AKUMS
DRUGS & PHARMACEUTICALS LTD.
Plot No. 131 to 133, Block-C, Mangolpuri Ind. Area, Phase-I, (Adjoining CBSE Office) Delhi - 110083 (INDIA).
+91-11-69041000 CIN: L24239DL2004PLC125888
www.akums.in
akumsho@akums.net
+91-11-27023256
Akums

Ref: Akums/Exchange/2026-27/44 August 13, 2026

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

Symbol: AKUMS

To,
The Listing Department
BSE Limited
25th Floor, New Trading Ring,
Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

Scrip Code: 544222

Sub: Transcript of the Investors/Analysts Conference Call for the unaudited financial results of Q1 FY 27

Respected Sir/Ma'am,

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of investors/analyst conference call held on Monday, August 10, 2026 at 12:00 P.M. (IST) for un-audited financial results of Akums Drugs and Pharmaceuticals Limited ("the Company") for the quarter ended June 30 2026.

The said transcript will also be available on the Company's website at https://www.akums.in/investors/investors-meet/

This is for your kind information and records.

Thanking You

For **Akums Drugs and Pharmaceuticals Limited**

Dharamvir Malik
Digitally signed by Dharamvir Malik
Date: 2026.08.13 14:35:19 +05'30'

Dharamvir Malik
Company Secretary & Compliance Officer

Encl.: As above

“Akums Drugs & Pharmaceuticals Limited

1QFY27 Earnings Conference Call”

August 10, 2026

MANAGEMENT: **MR. SANJEEV JAIN – MANAGING DIRECTOR – AKUMS DRUGS & PHARMACEUTICALS LIMITED**
MR. SANDEEP JAIN – MANAGING DIRECTOR – AKUMS DRUGS & PHARMACEUTICALS LIMITED
MR. SUMEET SOOD – CHIEF FINANCIAL OFFICER – AKUMS DRUGS & PHARMACEUTICALS LIMITED
MR. SAHIL MAHESHWARI – HEAD, STRATEGY – AKUMS DRUGS & PHARMACEUTICALS LIMITED
MR. ANKIT JAIN – HEAD, INVESTOR RELATIONS – AKUMS DRUGS & PHARMACEUTICALS LIMITED

MODERATOR: **MR. UMESH LADDHA – AMBIT CAPITAL**

Moderator: Good day, ladies and gentlemen. Welcome to the Akums Drugs & Pharmaceuticals 1QFY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Umesh Laddha. Thank you, and over to you, sir.

Umesh Laddha: Good afternoon, everyone. And on behalf of Ambit Capital, I thank the management of Akums Drugs & Pharmaceuticals for the opportunity to host their 1QFY27 earnings conference call. Joining from the management today, we have Mr. Sanjeev Jain, Managing Director; Mr. Sandeep Jain, Managing Director; Mr. Sumeet Sood, CFO; and Mr. Sahil Maheshwari, Head Strategy.

We now begin with opening remarks from the management, post which the forum will be open for question-and-answer session. Thank you, and over to you, Ankit, sir.

Ankit Jain: Thank you, Umesh, for the introduction. Good afternoon, everyone, and welcome to Akums' 1QFY27 earnings call. I am Ankit Jain, and I head Investor Relations at Akums Drugs & Pharmaceuticals Limited.

I will commence with a standard disclaimer that any discussion on today's call might include certain forward-looking statements, which are predictions or projections of future events. Our business faces several risks and uncertainties that could cause our results to differ materially from what is expressed or implied in such statements.

At Akums, we do not undertake any obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. I hope you would have had the opportunity to go through our financial reviews and reviewed our investor presentation that was shared on Saturday.

I would now like to hand over to our Managing Director, Mr. Sandeep Jain, to discuss our performance. Thank you.

Sandeep Jain: Namaste, everyone, and thank you for joining us today for our 1QFY27 earnings call. With 1QFY27, we have begun FY27 on a strong and encouraging note. We registered a healthy revenue growth of over 13% with EBITDA increasing by more than 30%. The growth was primarily led by CDMO segment characterized by double-digit volume growth along with improvement in API prices. The consistent performance of CDMO showcases healthy demand environment as well as our clients' trust in Akums as the preferred manufacturing partners.

Marketing segments, domestic as well as exports saw muted quarterly performances with multiple initiatives underway. We are confident of these segments returning to growth path in coming quarters. Our API and trade generics segments performed in line with prior guidance with Zambia order to likely reflect during current financial year. Akums is well placed to deliver a robust operating performance during FY27.

On 23rd of July, we announced the acquisition of Oriflame India's manufacturing business. The transaction covers two manufacturing facilities, one at Roorkee, Uttarakhand and other one at Noida, Uttar Pradesh, along with a leased warehouse situated at Noida, Uttar Pradesh. With the acquisition, we expand our manufacturing footprint in skin care cosmetics and wellness products. This is in line with our strategy of tapping into niche formulations to improve our positions among existing as well as prospective clients and augment our margins.

Coming to operating performances for our quarter. CDMO once again delivered a healthy top-line growth of over 18%, aided by both volume growth and improvement in API prices. API segment continued on its journey towards becoming EBITDA positive as higher share of non-cepha products led to better gross margin.

The trade generics segment remained EBITDA positive during the quarter. Akumentis, our domestic branded formulations segment, restarted its growth journey with a healthy 7% revenue growth during the quarter. Margins were impacted due to an increase in employee strength. We expected improved performance from the segment from quarter 3 onwards. Our international branded formulation business had a muted quarter, but is expected to return to growth as we remain confident in the structural attractiveness of our chosen geographies.

I shall now request our CFO, Mr. Sumeet Sood, to take you through the detailed financials for the quarter. Over to you, Mr. Sumeet.

Sumeet Sood: Thank you, sir. Thank you, Sandeep-ji. Good afternoon, everyone. I would now take you through the financial highlights for the quarter ended 30th June 2026. Our operating revenue stood at INR1,167 crores, an increase of 13.9% year-on-year. Quarter 1 FY26, the revenue was INR1,024 crores and increasing 0.8% quarter-on-quarter. Quarter 4 FY26, our revenue was INR1,158 crores.

The operating EBITDA for the quarter was INR175 crores, an increase of 35.4% year-on-year. Quarter 1 FY26, our EBITDA was INR129 crores and 15.1% quarter-on-quarter. Q4 FY26, our EBITDA was INR152 crores. Margins were robust at 15%, improving 238 basis points year-on-year. Quarter 1 FY26, we were at 12.6%, and 187 basis points quarter-on-quarter or Q4 FY26, we were at 13.1%.

EBITDA, including other income, stood at INR205 crores, increasing 31.7% year-on-year. Quarter 1 FY26, we were at INR156 crores, and increasing 9.6% quarter-on-quarter. Quarter 4 FY26, we were at INR187 crores. EBITDA margins stood at 17.1%, increasing 231 basis points Year-on-year, Q1 FY26, we were at 14.8% and quarter-on-quarter Q4 '26, we were at 15.7%.

The PAT of the company stood at INR101 crores, an increase of 56.1% year-on-year. We were at INR65 crores in quarter 1 FY26, and increasing 24.1% quarter-on-quarter. Q4 '26, we stood at INR81 crores.

If we were to look at the various segments and their performance, if we start with the CDMO, the revenue stood at INR964 crores, increase of 18.6% year-on-year, we were at INR813 crores Q1 FY26, an increase of 1.3% quarter-on-quarter, Q4 FY26, we were at INR952 crores. The revenue growth was driven by healthy volume growth and rebound in API prices. In Q2 as well, API prices seem to be on an increasing trend.

EBITDA for the quarter stood at INR163 crores, an increase of 36.8% year-on-year, quarter 1 FY26, it stood at INR119 crores, an increase of 19% quarter-on-quarter, FY26, it was INR137 crores. The margins were further aided by improved capacity utilization.

Domestic branded formulation stood at INR115 crores, an increase of 7.3% year-on-year and an increase of 12.9% quarter-on-quarter. EBITDA for the quarter was INR12 crores, a decline of 25.4% year-on-year and a decrease of 46.5% quarter-on-quarter.

For the international branded formulation business, the revenue stood at INR35 crores, a decline of 1.5%, at Q1 of '26, we were at INR35 crores and a decline of 3.6% quarter-on-quarter, Q4 FY26, the revenue stood at INR36 crores. EBITDA for the quarter stood at INR6.9 crores, a decline of 14.4% year-on-year and a decline of 31.4% quarter-on-quarter.

API revenue stood at INR32 crores, a decline of 29.7% year-on-year, Q1 FY26, it was INR45 crores, a decline of 22.3% quarter-on-quarter, Q4 '26, the revenue stood at INR41 crores. EBITDA for the quarter was at minus INR4 crores. The losses were lower than Q1 FY26, which stood at minus INR6 crores, as well as Q4 FY26, which stood at minus INR12 crores. Driven -- this was largely driven by an increase in non-cepha products in our overall portfolio.

Trade generic business stood at INR21 crores, a decrease of 9.5% year-on-year and a decrease of 23.4% quarter-on-quarter. EBITDA continued to remain at breakeven for the second quarter in a row. It was -- it is generally higher than the breakeven of INR0.1 crores compared to minus INR5 crores quarter 1 FY26 and INR1.4 crores in quarter 4 FY26.

Our balance sheet continues to remain very healthy with a cash surplus of INR1,616 crores. The operating cash flow for the company for the quarter 1 stood at INR65 crores.

This concludes the financial highlights for the quarter. I would request the moderator to open the forum for the question-and-answer session. Thank you, everyone.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Vivek Agarwal from Citigroup.

Vivek Agarwal: Congrats on the set of numbers. First, on the CDMO segment, is it possible if you can highlight how to think overall growth in terms of volume and value this year as well as the next year? And second, if you can also give some color as far as the margins are concerned.

Sahil Maheshwari: Sure. Hello, everyone. This is Sahil. So Vivek, look at the volumes for Q2, right? So the volumes also look healthy in high teens, at least for this quarter as well. As the momentum continues, we can update how the rest of the year also goes. But whatever visibility we have today, Q2 also looks extremely encouraging. API prices, they are volatile, right? But at this point in time, they are volatile, moving upwards. So practically, if you look at it, Q2 also looks steady, and we expect to end this year as well on a good note.

Vivek Agarwal: Understood. Any colour on the margin trajectory?

Sahil Maheshwari: Margins are expected to remain at similar levels, right? So we have always guided for a 14% to 15% margin. And obviously, quarter -- as we've always discussed, it's difficult to rate the business quarterly. But overall, at an annual level, we expect that the margins should remain in the 14% to 15%. And given Q1 has been strong, we can incline towards the upper bracket of it.

Vivek Agarwal: Understood. Q1 margins are a bit higher side and this is kind of a variation, right?

Sahil Maheshwari: So as I said, the prices of the API were also high. And if you remember, Q4, we also had built some inventory to protect ourselves, right? So these are strategic calls we took, which helped us secure our margins.

Vivek Agarwal: Understood. And lastly, if you can help us understand, Sahil, what are the initiatives that you are taking in the branded and really the domestic and international formulation and how to look at the growth trajectory in these markets as well?

Sahil Maheshwari: Sure. So quickly, I'll tap both of these segments. So first is domestic branded Akumentis. As mentioned in the initial note, we have added almost 200 people in our field force to tap adjacent headquarters, which are important where we can tap some growth, right? So the focus here remains how do we expand our presence into prescription business?

The focus remains on our key performing therapies, which are gynaecology, cardiology, as well as paediatrics. And we also have presence in orthopaedics and derma, which are follow-on, right? So that remains a focus within the Akumentis business, and we are very positive that over the next 2, 3 years, this will be a key segment for the company, both in terms of top line as well as profitability.

On Unosource, again, while this quarter was muted, we see good growth orders in our coming quarters, right? So the strategy we are taking is twofold. One is while we say we are present in 60-plus geographies, which are our star focus, whatever you call them, these markets which we have to drill down, right?

So there are a few set of markets which we have discussed that these are focused markets where most of our time and energy resources will go. And secondly, the product portfolio as well. So we are filing niche first to launch products in various markets, which will help us build sticky, high-margin businesses.

Vivek Agarwal: Understood. And what exactly has impacted growth of these segments in this quarter?

Sahil Maheshwari: So Akumentis, if you look at top line growth was there, but bottom line was not there given most of it the additional EBITDA drain that we had in Q1 was largely on account of almost 200 field force, right? So that's almost 15% increase in our field force, right? So in the initial quarters, as you rightly understand, you don't generate PCPM out of, right? So that was a drain on our EBITDA. On Unosource, that was one quarter where we saw limited but Q2, Q3 onwards, we'll have the growth back on track.

Sandeep Jain: Moderator? Next questions please.

Ankit Jain: So next question we have from Pooja.

Pooja: Sir, I wanted to ask that with the IPM growth accelerating, what is your outlook on the volume growth for FY27?

Sahil Maheshwari: So thanks for the question. So if you recollect quarter 3 of last year, quarter 4 of last year and quarter 1 of this year, we have seen almost high teens of volume growth, right? Q2 also looks strong at high teens, right? While the volume growth in the IPM has been in the range of 2%, 3% or something plus the new launches, right?

So for us, this has always been the key driver for our business and particularly over the last 1 year, this has been the key lever for our growth. While this could be a period where we have sizable volume growth, but we remain confident that our volume growth will at least be double digits in the coming quarters.

Moderator: The next question is from the line of Anchal Maheshwari from Naredi Investment.

Anchal Maheshwari: I just had one question on your domestic growth side. Sir, can you give us a mix of how much was the volume growth and how much is the value growth mix? And also, are we planning any price increases for our domestic business this year?

Sahil Maheshwari: So the growth has been driven by a mix of new product launches, price growth as well as volume, right? So given the growth is only 7-odd percent, right? So all 3 have contributed a bit to this top line growth. And as far as price growth is concerned, we have already taken price growth, and this will also be reflected as we move on this quarter.

Anchal Maheshwari: Sir, is it possible to quantify the numbers?

Sahil Maheshwari: No.

Moderator: The next question is from the line of Sangeeta from Cogito.

Andrey: This is Sangeeta's partner, Andrey. First of all, congratulations for a great set of numbers. My first question was on API. This is a question I keep asking. Is there a time frame within which we will evaluate whether we want to continue with this business? That's my first question.

Sahil Maheshwari: So the management is fully confident, right? So this is a business we have been investing for over 3, 4 years now. The fruits of which are very visible as we speak, right? So the quarterly losses have been gradually coming down. So as far as we speak as of now, we are fully into this business.

Our cepha business, we have been able to come out of the low-margin products and as well as increase our basket of non-cepha products, including linezolid, montelukast and so on, which are helping us improve our margins, right? So I think at this point in time, it's not a question of whether we make a U-turn from here or not. It is how do we improve the profitability and then scale this business into a profitable venture.

Andrey: Okay. And just I'd like to give some feedback as a minority shareholder that as a minority shareholder, we would be delighted if you actually got rid of this business. You have an absolutely outstanding CDMO business and you have a lot of traction in the exports business as well. If you were to focus on that, it would delight us. Just a comment that I wanted to...

Sahil Maheshwari: For -- I think we work in the best interest of the shareholders in the company, right? Being a minority or a majority, we take decisions which are best -- for the company in terms of capital allocation as well as management bandwidth.

Andrey: Right. As far as the Europe and Zambia business is concerned, I think you had given a guidance of 15% to 17% EBITDA margins on Zambia. Now do you have any actual numbers to share with us in terms of the EBITDA margins? And is there any updated margin guidance that you can give us on the European business?

Sahil Maheshwari: So rightly on both the Zambia as well as Europe, so these will be margins which are similar, maybe that higher than -- in the higher teens compared to our current CDMO business, right? So that's what we can speak as of now. Zambia is something we expect in the H2 that we deliver for this fiscal, the $25 million, which will roughly translate to almost INR240-odd crores in our revenue. And similar in the next financial year as well. And within the next financial year, we will kickstart our European business as well, which will -- so both of these businesses will uplift the corporate margins.

Andrey: Okay. And as far as the capacity utilization strategy is concerned, you've always invested in a lot of capacity and you believe in having a lot of spare capacity. Having said that, your utilization has gone up in the previous quarter. So going forward, what is your strategy going to be like? Can we look forward to better capacity utilization? Or are you going to continue with your strategy of having a lot of spare capacity because that gives you a competitive edge over others?

Sahil Maheshwari: So our style has always remained to be prepared for market opportunities, right? If you really look at Q2 was a weak volume quarter last year. And then Q3, we suddenly had almost a high teens, 20% odd volume growth, which was again seen in quarter 4, again seen in quarter 1, right? So our spare capacity was of a real help, right? And as we've always said, we could move up to 55%, 58%, 60-odd percent as our total peak utilization.

We have already -- we are already at 50-odd percent, right? So the strategy remains given there's a continued focus on better quality drugs in the market. There are increasing opportunities of volume growth. We are in process of further expanding our capacities.

Andrey: Right. And last time we spoke about the need to recruit certain amount of senior talent. So where are we on that front either in terms of actually having people come on board or work in progress in terms of senior talent being onboarded?

Sahil Maheshwari: So senior talent, I don't know which conversation last time, but senior talent, the company today is very well run by professionals across all domains, right, from quality, R&D, business development and so on, right? So there is always a need in an organization to bring in fresh blood. But as of now, given you could see in our financials as well, there is ample leadership and talent which is there. And rightly so, we stem a lot into our homegrown leadership as well.

So we are fully ready. You've seen orders across Zambia, across Europe, across domestic volume growth, right? So across all fronts, we have great industry talent, which is still with us.

Andrey: Last time we spoke about the fact that a lot of your people are about 12th class pass, right? And that there is perhaps a need to attract a more educated and more experienced and more senior talent. So that is the context in which I was making this...

Sandeep Jain: I don't think that kind of conversation had ever happened. We do have all M.Pharms, PhDs, doctorates and you will find that we are having best percentage of pharmaceutical graduates and postgraduates if we compare it with the rest of the industry. I don't think where the conversation...

Andrey: This is also a feedback that we've been -- this is shared I think on a one-on-one with someone. And this is some feedback that has also been given to us by some of the ex employees. So that's why I'm taking the liberty of sharing this with you.

Sandeep Jain: No. Sure, sure, sure. You can ask anything, but we do have lot of PhDs and M.Pharms and MScs. All doctorates are there. And all the heads are from top industries like Dr. Reddy's and like that.

Moderator: The next question is from the line of Bhavin Chheda from Enam Holdings.

Bhavin Chheda: Congrats to the management team for a strong growth numbers. Sir, the Zambia sales were supposed to start from Q2 onwards. So has that started?

Sahil Maheshwari: So I think we always maintained, which is there, right? So it will likely be in Q3 and maybe some parts in Q4. As we speak, we are already in advanced stages where we have agreed upon the volumes and the prices with the government over there of almost 100-plus products that we would be supplying in Zambia. So that is completely on track. And this fiscal, we'll recognize the revenue.

Bhavin Chheda: Okay. And on the overall net cash number you mentioned on the call was around INR1,600 crores or that was the cash...?

Sahil Maheshwari: Yes. Right.

Bhavin Chheda: That was net of debt, right, INR1,600 crores?

Sahil Maheshwari: Yes.

Sumeet Sood: Yes. That is net of debt.

Moderator: The next question is from the line of Praveen Jayaraman from Avendus Spark Institutional Equities.

Praveen Jayaraman: Am I audible?

Sumeet Sood: Yes.

Sahil Maheshwari: Yes.

Praveen Jayaraman: Congratulations on the good set of numbers. Sir, can you explain on the acquisition which we have done recently, whether it's a capability acquisition or a capacity acquisition? What we are seeing there and how it's going to add to us?

Sahil Maheshwari: Sure. So the overall -- if you look at the overall style of our acquisition has always been to enter into novel niche formulations, right? So cosmetics, we have already been doing for over a decade now. Our plant 5 is devoted and dedicated to cosmeceuticals, which has good profitability as well as we were almost at peak utilization, right? So the acquisition rationale behind this is to expand our capacities into the skin care cosmetics as well as this will enable us to venture out into the color cosmetics as well, which is a fast-growing space.

So the strength and the moat that Akums today has is formulation -- R&D, right? So we'll build on to this to tap to additional niche market within the cosmeceuticals. And this will help us expand our presence in that area as well. This whole -- while this whole BPC market is growing rapidly, our aim remains how can we serve markets, which add meaning to our top line and bottom line.

Praveen Jayaraman: Okay. Sir, on the last participant, you said the capacity utilization was already around 50%, and we can maximum go up to 55%. With this European and Zambian orders coming in, so we would -- we can see some increase in capacity utilization going forward. So would we be resorting this low-margin profile orders to subcontracting? Or how are we planning to optimize the orders going forward, sir, with us already reaching 50% utilization?

Sahil Maheshwari: So there is no concept of subcontracting, honestly. We are in the business of delivering manufacturing volume to the clients, obviously. While there would be some chunk of portfolio which would be low margin, but there is no rationalization as such, right? If you really look at today, the gross margins are well above 40%, and you don't really wish to lose any of them. And the business you do with a lot of customers is through a basket approach as well, right?

So we are in the process of setting up one more facility in Baddi, which will go live in the -- almost at the end of this financial year itself, which will significantly boost our oral manufacturing capabilities, right?

Praveen Jayaraman: Right. What could be the capex...?

Sahil Maheshwari: So we are still discussing. As we go live, we'll update you with it.

Praveen Jayaraman: Okay. So we are adding one more facility in oral and we are not resorting to the subcontracting and all. Okay.

Moderator: The next question is from the line of Akshay Shah from VVD Asset Managers LLP.

Akshay Shah: Congratulations for the fantastic set of performance in CDMO business. Sir, my question is that we have increased our gross margin by 1.5%. Can you quantify how much is due to value addition that we are going in high-value products and how much is due to inventory gains?

Sahil Maheshwari: So very limited would be of inventory gains per se. Most of it is largely through high-value products being getting added.

Akshay Shah: Okay. So this kind of gross margin is sustainable going forward plus or minus 0.5%.

Sahil Maheshwari: Yes, that's the expectation. Also within the overall corporate gross margins, there have also been a positive from the API gross margins. So API, we used to operate last year at almost 90% plus cogs. But in this quarter, we are almost at 75% cogs, right? So this has also been a positive. And obviously, CDMO is the one which is inching forward.

Akshay Shah: Okay. And sir, we have done good work in API where our EBITDA is reducing month-on-month basis. So is it expected going forward? Or there is any seasonality in there?

Sahil Maheshwari: There is no -- we really look at it two quarters, we have been able to do it this quarter as well. We are completely in control of it. So this is expected to gradually come down, and we should achieve breakeven.

Moderator: The next question is from the line of Divya Daga from VGSPL.

Divya Daga: I just have one question. I want to know what can be the volume growth next year? What are we expecting?

Sahil Maheshwari: So, Divya, very difficult as of now to quantify the volume growth. We have always been significantly better than the market. So we expect the volume growth in the industry to sustain and continue. This is what we have received the feedback. So as of now, the expectation is we'll at least be double digits in our volume growth for this year, the next of the year. As I also just mentioned previously, we are also adding capacities in oral tablets, which should go live by the end of this year. So the volume growth should continue in the foreseeable future.

Divya Daga: Okay. I just have one last question. For our new acquisition, what can it number be in coming years? How big do we see?

Sahil Maheshwari: Can you please elaborate more?

Sumeet Sood: Inorganic, how much are we proposing to spend? How big could it get?

Sahil Maheshwari: So if you really look at it -- this Oriflame acquisition or in general?

Sumeet Sood: Overall, what is our appetite.

Sahil Maheshwari: As Sumeet-ji mentioned in his opening remarks, we have almost INR1,600 crores of cash with us and then the whole balance sheet is not leveraged, right? So we'll look at from the angle of is it value accretive and making business rational to the group. I think that's how we'll look at it. And obviously, we'll be cautious in making very large bids, but it should make business sense, and we have all the ammunition and gunpowder to latch on to such opportunities.

Moderator: The next question is from the line of Abdulkader Puranwala from ICICI Securities.

Abdulkader Puranwala: Congratulations on a good set of numbers. Sir, my first question is with regards to your CDMO business. So sir, in terms of this entire API prices going up, how are we seeing the reactions of our customers in terms of what is the kind of inventory they are now having? And how well are we able to pass this on completely to them?

Sahil Maheshwari: Sure. So two parts to it. I'll address the B part first. So the model has always remained a cost plus, right? So it is at every purchase order or whatever is the prevailing price of the input materials that gets passed through.

On the inventory, this honestly differs even by the similar set of companies and across. Some see it as a rising API environment and try to hold on to inventory while some wait and pause to see if they can defer the inventory decisions, right? So this inflated environment, we feel even starts from February, March, we have been almost 5, 6 months into it and the volume growth still continues, right?

So whatever inventory someone would have thought to build in one quarter would now have liquidated, right? So this volume growth, I think, is a phenomenon where the secondary in the market continues to pick up and people are used to putting a normal inventory of 45-, 60-odd days, whatever is the company policy for them, right? So that's there.

Abdulkader Puranwala: Sure. Quite understood. And second question is with regards to the API business. So I understand we are trying to inch up our profitability. And earlier, I think we have been guiding about that by end of FY27, we should turn that segment profitable. So are we still holding on to that guidance? And in terms of growth, then by FY28, should we see that business starting at least reporting a single-digit kind of a growth?

Sahil Maheshwari: Absolutely right, Abdul. So the whole target is on a monthly level, at least by the end of February, March, we should be monthly EBITDA positive in this business. And then next year, we should start positively contributing to the profit from this segment.

Abdulkader Puranwala: Sure. And last one question from my end. The INR1,600 crores of cash what you have on your balance sheet, so where is that currently? And if you could also help us chart a map that how do you spend -- plan to spend this maybe on giving some dividend or some M&A, if you can highlight, please?

Sumeet Sood: So Abdul, I'll answer the first part of the question. Most of the money, in fact, 98% of the money is parked in fixed deposits with nationalized banks, right? And the money is safely with these banks. There was another question on inorganic. So our net worth sits at more than INR3,400 crores and there is no debt on the company.

So I think what Sahil was mentioning was if we look at -- we get the right acquisition and there are synergies, I think the company has the appetite and DNA to look at an acquisition. So I think largely, Abdul, the money is well secured and it would be put to good use for business synergies. We continuously explore. And once we have it, we will let everyone know about it.

Moderator: The next question is from the line of Akshay Shah from VVD Asset Managers LLP.

Akshay Shah: Sir, as per my limited knowledge of the business, our sales force productivity in our domestic formulation business is lower than the industry for MRs. And now we are increasing the MR. So what is the rationale behind that strategy?

Sahil Maheshwari: So as you rightly said, we are lower than the industry average benchmarks, right? So the strategy has always been to have a strong clinical presence across our focused power products, right? The expansion was in line where we wanted to tap additional geographies, headquarters, cities through our Akumentis, right? So while PCPM is one metric to look at businesses, I think this is more of an outcome of a mature marketing business. We are still in a business -- in the phase we are building this business, right?

So we are cautious of how do we do our investments into field and products, right? So gradually, as the business will scale up, we'll certainly inch up to the industry averages and hopefully surpass them. But at this point in time, we'll have to appreciate that this is a phase where we are building the business.

Moderator: As there are no further questions from the participants, I now hand over the conference to Mr. Ankit Jain for closing remarks. Over to you.

Ankit Jain: Thank you, everyone, for attending the Q1 FY27 earnings call for Akums. If you have any remaining questions, you can reach out to the Investor Relations team. Thank you, and have a good day.

Sahil Maheshwari: Thank you. Thank you, everyone.

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

Note: This does not purport to be a verbatim account of the earnings call. It has been edited for readability and statements made in Hindi if any have been translated to English.