of Rifa-S to manufacture 1 kilo of Rifapentine is more than what you require to manufacture Rifampicin. And from our perspective, it doesn't matter either way because we are ready with both the APIs.

Nirali Shah: Understood. And lastly, on the fermentation capacity, if you can help bridge the utilization, the additional 540 KL capacity that we have come up with and more color on the customer qualifications and how much of it is currently unallocated?

Sachin Patel: So we have -- as you mentioned, we have practically doubled the capacity, not all of the expansion is going only for Rifampicin because there is some expansion, which has also gone for R&D and cGMP pilot facilities, but practically double the capacity. And the manufacturing site starts full steam by the end of this month. So we have to basically commercialize everything that we produce.

Nirali Shah: So what will be our utilization level from that incremental plant?

Sachin Patel: So from a fermentation perspective, it's 0 or 100. So basically, we will be running capacity at full scale. So the expanded capacity will be fully operational and running and producing by the end of this month. In terms of customers, etcetera, obviously, our target is everyone who is using the intermediate in and outside the country.

Moderator: The next question is from the line of Saloni Arya from Molicule Venture PMS.

Saloni Arya: Sir, I just had one question on the MicroBiopharm Japan deal. We are made aware this deal is expected to be closed by August end. So has the funding been secured to close the deal?

Sachin Patel: Yes, pretty much. And I think there would be some last minute approvals required. But yes, otherwise, it is in place.

Saloni Arya: Okay. So if the funding is secured, sir, may I ask what this extra INR450 crores debt flexibility option plus INR1,000 crores guarantee that we have recently taken from the group company. What's the purpose for that, sir?

Sachin Patel: So we have -- we are preparing for multiple avenues in terms of funding. So we have one avenue closed, but we would like to work with the optimal mix of debt and equity. So we are keeping everything ready by the end of this particular month when we have to do the closing to figure out or rather to ensure that we have the best mix that is required to close this particular transaction.

Saloni Arya: All right.

Sachin Patel: And hence, there are multiple approaches which are being explored and being exercised also. At the right time, we will take a call what works best for us.

Saloni Arya: Makes sense, sir. Sir, regarding the stand-alone capex that we have done, the fermentation block as well as the API block. I just wanted to take an update from you. Since last we spoke, we were expecting the commercialization to happen from this month onwards. So has that started yet? And what is the update on the same? When can we expect numbers coming in from the stand-alone entity?

Sachin Patel: We should start seeing the output from the expanded capacity to a certain extent from this quarter and then finally in the second half of the year.

Saloni Arya: So, from both the API and the fermentation block will be up and running?

Sachin Patel: That's right.

Moderator: The next question is from the line of Mithun Maity from MMM Capital.

Mithun Maity: Sir, my question with regards to the Sanofi acquisition, which is more on asset-light model as we are not acquiring any of their assets, manufacturing assets. Since there are no factories being acquired, the Sanofi's portfolio molecule will be manufactured immediately by whom as in post-closing this deal as and when it will be manufactured. Will it be manufactured directly by us or we will be doing with some other party?

Sachin Patel: Sorry, the line was not very clear. Was the question if Sanofi product is going to be manufactured directly by us or by someone else? Was that the question?

Mithun Maity: Yes, after the post-closing the deal.

Sachin Patel: After post-closing, there is a transition service agreement between us and Sanofi for 3 years, whereby in a step-by-step manner, all the transfers will take place. It starts with country-by-country transfer of the marketing authorization from their name to our name, which will finally culminate into all the manufacturing moving into our control, not the sites, not the people, but just the manufacturing.

So essentially, we will be using CMOs, some of them which already are Sanofi is using and some of them we will create at the end of 3 years' time.

Mithun Maity: So after 3 years, this would be completely manufactured by us. That's the plan, right?

Sachin Patel: We hope much earlier. We hope much earlier. But yes, 3 years is the maximum time that would take. So all the tech transfers, etcetera, would be complete in the first year itself.

Mithun Maity: Okay. Sir, my question with regards to the fundraising activity. How much we are raising by debt? Is INR2,000 crores or it is INR1,500 crores?

Sachin Patel: So we are keeping ourselves ready to do the transaction completely or significantly by debt and also planning on equity. So as I mentioned to the previous person who was asking the question, we'll do the right mix as the time goes -- as the times comes by.

Mithun Maity: But we haven't decided any absolute amount in terms of debt as what's the exact amount. We have kept that option open?

Sachin Patel: Right now, I think what we have decided is that we are raising equity up to INR1,000 crores. That is what we are looking at right now to raise equity up to INR1,000 crores. And then we will figure out exactly whether we raise INR1,000 crores or how do we go about the debt -- sorry, what do we do with regards to the debt part. But we are keeping everything ready for us.

Mithun Maity: Okay. And this MBJ's proprietary technology like P450 enzyme library as in how quickly we can absorb it and commercialize it within Gujarat Themis?

Sachin Patel: Sorry, was the question about enzymes and how we can commercialize it in GTBL?

Mithun Maity: Yes. How soon it's going to be?

Sachin Patel: So I think -- look, we have some clear ideas on this, and we can do a fair amount of work within the first year. So I think it won't take too much time for us to bring in some quick wins in terms of synergy between the two companies.

Mithun Maity: Great. That answers most of the questions. Sir, my only request is, can we have this con call going on, on a quarterly basis, if not quarterly on a semi-annual basis regularly rather than just one-off.

Sachin Patel: Yes, most certainly.

Moderator: The next question is from the line of Vignesh Iyer from Sequent Investments.

Vignesh Iyer: Two questions from my end. The first question is on the promoter encumbrance. Could you guide me -- if I'm not wrong, in the month of July, around 2% of the encumbrance got released. So what is the action plan from here on part of that? How would we see the encumbrance going down?

Sachin Patel: Sorry, I'm not aware about this particular detail. The 2%?

Vignesh Iyer: I mean the pledge of the shares that has happened because I guess it is around -- as on June, it was around 48%, 48.5% and a certain 1.5%, 2% got released in July. So I wanted to know what is the action plan on this part to reduce the promoter pledge?

Sachin Patel: I think within a year, it should be going down year to 15 months should be going down significantly.

Vignesh Iyer: Okay. Okay. And wanted to understand on our base business, what kind of capex can we expect in this year in FY27?

Sachin Patel: So most of our capex is now completed. I think probably to do some last do the last mile thing, we may have a little bit left, about INR10 crores to INR15 crores, but otherwise, most of the capex is already done by the company.

Vignesh Iyer: Right. And some amount of maintenance capex would also be there, right, in this year?

Sachin Patel: Yes, some amount that would be there for sure. But typically, our capex has been a few crores, not much.

Vignesh Iyer: Okay. So around INR20-odd crores can we expect, I mean, on the base business for the year?

Sachin Patel: Yes.

Vignesh Iyer: Including everything?

Sachin Patel: Including everything.

Moderator: The next question is from the line of Viraj Parekh from JMP Capital - Family Investment Office.

Viraj Parekh: My first question is slightly broad-based. Sir, basically, what I would like to mention is since FY23 to FY26, we have been more or less in a similar range of revenues as well as operating profitability. So firstly, I would want you to throw some light as to what is the vision of the management team and the company for the next, say, 3 to 5 years.

I understand we have been in an investment phase. So if you could give us some flavor, it will be very helpful. That's the first one. And if I may, sir, second is a little bit on the bookkeeping front. If you could guide us as to how the gross block has moved from FY23 to FY26 in absolute terms, if you can just mention it, sir.

Sachin Patel: So I'll answer the first question, and I'll let Krupesh answer the second one on gross block. So over the last, I think, 4 or 5 years, our numbers have been pretty flat in terms of revenue and in terms of margins because essentially, we've been sold out. And to increase capacity and fermentation is not very easy.

So it's taken us -- first few years have been there in terms of upgrading our current facility, which were quite old. And then the next 3 years have been spent in terms of creating the new infrastructure that we have done now. So the flatness really comes essentially, as I said, from the fact that we've been sold out and nothing else.

In terms of our future vision and goals, as I mentioned in the introductory statements that I made, we want to transform -- so besides definitely growing on the stack that we already have organically by selling more of what we are producing and perhaps some more products. We want to transform ourselves into a fermentation-based CDMO. So that is what the focus is. That is what we are working on through this Japanese acquisition.

And at the same time, financial strength is extremely important, and that is where the Sanofi portfolio comes in because it is forward integration of some of our APIs, which gives us a healthy stack of margins over there also. So vision is quite simple, fermentation-based CDMO grow on that and improve our financial performance. I'll let Krupesh answer the gross block question.

Krupesh Patel: So if you see on gross block side, so our gross block was around INR62 crores in FY23. And if you see the FY26 balance sheet, it is around INR435 crores, including CWIP. So if you see, we have incrementally added around INR370 crores in last 3 years in gross block. This INR370 crores comprises of new fermentation facility, API facility, new R&D infrastructure and the hybrid power project, which is recently going on.

Viraj Parekh: Right. Sure, sir. Sure. So just a follow-up on that. Thank you for your answer firstly. Sir, secondly, would it be right to say that we can replicate our historic asset turns? And just on a growth side, sir, next 3 to 5 years, if you can just give us some sense on the growth, sir.

What is the kind of top line we would want to achieve seeing the kind of investments -- long-term investments that we've made. And again, my question is for the longer term, sir, not for the near term, just to clarify.

Krupesh Patel: So on asset turns, if I can say, out of INR370 crores, around INR200 crores is if you can consider on asset turn side because this INR200 crores comprises new fermentation facility and API facility. So if I can say on asset turn basis, it is around INR200 crores, you can say 1.4x to 1.5x is the asset turn.

Viraj Parekh: Got it. Got it, sir. Got it. So will it be fair to say that across, say, next 3 to 5 years, putting conservatism also, we would want to reach that INR500 crores odd number in terms of our top line?

Krupesh Patel: So I can just want to say -- I don't want to specify a certain number here, but I can say we are -- on a base case basis, we want to grow on high-teen basis, I can say.

Moderator: The next question is from the line of Nimesh Pandey from NP Investments.

Nimesh Pandey: Hope I am audible to you?

Sachin Patel: Yes, clearly.

Nimesh Pandey: So sir, I have a couple of questions. So I just wanted to know, sir, could you take us through the key factors that shaped, I mean, FY26 revenue and profitability? And what key development should investors watch over the coming 2 to 3 years, particularly around the company's capex and acquisition plans?

Sachin Patel: So for FY26 in terms of numbers, if you see, they are pretty much in line with the previous few years. So there may have been 1 year which -- where you would have seen a little bit of reduction because of some production-related issues because of excessive rains and power fluctuations. But otherwise, on the whole, FY26 has been pretty stable and pretty steady vis-a-vis the previous few years.

So all I can say is I think we were pretty much sold out in terms of capacity. So we are producing through the -- our usual efficiency and we were sold out. So I think there's nothing else that I can add to that. While -- the second question was again?

Nimesh Pandey: Yes, sir. So second question was how do you -- I mean, and what key developments and should investors watch over the coming 2 to 3 years, particularly around the company's capex and acquisition plans?

Sachin Patel: I think over there, we have clearly mentioned -- I think Krupesh mentioned in the previous caller's response also in terms of how the capex has come through and what we expect in terms of asset turns from the new capex, which has come in. So obviously, we would very much hope and expect growth coming in on a quarter-on-quarter basis. So that is one part.

And the second part is with MBJ coming in the fold with all the capabilities coming in the fold, I think some exciting synergies is what we are foreseeing coming through, which would essentially obviously lead to a lot of new projects that we can do together, which should also add further to the revenues and earnings of the company.

And I think integration with the Sanofi portfolio. So that will also be a very interesting space to see because that will definitely add value in terms of both top line and bottom line.

Nimesh Pandey: Okay. So my next question is what strategic value do the MicroBiopharm acquisition and the Sanofi portfolio bring to the GTBL? And how do they strengthen the company's CDMO capabilities and growth prospects?

Sachin Patel: So to have a fermentation-based CDMO title or to call yourself a fermentation-based CDMO, besides doing fermentation, we need a large number of capabilities that one needs to have to be able to say that, yes, we have all the capabilities that a typical fermentation-based bio CDMO would require.

So if we had to build those capabilities in-house, it would take us 7 to 8 years. Now with MicroBiopharm, it gives us a jump start of 7 to 8 years because all these capabilities are there, projects are there, supplies are there and of course, relationships with big pharma in Japan and a few big pharma globally also. So this is what MicroBiopharm brings us from one day to another.

And with regards to Sanofi, we were producing intermediates till yesterday. Now we are producing APIs. One also wants to produce the formulations because you want to make sure that you have the entire value chain under you. So I think that is the benefit that the Sanofi portfolio brings us. It essentially secures our bread and butter, which is what we are making right now.

Nimesh Pandey: Okay. Got it. Understood, sir. Sir, my last question is, how do you expect GTBL's business mix and financial performance to develop over the next few years? And what returns do you expect from the investments being made as a part of the current growth strategy? I mean it's pretty generic, but if you could please answer.

Sachin Patel: I think, again, this was probably answered in the previous caller. We are -- with the expanded capacity, we are expecting the asset turns that Krupesh mentioned, and we should start seeing that as time goes by in the future. So I think that's the GTBL stand-alone objective, which is there.

Moderator: The next question is from the line of Saket from Sagari Capital.

Saket: Yes. Sir, just one quick question vis-a-vis the Sanofi acquisition. So while you have clarified that you will be manufacturing some of these products in-house or via CMO depending on the capacity at hand. So are we going to market this product as well?

Because it seems currently, Sanofi is not really aggressively promoting these products. So will there be, say, a more aggressive stance on marketing these offerings because these might be, I think, branded generic products in their respective markets. So any color on that?

Sachin Patel: Yes. So all of them are branded generic, you're absolutely right. And you're absolutely right, Sanofi is not marketing them at all. So wherever we want, we have the opportunity to take Sanofi distributors and some of them are pretty strong. So we intend to go ahead with that.

And then -- in certain markets where we feel that not enough is being done, we have already tied up with distributors who are strong over there in terms of taking these particular products to market. So we're already there in the market, but much more can be done with aggressive marketing, and that is definitely something that we are very excited about.

Saket: Okay. And sir, are these products not promoted via, say, medical representative, something that is there in the Indian space, like these are all more like -- it seems more like a trade generic products like distributed via distributors. Is that the case?

Sachin Patel: These are branded generic products. So in certain markets, distributors are marketing it through our field force. In certain markets, no one is promoting them. So there is a mix of -- there's a mixed bag. Country to country, there's a difference.

Saket: Okay, sir. Now sir, whatever we have gathered so far, it seems it's already operating at that segment or that those brands are operating at a reasonably high margins because, again, while the marketing cost per se is relatively low and Sanofi's premium pricing is anyways giving them that.

So is there a way and means by which we are looking at, say, expanding that EBITDA margin or the value add or, say, the better owner thesis that we want to bring to this table is largely through better distribution rather than margin expansion. So can margin expansion be relatively ruled out given that it's already operating at a relatively high margin even for a branded generic play?

Sachin Patel: No. In fact, both the opportunities are there. Besides the fact, as you rightly pointed out, we improve distribution through lot more aggressive approach. We also are expecting significant improvement in margins by integrating our API that we are producing into the supply chain vis-a-vis the API that currently Sanofi uses.

Saket: Okay, sir. Okay. Now just in case if I missed out, so within the Micropharm space, what percentage is currently coming via, say, patented offerings or say, if not today, say, for 3 to 5 years out, depending on the kind of pipeline that we have. So what would be the, say, patented vis-a-vis, genericized portfolio mix?

And is it safe to assume that entire revenue from Micropharm currently is -- they are out and out formulations CDMO, right, not the typical API CDMO that we have in India space, the major ones primarily?

Sachin Patel: So MicroBiopharm is 100% API CDMO. There is very little formulation, probably about 4% or 5% formulation, which is there and APIs, which are predominantly made by fermentation. And 60% of their business is currently CDMO. So significant amount is CDMO.

Saket: And how much would be, say, under patent?

Sachin Patel: So from what we understand, most of it is already off patent. But their development pipeline, obviously, the new projects that they are working on are under patent, but they are yet to be commercialized. But the commercialized projects are now off patent.

Saket: And is the clientele largely based out of, say, Japan because there are a lot of innovators over there? Or they also have, say, clientele outside that, like, say, Europe or U.S. based company.

Sachin Patel: 60% is in Japan, 40% is outside Japan.

Saket: And this is clientele or this is revenue?

Sachin Patel: Revenue.

Moderator: The next question is from the line of Hitesh from Kosha Capital.

Hitesh: Am I audible?

Moderator: Yes, Sir. You are audible now.

Sachin Patel: Sorry, I'm not able to hear anything.

Hitesh: Am I audible now? Is it better?

Sachin Patel: Yes.

Hitesh: Yes. Sir, you had mentioned that you had -- you're basically acquiring capabilities and getting a head start of 7, 8 years with the acquisition of MicroBiopharm. Could you please share what are these capabilities and with whom will we be competing with these capabilities in the global anyhow? That's the first question, sir.

Sachin Patel: So in terms of capabilities -- so besides wider product categories, I mean, we are making anti-infectives or other Rifampicin-based products. They have immunosuppressants, they have oncology and they have anti-infectives. And in terms of capabilities, they have got peptides.

They have plasmids, which essentially is a base to manufacture DNA, RNA, gene therapy, CAR-T. They have precision fermentation. They have enzyme engineering and capability that they are now building up is ADCs.

Hitesh: In terms of, yes, competitive edge?

Sachin Patel: I think globally, there are quite a few companies. Not too many, but probably -- and that is also another interesting part for us, not too many in fermentation CDMO, which covers all these things, but a few. I think the large ones are obviously the likes of Lonza and perhaps WuXi, in China. And of course, in India, we've got Anthem Biosciences. So I think this would probably be a summary and a few more globally.

Hitesh: Sure. Got it. And sir, second is both these acquisitions -- acquisition of Sanofi's brands and this one, will it be margin dilutive? Or will it be on the similar margins that our current GTBL business has? I mean, once we stabilize and integrate our operations successfully.

Sachin Patel: We would hope that once this integration is completed and once the stabilization is done, we would be -- we'll be close to where we are right now.

Moderator: The next question is from the line of Harsh Upadhyay, an Individual Investor.

Harsh Upadhyay: Sir, my question is regarding what exactly we are booking right now in our API block? Is it mainly Rifapentine, Rifaximin or any other molecule?

Sachin Patel: All 3, all 3.

Harsh Upadhyay: All 3. Okay, sir. And sir, I'm asking about the Sanofi deal. Sir, what will happen in the future? So suppose Sanofi is selling a medicine of anti-tuberculosis and Sanofi is written on the medicine name. So in the coming future, we will see the name of GTBL on that medicine. How will it happen, sir?

Sachin Patel: Yes. The brand will remain as it is, whatever it is right now. And the manufacturer will change from Sanofi to Themis Biosyn.

Harsh Upadhyay: Right, sir. And sir, are you planning to use the API that you are manufacturing from the Indian facility to the Sanofi? Is it how will the integration happen?

Sachin Patel: Eventually, yes.

Harsh Upadhyay: So sir, is there any inspection or audit happened from the Sanofi side that we are going to utilize our API in that?

Sachin Patel: No, but we are expecting approvals for our APIs in the coming years. So we don't need to wait until the integration with the Sanofi portfolio happens. We'll be ready much before that.

Harsh Upadhyay: Okay. And sir, regarding that hybrid power plant that recently has gone live. So what kind of actual saving or percentage boost that we can expect in our EBITDA margin from lower power cost?

Sachin Patel: So it has not gone live yet. We are expecting Phase 1 to go live in September. And then 2 months later, the second phase will start. And it should improve our EBITDA margins for sure, this will allow us to get power at a significantly lower price.

Harsh Upadhyay: Yes, sir. Sir, my last question is regarding that recent dispute with Optimus Drugs. Could you please explain, sir, what was the main reason behind their initial decisions of not buying our product?

Sachin Patel: So I will -- because of confidentiality reasons, I will not get into the details of it, but the good news is that, that dispute is behind us, and we are restarting business.

Harsh Upadhyay: Sir, in case suppose they have not adjusted with our needs and whatever the agreement that happened earlier. So what was the option that we had, except the dispute and the lawsuit that happened. But what are the alternate options that we had to handle our inventory?

Sachin Patel: So there is -- there are more than enough buyers for the same product in the country. So that was not a problem. And over the last 6 or 9 months, we have not supplied to them and still we could easily sell out our capacity. So that was not a problem. But as I mentioned, both the companies have worked constructively to resolve the dispute and continue business.

Harsh Upadhyay: Is there any plan for further dilute the customer concentration going forward?

Sachin Patel: I think I mentioned in one of the previous answers that our endeavor is to get into the supply chain and sell intermediate to anyone in the country and outside who is manufacturing these APIs.

Moderator: The next question is from the line of Hitesh from Kosha Capital.

Hitesh: One very strategic question. Sir, very few Indian companies have been able to digest a large overseas acquisition. We have very few examples of Indian companies turning around. And I think in our case, 2 back-to-back major acquisitions given the size of our company, the current business.

Just trying to understand how thin are we spreading in terms of management bandwidth and also the kind of risk that we are taking because there's a leverage coming in, there's a huge integration that needs to be done. And then there's a group company also where, again, we have some inherent challenges. How are you -- I mean, as an investor, it looks a little worrying how things could play out given this context, sir?

Sachin Patel: So both the businesses that -- so let me put it this way. First of all, I think you will agree that over the last 5 or 7 years, GTBL business has been pretty steady and cash flows have been pretty strong. So from a GTBL perspective, things have been, I think, reasonably robust.

In case, our endeavor when we were looking at both the acquisitions were that, yes, we are getting into a new geography, and we don't want to really look at inorganic opportunities where there is uncertainty of business or there have been too many ups and downs over the last 5 years.

So both the businesses that we are looking at have been very steady historically. There has been no major upside nor downside in any of the businesses. And as a result of that -- and for example, in MBJ, a very strong management, which continues to be there.

So we are not getting into any geography or any business where we are taking the responsibility of turning the business around. We are simply bringing in the synergies in both the places, which can add value, whereby 1 plus 1 is equal to more -- significantly more than 2. So I think that is where strategically we are aligned. We have no intentions of going to Japan and managing the company in Japan.

But integration for sure, where both of the teams are very excited to work together on that. By integration and in common projects where both the India, Japan advantage can actually come out.

Hitesh: Sure. Sir, because -- I mean, I haven't done -- I couldn't do a very detailed research on MicroBiopharm, but in the last 5 years, now this is the second time it is changing hands. So I think the first time it happened in '21, '22 or something. And then I don't see at least from whatever limited work that I've done, I haven't seen much of improvement in the last 4, 5 years after the last management took over. I think the private equity firm took it over.

I mean, in this context, when do you think the benefit of the synergies that you are anticipating will come to us? How much time frame -- what is the time frame you're looking at when we can realize that benefit, sir?

Sachin Patel: So the private equity firm came in 5, 6 years ago. And as the fund closes, the life of the fund closes, they are up for sale, and that is what has happened. And with regards to the journey -- their journey over the last 5 years, although the top line may have not improved, there is a significant improvement in the bottom line, which has happened by them creating a lot of value-added businesses and technologies, which have improved EBITDA line significantly.

So I'll leave it to that and say that as a top line, it may not seem as interesting, but from the capabilities that they have built up and the bottom line that they have managed to get and the cash flows and the cash flow situation that they have, it's a very interesting proposition. And I should also state that 2.5 years ago, we went to them to ask if they were ready for sale. So the initiation in terms of sale was actually very well thought of from our end.

Hitesh: Sure, sure. And sir, the second part, when do you see these synergies playing out? What is the time frame you're looking at, sir?

Sachin Patel: We expect some projects to start within the first year.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand over the conference to Dr. Sachin Patel sir, for his closing comments. Over to you, sir.

Sachin Patel: Thank you. Thank you very much. So as we look ahead, our priorities remain focused on executing our expansion projects, integrating recent acquisitions, commercializing new capabilities, broadening our product portfolio while staying focused on strong financial performance.

We believe these investments lay foundation for a greater and stronger and more diversified globally competitive GTBL. We remain committed to disciplined execution, innovation-led growth and sustainable value creation for all our stakeholders. Thank you all for joining this call today. Take care. Bye-bye.

Moderator: Thank you. On behalf of 360 ONE Capital Market Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.