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KWALITY PHARMACEUTICALS LIMITED

Regd. Office: Village Nag Kalan, Majitha Road, Amritsar - 143 601 (INDIA)

Phone : 91-8558820862 (Accounts)
: 91-8558820863 (Admin.)
: 91-9915743720 (Exports)
M.D. Mobile : 91-9814071215, 9814052314
E-mail : export@kwalitypharma.com
ramesh@kwalitypharma.com
Website : www.kwalitypharma.com

Date: May 21, 2026

To
Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001

Scrip Code: 539997

Subject: Transcript of Earnings Conference Call – Q4FY26

Pursuant to Regulation 30 and 46 (2)(oa) read with clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 please find enclosed herewith a copy of transcript of the audio call recording of the Company's Analyst Call held on May 19, 2026 at 5:00 p.m., on the Audited Financial Results (Consolidated and Standalone) of the Company for the quarter and financial year ended March 31, 2026.

The transcript of recording can also be accessed on the Company's website www.kwalitypharma.com.

Kindly take the same on your record.

Thanking You,

Yours faithfully,

For Kwality Pharmaceuticals Limited

Gurpreet Kaur
Digitally signed by Gurpreet Kaur
Date: 2026.05.21 18:21:39 +05'30'

Gurpreet Kaur
Company Secretary & Compliance Officer

“Kwality Pharmaceuticals Limited

Q4 & FY26 Earnings Conference Call”

May 19, 2026

MANAGEMENT: **MR. RAMESH KUMAR – CHAIRMAN AND MANAGING DIRECTOR – KWALITY PHARMACEUTICALS LIMITED**
MR. ADITYA ARORA – DIRECTOR AND CHIEF FINANCIAL OFFICER – KWALITY PHARMACEUTICALS LIMITED

MODERATOR: **MS. SOUMYA CHHAJED – GO INDIA ADVISORS LLP**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY26 Earnings Con-Call for Kwality Pharmaceuticals Limited, hosted by Go India Advisors. 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 the conference over to Ms. Soumya Chhajed from Go India Advisors. Thank you and over to you, ma'am.

Soumya Chhajed: Good evening, everyone and welcome to Q4 and FY26 earnings con-call of Kwality Pharmaceuticals Limited. We have on call with us Mr. Ramesh Arora, Chairman and Managing Director; Mr. Aditya Arora, Director and CFO. We must remind you that discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risk pertaining to the business.

I now request the management to take us through their yearly and quarterly updates, post that we will open the floor for Q&A. Thank you and over to you, sir.

Aditya Arora: Good evening, everyone. I welcome you all. Financial year '26 has been a landmark year for Kwality Pharmaceutical Limited as we delivered our highest-ever quarterly and annual revenues, backed by strong execution and operation discipline. In quarter four of FY '26, our revenue grew 35.8% to INR157.1 crores compared to INR116 crores for the same quarter last year.

For the full year, revenue increased to INR503 crores from INR370 crores in FY25, reflecting a strong growth of nearly 36%. Our profitability also improved significantly during the year. The EBITDA margins expanded from 22% to 24% while profit after tax grew 69% to INR67 crores from INR40 crores last year.

The PAT margins improved from 10.8% to 13.4%, driven by better operation efficiencies, improved realization, and disciplined cost management. Operationally, we successfully cleared multiple international audits, strengthened our global presence across LatAm, Africa, GCC, MENA, and Asia; received an ICRA credit rating upgrade to BBB+. We also continued investigating in future growth through biologics, oncology, hormone manufacturing, and a large-scale BE programs, covering over 40 molecules.

Despite temporary geopolitical disruptions impacting working capital cycles, we improved our cash conversion cycle from 208 days to 170 days and have already recovered nearly 30% of delayed receivables from Middle Eastern markets.

Looking ahead, we remain confident of achieving our FY27 goals of INR650 crores in revenue and INR100 crores PAT in FY27, while continuing our journey toward long-term aspiration of INR1,000 crores revenue by FY29.

I thank you all for your support and trust.

Moderator: Thank you. We will now begin the question-and-answer session. Our first question comes from the line of Deepak Chokhani with Raedan Capital. Please go ahead.

Deepak Chokhani: Thank you for this opportunity and congratulations Adityaji for excellent numbers. I have just one question. So, this quarter you did a top line of INR157.1 crores and PAT of INR25 crores. So, if I were to annualize it, it already comes to like INR650 crores and INR100 crores PAT, which you have guided for.

So, my question is, are you trying to be a bit conservative on the thesis like you want to over-deliver what you promised? Because it looks like you've been a bit conservative in terms of giving your projected numbers for next year? Thank you, that's the only question I have.

Aditya Arora: So, Deepakji, regarding the numbers what we have given, INR650 crores, Yes, it's a bit on the conservative side, but we believe that it should be around INR650 crores to INR700 crores, considering the timelines for registrations, specifically in the LatAm regions and the delays which we have faced in the previous quarters.

So, we believe that INR650 crores is a very, very achievable number, but this number could increase considering if we get more registrations or queries from the ministry and the registration happens in the timely manner. So, probably this number could go plus/minus -- sorry, not minus but plus INR50 crores.

Deepak Chokhani: Great, that answers my question. Thank you, Adityaji, and all the best.

Aditya Arora: Thank you.

Moderator: The next question comes from the line of Deepak Poddar with Sapphire Capital. Please go ahead.

Deepak Poddar: Yes, am I audible?

Aditya Arora: Yes, Deepak.

Moderator: Yes, Deepak.

Deepak Poddar: Yes, so my question revolves around your oncology. I mean -- so just wanted to understand what sort of revenue mix we had from oncology in FY26? And how should one look at its trajectory when we reach INR1,000 crores by FY29, Yes?

Aditya Arora: So, Deepakji, the revenue was roughly close to INR100 crores in FY26 for oncology. So, this number we are projecting to increase by up to INR300 crores by FY29. And next year the contribution will increase to INR150 crores.

So, probably the challenges which we faced in the last year was that because of the change in the guidelines of Annexure 1, European guidelines, so the timeline of manufacturing and the process of manufacturing change controls and changeovers as per those guidelines, the capacity utilization came down from, I mean, from 35% to 40% to 65%.

So, we had to make an immediate expansion in our facility and we have made an allocation of roughly around INR50 crores to make those expansions and to achieve, you know, the sales target what we have for FY29. So, INR300 crores in INR1,000 crores sale revenue would be the contribution of oncology.

Deepak Poddar: Okay. And what's the margin profile? Is it higher than the company level's margin in oncology?

Aditya Arora: So, the mix of peptide products in the overall oncology products will be 40%. So, overall, you can say the EBITDA margins will be roughly around 30% to 32% in case of onco products.

Deepak Poddar: So, onco product margin is around 30% to 35%?

Aditya Arora: 32%. So, we divide it into two categories; one is the routine oncology products and the other are the peptide products. In case of peptides, the margins is roughly around 40% and in case of routine oncology, it's roughly around 25%. So, the contribution of peptide would be 40% of the total sales.

Deepak Poddar: 40% of total oncology sales?

Aditya Arora: Of total onco sales, onco sales.

Deepak Poddar: Okay, okay. So, average comes to about 32% to 35%?

Aditya Arora: Correct, correct.

Deepak Poddar: Okay, okay, understood. And I mean, you have clearly stated about FY27 guidelines. So, anything on FY28? How should one look at FY28?

Aditya Arora: Roughly around INR800 crores to INR850 crores, sir.

Deepak Poddar: And what sort of margins?

Aditya Arora: So, probably the EBITDA margins at INR650 crores should be around 26% to 27% and INR800 crores to INR850 crores, it should be around 28%. Our target is around FY29 INR1,000 crores mean 30% EBITDA margins.

Deepak Poddar: 30%. And this will be driven by oncology also, right? I mean because that's margin accretive for you. Okay, okay. And just one last thing from my side, this Unit 6 hormones, I think we are expecting to commission by 2H. So, can you throw some more light, what sort of capex is involved here and what sort of revenue potential this Unit can have? So, some more details on that would be very helpful.

Aditya Arora: So, roughly around INR65 crores of capex was to be done and roundabout we have already spent 50% of the total capex in FY26. So, we believe that before November, we'll try to get the WHO GMP and do the commercialization in the ROW market.

Deepak Poddar: Okay. I got it. And what sort of revenue this unit can generate for us?

Aditya Arora: Sir, it totally depends upon the registrations we do in the high regulated, but as of now if we consider only unregulated and semi-regulated, we target at achieving INR150 crores before FY29.

Deepak Poddar: So, out of the INR1,000 crores, INR150 crores we are expecting to come from Unit 6?

Aditya Arora: So, as of now we have not considered hormone sales revenue and biologics sale revenue in INR1,000 crores.

Deepak Poddar: Okay, so in INR1,000 crores, this INR150 crores is not included?

Aditya Arora: Exactly, sir.

Deepak Poddar: Okay, okay, okay. That's pretty clear and that would be it from my side. Wish you all the best. Thank you.

Aditya Arora: Thank you.

Moderator: Thank you. The next question comes from the line of Utkarsh Somaiya from EIKO Quantum Solutions Private Limited. Please go ahead.

Utkarsh Somaiya: Thank you for the opportunity. Just wanted to confirm your guidance. You said FY28, INR800 crores to INR850 crores revenue and 28% EBITDA margin and FY29 INR1,000 crores revenue and 30% EBITDA margin, right?

Aditya Arora: Correct, sir.

Utkarsh Somaiya: And how will your capex look like in FY27 and FY28?

Aditya Arora: So, sir, for hormones, oncology expansion, biosimilar with clinical trials and the R&D and the bioequivalence what we have to do, all these four projects roughly the capex was around INR260 crores to INR270 crores, out of which INR46 crores capex we have already done in FY26. So, FY27, we would do roughly around INR90 crores and another INR90 crores to INR100 crores in FY28.

Utkarsh Somaiya: Noted. Thank you. And also as you scale your revenue to INR800 crores, INR850 crores to INR1,000 crores, how will your working capital and annual interest cost look like?

Aditya Arora: Annual interest cost will roughly remain the same, sir, it won't change because we have not increased our borrowings. Even the borrowings have almost remained the same. And working capital probably shouldn't be increasing considering that the cash conversion cycle is going to improve quarter-on-quarter. So, we believe that it is not going to increase much.

Utkarsh Somaiya: Perfect, perfect. So, this INR11 crores number will stay around somewhere here even as you scale?

Aditya Arora: Correct, sir.

Utkarsh Somaiya: Fantastic. Thank you so much and best of luck.

Aditya Arora: Thank you, sir. Thank you.

Moderator: The next question comes from the line of Harshit Pandey with Blue Star Capital. Please go ahead.

Harshit Pandey: Hello. First of all, congratulations for amazing set of numbers, sir. Sir, I just want to understand that -- hello?

Aditya Arora: Yes, sir. Yes, sir.

Harshit Pandey: Am I audible?

Aditya Arora: Yes, sir.

Harshit Pandey: Okay, okay. Yes, okay. So, sir, I just want to understand that like what would be the -- like means as we have seen that Q1, Q2 was like same, so what would be for FY27 like Q3, Q4 are heaviest for us, so it would be in same line or it would be like change for this year?

Aditya Arora: I understood, sir. So, probably the Q1 for FY27 will be the same as Q4 of FY26. It will be around INR150 crores -- between INR150 crores to INR160 crores. But the second quarter of FY27, we believe the numbers would increase to INR160 crores, INR170 crores. So, I think quarter-on-quarter, there will be increase of 15% to 20% increase in sale. And quarter four, our target is that we should cross INR200 crores mark. But the first quarter is going to be almost same to the Q4 of FY26.

Harshit Pandey: Okay. And with improved margins, right, sir?

Aditya Arora: Correct, sir.

Harshit Pandey: Yes, okay, okay. Thank you, sir. All the best.

Aditya Arora: Okay, okay, sir.

Moderator: Thank you. The next question comes from the line of Dhruvesh Sanghvi with Prospero Tree Asset Management. Please go ahead.

Dhruvesh Sanghvi: Hello everyone. Am I audible, Aditya?

Aditya Arora: Yes, sir. Yes, sir.

Dhruvesh Sanghvi: Sir, just first I would like to congratulate you and such a wonderful journey it has been for you and the way you communicated in FY23 that you will broadly do a INR500 crores plus and you are there and with much better margins and everything.

And I am actually happily surprised with what you are saying is that the margins will further and further improve from here. But I am also a little skeptical with that statement, so I just want

to understand that how do you see margins getting expanded so much if you can throw some light?

Aditya Arora: So Dhruveshji, first thing is that in INR1,000 crores revenue, as I was telling the previous investor, that we have not included our biosimilar and hormone revenue. So that stands as a contingency plan if we are not able to achieve the numbers with the present sets of registrations.

Secondly, sir, the first round of registrations which we communicated to the market were made in mostly unregulated and semi-regulated market. We are -- we have almost got four registrations now, major registration in European countries. However, the certificate is yet to be announced so that we have not made it public, but probably by end of May or June, we'll get the registration.

So, now we are slowly moving towards the regulated markets and we expect at least seven, eight registrations before end of calendar year 2027. So, that -- the margins in those products are roughly around 40% EBITDA margins and those are fresh registrations, not site variations. So, that adds to the numbers considering they'll be, you know, contributing almost 10% in future in our revenues. So, overall, we see that the 27% EBITDA at INR650 crores, INR700 crores is very much achievable.

Dhruvesh Sanghvi: Great, sir. And sir, one more part is if I have to dissect current INR500 crores revenue, you know, historically what used to happen is that, let's say, if I probably pick up of FY21 revenue and compare it with FY24 revenue, a lot of product profiles would change because we were doing a lot of tender kind of a business.

But I sense that there will be a lot of consistency in terms of revenues and product profiles. So, has the profile changed to more than 50%, 60% of consistent product sales where we have four, five years of visibility or it is kind of a treadmill business where we have to keep finding completely new customers and markets again and again? I just wanted your view on how the business has shifted in the last three, four years?

Aditya Arora: So, Dhruveshji, in INR503 crores, the 35% of the products are still the same what were there in 2024, that includes again the emulsions, the liposomes, the peptide products. They still contribute roughly around INR150 crores to INR160 crores of sales and those completely are from the unregulated and semi-regulated markets.

Now, these submissions and registrations which we have already made in FY25 in high regulated market, out of them three to four registration are expected very much in this month, May. When I say they are expected in May, it's the reason because we have already replied to the queries of ministry. So, any time the registration can come.

So, that's why we believe that this INR150 crores, INR160 crores number can increase to INR200 crores to INR250 crores in FY27 and FY28. So, they will still continue to contribute these products -- those 10, 15 products, peptide and liposomes products, they'll still contribute 25% of the revenues in FY29.

Dhruvesh Sanghvi: Okay. And one last question is out of the INR500 crores revenue, how much is coming out of the oncology part -- I mean the plant of oncology, if you can share one?

Aditya Arora: Sir, close to 20%, 25%.

Dhruvesh Sanghvi: Okay.

Aditya Arora: I think it's roughly between INR100 crores to INR130 crores.

Dhruvesh Sanghvi: In that sense, are we like almost more than 50% utilized in the oncology part now or not yet?

Aditya Arora: So, sir, previously what we have -- what we understood and what we have communicated to the market that we were under-utilized 25% -- 30%, 35%. But as I was communicating to the previous investor also that because of the change in the guidelines and rules and regulations as per the Annexure 1 of Europe, there are more -- the timelines to take changeovers, timeline to do the process -- the validation and everything have massively increased. That has caused a, you know, increase in utilization of capacity from 30%, 35% to simply to 65%.

So, we have already made an -- we are already in the process of making an expansion roughly around INR50 crores to add one more line with new three lyophilizers that will, you know, enhance the capabilities, capacities, and it will be according to -- I mean, it will be total automation.

Dhruvesh Sanghvi: Thank you. Thank you, Aditya and thank you to the entire team and best of luck for next two years. Thank you.

Aditya Arora: Thank you.

Moderator: Thank you. The next question comes from the line of Vineet with Torowealth Managers. Please go ahead.

Vineet: Good evening, sir and congratulations for the excellent set of numbers. Sir, my question is with respect to the R&D spend, first of all, if you can mention how much was the R&D spend as a percentage of revenue for this FY26?

Aditya Arora: Okay. So, sir, one thing I need to make clear to the investors that in case of in-house R&D, Kwality does not do in-house R&D on the biosimilar products. Kwality does in-house R&D only on the oncology, general items, cephalosporin, beta-lactam, and upcoming hormone products.

So, when we talk about the in-house R&D, this every year we plan to do a INR5 crores, INR6 crores budget of new molecular development along with -- from the last financial year, we decided to do a huge set of bioequivalence products, wherein we spent almost -- we completed three bioequivalence products, now we are in the process of completing 36 more in this financial year. And in the next financial year we will take up hormonal products for bioequivalence studies.

When coming to the external R&D or outsourced R&D, Kwality made a budget plan for adding three biosimilar products apart from the initial one product. So, the roughly cost of making an R&D -- outsourced R&D was INR13 crores to INR14 crores. Apart from that expenditure, in

the next financial year, we have to do the clinical trials, which will be roughly around INR60 crores to INR70 crores.

Vineet: Understood, sir. So, when you tell that current R&D spend we want to increase from 2% to 5% to 6% of our revenues, does it include both internal and the external R&D expenditure or only the internal one?

Aditya Arora: So, it includes both. It includes both because we are considering the capital expenditure on the clinical trials as separate. That is not included in 5% to 6%.

Vineet: Okay. Got it, sir. And sir, the fact that the R&D expenditure is increasing for us in the coming years, I understood that when you explained to the previous participant about how you will be increasing our margins by foraying into the regulated market. But considering our R&D expenditure as well, are we in line with those higher percentage margins that we look forward in the coming years?

Aditya Arora: Okay, sir. So, many of these products -- when we talk about in-house R&D products, many of these products are -- have just gone off-patented or are in the process of getting off-patented. So, when we take -- do the R&D and do the bioequivalence on the products which are -- have just gone off-patent and are about to go off-patent, the initial mover advantage will be more in comparison to the other routine items. So, probably we can have an EBITDAs of 40%, 45% in the initial cases. But that substantially will get reduced and it will come down to 25%, 30% over -- in 2028, 2029.

However, in every year, we shall keep on adding new products in portfolio, new bioequivalence products in our portfolio. For example, the next year we plan to add 10 from the hormonal products categories. So, every year we'll keep on adding 10, 20 products bioequivalence so that the -- even if the old molecules get -- I mean, they are exhausted or the margins are not enough, we can replace it with the new molecules.

Vineet: Understood, sir. I mean, it seems good that an Indian company is focusing so much on R&D as well. Sir, one final question from my side with respect to the working capital. I know during the introduction you mentioned about certain sum of money being recovered from the Middle Eastern markets which was being stuck, but just to quantify again how much was that amount of the trade receivables and the increased working capital that we have seen, how much has been recovered post the 31st March?

Aditya Arora: So, sir, basically I want to make one thing very much clear that because Kwality is targeting in Algeria market and MENA region, so these markets generally operate wherein the margins are higher in comparison to the other markets, but most of them are registered tender products. So, the product is registered, but it is mostly the government supplies. So, in that cases the payment cycle is usually longer and it has to be on 100% credit.

So, that's the main reason because Algeria last year we did almost INR80 crores to INR90 crores and last quarter itself we did around INR25 crores, INR30 crores. So, this number of MENA region would continue to remain the same, but the other countries of GCC and Iraq, Kurdistan, and all those regions, we believe that we are not going to increase our sales in the upcoming

years. But because of the state situation in the Strait of Hormuz, the payment cycle has increased a lot, but however it has now come down and we have started to realize the payments.

Vineet: And how much was that that we have realized out of the Q4 pending thing?

Aditya Arora: So, INR60 crores to INR70 crores was stuck in last one and a half to two quarters, but now I think we have realized 40% of it we have already realized and maybe in June, we'll -- June or July, we'll realize the complete amount.

Vineet: Got it, sir. Okay, sir. Fine, sir. All the best for the future.

Aditya Arora: Thank you, sir.

Moderator: The next question comes from the line of Manan Vandur with Wallfort Fund Management LLP. Please go ahead.

Manan Vandur: Yes, thank you so much. Am I audible?

Aditya Arora: Yes, sir.

Manan Vandur: Yes. Sir, congratulations to the whole team. It's been a very good journey for the past two years with you all. Sir, really, really congratulations for everything that you all have done and, you know, been stuck to the guidances and everything. Congratulations.

Sir, I just had a -- just going back to the previous participant about the debtors, just a clarification I wanted. Can you by chance, if at all, please, if you can, can you give me the current cash balance of us if at all, please?

Aditya Arora: Current cash balance, this I need to come back to you. But as of now if you -- I mean, if what I can communicate to you is that the number of debtor deals have come down to 170 in the last 30, 35 days. So, I mean we are we are already getting the payments what were pending from our GCC and MENA region customers.

Manan Vandur: Understood. Because we have always been a good cash flow from operating company, but I saw recently, like I mean our debt receivables have increased like by INR130 crores and our cash flow from operation is only INR16 crores positive. So, which is why it was a little concerning factor to me, which is why I asked like, you know, how much we were able to recover. But you said 40% was recovered out of INR60 crores. That's what you said, right? Out of INR60 crores, 40% was recovered, correct?

Aditya Arora: Correct, correct, correct. Exactly.

Manan Vandur: That means around INR25 crores we recovered?

Aditya Arora: Exactly.

Manan Vandur: Okay. But the remaining

Aditya Arora: The aging, if you see the aging...

Manan Vandur: Yes, go ahead.

Aditya Arora: If you see the aging, it will not be much. But the problem is that in the last quarter, the major sales was made -- done in Algeria region and other MENA region and in this these specific GCC countries, that led to the increase in debtors. But we we'll we are already in the process of recovering all those payments. There is no there is no much of risk.

The containers have already reached the destination. Problem is that until the container reach the destination, we do not get the remaining balance payments. So, that has been the major worry. But now the containers have already reached. We have not -- there has not been any damage to any product, any good, any container. Everything is on track.

Manan Vandur: Okay. So, if I were to assess your Q2 FY27, in your cash flow, I'll be able to see pretty good of operating cash flow, correct?

Aditya Arora: Correct, correct.

Manan Vandur: Okay. And just one last question, sir. How are we going forward in our Erythropoietin, Alteplase and all of that? Like how is our stock going? Is it going good?

Aditya Arora: So, if you see in presentation, sir, we have already, I mean, marked that the clinical trial is proceeding. Probably, I mean, it all depends upon how much the CDSCO, you know, delays in, you know, giving us the approval. But we will be submitting the clinical data by October or November and we shall wait for their approval. Probably by end of this calendar year or Q1 of next -- Q4 of the next calendar year, we'll be able to get the registration of Erythropoietin.

And the next three MABs already are under the development phase. We are in the first -- the first task is to have the characterization data, the stability data and after that to make an application of pre-clinical. So probably for the first MAB which we have mentioned in the presentation, we'll be, you know, submitting the data in October month for getting the pre-clinical approval.

Manan Vandur: Okay, okay. No, I couldn't find anything on Alteplase, which is why I just asked sir. Can you tell me what page it is, Alteplase?

Aditya Arora: So, Alteplase we had to drop, sir, considering the number of patients who are not available in India. So, this Alteplase was replaced by -- I'm really sorry for -- that we couldn't communicant this properly to you. Alteplase has been replaced by Pembrolizumab, which we believe that Keytruda is a blockbuster molecule and Kwality can launch it before the patency get expired.

So, before the expiry of patency, Kwality will have the clinical approved product of Pembrolizumab. So, that's why we changed it to Alteplase. And Alteplase being a being a very critical product because it is used in brain stroke, so the chances of getting the patients was very difficult. And Pembrolizumab is used in 42 indications, so we -- it is easy for us to get the patient for at least one or two indications.

Manan Vandur: Okay, okay. And that is mentioned in the PPT, right, sir?

Aditya Arora: Correct, correct, sir.

Manan Vandur: If you see the…

Aditya Arora: We have mentioned. All those three are under stability and characterization.

Manan Vandur: Understood, understood. Okay, sir. Thank you so much. Take care, sir. All the best for the future.

Aditya Arora: Thank you, sir.

Moderator: Our next question comes from the line of Dhiral Shah from PhillipCapital. Please go ahead.

Dhiral Shah: Yes, good evening, sir. Thanks for the opportunity and congratulations for the very strong set of numbers. Sir, my question is as you are targeting INR1,000 crores revenue, so which are the key geographies that we are looking for an incremental growth in the coming years?

And second thing, sir, we were also looking for some business in the Mexico region. So, have you received any order for the Mexico side?

Aditya Arora: Okay. So, Dhiralji, the first thing is that Kwality has made -- in high-regulated market, Kwality has made all the submissions in Germany. So, our first four registration are going to come from Germany, and most probably in the first two months. So, that is going to be one of the major contribution in INR1,000 crores, apart from that coming to the LATAM regions, the two main countries in LATAM region will be Mexico and Colombia. Almost the product profile in both those countries are same.

From Colombia and Mexico, 70% contribution will be from Mexico, and 30% will be from Colombia. It's a mix of both oncology, general, beta-lactam, cephalosporin products. The biosimilar product registration will be made in the LATAM regions starting from erythropoietin next financial year, and then one by one once the clinical data is finished, we will make the submission. Then coming to the MENA regions, Algeria will be the major contribution and probably in INR1,000 crores, 15% to 16% contribution shall be from Algeria itself.

Now coming to the Eurasia, Russia, Uzbekistan and all these regions, Kwality recently passed the audits of Russian GMP, and we expect to have at least 5% to 7% contribution in total sales from Russia itself. And then the remaining sales will come from Southeast Asia

So, overall, LATAM will contribute roughly around 30% in INR1,000 crores revenue, 15% shall be from Algeria and other MENA countries, French West Africa will have a 10% contribution and GCC shall have a roughly around 10% to 15% contribution. And remaining is from Southeast Asia and Eurasia.

Dhiral Shah: Okay. And, sir, anything that we are looking from the domestic market point of view?

Aditya Arora: So, domestic market, sir, we are only targeting -- as of now we are doing only peptide-based products, which is hardly INR50 crores, this year we did only INR40 crores to INR50 crores

sales. We don't believe that because we are not advertising and doing our own marketing, so we believe this number can increase only by 10% to 15%.

However, once in FY29, the biosimilar sales comes into play, the first target market is in India itself. But as of now when coming to INR1,000 crores revenue, we are not including those numbers in our sales.

Dhiral Shah: Thank you so much and best of luck.

Aditya Arora: Sorry, your voice is not audible.

Moderator: Yes, sir. Sir, he has signed off. The next question comes from the line of Dhwanil Shah with I-Wealth. Please go ahead.

Dhwanil Shah: Hello, sir. And congratulations on a great set of numbers. Am I audible?

Aditya Arora: Yes, yes. Please.

Dhwanil Shah: Yes. Sir, just wanted to check, I mean, I was just trying to understand that last three, four years, sir, if we see our gross margins has been on a declining trend from 50-odd-percent, 55% to 48%, 49%, right?

And as we are saying that the oncology mix is improving, which has higher margin, so this should also reflect that, right? So, if you can just explain this and currently with the rising cost of all the raw materials and API, how are we placed, and what's our outlook on this?

Aditya Arora: Okay, sir. So previous registrations were majorly in semi-regulated and unregulated market. In those markets, our selling price in last three years has remained same. Only the volume has increased. So, the cost of goods sold as you see that the material cost have gone a little up, but the selling price has almost remained the same and the volume has only in those market has increased with the Kwality's presence, and because the product passed various regulatory and audits and everything, only the volume of business has increased.

So, this number of -- the gross margins will increase once the high regulated products come into play and we get more registrations in semi-regulated market, and there is a substantial decline in the sales volume of unregulated market. So, when we talk about FY27, we believe that this number should be around -- the gross cost should be around 46% to 47% compared to 49% in the last year.

Dhwanil Shah: So, gross profit, right? The gross margin…

Aditya Arora: Gross profit should be 52% to 53% and the cost should be 47% to 48%.

Dhwanil Shah: So, this 3%, 4% increase should be because of we going into the regulated market and where we are getting a better pricing?

Aditya Arora: Exactly, sir.

Dhwanil Shah: Correct. And sir, in case of current increase in the overall raw material prices where I think paracetamol and everything has increased a lot. So, how are we seeing, sir? I mean, do we see any impact on this to our potential margin guidance, which we have given?

Aditya Arora: Sir, it has been replaced by the increase in dollar rate. So, we couldn't ask much increase in the prices to our customers. We have overall evaluated the situation. We are still in a profitable side despite the increase in cost. And since we are not very much a manufacturer of syrups and where the propylene glycol or those molecules are used, oncology and general injectables and other beta-lactam, cephalosporin, there has not been much increase in prices. So, majorly our 85% of material is from India, 15% is from China and there has not been much increase in our case, the API prices, and it has been replaced by the increase dollar price.

Dhwanil Shah: Got it, sir. And, sir, just one last question on the working capital. So, how are we seeing for next two years now? On the debtor side, I think, you said it has come back to 140, 150 days, right? So, I think even our inventory days have also dropped a bit this time, right? So, I think there are inventory days have also dropped down this time. So, generally we hold 80, 90 days. So, overall, sir, if you can help me understand…?

Aditya Arora: So, inventory days more or less are going to remain same. Debtor days ideally should be for company like us where the payment is realized once the shipment reaches the destination and after the analysis of the product, which many people are not aware that it usually after reaching the destination, it takes 35 to 40 days to get the product analysed and released in the market.

So, for company like us, I think 150 to 160 days should be the ideal debtor days. But this number has increased because of the disruptions, which has been happened in the Strait of Hormuz, probably it is going to come down -- it has already come down to 170 days, but it will be maintained between 150, 160 days.

Dhwanil Shah: Okay. And on inventory, sir, as you said 80, 90 days?

Moderator: I'm sorry to interrupt, Dhwanil, I would request you to...

Aditya Arora: Follow up on that part only.

Dhwanil Shah: This is my last.

Aditya Arora: So, it will be roughly 80, 90 days.

Dhwanil Shah: Okay, okay. Thank you, sir.

Aditya Arora: Thank you, sir. Thank you.

Moderator: The next question comes from the line of Navin Vijay with NS Capital. Please go ahead. Please go ahead.

Navin Vijay: Good evening, sir. My first question is on the biosimilar, biologics pipeline, particularly on the MAB, a generic for Keytruda. How are we progressing with the R&D for this because there

seems to be a global alliance with Dr. Reddy's, Samsung and all that? Are we part of that, or are we doing it separately?

Aditya Arora: So, sir, no, no, no. So, basically, we will try to import the R&D from one of our partners, Hikma Pharma in Algeria. They will help us to import this R&D. We are not going to use the R&D, because in India I think -- you are correct that Dr. Reddy's and all those companies already have a partnership with Keytruda for procurement of R&D.

So, we are going to do a partnership with one of the Algerian companies and we are going to import that R&D in India. And probably the cost of R&D itself in the entire clinical process is INR40 crores. So, we will be needing some partner who can invest in procurement of R&D.

So, if you see our presentation, we have shown that in the three molecules, three Mabs, the clinical cost will be roughly around INR60 crores. Actually, it is around INR110 crores to INR120 crores. So, remaining amount will be invested by one of our partners.

Navin Vijay: Great, sir. Great. My second question is on the hormone, sir. Where do we see this going? Are we going to do down the line, I mean, insulin and all that or what kind of roadmap do we have on the hormones?

Aditya Arora: So, sir, firstly Kwality has a major plan in only proceeding with Chinese hamster ovary, that is the mammalian cell lines, which includes only MABs. Insulin comes in the E. coli category; we are not going to proceed with that. And in case of hormones, the specific products where there are different combinations or the products tablets, which require a bioequivalence studies and the target markets are LATAM.

And initially we are going to proceed with only those molecules where the volume of business is high and the margins are between 30% to 35% EBITDA. So, that is our initial target so that Kwality can make an easy entry into those segments.

Moderator: Thank you. The next question comes from the line of Hemant, an Individual Investor. Please go ahead.

Hemant: Sir, congratulations on a very good set of numbers. Really kudos to you. And thank you for providing me the opportunity. Sir, I have one question. You have just now told us that the INR1,000 crores revenue guidance for FY29, it doesn't include hormones and biologics, right? So, what can be the revenue for hormones and biologics in FY29, and how confident are we in achieving INR1,000 crores?

Aditya Arora: Okay. So, hormones from unregulated market and semi-regulated market before FY29 could be between INR100 crores to 1INR50 crores, sir. And then probably we'll proceed with the regulated markets. But up till FY29, we can only get an entry into unregulated and semi-regulated markets.

Then coming to the biosimilar side, sir, biosimilar erythropoietin, this we, I think in India itself we can do a number of INR80 crores to INR100 crores. And the remaining countries, it depends upon how fast we can get the registration. So that's why we have not included even the EPO

number, erythropoietin number in the INR1,000 crores revenue, because normally the biological guideline for any country to analyse, evaluate and then give a registration, it takes time. So, we are not sure about the timelines for registration.

But with respect to the filing, the next Q4 of FY27 we are going to make submission in almost 50 countries of erythropoietin. And the remaining three MABs, once the clinical is finished, the first target country is India. We cannot ascertain the size of market, or the volume because the prices are going to crash to 1/10th of the current sale price. And once it crashes, this product is going to become a commodity, and it's going to be used in every hospital and in almost 42 indications. So, the volume is going to be very huge. So, right now we can't ascertain.

Hemant: So, sir, can we assume that INR200 crores of revenue from biologics and hormones for FY29? Is it fair to assume?

Aditya Arora: You can assume INR200 crores revenue from hormone and biologics by FY29. We believe this would be if we are not able to do INR1,000 crores from the other plants, then this INRR200 crores of additional revenue can still make sure that INR1,000 crores is achieved. But as of now what we believe is this INR200 crores will be useful in INR1,000 crores. But we believe this would be addition to the INR1,000 crores revenue.

Hemant: So, chances of beating the guidance of INR1,000 crores is pretty much likely, right?

Aditya Arora: Sorry, sir. Chances of what?

Hemant: Chances of beating the guidance of INR1,000 crores is pretty much likely.

Aditya Arora: Yes, Yes. INR1,000 crores is achievable. There is no change in that guideline. What I'm saying is that if there is certain hiccups in the process, this INR200 crores of additional revenue can still make sure that INR1,000 crores is achieved. But as of now what we believe is this INR200 crores will be addition to the INR1,000 crores.

Hemant: Okay, sir. Okay. Thanks a lot, and wish you good luck, sir.

Aditya Arora: Thank you, sir.

Moderator: The next question comes from the line of Abhijeet with Paul Asset. Please go ahead.

Abhijeet: Thanks for the opportunity. Am I audible?

Aditya Arora: Yes, sir. Yes, sir.

Abhijeet: Yes. So, my first question is regarding the gross margins again. There was a material decline this quarter, so can you please help us understand the reason behind that, and how do you see the trajectory going forward, particularly what was the primary reason for the decline in this quarter?

Aditya Arora: I'm not able to understand. What was the reason for decline in material...?

Abhijeet: Gross margin. Yes. So, the cost of material increased in this quarter, right? And if we look at the gross margin in in this quarter, I think it was somewhere around 44.8%. So, what was the reason for the decline…?

Aditya Arora: Basically, it could be the -- I think, it could be the reason for the increase cost due to war situation also for few of the products. But I do believe that this is not going to be the continued scenario in the upcoming two or three quarters. It's going to come the gross margins are going to increase to 51%, 52%. As I told the previous investor also that once the regulated sales revenue come into play from the second quarter of FY27, the gross margins will be roughly around 52% to 53%.

Abhijeet: Okay. But there could be some lagging impact in Q1 of FY27?

Aditya Arora: They could be what, sir? I couldn't get your question.

Moderator: Abhijeet**,** please go ahead.

Abhijeet: Yes, Yes. Am I audible now?

Aditya Arora: You are audible.

Abhijeet: Yes. So, the other question is regarding the capex. So, given the given the background the working capital stress, so how are you going to fund the capex?

Aditya Arora: So, sir, as I told that the INR46 crores to INR50 crores what we have made up till now was very much financed with the existing working capital and the bank loans whatever we were returning to the banks, we were re-utilizing. So, there was no decline in the loan repayment and no increase in the loans and the limits also

So, we believe that in the month of July, August, September and October, these are the four crucial months, the working capital cycle will improve and we'll get good cash flows and we'll be able to make the capex from our own revenues.

As of in the month of May, June, not much capex is to be done. From July, the execution of hormone will completely come into play, because already we have paid like 30% to 40% of the total machinery cost. And the building is built -- both the buildings of oncology and hormone is ready.

So only the capex of remaining part of machinery, installations and those are to be done. So probably we have four to five months, and by then we'll have -- the cash flows will come, and we'll be able to complete with the projects.

Moderator: Thank you. The next question comes from the line of Gaurav from Raj Investments. Please go ahead.

Gaurav: Hello. Yes, hi Kwality Pharma and team. Hearty congratulations for this stupendous achievement. Thanks for keeping the investors' trust alive with the performance and commitments. My one small question to you is that in your last call, in the previous quarter you

had hinted at getting one of the top auditors on boarded. So, is that plan still alive or is there a change in plan?

Aditya Arora: Yes, sir, probably in the next quarter we'll make the announcement for getting the audit firm. I think the decision has already been made, I mean for the next one or two quarters you'll definitely hear that news from us.

Gaurav: So, which is that auditor? Can you just name the name the same?

Aditya Arora: So, probably we are closing with KPMG, sir.

Gaurav: That's great news. That's all I want to ask. Thank you.

Aditya Arora: Thank you.

Moderator: Thank you. The next question comes from the line of Ashish Soni from Family Office. Please go ahead.

Ashish Soni: Sir, you said you are getting your raw material 85% from India. There is a high chance that inflation can run up. So, how are you going to pass on the increased pricing to the customers in that scenario?

Aditya Arora: Sir, our major sales are exports. So, probably with the increase in prices, domestic prices, the dollar rate and euro rate is also increasing. So, I think we are not going to pass that increase domestic cost to our customers.

As I told the previous investor, as of now, we are on the profitable side compared with the increase dollar and euro rate. The MENA region payments come from European countries, so that comes in the Europe part. And remaining LATAM revenues come in the dollar rate. So as of now, we are in the profitable side, but we do not have any intention to pass that increased cost to the customers as of now. If those domestic cost gets increased to a very high level, then probably we'll have a discussion with the partners.

Ashish Soni: And regarding your bioequivalence, you spoke about at least for the partner thing, right? So, that partner for the INR60 crores investment helps you get that partner partnership going?

Aditya Arora: So, you are talking about the INR60 crores partnership what we are doing for -- so basically that partnership is with one of the companies as I told you that is one of the topmost companies in Algeria and the MENA region, and they supply to the entire Africa.

Probably, we are going to have a manufacturing finish plant in Algeria itself, where the API, the drug substance of the biosimilar will be manufactured at Kwality, and finish will be filled in the Algeria region, and they might have an exclusivity for few of the countries of Africa and some other countries as well. As of now there is no such agreement for exclusivity, but they are going to -- we have already entered an agreement as a joint partnership for these three MABs.

Moderator: Thank you. The next question comes from the line of Rudraksh Raheja from ithought Financial Consulting. Please go ahead.

Rudraksh Raheja: Yes. Thank you for the opportunity. Congratulations, sir, on a great set of numbers. Sir, I wanted to ask on the data regarding exports with respect to different regions and countries, how much have we exported country-wise data for 2026?

Aditya Arora: So, as I was telling the previous investor, the 20% is from the MENA region, 25% will come from the GCC, including Iraq and Kurdistan, 30% from the LATAM market. Out of 30%, 65% to 70% will be from the Mexico, Colombia, and remaining 25% from the remaining LATAM market. And then coming to Southeast Asia, I think 10% or 15% and 5% from the Indian market.

Moderator: Thank you. The next question comes from the line of Saurabh Gupta from Financially Free. Please go ahead.

Saurabh Gupta: Sir, am I audible?

Aditya Arora: Yes, sir.

Saurabh Gupta: Sir, thanks for the opportunity, and congratulations for the great set of numbers. So, sir, I just have one question. Out of INR503 crores of top line of FY26, what is the mix between onco and non-onco?

Aditya Arora: So INR100 crores to INR120 crores contribution has been from oncology, sir, and remaining has been from the non-onco segment.

Saurabh Gupta: And going forward, sir, what will be the mix in FY27 and '28?

Aditya Arora: So, 25% to 30% contribution will be from onco, and 70% will be contribution from beta-lactam, cephalo, general injectables, and other oral solids where we are conducting the bioequivalence studies. This will not include the revenues from the biosimilar and hormone.

Saurabh Gupta: Sir, this is for FY27 or for FY28?

Aditya Arora: FY29, sir. The mix will mostly -- when I say 30%, INR300 crores revenue will be roughly around from onco, remaining will be from the other segments.

Saurabh Gupta: Okay, sir. So out of INR1,000 crores, INR300 crores will be from onco in FY29. Is my understanding correct?

Aditya Arora: Correct, correct. Correct, sir.

Saurabh Gupta: Got it, got it, sir. Thank you, sir. Thank you. This is it from my side.

Moderator: Thank you. The next question comes from the line of Utkarsh Somaiya with EIKO Quantum Solution. Please go ahead.

Utkarsh Somaiya: Thank you. All my questions have been answered. Thank you.

Moderator: Thank you. The next question comes from the line of Rudraksh Raheja from ithought Financial Consulting. Please go ahead.

Rudraksh Raheja: Thank you again, sir. Sir, how many registrations do we currently have in Mexico and how much are we expecting in FY27?

Aditya Arora: So FY26, we made total 55 submission, sir, out of which we got roughly around 10. And in Q1 and Q2 FY27, we might get six more. And all these 55 registration we will get before end of calendar year '27. And we are in the process of making 25 or 30 more submission this financial year.

Moderator: Thank you. The next question comes from the line of Ashish Soni with Family Office. Please go ahead.

Ashish Soni: What are the major challenges you see for your FY29 business?

Aditya Arora: Sir, could you repeat the question please, sir?

Ashish Soni: What are the major risk or challenges you see for your FY29 business plan?

Aditya Arora: So, basically, sir, if there is no such war situation, because if you see neither the India-Pakistan war, neither floods, nor any other, I mean such situation has hampered Kwality's business as of now, but this international war situation has caused a little delay in the payment cycle and delivery cycle.

So, if this situation doesn't arise, Kwality can smoothly reach a INR1,000 crores mark. However, to our investors and for our own, I mean, as a keeping biological and hormone as a contingency plan, we believe that if something goes wrong even then we can reach INR800 crores, INR850 crores mark, and additional revenues from hormone and biosimilars can help us cross that INR1,000 crores mark. So, this is the best mix calculation what we have made for us and our investors.

Ashish Soni: What about inflation? If inflation goes up, will you be able to pass on the cost to the…?

Aditya Arora: So, as we told to the previous investor also that currently there has not been much increase for us for the domestic cost, and with the increase in dollar rates and euro rates, we've been able to get that increase cost compensation, and we have not transferred any increased cost to our customers. So, presently we are not in a situation -- we do not have any -- I mean, we don't want to increase any final prices for our final customers.

Moderator: Thank you. The next question comes from the line of Saurabh Gupta from Financially Free. Please go ahead.

Saurabh Gupta: Hi, sir. Thanks for the follow-up. So, sir, as you have just mentioned that 25% to 30% of our revenue is coming from GCC countries, so how the situation is panning out right now in that area?

Aditya Arora: So, the situation is okay as of now. In the future, sir, the major bioequivalence products we are going to start registering in the GCC itself. It's actually a very nice question. So, what we are going to do is, we are going to reduce the current sales revenues in those GCC countries, and we

are going to replace it with the bioequivalence product first, wherein, the margins and EBITDAs are roughly around 35%.

Currently the margins in the GCC region is between 20% to 25%. But if we replace those revenues with the bioequivalence products, we'll get a margin of 30% to 35%. So, that itself will be, you know, if there is any delays in payments and all those things, we'll still be in a very profitable situation. So, the first set of registrations what we are going to do in GCC is with the bioequivalence products in the upcoming two or three quarters. And we are going to replace with the old revenues.

Saurabh Gupta: Got it, got it, sir. And the bioequivalence product that we are going to launch, so we will sell the same customer or different set of customers?

Aditya Arora: So, our partners are more or less fixed, sir. We are not going to add new partners, but considering the new markets, what we are going to enter specifically in the Baltic European region, Russian Eurasian markets, we might add new partners, and the target products again will be the old peptide and liposome products and the new bioequivalence products.

Because Kwality at this point would be a great attraction considering it has in the portfolio the peptide molecules, the emulsion molecules, the bioequivalence products from the general and OSD categories, which are getting off-patent, and lastly most importantly upcoming biosimilar products, which are getting off-patent. So, Kwality, will become a very great attraction for the future partners.

Saurabh Gupta: Got it, got it, sir. Thank you. That's it.

Moderator: Thank you. 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.

Aditya Arora: Thank you, everyone, for asking so nice questions. I hope, I have answered to all your questions properly. If you have any further questions, you can get back to my CS. We'll be more than happy to reply your queries. Thank you so much for trusting Kwality and showing your support.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Go India Advisors, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.