

CONCORD BIOTECH LIMITED

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February 18, 2026

To The Manager, Listing Department National Stock Exchange of India Limited Plot No. C/1 G Block, Bandra-Kurla Complex, Bandra (East), Mumbai -400 051 Symbol: CONCORDBIO	To General Manager, Listing Department BSE Limited Phiroze Jeejabhoy Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 543960
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Dear Sir/Ma'am,

Subject: Transcript of Q3 & Nine months FY26 Earnings call held on February 12, 2026

In continuation of our letter dated February 12, 2026 regarding Earning Call Recording- For the Third Quarter and Nine Months ended on December 31, 2025 and pursuant to Regulation 30 (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings call for the said period is enclosed herewith and is also available on the website of the company at the following link.

<https://www.concordbiotech.com/investors>

Kindly take the same into your records and oblige.

Thanking you,
Yours faithfully

For Concord Biotech Limited

Paritosh Trivedi
Company Secretary & Compliance Officer

Encl: as above

CONCORD BIOTECH

Biotech for Mankind...

“Concord Biotech Limited Q3 & 9 Months FY26 Earnings Conference Call” February 12, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 12th February 2026 will prevail.

CONCORD BIOTECH
Biotech for Mankind...



MANAGEMENT: **MR. ANKUR VAID – JOINT MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CONCORD BIOTECH LIMITED**
MR. RAVIRAJ KARIA – CHIEF FINANCIAL OFFICER – CONCORD BIOTECH LIMITED
MR. PRAKASH SAJNANI – ASSISTANT VICE PRESIDENT – ACCOUNTS AND FINANCE – CONCORD BIOTECH LIMITED

MODERATOR: **MR. SUMIT GUPTA – ANTIQUE STOCK BROKING**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9 Months FY '26 Earnings Conference Call of Concord Biotech Limited hosted by Antique Stock Broking. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sumit Gupta from Antique Stock Broking. Thank you, and over to you, sir.

Sumit Gupta: Thank you, and good afternoon, everyone. I welcome you all to the 3Q and 9 months FY '26 Earnings Conference Call of Concord Biotech Limited. We thank the management of Concord Biotech for providing us with the opportunity to host this earnings call. From the company today, we have Mr. Ankur Vaid, Joint Managing Director and CEO; Mr. Raviraj Karia, CFO; and Mr. Prakash Sajjani, AVP, Accounts and Finance. I would now like to invite Mr. Ankur Vaid to give his opening remarks. Over to you, sir.

Ankur Vaid: Thank you. Good afternoon, ladies and gentlemen. So, we delivered a steady performance during the quarter, reporting revenues of INR 278 crores, representing 14% year-on-year growth. For the 9-month period, revenues declined by 5%, primarily due to challenges in H1 arising from uncertainty on global trade due to U.S. tariff dynamics, delay in written confirmation from CDSCO and the deferral on tender-based supplies in Middle East market.

Importantly, these headwinds were largely timing related rather than structural. Let me give an update on how these situations are evolving now. So, we have also started with Stellon Biotech, our U.S. subsidiary to drive marketing. So, uncertainties around tariffs and global trade dynamics temporarily disrupted customer procurement patterns and delayed second source opportunities as customers waited for greater geopolitical stability before making firm decisions.

However, following clarifications that tariffs do not apply to generic products, order momentum began to recover. Now with the U.S. trade deal taking shape, we are seeing increased engagement and more advanced discussions around larger second source supply opportunities and CDMO partnership.

Written confirmation approval delay from CDSCO, which did not allow us to sell in the European market for a couple of months was received in early November, which has resumed the supplies back to normal. However, the ramp-up will happen in a gradual manner. Last being deferment of tender-based supplies to Middle East market was kept on hold on account of geopolitical tensions.

This is currently status quo, and we are monitoring it closely. Having said that, we will be the preferred supplier to them. And once this is resumed, we will be able to recoup the revenues from this tender. We have also seen India-EU free trade agreement announced earlier this year, and we view this as a positive long-term development.

This agreement enhances access to one of the world's largest and most regulated health care markets and strengthens India's position as a global manufacturing hub. Given our established presence in the EU market, we see this as a strategic opportunity over the medium to long-term.

Also, we would like to mention the union budget, which is broadly supportive of the sector -- of particular relevance is the Biopharma SHAKTI initiative, a INR 100 billion 5-year program aimed at strengthening India's biopharmaceutical ecosystem. Its emphasis on R&D, talent development, manufacturing capabilities and faster regulatory approval aligned with our fermentation API expertise and supports long-term visibility.

While spillovers from earlier disruptions are expected to materialize gradually with all positive developments across the industry, we believe the Q4 will be stronger. This is also reflected in our Q3 performance, where revenues grew by 14% on a year-on-year basis. Speaking about key highlights for the quarter, our injectable facility has received WHO GMP certification, which will enable us to sell in the domestic market via our own brand and contract manufacturing opportunities.

Our initial focus remains on the domestic market with plans to expand into emerging markets following the necessary regulatory approvals. We have taken meaningful steps towards building this as a long-term growth platform for the company. The facility has a peak revenue potential of approximately INR 600 crores.

We have incorporated Concord Lifegen Limited, a wholly owned subsidiary to further strengthen our marketing, sales and distribution capabilities in India. We have also started with Stellon Biotech, our U.S. subsidiary to drive marketing, distribution and commercialization of our products in the U.S., creating a direct commercial footprint and supporting global market expansion.

From a pipeline perspective, we have completed DMF's for Nystatin and Voclosporin last year. And during the current year, as previously communicated, we plan to launch two new products, primarily in the anti-infective segment, which offers large volumes, niche positioning and limited competition.

Moving on to margins. Profitability during the 9-month period was impacted on account of start-up costs associated with the commercialization of our injectable facility. That said, our core API and formulations business continues to operate with stable unit economics. Excluding injectables-related start-up costs and costs associated with our U.S. subsidiary, EBITDA margins remain in the range of 40% for Q3 and 9 months FY '26.

As the injectable business scales up over the coming quarters, we expect this temporary margin impact to gradually normalize. Moving to segmental performance. In Q3 FY '26, API revenues

were at INR 219 crores, representing growth of 24% on a year-on-year basis. These figures exclude interunit sales to our formulation business.

On the formulations front, revenue stood at INR 58 crores compared to INR 68 crores in Q3 FY '25. On the leadership front, we are pleased to welcome Mr. Raviraj Karia as our Chief Financial Officer. He brings over 2 decades of experience in the pharmaceutical and health care sector, and his experience will further strengthen our leadership team.

In summary, during Q3, we witnessed a gradual improvement in volumes despite it being a seasonably softer quarter due to holiday period and year-end closure in our key regulated markets. We are entering Q4 with greater optimism and a stronger growth momentum. While FY '26 is expected to remain below our historical averages, primarily due to the challenges encountered in the first half, we anticipate that FY '27 and beyond will reflect a normalization in performance and regaining back the momentum at least to our historical averages.

Over the medium to long-term, Concord remains well-positioned to deliver sustained growth through injectables, CDMO, new product launches and continued market share gains. With strong regulatory credentials, differentiated manufacturing capabilities, disciplined capital allocation and expanding growth engines, we remain confident in our long-term strategy.

With this, I hand over the call to Raviraj Karia, our CFO, for financial and operational performance. Thank you.

Raviraj Karia:

Thank you, Ankur, and good afternoon, ladies and gentlemen. First, I would like to express my gratitude to the Concord Board and the management team for welcoming me into the Concord Biotech family. I'm truly excited to join the organization at such a pivotal time. With a strong foundation and clear vision for growth, I look forward to closely working with the leadership team to strengthen the financial discipline, enhance the transparency, support the strategic initiatives that will drive the growth long-term value for the stakeholders.

Let me take you to the financials and operational performance for the quarter. On a revenue front, our revenues for the quarter 3 financial year '26 stood at INR 278 crores as compared to INR 244 crores in the same period last year, witnessing a growth of 14%. Our revenues for 9 months financial year '26 stood at INR 729 crores as compared to INR 770 crores in the same period last year with a degrowth of 5%.

Revenue from API business stood at INR 219 crores in this quarter against INR 177 crores during the same period last year with a growth of 24%. Revenue in 9 months financial year '26 for the formulation business in this quarter stood at INR 58 crores as compared to INR 68 crores in the same period last year. Formulation revenues for 9 months of financial year '26 stood at INR 164 crores.

Revenue from our domestic and export business grew collectively by 14% in quarter 3 versus last year same quarter. Now speaking on the EBITDA, EBITDA for this quarter stood at INR 99 crores as compared to INR 98 crores in the same period last year. EBITDA for 9 months '26 stood at INR 249 crores.

EBITDA margin for this quarter stood at 35.6%. EBITDA margins were largely impacted on account of expenses related to the commercialization of new injectable facilities and also on account of expenses related to the setting up of subsidiaries in the U.S. market. Excluding these impacts, EBITDA margin for quarter 3- and 9-months financial year '26 stood at 40%.

On profit after tax, our profit after tax for this quarter stood at INR 64 crores as compared to INR 76 crores in the same period last year. Profit after tax was impacted on account of impact of new labor costs, the extent of INR 3 crores. And also, there was a higher other income of INR 15 crores in quarter 3 FY25 compared to INR 10 crores in the quarter 3 this year.

If we exclude these impacts, there would have been a higher growth in profit after tax numbers compared to what was seen. We are a zero-debt company with investments, bank balance and cash and cash equivalents to the tune of INR 1,263 crores (erroneously it was mentioned INR 1,263 crores actual number to be read as INR 350 crores) as on December 31, 2025. With this, I shall now leave the floor open for the question and answers.

Moderator:

A first question comes from the line of Chintan Sheth from Girik Capital.

Chintan Sheth:

Congratulations, Raviraj ji, for joining Concord Board. My first question, Ankur, is on the growth, which you mentioned that FY '26 will not be grow as per the historical trends, which we have been growing. So on beyond FY '26, how do you see business momentum going on? How confident you are the external factors which we have faced this year in particular, what gives you the confidence that we will be back to our normal growth? That's one?

And second, on the Labour Code, which we have kind of provided a provision of INR 3-odd crores. That is on a retrospective basis, we have taken the provision. But if you can provide going forward, how should one look at on the recurring basis, the impact of new Labour Code to our finances? That these are two and I'll jump back into queue?

Ankur Vaid:

Sure, sure. So let me first talk about in terms of the growth. So historically, if you see, we have grown at around 18% or so. And during our previous many interactions, what we have said is that the way that we look at growth over the next few years is that while the injectables can do a much larger business, but we have considered half of the business over the next 3 to 5 years, which contribute to around 6% growth.

And then we had also considered growth coming in from the CDMO because of enough capacities available and considering that how globally India is becoming more favorable for fermentation compared to, say, Europe or China. So, there was a 6% growth that we had kind of taken it over a medium-term period. So, if you put together your baseline growth of 18% and the 6% from injectables and that of CDMO, you reach to 30%.

And in our previous discussions, we have also said that there could be years where you would see these kind of challenging environment because of which we kind of toned it down to, say, a CAGR of 25% once these 2 growth drivers start kicking in at full capacity. Till that time, you would see gradual movement going from the 18% to the 25% CAGR.

Now with the introduction of new products across the fermentation and us taking different initiatives, across formulations and gaining more market share because in the last 3 to 4 months, we have also gained significant accounts business across multiple products. So, all these when factored in together gives us a lot of optimism that the growth can return to the historical CAGR and there could be potential upside, which could be there on account of injectable facility where we have, as I mentioned, recently now got the WHO GMP approval.

And soon, we will be engaging with the customers to kind of qualify this facility for their contract manufacturing as well, while we launched the products into the domestic markets under our own brand name as well. So, I think all these factors put together gives us confidence that the next year, we will be at least doing our historical CAGRs. And with favorable positioning on the other matters, we could be slowly and steadily inching towards the CAGR that we have set to be there over the next 3 to 5 years.

Chintan Sheth:

So Ankur, just a follow-up on injectables. Given we will be focusing on domestic, do we have to incur a little bit more to develop the on-ground team because I believe these injectable products will be directly supplied to hospital chains, right? That was our initial understanding. And for that, do we have to incur a little bit more on marketing, a little bit more on developing that business in the domestic part and that will also have some impact on our margins overall?

Ankur Vaid:

No, not really because we already have a field force for the critical care division. And close to around 100 to 120 people are there for the critical care segment. And they are supplying to the large corporate hospitals mid-corporate hospitals, government institutions, nursing homes, PAN-India. And we are selling our own branded generics.

So, once we have kind of moved the manufacturing in-house, I think that has given and that continues to give a lot of confidence to the doctors that now the entire value chain is being controlled in-house rather than be relying on third-party manufacturers because for some of the key products earlier, it was our API, but we were using a third-party manufacturer while doing the marketing on our own.

But now with our own manufacturing, many of the core products would now be shifted in-house. And I think that would give a lot of confidence to the doctors and also help us grow the business in the domestic markets for the trade. Now also for the government institution, if you see, that is also a very, very large segment, which was currently being untapped by us because only manufacturers can participate to supply the government markets.

So with us being a manufacturer now in a span of 1 year or so, we will also start getting access to the government supplies. Which is currently absolutely untapped by us. While it is there in our nephrology segment where we make the tablets and capsules because their own manufacturers, but in the injectables, that was not the case.

But now with our own manufacturing, that market would also significantly open up, which would give us significant opportunities to grow in this segment. And of course, as I said, the third opportunity is to us become a contract manufacturer. But we also see a lot of potential in our own marketing.

And that is the reason we have also started Concord Lifegen, which is only to cater to a certain specific segmentation of the hospitals, which we were currently unable to tap, which I said was the government institutions and certain smaller nursing homes, while the larger corporate hospitals and mid-corporate hospitals were already being tapped into.

Chintan Sheth: Got it. And on the employee cost, if you can, and then I'll jump back in queue.

Raviraj Karia: Can you elaborate the question, what is your exact question?

Chintan Sheth: So this new Labour Code related, the provision you have made, the INR 3-odd crores, right? I think I believe for the retrospective period, the provision has been made for the employees where the gratuity and whatever is required has been provided for. But going forward on a recurring basis, do we expect employee cost to increase a little bit because of that? And if that is the case, if you can quantify this?

Raviraj Karia: So yes, your understanding is correct. This is a onetime correction that is basis the Labour Code across the industry and the companies. But way forward, it is going to be an incremental normalized cost that we will have.

Chintan Sheth: But it won't be materially enough 10 basis points or 20 basis point increase?

Raviraj Karia: No, that will not be materially enough.

Moderator: Our next question comes from the line of Ritika from Value Quest.

Ritika: Sir, could you give more understanding on how is the CDMO project doing? And we were also in interaction with other projects for CDMO, how is that shaping up?

Ankur Vaid: Yes. So one of our projects is already commercialized in the U.S., and we are already in talks to kind of evaluate it to take it to a global level. So different markets are also being evaluated by our partner. But for now, I think it is primarily the U.S. market. And this is basically an NDA product where our client has launched the product in the U.S.

So, the first year or so has been primarily about setting up the marketing setups and kind of reaching out to the wholesalers and establishing that channel. So sales have already started. And what we're looking at is that for the next year, we are looking for further forecasting from them. So discussions are ongoing. So there is a good potential of the product in the U.S. market with the possibility of expanding it to the global markets.

So there are, of course, other discussions happening on other projects as well. But as I mentioned that the first half of the year was a challenging year because many of the projects were temporarily put on hold because of the uncertainty around the tariffs. But post September, we have again started engaging with them, and I think discussions have now are progressing quite well. We are also meeting these customers in March during DCAD.

So we are confident that there should be some positive movement around some of the projects which were at relatively advanced stages of discussion last year. And we continue to file a lot of

RFQs, primarily in the enzymes as well as in CMO opportunities for the innovator companies. So a lot of effort is being put around that, and we are seeing positive momentum around this.

Ritika: Also, sir, clarity in terms of whether that 100% tariff which was imposed on branded drugs from India to U.S., does that stay currently?

Ankur Vaid: So to our understanding, it did not cover the brands which were already launched into the market. We've not read the new fine prints, but even in the earlier stages, what we got the clarity around October, November that it is not going to be impacting the products that have already been launched into the U.S. market.

So, the customers or the clients that we've been talking to already have the products launched into the U.S. markets. They are the innovator company. So then shifting the manufacturing to say, from any other part of the world to India would not be impacting them in any manner.

But yes, for any newer launches, at least the last that we knew of, it was impacting those clients if they move their manufacturing out of the U.S. But again, it's a very dynamic world that we're living in. So, there could be potential changes happening, which we are not right now familiar with. But yes, it doesn't impact already launched branded products in the U.S.

Ritika: Sure. Sir, lastly, could you help us with what is the capex number that we are looking for this year and ahead?

Ankur Vaid: Capex is primarily maintenance capex that is going on. And in terms of number, maybe Raviraj can share more.

Raviraj Karia: So, for the year, generally, we have a capex number of around INR 100 crores, INR 150 crores (erroneously it was mentioned INR 100 -150 crores actual number to be read as INR 30 - 40 crores) is a maintenance capex. That's the number generally we have.

Ritika: Okay. So that's the capex that we are looking to spend for FY '26 and ahead also?

Ankur Vaid: Yes.

Moderator: Our next question comes from the line of Naman Bagrecha from IIFL Capital.

Naman Bagrecha: Just wanted to understand the contraction in gross margins despite, let's say, around 79%, 80% kind of API revenue contribution. Anything specific that you would want to call out?

Ankur Vaid: Not really. I think this is primarily on account of the product mix because if you're looking at it from a quarter-on-quarter basis. But if you look at from a 9-month basis, actually, the gross margin has moved from 77% to 78%. So, on a quarter-on-quarter, it will be difficult to kind of take a call. And as I mentioned, it is primarily on account of the product mix, which as you extend the time period that kind of gets stabilized. And on a 9-month period, we have actually seen an improvement in the gross margins by 100 bps.

Naman Bagrecha: Okay. Fair enough. One on the formulation business, I believe that 1H FY '25 had that Middle East tender or, let's say, halted but Q3 this time also, we saw me kind of decline. So, anything

that you could call out in terms of why there is still, let's say, decline in the formulation business? And then how should one look, let's say, in terms of the future quarters?

Ankur Vaid: So I'm not sure if I understood correctly, but what I understand is that the formulation business, you're seeing that there is slightly a reduction compared to the last year. Is that what you're asking?

Naman Bagrecha: Yes. Y-o-Y basis, there's 14% decline in the formulation business. My belief was that the Middle East tender was stopped or halted in first half of FY '25. So there won't be any impact or any, let's say, the issues in the third quarter of FY '26. But despite that, we see a decline in the formulation business. So what really are the challenges in this?

Ankur Vaid: No, no. I think the way that one needs to look at on a quarter-on-quarter is that there could be areas that we have kind of addressed through the API. And that gets reflected in our API numbers, which grew at 24% because there are certain opportunities that would have been captured through the API rather than through the formulation.

And this is primarily coming in the emerging markets because in the India market as well as in the U.S. market, the sales volumes have increased. But in the emerging markets where we are not able to say, gain opportunities through the API, only that is where we kind of look through the formulation route. But if that is getting addressed through API, which in this quarter, you are seeing with the growth on the API, then it had some bit of an impact on the formulations.

Naman Bagrecha: So coming to the API business, so you highlighted around INR 20 crores, INR 25 crores of sales in 2Q. So, has this been captured fully in 3Q?

Ankur Vaid: That has been fully captured, which was on account of the written confirmation. So that was to the tune of around INR 20 crores to INR 25 crores, which actually during our last call only that sales had already been executed because it happened somewhere in early November or so. So that sales to that customer has already started to build on because they were only awaiting the certification, once that certification was there, then the sales started to pick up with them.

Naman Bagrecha: But if I adjust that and largely, if you see quarter-on-quarter, that has been the growth for the API business. So the base business still has not, let's say, really grown if I adjust for that?

Ankur Vaid: No. You will not be able to take that out, Naman, because that suppose in this particular quarter that those customers have picked up double the quantity that they would want it. So, what it does is it kind of gradually spills over a little bit slowly and steady into the subsequent quarters because if they picked up something that instead of, say, July, August, they have now picked up in October, November.

So, it will take time for them to consume those quantities. It is not that they picked up in November and they will again pick it up in December, the INR 20 crores. So that does have a little bit of spillover happening. So, it may not be the right way to kind of look at it that if we consider the growth minus that number, then the growth is a different number. That could not be the right way to look at the numbers.

- Naman Bagrecha:** Okay. And on the margin front, this time you called out Stellon setup costs as well. So, could you provide what were the injectable plant losses for the quarter? And what were the setup costs related to Stellon?
- Ankur Vaid:** See, injectables would be close to around INR 10 crores to INR 12 crores. And the Stellon cost would range anywhere between INR 5 crores to INR 10 crores per quarter.
- Naman Bagrecha:** INR 5 crores INR 10 crores?
- Ankur Vaid:** INR 5 crores to INR 10 crores per quarter.
- Naman Bagrecha:** Do we expect this INR 5 crores to INR10 crores cost to increase from here on or I mean, this is the base and from here on, we'll start seeing revenue?
- Ankur Vaid:** So the procedure of already getting the licenses for the U.S. business is already completed. I think now we are gearing up for the launch activities. So, in subsequent few months or so, we should start seeing the launch happening. So, there would be sales realizations coming from Stellon because they are not doing not only for Concord products, but they would also be looking at in-licensing opportunities.
- And there would be certain costs which probably we were incurring right now with third parties, which would now be done through Stellon. So, there could be some cost, which kind of gets compensated because of the reduction that we may end up seeing with our third-party distributor, current marketing partner. But yes, as I think business with Stellon would grow, these costs would then be accordingly taken care of.
- Naman Bagrecha:** So any target in mind in terms of we'll be moving away from the distributor and completely sell everything from this facility itself or there will be a mix of third-party channel?
- Ankur Vaid:** No. So, in-licensing opportunities are going to be in the near future because, as I said, that since right now, –we have just established and the approvals for the licenses have come in. So, the in-licensing opportunities are going to be somewhat of a medium-term road map. But till that time, all the dossiers that Concord has, the supplies are going to be from Concord to Stellon.
- There are a few ANDAs, which currently our current marketing partner is not marketing those products. So, they are immediately going to go to Stellon for marketing. And then that is going to lead to the sales increase for those products in the U.S. All those products will be manufactured till that time in Concord till the time in-licensing opportunities, which are medium term do not get executed.
- Naman Bagrecha:** I just have a next question on the U.S. CDMO opportunity, is this that animal health product or this is something else?
- Ankur Vaid:** No. These are human products. So, we have five ANDAs.
- Naman Bagrecha:** No, I'm not talking about ANDA, I'm talking about the CDMO opportunity?
- Ankur Vaid:** CDMO. Okay. Yes, that is an animal product, yes.

- Naman Bagrecha:** Animal health product, right?
- Ankur Vaid:** Yes.
- Moderator:** Our next question comes from the line of Sumit Gupta from Antique Stock Broking Limited.
- Sumit Gupta:** So first question is on that you mentioned increased engagement on second source supply post clarity on U.S. tariffs. So, are these discussions largely with the existing customers or new innovator or generic players? And what is the kind of conversion timeline that one should expect?
- Ankur Vaid:** So I think engagement is going on, on both fronts. Most of the discussions that we are doing is where we've already had some level of engagements on other products with those customers. And that also gives us an opportunity to engage a lot more on the newer products as a second source opportunities.
- Secondly, also certain markets, the customers have started looking at us whom we were not engaging with them in the past. So, for example, Nystatin, which is an anti-infective product, it has a slightly different customer base as well. So in those cases, those are relatively newer customers for Concord as well. Most of those are newer customers.
- Of course, we have a few Indian customers wherein we already have established relationships, and that is helping us to kind of engage with them on these newer products as well. So I would say it is a mix of both. We do have a couple of products at the API level, which is our own API, where we are engaging with the innovators.
- And I expect that maybe 1 of those projects hopefully will commercialize in this quarter. And hopefully, with another one, we would take some validation batches at least, if not in this quarter, in the next quarter. So, I know of at least 2 are there where they are relatively newer products and engagement levels are quite at an advanced stage.
- We have also actually to add on commercialize one anti-infective product with one of the innovator companies as well. The supplies may not look much in this quarter because they've just started picking up, but I think we have a good level of engagement visibility over the next years' time with them.
- Sumit Gupta:** Understood. So how should we see the Q4, the exit run rate or as we enter FY '27, especially in the APIs? And second how should we see the formulation segment over the next 2 to 3 years?
- Ankur Vaid:** See, I mean, giving exact numbers for quarter 4 would be difficult. But as I said that there has been an uptick in revenues, and we are optimistic of the improved performances in Q4. But difficult to put a number to how things are going to be in Q4. But yes, I think given the optimism which is there and given that we are getting a lot of second source opportunities, we are optimistic of the growth rate for Q4.
- Sumit Gupta:** Understood, sir. And there was a question on formations also. So how should we see that like over the medium term?

Ankur Vaid: Yes. So, I think formulation also will have a big growth driver because when to answer Chintan's question, which was there that in the past that injectables, when I answered to his question that injectables, we are looking at a 6% growth contribution to the revenues over the baseline of 18%. And that is a facility which has recently got commercialized, got its WHO GMP also. So, we are now engaging with a lot of customers to kind of get that facility qualified for them.

So, in the next 1 to 2 years, we should see good level of growth coming in from not only our own branded generics, but also as a contract manufacturing partner because no company in India has its own fermentation API as well as injectable formulation. Even the API companies who are importing the product or exporting the products to India, they are also pure API companies only.

They don't have their own formulations. So, there is no company like Concord, which would have this mix of fermentation APIs and finished formulations, which should give us a good competitive edge for our products as well as for contract manufacturing. So, over a medium term, I think injectables would play out quite well or should play out quite well.

And then from a medium- to long-term perspective is where we would start seeing growth coming in from the emerging markets with the registration processes going through. And that should kind of also help growth in the medium to a longer term perspective. So we are seeing good traction coming in from the injectables side. And what we're doing with Stellon and with newer dossiers being filed in global markets, that would help us drive growth in the oral solid opportunity as well. So that's how at least we look at the formulation business over the next 2 to 3 years.

Moderator: Our next question comes from the line of Alankar Garude from Kotak Mahindra Bank.

Alankar Garude: Ankur, do you still expect to grow overall sales in FY '26?

Ankur Vaid: So as I said, Alankar, in my previous response that difficult to give you a number in terms of what the growth is going to be looking like. But yes, I think the way that we are progressing the second half looks to be much better. We have already seen how quarter 3 is doing. We are optimistic of quarter 4. We have a good order book position. We have continued to build on that over the next 1, 1.5 months that we have and deliver those quantities in sales to our customers. But putting a number there would be challenging for me.

Alankar Garude: Okay. I asked this Ankur because you had said that there would be growth at overall level in FY '26. But okay, I take your point. Second question is, can you broadly break down the API growth across pricing, volumes and new launches for 9 month FY '26?

Ankur Vaid: So if you see the launches that happened in last year were only for 2 products, which was Nystatin and Voclosporin. And these 2 products, 1 is a Para IV product, the other is a generic product where there are only 3 players, mainly 3 players in the global markets. And both of those 2 players are based out of Europe.

So that gives us a lot of advantage to kind of become a leader on that particular anti-infective product. And we have already started seeing good traction coming on those products. We have

started supplying validation quantities and exhibit batch quantities to our customers, and they have filed also. So hopefully, in the next year, we should start seeing commercial sales happening to these customers across global markets.

But for this year, it has been primarily supplies of exhibit and validation batch quantities, which on a number basis, it may not be that significant number. But much of the growth, as I said, is coming from our already commercialized 28, 29 products, which are there. These 2 products that have got launched have seen more of validation and exhibit batch quantities being supplied in this year.

Alankar Garude: Within those 28, 29 existing molecules, how would you break the growth between volumes and pricing? Just a qualitative response should suffice?

Ankur Vaid: So here, it has been all volume growth only. I mean, being in the kind of while I would say that in fermentation products where the kind of competition that we have, there are only maybe 2 or 3 players in the market. But in spite of that, I don't think that you can go with the pricing increase. So it has been mostly or majorly a volume game rather than a price increase way of growing.

Alankar Garude: Has pricing declined, Ankur, if I look at 9-month FY '26 for the API business? I mean, can it be as high as a double-digit pricing decline or more likely in the single-digit range?

Ankur Vaid: See, if it would have been a double-digit price decline, then the gross margins would not have increased by 100 bps.

Alankar Garude: Okay. So more in the single-digit range, would that be a safe number to look at?

Ankur Vaid: See, again, it depends, Alankar, on a product to product and customer to customer. Sometimes, as I said earlier also in our previous discussion, you gave certain discounts to certain customers for larger growth in other products and all. We have more than 300 customers. So if we end up giving some customers some discounting in anticipation of newer businesses, I would say that to be in single digits, not because of pricing pressure, but because of larger opportunities to address to is how I would put it.

Alankar Garude: Got it. And a couple of smaller questions. Firstly, did you recognize any revenues from the injectable facility at all in the third quarter?

Ankur Vaid: No, insignificant. Because it is primarily the exhibit batches that we took, which were supplied to the India market because you have to go with the 6 months stability and other things. So if we did that, we commercialized the facility in March. So with 6 months of data also, you end up being in September. So October, November, December did see supplies of those validation batches, but it is insignificant in the overall revenue mix.

Alankar Garude: Fair enough. And what was the share of immunosuppressant APIs to the overall API sales mix in 9 months?

Ankur Vaid: So what we would look at is that for the 77%, 78% of the API business, it would be closer to around 70%, 75%, which has been historically been the case. So, there has not been any major change in the mix between immunosuppressants and anti-infectives and other segments.

So, I'm happy to see that the other segments are also growing in terms of volumes because I did mention that we are trying to work with the innovators in the anti-infective segment as well. So, there is a lot of growth momentum, which is coming in the non-immuno segment as well, while immuno segment continues to build and kind of stay strong there. So, the mix has been relatively more or less the same as it had been last year or last 9 months.

Alankar Garude: Understood. And the final question, capacity utilization please for Unit 1, Unit 2 and Unit 3?

Raviraj Karia: Yes. So, for the quarter, the Unit 1 was at 81%, Unit 3 was at 40% and Unit 2 was at 27%.

Moderator: Our next question comes from the line of Chintan Shah from JM Financial Family Office.

Chintan Shah: So, I had three questions. So, one is continuing from the previous participant. If you can just comment more on your non-immunosuppressant portfolio, basically, what is the strategy there, the competitive intensity that is happening? And over the longer term, how do you see the mix evolve? That is the first question?

Second is I wanted to a bit more understanding on the R&D side, basically now since we are looking to go aggressive on CDMO side. So how are we looking to ramp up our R&D operations? That's the second question. And third, I think we see a good amount of cash that's building up on our balance sheet and now the majority of capex we have done through. So, are we actively looking at any inorganic opportunities to probably add to our portfolio and grow more? So those are my three questions?

Ankur Vaid: So as answered earlier that for the 9 months, we have seen that the mix has been more or less similar while volume growth are also happening in the anti-infectives, antifungal and onco segment. Now even the newer products that we have, the ones that are there in the pipeline, all of them are in the anti-infectives, antifungal and onco segment. And the underlying principle of again, products where you would see limited competition and they are complex and niche products.

So, like the ones that we launched last year like Nystatin, as I mentioned earlier, there were only 3 players. Concord being 1 of them. We have a few products which are 3 in the pipeline right now, where there are, again, maximum 2 or 4 players. And most of them, as one would see, are either from Southeast Asia or Europe.

We have 1 product, which is in pipeline, which is where you have good competition from China. But the way that we are developing that product, the cost competitiveness is also significantly lower than that of China's cost. So, we have a lot of products where we are actually selling our APIs into the China market. It's not that this is 1 such product. We have many products where we are much, much more competitive than even the Chinese manufacturers.

So, to answer your question, the newer set of products which are there, there the base principle remains the same as it has been for the immunosuppressants. And it is just that it has seen a much smaller time to kind of gain market share. But many of these products are gaining market share as we speak. It's just a matter of time till it reaches to the numbers that you would have seen in our other segments. So that's how we would look at the non-immuno segments.

When we talk about the R&D and CDMO, we have more than 100 scientists, which are working in the R&D. So, the team is continuously working on new product development as well as the CDMO opportunities. And once any newer project comes in, each customer is assigned a project leader who works very closely with that customer. So here, it is more about the expertise which is there rather than the cost that gets loaded on to.

That's why you would see that our R&D cost typically stays 2% to 3%, which is significantly lower than the cost which many of the formulation companies would see. Because it is more of an expertise and a skill-driven rather than a scale-driven developmental cost. But if we do feel the need at any point of time to ramp up our people, that is not a challenge at our end. But at least for now, we are not seeing any reasons to kind of go towards that part.

I think we have a good mix of PhDs and R&D scientists who are working on these products. To answer your third question that while we have a good healthy cash position, we are looking at different opportunities. And I would say those opportunities are being looked not only organically, but also inorganically.

So, there are fewer opportunities that we are continuing to look at inorganically. And there are a few opportunities that we are evaluating if kind of look to grow in agencies of fermentation to take it organically as well. So, both the 2 options are there on the table to kind of see that how we can optimally utilize this cash flow.

Moderator: Ladies and gentlemen, due to the time constraint, we will now take the last question for today's conference, and that comes from Mr. Chintan Sheth from Girik Capital.

Chintan Sheth: Just a clarification on the maintenance capex number, which you mentioned, that INR 100 crores, INR 150 crores annually. On the asset base, the gross block of INR 1,100-odd last year, it looks seems to be pretty high. We used to give guidance around INR 20 crores, INR 25-odd crores earlier. So, I'm just trying to understand whether why the increase in maintenance part? And second is on the cash balance, which you mentioned. Is it INR 1,298 crores as of December? That's the number you have mentioned? These are the two?

Ankur Vaid: Yes. So of course, you're right, there is a level of maintenance capex across which is close to around INR 30 crores, INR 40 crores. We also have some capex, which is going for certain newer projects that we are trying to build on with some of our customers and certain opportunities to kind of grow over the next year. So, there is some bit of capex happening around there in addition to the maintenance capex.

Chintan Sheth: So it's a blend of growth and maintenance. Is that INR 100 crores, INR 150-odd crores?

Ankur Vaid: Correct.

- Chintan Sheth:** Okay. And the cash balance is INR 1,290-odd crores or INR 1,290 crores?
- Raviraj Karia:** Investment is INR 340 crores.
- Chintan Sheth:** The total cash...
- Raviraj Karia :** The investment is INR 340 crores.
- Chintan Sheth:** Okay. Sorry, I lost your voice.
- Ankur Vaid:** So it would be, there is a correction there. So, it is close to INR 350 crores.
- Chintan Sheth:** Total cash and cash equivalent will be INR 350-odd crores, right?
- Ankur Vaid:** Yes.
- Moderator:** Ladies and gentlemen, that was the last question for today. I would like to hand the conference over to the management for the closing comments. Thank you, and over to you team.
- Ankur Vaid:** So thank you, everyone, for joining on our Q3 and 9-month FY '26 earnings call. We hope we have been able to address all your queries. For any further information, please get in touch with us or SGA, our Investor Relations advisors. Thank you once again and have a good evening.
- Raviraj Karia:** Thank you.
- Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of Antique Stockbroking, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.