



Divi's Laboratories Limited

May 29, 2026

To
The Secretary
National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051

To
The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai – 400 001

Trading Symbol: **DIVISLAB**

Scrip Code: **532488**

Dear Sir / Madam,

Sub: Transcript of earnings conference call held on May 23, 2026

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

We hereby submit the transcript of the earnings conference call for the quarter and year ended March 31, 2026, held on May 23, 2026 at 14.30 hrs. (IST). The transcript is also available on the website of the Company i.e. www.divislabs.com under the Investors Relations section.

This is for your information and records.

Thanking You,

Yours faithfully,
For Divi's Laboratories Limited

M. Satish Choudhury
Company Secretary & Compliance Officer



“Divi's Laboratories Limited
Q4 FY26 Earnings Conference Call”

May 23, 2026



**MANAGEMENT: DR. KIRAN S. DIVI – WHOLE-TIME DIRECTOR AND
CHIEF EXECUTIVE OFFICER – DIVI'S LABORATORIES
LIMITED
MS. NILIMA PRASAD DIVI – WHOLE-TIME DIRECTOR
(COMMERCIAL) – DIVI'S LABORATORIES LIMITED
MR. VENKATESA PERUMALLU PASUMARTHY – CHIEF
FINANCIAL OFFICER – DIVI'S LABORATORIES LIMITED
MR. M. SATISH CHOUDHURY – COMPANY SECRETARY
AND CHIEF INVESTOR RELATIONS OFFICER – DIVI'S
LABORATORIES LIMITED**



Moderator: Ladies and gentlemen, good day, and welcome to the earnings conference call of Divi's Laboratories Limited for Q4 FY '25-'26. As a reminder, all participants 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 on your touch-tone phone.

I now hand the conference over to Mr. M. Satish Choudhury. Thank you, and over to you, sir.

M. Satish Choudhury: Good afternoon to all of you. I am M. Satish Choudhury, Company Secretary and Chief Investor Relations Officer of Divi's Laboratories Limited. I welcome you all to the earnings call of the company for the quarter and year ended March 31, 2026. From Divi's Labs, we have with us today Dr. Kiran S. Divi, Whole-Time Director and Chief Executive Officer; Ms. Nilima Prasad Divi, Whole-Time Director (Commercial); and Mr. Venkatesa Perumallu Pasumarthy, Chief Financial Officer. During the day, our Board has approved audited financial results for the quarter and year ended 31st March 2026, and we have released the same to the stock exchanges as well as updated the same in our website.

Please note that this conference call is being recorded and a transcript of the same will be made available on the website of the company. Please note that the audio of the concall is the copyright material of Divi's Laboratories Limited and cannot be copied, rebroadcasted or attributed in press or media without the specific and written consent.

Let me draw your attention to the fact that on this call, our discussion will include certain forward-looking statements, which are predictions, projections or other estimates about future events. These estimates reflect management's current expectations of the future performance of the company. Please note that these estimates involve several risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied.

Divi's Labs or its officials does not undertake any obligation to publicly update any forward-looking statement, whether as a result of future events or otherwise. Now I hand over the conference to Dr. Kiran Divi for opening remarks. Over to you, sir.

Dr. Kiran S. Divi: Good afternoon, everyone, and welcome to Divi Laboratories earnings call for the fourth quarter and year ending '25-'26. Thank you for joining us today. I hope you and your families are in good health. With the year now behind us, I would like to briefly take you through our performance and key developments across our business, along with the priorities we have continued to execute on. While Q4 was characterized by a complex and uncertain global backdrop, we continue to remain focused on execution discipline, supply reliability and long-term view of capacity and capability requirements.

These anchors have helped us to maintain continuity across all segments to support our growth initiatives. Let me begin with the generic business. Volumes across our key products have maintained and remained stable through the quarter and full year.

While the pricing environment remains competitive, we have seen steady demand across markets and healthy volume traction in our products. Moving to our Custom Synthesis segment, customer engagement has remained strong and progressive across the year. As we have shared



earlier, the strength of our CS business lies in our diversified product offering. As usual, our project pipeline remains active with molecules progressing through development to near commercialization. We are well positioned to participate meaningfully in these opportunities.

Coming to our peptide business, we continue to deepen our capabilities during the year. With our long-standing capabilities in protected amino acids and our strategic investment in both solid phase and liquid phase synthesis capabilities, we are well positioned to support our customer requirements across multiple phases of development. During the quarter, we have successfully validated several fragments with a few more in the pipeline.

Divi's has remained closely engaged with several customers across different therapeutic categories in the peptide segment. With focus on execution and quality, we have continued to invest in the capacity required to meet customer and portfolio-specific needs. On the manufacturing front, operations at Unit 3 have been steadily progressing, and the facility is now playing an increasingly important role in our overall operations by supporting our backward integration capacity.

Through the year, we have gradually transferred select activities from Unit 1 and Unit 2, freeing up GMP space while strengthening our supply chain and enabling better capacity optimization to support future growth in both generic and custom synthesis.

Technology remains another key area of focus. During the year, we have continued advancing commercial activities across platforms such as continuous flow chemistry, biocatalysis and various automation layers within our plants. The objective is to enhance safety, minimize variability and to create scale and future-ready systems aligned with emerging customer needs and complex chemistries.

Beyond our business operations, we remain deeply committed to creating long-term value for the communities we serve. I'm proud to share that our core CSR initiatives have positively impacted over 1 lakh children this year, while our safe drinking water programs now have reached to more than 11 lakh individuals each day across the states of Telangana and Andhra Pradesh.

To sum up, this has been a year where consistent diligent execution made all the difference. The external environment had its share of challenges, but we maintained stability across our operations, strengthened our capabilities, and has kept our long-term investments on track. The underlying focus has not changed, which is to be reliable, to be responsive and invest ahead of future demand. Thank you.

I will now hand over the call to Ms. Nilima Divi.

Nilima Prasad Divi:

Good afternoon, everyone, and thank you for joining us as we review our fourth quarter and full year FY 2025-'26 performance. It is a pleasure to connect with you once again, and we sincerely appreciate the continued trust, engagement and support from all our stakeholders. Before discussing the financial performance, I would like to begin with an update on the procurement, supply chain and logistics as these areas had an influence on our operating environment towards the end of our fourth quarter.



As many of you are aware, the escalation of geopolitical tensions in West Asia created disruptions across several global trade routes and logistics corridors. This led to congestion at key ports, extended transit timelines and operational uncertainty for suppliers and logistic providers alike.

During this period, a number of suppliers invoked force majeure clauses, while freight rates across both ocean and air transportation started increasing considerably. At the same time, container and tank availability was somewhat constrained during the end of the quarter, adding further complexity to the movement of materials. Despite these external challenges, the availability of critical raw materials and solvents remained broadly manageable.

This was largely due to resilience and preparedness of our procurement and supply chain teams who responded with agility and discipline throughout the period. Over the past few years, we have consciously worked towards strengthening our sourcing ecosystem, broadening our supplier base and increasing the depth of our domestic procurement network.

These initiatives is playing an important role in helping us navigate the volatility more effectively. Our teams adopted proactive procurement planning measures well in advance, enabling us to secure supplies and manage inventory efficiently despite uncertain lead times.

For time-sensitive materials such as solvents, where extended storage is neither practical nor economically viable, we implemented tighter coordination between procurement production and planning teams to ensure continuity without disruption to manufacturing schedules. Currently, we are focusing material availability on a quarterly basis. On the logistics side, shipments were planned and executed proactively to minimize delays.

We continue to work closely with reliable and long-standing logistics partners, which helped us maintain consistency in deliveries despite market conditions. As a result, we were able to honor our customer commitments and maintain supply reliability. While external environment remains dynamic, we believe the actions taken over the past several years to strengthen operational resilience are proving effective.

At the same time, we remain cautious in our outlook. Freight-related cost pressures are expected to continue in the near term, and we have incorporated these factors into our planning for the coming quarters. We will continue to closely monitor geopolitical developments, logistics conditions and supply chain dynamics while ensuring that our internal planning, sourcing strategies and operational execution remains aligned with business requirements and customer expectations.

With that, I will now move on to financial performance for the quarter and full year. For the quarter, the company recorded a consolidated total income of ₹2,986 crores. Profit before tax for the quarter stood at ₹963 crores as against ₹864 crores for the corresponding quarter of previous financial year. Profit after tax for the current quarter stands at ₹751 crores. The company also reported a forex gain of ₹90 crores for the Q4.

For the financial year 2025-'26, the company recorded a consolidated total income of ₹11,067 crores compared to ₹9,712 crores in the previous financial year. Profit before tax for the year



stood at ₹3,388 crores after accounting for the impact of Labour Codes amounting to ₹74 crores as against ₹2,916 crores in the previous financial year.

Profit after tax for the current financial year was ₹2,568 crores compared to ₹2,191 crores in the previous year. The company also reported a forex gain of ₹211 crores during the year against a gain of ₹48 crores in the previous financial year. Pursuant to the notification of the four Labour Codes effective from November 21, 2025, and consequent revision in the definition of wages, the company assessed a onetime incremental impact of ₹74 crores towards employee benefits during and post-employment.

The same has been fully provided for in the current financial year and disclosed as an exceptional item in the statement of financial results. Material consumption during the current financial year stood at approximately 38.8% of sales revenue compared to 39.8% in the previous year.

Exports contributed nearly 89% of the total sales revenue with Europe and United States together accounting for approximately 74% of the export revenue. The product mix between generics and custom synthesis for the year was at 45% and 55%, respectively. Constant currency growth for the year was 6.82%.

Revenue from nutraceuticals business for the current financial year amounted to ₹946 crores compared to ₹781 crores in the previous financial year. During the year, the company capitalized assets worth ₹1,544 crores, out of which approximately ₹800 crores is capitalized in the last quarter.

Capital work in progress as of March 31, 2026 stood at ₹2,113 crores. As on March 31, 2026, the Company's Cash and Cash equivalents stood at ₹3,414 crores, Receivables at ₹2,984 crores and Inventories at ₹3,954 crores. Thank you.

M. Satish Choudhury: Thank you, madam. With this, we would request the moderator to open the lines for Q&A.

Moderator: Thank you very much. First question is from the line of Surya Patra from Phillip Capital. Please go ahead.

Surya Patra: Yes. Thanks for the opportunity. First question is on the supply chain issue. So regards to the raw material availability, you have elaborated for the quarter, but could you share -- or is it fair to believe that the worst is behind us already, or the Q1 would be seeing incremental challenges in terms of availability of material?

See, particularly, I wanted to know about the methanol because we are one of the leading consumer of methanol in the country and almost entire of this country's demand is met from the imported things. So, how are we managing that? And how would that situation be for first half of current financial year?

Nilima Prasad Divi: So, a quick thing on the supply chain management and the procurement. In the year, since the war started on 28th February, I would say the effect is there only on 1 month in the entire year. So we wouldn't see so much of an effect of what is happening on the yearly results, neither on the quarterly results because it's only one-third.



If you're asking me what we are currently going through, yes, we are having difficulty in sourcing material, but we are not having any production stoppages at our end. And it is not just methanol. We do import a lot of other solvents. We do import -- we also procure domestic -- a lot of materials which require materials from the Middle East, for example, Ammonia, which is imported from Middle East.

And as I'm sure you are aware that there are certain domestic manufacturers who have declared force majeure. So, the impact is there on multiple products, not just on solvents. We are reviewing this on a quarter-on-quarter basis, and we are trying to secure every month for the next 3 months, how -- to make sure that our production is continuously running for the next 3 months. So we are keeping our customers also in the loop. And it is -- right now, we can say it is difficult, but it is not something that we are completely worried about.

Surya Patra: My next question is to Kiran sir. Sir, if the GLP opportunity hypothetically shift towards orals more going ahead, then how will that impact our supply ability, whether it should be better or...

Dr. Kiran S. Divi: We are supported by long-term agreements, okay, with our customers. So whether you're going by oral or by any category, okay, we don't see that to be an issue for us.

Surya Patra: Okay. Okay. And another question, sir, since the massive GLP-led capex that is going on worldwide, so if you can give your plan for -- capex plan for the next year, FY27? And also it would be great if you can share your margin outlook for FY27, given the kind of difficult scenario, how challenging and what is the kind of margin outlook that we would be having? Whether it would be difficult to sustain this or we can see expansion considering the new dedicated project, which will be commencing in the later part of the year

Nilima Prasad Divi: See, right now, as we have shared, the capital work in progress is about ₹2,113 crores. And in fact, at Kakinada, we did mention earlier that we are going to do a ₹1,500 crores expansion plan, out of which ₹600 crores has been capitalized. So there is a lot of work in progress currently.

And as and when we see an opportunity where there is material disclosure, we would definitely share it in the SEBI (disclosure). Now coming to the future outlook, we would say that as historically that we always look for a double-digit growth in our revenues, and that's what we would also say today.

Surya Patra: And regards to margin, ma'am?

Nilima Prasad Divi: I mean with the change in scenarios, I would say it's difficult to project, but we would say it would remain stable. And we would -- like it's also with the situation we are currently in, we wouldn't want to throw a figure on that.

Surya Patra: Sure, ma'am. Thank you. Wish you all the best.

Nilima Prasad Divi: Thank you.

Moderator: Thank you. Next question is from the line of Amey Chalke from JM Financial. Please go ahead.



Amey Chalke: Yes. Thank you for taking my question and congrats to the management of the call. So I have first question on our constant currency top line growth, which has been around 6%, as you mentioned in the opening remarks. So, despite doing so much capex, having so much capacity available, what is it that led to mid-single-digit growth during the year and how things change or can change going ahead in FY27?

Nilima Prasad Divi: See, we did have a capex, but most of the capex has capitalized in the last quarter. I would say more towards the end of last quarter is when we capitalized quite a bit of capex. But coming to the constant currency growth of 6%, considering the growth in revenue and the growth in the -- as well as the growth in the exchange rate with which we are going since the last year.

It's something that we foresee that we would look at a regular revenue growth rather than a constant currency growth rate at this point in time because the currency is fluctuating quite strongly. And looking at it from that point of view will not show you the real picture of the business, rather look at it from a complete revenue standpoint.

Amey Chalke: Okay. So is there any big product like a life cycle management project, which has been slowed down during the year or anything which has pulled down the revenue down, anything on the volume side or which could have affected the growth for us during the year?

Nilima Prasad Divi : There is not a single product. See, we are a multiproduct company. We have many products in our pipeline, and we have generics and we have custom synthesis. Generics, yes, we have large volumes, and we have multiple products under it, custom synthesis as well we have a lot of projects under it.

We can't name that one single product, we are product heavy wherein it would pull down our revenue to a considerable extent, which would reflect in the balance sheet. Yes, we did mention -- Dr. Kiran Divi has mentioned earlier many times that the generic business has been quite strong volume-wise. But yes, there has been pricing pressures. And Dr. Kiran Divi, would you like to elaborate on this?

Dr. Kiran S. Divi: So to answer your question, while we cannot point on a particular product, we have not lost any volumes or any supply or have any supply issues with any of our customers. Generics has slight pricing pressure, but our customers also understand what's happening in the market and they have been very understanding and we have been in constant discussion in how to manage the pricing at both end.

While on the custom synthesis, we have several projects. Now you also know that we do a lot of late life cycle management for our customers. While the project is going through its patent phase, as it comes to an end or closer to an end, we do support our customers in late life cycle management and the product continues to stay, okay. Maybe the volumes may go down.

But at the same time, we have several projects that come into the pipeline. So it's a continuous rotation. You have to remember, Divi's has been in the business of CS from the inception. It's not something new that we got in today and the volumes have evolved. This is a constant cycle that keeps going on.



Amey Chalke: Sure. The second question I have on the margin side. Like a few years back, we used to operate at 37%, 38% margins traditionally. What has changed since then over the last 4-odd years since our margins have settled down around 32%? Is there any possibility we can go back to the original levels and what can drive it?

Nilima Prasad Divi: I would say that one -- the two key things that we see, the margins going more than 32% historic figure. One is the generic pricing pressure for sure. And then the second one is mainly the cost of materials that has increased. I mean, we did see the increase happen mainly during the COVID period, and then it slowly started settling down in the recent past. But again, with the war, we are seeing rise in prices. I mean, to answer your question about when would we go back to 38%, that's something we dearly wish for that we also go back to 38%, which also depends on the market conditions.

Amey Chalke: Sure. Is it like going ahead, if the business mix of custom synthesis increases driven by whatever projects you have already expecting to start, will that drive these margins upwards?

Dr. Kiran S. Divi: So it's very difficult for me to answer that, right? Because right now, we have done -- we are in -- some we are in the process of validation, like I explained, some we are going through prequalification. Some are still in the R&D state. Now these have to go to our customers. They have to go through their qualification cycle.

So it's very difficult for me to say the timeline of any project. When it would come, when is the right time that these would jump in? Again, we have to see what this product is competing with and whether a new molecule is developed at the same time. So there are several unforeseen challenges for me to comment on the margin at this point.

Moderator: Next question is from the line of Neha Manpuria from Bank of America.

Neha Manpuria: I just wanted to check on the raw material availability that you talked about. Would it be fair to assume that obviously a lot of that availability is coming at a higher price, which would start reflecting in the first quarter fully?

And also, if you could just comment on our ability to pass on this cost inflation, particularly in the generic segment? Have we started seeing generic API prices probably that have been under pressure bottom out now that we are facing cost pressure? Or you don't think it's too premature to sort of see that?

Dr. Kiran S. Divi: I could answer this for you -- the generic segment, while the raw material prices, we are not immune to it, we are seeing rise in raw material prices. But we have -- most of our APIs on the generic segment are backed by long-term contracts, which have variability clauses, which protects us from such situations.

So these are reviewed -- based on the contracts, some of them would be reviewed every 3 months. There is a clause where it directly impacts on the raw material plus. There are different scenarios where we have long-term contracts for most of our products. And this supports us and protects us, which is basically a carry forward, which goes to our customers.



- Neha Manpuria:** Understood. And Dr. Divi, is it fair to assume that not all of our contracts are long term and there is some amount of spot supplies, which could see this impact from the cost pressure? Or would you say bulk of the contracts are long term and therefore, we have some flexibility in terms of being able to negotiate as and when the contract comes up for renewal?
- Dr. Kiran S. Divi:** It is a fine balance between having contracts for our products. And also, we have some spot buys, quarterly buys from customers from various regions, which, again, it's on negotiation to negotiation basis, which happens mostly in countries like South America or parts of Europe, Eastern Europe or Asia.
- Neha Manpuria:** Okay. And my second question, now that there's so much discussion about raw material pressures, etcetera, have you started seeing customers probably increase -- an increase in demand from the customer side, which you think would bode well for API prices? Has that phenomenon started to reflect in your customers' demand than wanting more volumes just to make sure there is supply security at their end?
- Nilima Prasad Divi:** To answer your question, I would say that our supply chain model is pretty stable. We have -- we proactively make sure that the material reaches our customer in time, and that's what Divi's has been known for and that we deliver on time to the customers. So that way, I don't think they are stocking up any material that they are foreseeing the shortage.
- Moderator:** Next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services.
- Tushar Manudhane:** Ma'am, first on the API segment, there has been a healthy pickup in revenue over the past 2 quarters, which probably in the earlier quarters, it was pretty stable. So is it -- while the pricing pressure remains, so this is like a decent volume pickup. Is that the safe assumption to make?
- Dr. Kiran S. Divi:** Yes, the volume has been picked up. We had steady growth in volume, and our customer base has been quite steady in the generic business.
- Tushar Manudhane:** Given the new molecule addition or the volume of the existing molecules?
- Dr. Kiran S. Divi:** This is from our existing portfolio itself. While we are still waiting for our customers to launch our new portfolio, what we have told you in 2026-'27, as the products come off patent. But now this is from our existing product portfolio.
- Tushar Manudhane:** So, effectively, like coming couple of years, the new products will also sort of add to this volume growth from the existing product, right?
- Dr. Kiran S. Divi:** That is correct.
- Tushar Manudhane:** Sir, secondly, with respect to Unit 3, you alluded that the production level has steadily increased and there has been some shift from Unit 1 and Unit 2. While you are not giving further details, but probably what further percentage in terms of such a broad-based percentage shift which is possible from Unit 1 and Unit 2 to Unit 3, where are we in that journey?
- Dr. Kiran S. Divi:** It's quite difficult to say a percentage, okay, because it is on qualification to qualification basis. As and when we have a product in demand and the volumes are going up, which requires proper



GMP or we have a branded customers' product, which the volumes have increased and we need to create space, that is the time we are moving one of our pre-chemistry products from Unit 1 or Unit 2 to Unit 3, freeing up GMP spaces. So, the qualification timeline is something we would know about 2 or 3 or 4 months in ahead. As and when we know that customers are getting approval, we proactively start working on moving those products.

Tushar Manudhane: Got it, sir. And just lastly, I mean, the way the custom synthesis business has been built by Divi's Lab, clearly, the customer satisfaction in terms of the supply of the material has been rock solid maybe even if I look back at the COVID times as well. But just one thing to understand like inventory, if I look at it, it has been stable quarter-over-quarter, I mean, from ₹3,600 crores moving to ₹3,900 crores. And given the way the situation has sort of panned out in March, April, so would we see subsequently an increase in the inventory level in, let's say, coming quarter? Or this is the kind of the rate at which the inventory will be increasing?

Nilima Prasad Divi: I would say from an inventory standpoint, the March month has been mostly surfaced from the inventories of maybe early March. But most of the increase in inventory, I would say you might be seeing from the Q1 of next year.

Tushar Manudhane: Any percentage you would like to put?

Nilima Prasad Divi: I wouldn't put any number on that because we are first trying to make sure that we run good capacity. We don't lose out on our production capacities, and we don't lose out on our outward logistics shipments. So for that, we are securing material and we are storing material to make sure that we are efficiently manufacturing and supplying our customers.

Tushar Manudhane: And just last, if I may squeeze in, you also commented on increased procurement from the domestic side and correct me if I'm wrong. So is that resulting into relatively higher prices so that you secure the raw material in place or the still largely stable despite getting procurement from the domestic side?

Nilima Prasad Divi: So I would say it's not just domestic, but also it is with respect to imports like we buy a lot of solvents and we buy quite a few materials from imports. And we also try to buy from domestic. Yes, are we seeing price increases? We are seeing price increases like any other, like you're seeing crude oil, crude increase you're seeing multiple other factors in our daily lives also increase in prices. The same way, we are also not immune. We are seeing price increases. But we are factoring them in, and we are trying to pass on wherever feasible.

Tushar Manudhane: That's great and thanks a lot for this explanation.

Moderator: Thank you. Next question is from the line of Abhigyan Srivastav from Marcellus Investment Managers. Please go ahead.

Abhigyan Srivastav: Thank you for taking my question. My first question is, can you comment on the ramp-up of Iodine contrast media and the status of Gadolinium-based contrast media that we are working on?

Dr. Kiran S. Divi: Could you repeat your question again, please?



- Abhigyan Srivastav:** Yes. I want to know the status of our Iodine contrast media ramp-up and our status on the Gadolinium-based contrast media that we have been working on?
- Dr. Kiran S. Divi:** Coming to the Contrast Media, we are working with the big pharma companies. So I cannot disclose too much on the volume or how much we are producing or who we are working with because we are bound by CDAs, but we are working with most of the top players in the market at this point who are innovators.
- Coming to Gadolinium compounds, we are still at qualification stage because these are new molecules which are in Phase II, Phase III. Yes, we are basically tagging along with our customers. As and when they start getting approvals, we will start seeing revenues from that side.
- Abhigyan Srivastav:** Got it. Thank you, sir. And my second question is, you mentioned that we are seeing new project inquiries in CSM. Is there anything in particular that is driving that?
- Dr. Kiran S. Divi:** You mean to say in Contrast Media?
- Abhigyan Srivastav:** No, in CSM as a whole, in your initial speech...
- Dr. Kiran S. Divi:** Okay. In CS, we have several projects which are either in phase II, phase III. Some, the validations have been completed, and these have been submitted to our customers, and we are waiting for approval for them to get either EU, EDQM or USFDA or different regulatory agencies to approve them. As and when they go through the approval process, we will be a part of their journey.
- But, as of now, we have a strong pipeline across different -- at different, what you call, stages of development. Some at Phase II, some at Phase III, some have done qualifications, some have done validations. I think that's what you've asked for, right?
- Abhigyan Srivastav:** Right, sir. Sir, lastly, has there been any loss of revenue in Q4 due to logistic issues?
- Nilima Prasad Divi:** Can you repeat the question again, please?
- Abhigyan Srivastav:** Yes, ma'am. Has there been any loss of revenue due to logistic issues that you mentioned in your initial speech?
- Nilima Prasad Divi:** No, we haven't had any loss of revenue because of the logistics issues in the last quarter.
- Abhigyan Srivastav:** Got it. Thank you for what you said, which was very helpful.
- Moderator:** Thank you. Next question is from the line of Vivek Agarwal from Citigroup. Please go ahead.
- Vivek Agrawal:** Thanks for the opportunity. One question is on GLP-1, as you have talked about that several of the fragments have completed validation, that is all right. Just want to understand how far we are from commercializing that?



Nilima Prasad Divi: Just a second. Your background noise was way too much. We couldn't hear your question clearly.

Vivek Agrawal: One question on GLP-1, as you have talked about that several of the projects or several of the fragments that...

Moderator: Mr. Agarwal, we cannot hear you clearly. Please use your handset.

Vivek Agrawal: No problem...

Moderator: Mr. Agarwal, as there is no response. Can you please repeat your question or use your handset mode, sir? We cannot hear you clearly.

Vivek Agrawal: I am speaking back to you. I'm joining by the queue. Sorry.

Moderator: Thank you. Next question is from the line of Ritika from ValueQuest Investment Advisors. Please go ahead.

Ritika: My first question is on, could you help us understand broad timelines? When do we expect the 3 dedicated capacity to start utilization? Also, what will be a regulatory process that we need to go through for all these 3 new dedicated capacities?

Dr. Kiran S. Divi: Would you please repeat the question again?

Ritika: Yes, sure. My question is on, could you help us understand when do we expect broad timelines for these 3 dedicated capacities to start utilizations? Also, what kind of regulatory process we need to have to go through for these 3 new dedicated capacities?

Dr. Kiran S. Divi: The 3 projects, I believe you're talking about the CS projects we have spoken in the past.

Ritika: Yes. Yes.

Dr. Kiran S. Divi: These have gone through various stages of validation. At this point, they are in the process of being supplied to our customer. As and when the customers get their regulatory approvals, either from -- I don't know which countries and how they would apply. We will be a part of their filing, we cannot comment on their regulatory submissions. But as and when they confirm and give us the volume indication that we need to start commercial production, we would then start producing commercial quantities.

Ritika: Also, from U.S. FDA or any other company -- any other country point of view, do we need any inspection or any on that regulatory process that we need to go through?

Dr. Kiran S. Divi: To answer that question is very difficult, right. So I cannot assume what the agency would be thinking, whether after my customer submits a file, whether they would prefer to audit us or they're happy with the previous audit report or they want to do a product-specific report, and then come for an audit again. I cannot comment on that because that's a regulatory agency decision, right. So it's something I cannot comment.



Ritika: Sure. Just last understanding would be, when we had disclosed our first dedicated contract, which was in April '24, we had mentioned Jan '27 as the operational timelines. So do we think that is on track or that could get delayed led by regulatory approvals with your customers?

Dr. Kiran S. Divi: As of now, like I explained, we have gone through validation phases. We have supplied it to our customers. We are hopeful by 2027 it will be commercialized or earlier or maybe later. Everything is subjected to regulatory approvals for our customer who in turn would tell us as and when we need to supply commercial quantities. So this is based on a prediction on what our customers give us. We have spoken in the past...

Ritika: Sure. Last question would be, could you give us qualitative understanding on opportunity in the contrast media that you are seeing, both in generics as well on the innovator front?

Dr. Kiran S. Divi: On contrast Media, we're substantially tied up with the innovator side of the business, where we have been supplying iodine-based contrast media in several multiples of tons to these customers and as and when they demand, they want to increase it, they have been discussing with us actively and increasing their volumes or some of the customers have kept their volume quite stable. Coming to the generic side, we are not that active. We are more active with the innovators itself.

Ritika: Got it. You mentioned to the other participant that for Gadolinium, our contract is yet to start with the products being in phase II, phase III. But in the Iodine space, we would have already started commercialization for molecules?

Dr. Kiran S. Divi: Yes. In the Iodine base, we are already in commercial sales. I think I mentioned this in my previous calls that we have commercialized these projects on the Iodine base. And like I explained, there are one or two -- there are about three major players. So few of them are increasing their volume. Some of them are keeping it steady with what they have signed with us and these are backed up by long-term contracts.

Now, coming to Gadolinium compounds, this is something where we are in phase III, where they're buying quantities just for their studies to qualify their product. As and when they see light of approval from the agencies, then they would start talking to us for taking the next steps on validation.

Ritika: Thank you so much for answering the question.

Moderator: Thank you. Next question is from the line of Shyam Srinivasan from Goldman Sachs. Please go ahead.

Shyam Srinivasan: Quick question first on the capex. So we did ₹1,400 crores last year. We have done ₹2,500 crores this year at about 23%, 24% of sales. It's been a very high number and I don't know whether you alluded to a ₹1,500 crores number for '27, but just checking.

And typically, Kiran, we have had a 2-year correlation on when you convert capex to revenue or some form of it. So just want to understand whether the current batch of capex, including the



long-term supply agreements, is it a slightly more prolonged revenue recognition cycle, you think or you think the historical trends of when revenues accrue from these capex will be similar?

Nilima Prasad Divi: Can you just repeat your question again, please?

Shyam Srinivasan: Yes, Nilima. So capex is ₹2,500 crores this year, last year it was ₹1,400 crores. ₹2,500 crores is 24% of sales. Our historical average is 13% of sales is the capex number. So I'm just saying it's significantly higher. I know we are doing three long-term supply agreements, but when does revenue accrue from capex being done? Is it a 2-year to 3-year cycle when you start seeing commercialization leading to revenue recognition?

Moderator: Sir your line is on mute.

Dr. Kiran S. Divi: Yes. Sorry, we were just discussing. So to answer your question, right, while capex has been allotted for various projects across the various units. Either we are creating GMP capacities in Unit 1 and Unit 2, freeing up the space so that Unit 3, Kakinada can take up the pre-chemistry raw materials and then qualifying these for our customers. All these is a cycle.

The cycle is typically when we do an innovative product, we completely depend on the customer's timeline because we file in their CMC. We do not have control on when the product will be launched. It can be wishful thinking if you want it in 6 months or 1 year, it can take 2 years.

We have seen time cycles all the way from 6 months when it's a fast approval project by the agencies and the product needs to be in the market or we have seen as long as 3 years. So it is very difficult for us to predict saying, okay, in the next 1 year we will see these being shown up into the revenue stream.

So to be optimistic, we believe we would like to be in the 2-year range, which is comfortable. We have seen sometimes these are slightly earlier or slightly delayed based on -- if the agencies ask our customers further questions, further data, we don't know, as we are not a part of it. We just have long-term contracts with supply commitments.

Shyam Srinivasan: Yes, helpful, Kiran. My second question is just on an earlier participant's question on margins, 32%, 32.5% this year, excluding other income. But if you were to look at historically, I think during COVID we did like 40% and I recollect Nilima saying it's because of generic pricing being the difference?

But last time -- at that time there was also Molnupiravir, right, that was an expedited, accelerated capex. For me, it seems to remind us of the next three long-term supply agreements that are coming. So why wouldn't the new long-term supply agreements for CS, which may be higher scale, which may be larger quantities, wouldn't that drive margins higher?

Dr. Kiran S. Divi: See at this point it's very difficult to comment. You have to see how the product is going to do in the market. If you look at Molnupiravir as an example, it was a COVID-driven drug, okay. So it was specific, it's a therapeutic category which the market knows and the customer has driven it across all over the markets.



Now the products that the large -- long-term supply agreements we have is completely based on what our customers have signed with us. So I'm not at the liberty to comment on the volume, on the pricing or the costing because the technology is completely owned by the customer and I'm not at the liberty to talk about it., but what I can say is with the ongoing costs, increase in cost on raw materials, okay, there is a -- there is -- we are trying to minimize the impact by discussing with several of our customers and trying to stabilize it to keep the numbers almost close to what we are achieving right now.

Shyam Srinivasan: Got it. Thank you and all the best.

Moderator: Next question is from the line of Kunal Dhamesha from Macquarie.

Kunal Dhamesha: Hi, thank you for the opportunity. First question on the -- stable kind of profitability outlook that you've provided. Is it right to say given that you don't know what time it will take for the customer orders to come for dedicated capex projects? Is it fair to say the stable profitability guidance does not bake in any upside from these projects as of now?

Nilima Prasad Divi: We are not at a liberty to comment on the upside/downside at this point in time. But, however, as we always said, we are looking for a double-digit revenue growth and that's the projection that we would like to assume we would achieve.

Kunal Dhamesha: In terms of the RM cost increases, freight rate increases, etcetera, is it also fair to say that the INR depreciation against a major currency like USD, Euro, where we derive our majority of the revenue, should be more than able to offset some of these increases?

Nilima Prasad Divi: See, if you're talking about our imports, am I correct?

Kunal Dhamesha: No, I'm just saying at a company level, the kind of currency depreciation we have seen versus the pull factors in terms of increase in RM cost, freight cost, etcetera. So, there is a benefit from currency and then there is negative impact of all other factors. Would you say the currency benefit would more than offset all these dark clouds?

Nilima Prasad Divi: See the currency benefit, because we are mostly an export-oriented company, it would definitely benefit is what we would foresee. Say, for example, currently this year our sales are about -- our revenue is about ₹11,000 crores, but our raw material is about ₹4,000 crores to ₹5,000 crores.

In that, about 40% would be our imports. So how much of imports effect is there and how much of our export effect is there is easier for you to calculate from there. I don't need to say it out. Would the fluctuations benefit? Yes, it would. But when tomorrow the rupee drops, would it also impact? Yes, it would, because we are heavily on exports and we are not in the domestic that much.

Kunal Dhamesha: Sure. Lastly for Dr. Kiran, my understanding is typically the regulatory agencies only inspect API formulation and advanced intermediate facility. Correct me if I'm wrong. This is my understanding. By virtue of that, given that on peptide side we are doing more like 8 or 10 amino acids in a chain, would it be counted as more like advanced intermediate or intermediate? What is your sense on that?



Dr. Kiran S. Divi: See this -- the manufacturing has to be done under GMP. So, these are qualified material for our customers, now how -- which one do they call starting material, which one do they call advanced intermediate, only my customer knows, but we are prepared for any other. All the plants, that is both Unit 1 and Unit 2, is a general cGMP facility, which is under all guidelines of EDQM, US FDA or ANVISA, across all Japanese authorities.

It basically covers all regulatory requirements. So, it's difficult for us to say whether -- which one is the starting material for him, which one is advanced intermediate, because as and when he keeps adding the fragment, the fragment sits at a certain place, higher the GMP level goes up.

Kunal Dhamesha: Sure. Last one, if I may squeeze in. In terms of, let's say once our peptide facility is commercialized, we have not given the scale. But would you say once it is commercialized, we would be in the top 2 player global, in terms of scale of the capacity?

Dr. Kiran S. Divi: I would say in terms of scale, I can give you a rough thing. We have several 3,000-liter SPPS, which by far in India nobody has. We are quite strong and committed towards this segment, and we are targeting to be one of the largest global players in the world.

Kunal Dhamesha: Sure, thank you and all the best.

Moderator: Next question is from the line of Dhawal Khut from Jefferies. Please go ahead.

Dhawal Khut: My first question is I wanted to know the guidance on capex for the next fiscal year. That's first. And secondly, again, on peptide division, wanted to get some more details on the products that we have validated. Like what is the maximum length of the chain that we have validated, and are these fragments for one single product or the validated fragments are for multiple products?

Nilima Prasad Divi: What was your first question?

Dhawal Khut: Outlook on capex.

Nilima Prasad Divi: I would say the capex, like right now we have capital work in progress of ₹2,000 odd crores. So, I would say the capex for the following year, unless we see any major custom synthesis project or any new project that's in our way, it would be a constant capex. Now Kiran would answer your second question.

Dr. Kiran S. Divi: So, coming to peptides, right, we have several customers, like I explained to you, where we are at various stages. Either some are in validation, some are in qualification, some are in R&D stages where we are doing small quantities for them, the fragments basically.

These are various fragments, according -- it's very difficult for me to say whether it's for a single customer or multiple customers because I'm bound by CDAs. But all I can tell you is that we have a healthy pipeline and we see much more opportunities in different therapeutic segments.

Moderator: Thank you. That was the last question of the day. I now hand the conference over to Mr. Satish Choudhury for closing comments. Over to you, sir.



M. Satish Choudhury: Thanks all for joining us today for the earnings call of Divi's Laboratories Limited. In case you need any further clarification, please reach out to our Investor Relations. Thank you.

Moderator: Thank you. On the behalf of Divi's Laboratories Limited, that conclude this conference. Thank you for joining us, and you may now disconnect your lines.