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November 11, 2025

To
Listing / Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

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

BSE CODE: 543329

NSE SYMBOL: WINDLAS

Dear Sir/ Madam,

Subject: Q2 & H1 FY2026 Earnings Conference Call Transcript

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Q2 & H1 FY2026 Earnings Conference Call Transcript.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For Windlas Biotech Limited

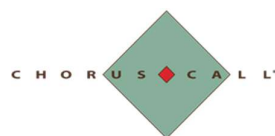
Ananta Narayan Panda
Company Secretary & Compliance Officer

Encl: As above



“Windlas Biotech Limited
Q2 & H1 FY2026 Earnings Conference Call”

November 07, 2025



MANAGEMENT: **MR. HITESH WINDLAS– MANAGING DIRECTOR –
WINDLAS BIOTECH LIMITED**
**MS. KOMAL GUPTA – CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER – WINDLAS BIOTECH
LIMITED**

MODERATOR: **MR. OMKAR SAWANT – STELLAR INVESTOR
RELATIONS**

Moderator: Ladies and gentlemen, good day, and welcome to Windlas Biotech Limited Q2 and H1 FY 2026 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during 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. Omkar Sawant from Stellar Investor Relations. Thank you, and over to you, Mr. Sawant.

Omkar Sawant: Thank you, Ranjit. Good morning, everyone and thank you for joining us today. To discuss Q2 and H1 FY26 business performance, we have with us senior management team of Windlas Biotech Limited, represented by Mr. Hitesh Windlass, Managing Director and Ms. Komal Gupta, CEO and CFO.

Before we proceed with this call, we would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve certain risks and uncertainties. The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made.

Documents relating to the company's financial performance, including the investor presentation and press release has been uploaded on the stock exchanges and company's website. I now hand over the conference call to Mr. Hitesh for his opening remarks. Thank you, and over to you, sir.

Hitesh Windlass: Thank you, Omkar. Good morning, everyone, and thank you for joining us today for our financial results for the quarter ended 30th September, 2025. We have uploaded the press release and investor presentation on our website as well as on the exchanges, and I hope that everyone must have gotten an opportunity to go through it.

Initially, I would like to discuss the outlook and way forward for Windlas Biotech, followed by financial highlights for Q2 and H1 of FY '26 of the company, which will be shared by our CEO and CFO, Ms. Komal Gupta. The Indian pharmaceutical market registered a year-on-year growth of 7.7% in Q2 of FY '26 with volume decline of 0.2%.

Despite the subdued industry volume growth, we are pleased to report another strong quarter, delivering a revenue increase of 19% in both Q2 FY '26 and H1 FY '26. The growth was driven by steady and balanced contributions across three business verticals: Generic Formulation CDMO, Trade Generics & Institutional and the third one being Exports with quality standards remaining at the core of our strategy.

The company reported an earnings per share of INR16.91 for H1 FY '26, reflecting a 21% Y-o-Y growth. In line with our dividend policy, the company paid dividend of INR12.2 crores, equivalent to INR5.8 per share related to FY '25. We continue to strengthen our manufacturing infrastructure through sustained investments in capacity enhancement.

The Plant-2 extension operational since Q4 of FY '25 is now contributing meaningfully to the business. Our injectable facility has gained further customer approvals with commercial supplies

ramping up across both CDMO as well as Trade Generics verticals. Plant-6 expansion is advancing well, and we remain on track to commission the facility within FY '26.

Looking ahead, we continue to drive long-term shareholder value through enhancing operational efficiency, talent empowerment, sustained investment in quality and compliance and capability expansion across dosage forms. I will now request Ms. Komal Gupta, our CEO and CFO, to discuss the financial performance highlights. Over to you, Komal.

Komal Gupta:

Thank you, Hitesh. Good morning, everyone. Windlas Biotech continued its growth trajectory, delivering the 11th consecutive quarter of record revenue performance. Backed by strategic initiatives, disciplined execution and a focus on sustainable value creation, the company recorded a 19% Y-o-Y revenue growth in Q2 FY '26 and H1 FY '26 with revenue from operations at INR222 crores and INR432 crores.

In mid-September FY '26, ESOP grants related to ESOP 2025 scheme were awarded. A non-cash ESOP expenditure impact of INR12 million is reflected in the financials. In Q2 FY '26, EBITDA stood at INR29 crores and PAT at INR18 crores, while gross margin improved by 68 bps Y-o-Y. For H1 FY '26 with EBITDA at INR55 crores and PAT at INR35 crores. The gross margin expanded by 70 bps Y-o-Y, supported by a favorable business mix and scale benefits.

In H1 FY '26 and Q2 FY '26, the Generic Formulations CDMO vertical delivered steady growth of 18% Y-o-Y, supported by strong customer engagement and sustained demand for high-quality manufacturing capabilities. The Trade Generics & Institutional business gained momentum with 25% Y-o-Y growth in H1 FY '26 and 24% in Q2 FY '26, driven by an expanding product portfolio. The Exports vertical grew 23% and 13% Y-o-Y in H1 FY '26 and Q2 FY '26, reflecting our increasing footprint across semi-regulated geographies.

We have further improved our liquidity position to INR237 crores and generated healthy net operating cash flow of INR56 crores. As we move ahead, our focus remains on strengthening core capabilities and enhancing efficiencies. With disciplined execution, strong customer partnerships, Windlas Biotech is well positioned to capture opportunities and deliver sustained value for all our stakeholders. That's all from our side. We can now begin Q&A session.

Moderator:

Thank you. We will now begin the question and answer session. The first question comes from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai:

Congratulations for a very strong set of numbers. Sir, my first question is on the ESOPs. I think you guys have outlined the ESOP schedule for next 3, 4 years. If I add that all up, it's close to INR50 crores plus kind of a number, even though it's a non-cash charge, I understand that. But with the exercise price of INR5, I think that's a significant remuneration which will get paid in kind.

So can you help us understand what was the underlying idea behind this? Is this ESOP scheme is concentrated in terms of the beneficiary? If you can throw more light on that? Because going

forward, at least from the P&L perspective, that will dampen whatever operating leverage that you would have got?

Hitesh Windlass:

Yes, sure. I can take a stab at that. See, as you rightly mentioned, it is important to note that this is a non-cash expenditure. And we believe that it is an investment really -- and normally, investments are capitalized. But of course, as per accounting treatment, we have to take it through P&L. And we have also provided transparently the full impact across the future years over here.

And the idea for doing this is, I mean, we believe that just having infrastructure doesn't really create business. If we have to align the growth of the people who are going to be responsible for delivering this. So this ESOP scheme has been given to key people across various levels of management and almost 100 people have been covered who are making decisions at the department level or at the division level or at the topmost level.

And their decisions are going to be very, very important for the future. There are two components of this. One is going to be the performance-related ESOPs, which are linked to the deliverable KPIs, both financial as well as operational for each person. And the second is the retention-related ESOPs that are being given.

And the scheme is obviously also available for review on the website and everywhere. So for us, we believe that to deliver strong growth into the future, the opportunity is here, but we have to align our people, our infrastructure, our portfolio, our strategy. And these things are very, very key. And this is the reason and the philosophy behind the ESOP program.

Komal Gupta:

Yes. So the baseline is to retain the key people and deliver the long-term goals and growth with these people. So that is where we carved the scheme, ESOP scheme 2025.

Dhwanil Desai:

Okay. Got it. So as a follow-up to this, so these are all -- can you elaborate some of the key KPIs for the key people? And also -- so let's say, if those KPIs are not delivered or they are not -- the people, the retention time is lower. So this number can be variably changed depending upon that. Is this how we should look at it?

Komal Gupta:

See in case those employees either resign or because of lack of performance are let go by the company, automatically, the unvested ESOPs don't -- the employee doesn't get that, and it comes back to the pool for being given to the existing employees with whom then company might think. So that is a very clear thing mentioned in the ESOP scheme. In terms of performance, it depends -- the KPIs are relating to the performance of the company and they are relating to the individual performance of the person..

Hitesh Windlass:

Yes. So there's -- like, for example, the performance of the company is primarily revenue growth and other metrics like operational efficiency. But obviously, employees at the lower levels cannot impact that. So for them, their KPIs are the departmental KPIs. And we have a very strong balanced scorecard system where each HOD gets KPIs at the beginning of the year, and we do internal assessments.

So what will happen is that if an employee does not meet those KPIs, he gets a chance to then make up for that in the next year by over performing the KPIs of the next year. Otherwise, they lapse. So every year, we will be -- at the end of the year, at the time of appraisal, we will be specifying what percentage of the ESOP will vest depending on the performance achieved.

Komal Gupta: But honestly, the intention of the company is not to hold back on ESOP, because that defeats the basic purpose. The intention is that everyone should earn those ESOP because there is a huge portion of retention behind bringing this scheme. So while someone, if they don't show team spirit or they leave the company or we don't see sufficient effort being put in by those people, only then we intend to not give. But honestly, that -- we don't expect this accounting impact to go away or materially get lower, if that is what you are trying to understand.

Hitesh Windlass: Yes.

Dhwanil Desai: Okay. Got it. One question on the business side. So I think we have been kind of targeting that 15% margins. And I think we are on that journey already of ESOP, we are 13% plus. But if you guys can highlight a roadmap because this number because of various reasons, we have put up injectable facilities so that investment has come in. So that number is still kind of faraway it looks like. So any roadmap, time line or you guys are thinking that it will happen whenever it happens? How should we think about it?

Komal Gupta: Dhwanil, we are not saying that it is far away, and we are not saying that it is here already. In terms of timeline, we never gave a guidance. But if you ask us, honestly, even in Q2 FY '26, if I exclude the ESOP impact, we have already delivered 13.5% EBITDA margin, right? So we are very positive in terms of the profitability.

If we are able to deliver revenue growth as we internally are tracking and internally are driving, so if that really happens, execution-wise, it can happen sooner than later. But we don't -- we have never given a time line, and we would not want to do it today.

Moderator: Next question comes from the line of Avnish Burman with Vaikariya.

Avnish Burman: I wanted to know how much revenue was lost in 2Q due to the GST change and whether -- if there was any revenue loss, has it been added back to the October sales?

Komal Gupta: No. So thankfully, we were able to align very properly with the customers, get the MRP updates, and we were able to really deliver everything that we had to in September. So there's no holding back in terms of revenue that happened in Q2.

Avnish Burman: Okay. The second question was again on ESOPs. I mean, number-wise, if you see, and I'm just taking specifically these 2 large numbers, which will happen in the second half of '26 and first half of '27. It seems -- and I'm just double checking this. It seems that if you continue to -- if you assume a continuation of growth as it has been happening, this comes to about 3% of sales. Is that the right assumption? So the impact on the EBITDA to be around 3%, more or less broadly in the ballpark?

Moderator: Mr. Burman, are you done with the question?

Hitesh Windlass: Look Avnish, mathematically, what you're saying is right, right? But of course, we are not giving a guidance of what the growth will be, right?

Avnish Burman: Okay. And last question, the inventory days have come down from 39 to 29 days. Is there -- I mean, is there any particular reason? Was it because of the GST change? Is it sustainable there? Like what is the reason?

Komal Gupta: No, no, that's correct. This is because of GST. So we were holding on to the basic minimum inventory levels that we generally maintain for a few critical products. We tried not doing that, and we only did the absolute necessary purchases for the revenue that we were sure about delivering. So that's why this impact because we wanted to be a little bit cautious. Yes.

Avnish Burman: So it will go back to the normal levels?

Komal Gupta: Should go back, yes.

Moderator: Next question comes from the line of Sajal Kapoor with Antifragile Thinking.

Sajal Kapoor: This new ESOP, I think, is a good step. It reinforces the skin in the game and a good way to reward the decision-makers. So I think that's a very thoughtful exercise and needed actually to contain not just the attrition, but to reward the decision-makers. So well done on that one. My question is, given the rising net cash position and the large opportunity pool.

How would you evaluate the trade-off between acquiring good quality assets at a premium versus pursuing slower and cost-efficient organic growth? What criteria or framework guides this decision between going for high-quality acquisition versus a slower but cost-effective organic expansion because we would have to do either?

Komal Gupta: Honestly, Sajal, the reason is right, we would want to do both. We are very much open and very actively looking at various opportunities and would be open to acquire an asset even at a premium if we see good synergy with our business and potential where we don't have to do the fixing of a very critical problem. So we are okay paying premium for those. Having said that, we want to not lose any percentage of focus on the organic growth that we have been trying to deliver consistently, so at lower cost and maintaining the growth. So we want to do both.

Hitesh Windlass: And actually, Sajal, if you see notice also, our organic expansion in the Plant-2 extension as well now Plant-6 is already lined up. So at least on oral solids, where we traditionally had a strong foothold, we want to continue the organic way of growing because we know that we can bring it in at a much lower potential cost and ramp it up quickly.

On the other dosage forms, that is where our inorganic expansion thought process has been that can we look at other dosage forms to broaden our portfolio and help all 3 verticals and whether a good non-sick kind of asset is available. So that's where our thought process has been that we don't want to own up and create a distraction for the leadership by entering into somebody else's

problem just because maybe we'll get the asset for cheap. So that's something that we definitely are screening for.

Komal Gupta: And on injectable facility near the peak capacity utilization level. By then, if we don't find something externally, we intend to pick up one dosage form and build it on our own.

Sajal Kapoor: That's very sensible. And my second and last question is, this time around in Q2, the Exports growth has moderated compared to what we delivered in Q1 and quarterly variations are absolutely fine. Question is, I mean, how do you look at Exports as a growth segment from this point onwards? And what can be a sustainable annual growth rate, normalizing any quarterly volatility, seasonality variation, etc?

Komal Gupta: Exports, we see growth potential. There is ample growth opportunities on table. However, the results are mostly binary in case of Exports. So we have been working consistently on several factors. In fact, even our injectable facility in the long term, it has to focus on export business. So this vertical, while it is very small and sometimes the growth is high, sometimes low, but we see a lot of growth potential. Difficult to break down the annual kind of growth that we would be able to deliver. But we see growth opportunity there. It stays an important vertical where we see growth.

Sajal Kapoor: So Komal, do you think that we need to invest more in business development just to give this vertical all the ample opportunities to grow because it's an exciting space. Is it that we need to invest more in business development? Just to give it a bit more spotlight vis-à-vis the CDMO and the Trade Generics?

Komal Gupta: You're absolutely right, Sajal. And in fact, we have been doing that. We have expanded our export business development team to some extent and are also looking for more people to add to the division. Also, we have been making other efforts, if not on role or not on business development team, but also external efforts we have been making. But yes, we have.

Hitesh Windlass: Yes. And also, Sajal, this is also an area where we think and we believe that an acquisition would also be a very good aspect because the time taken for incubating, getting the permissions, getting the registration done in the country and ramping up the business is long. And if we -- we are also on the lookout for can we bolster this vertical through inorganic also.

But you are absolutely right. There is an effort to expand the business development team there is an effort to expand the portfolio. So like injectable products, dossiers are under preparation, they will be filed. There is an effort to open other markets, so geographic also. So all of that is in the works. And we want to build this into a strong vertical and not let it be as small as it is right now.

Moderator: Next question comes from the line of Ankit Gupta with Bamboo Capital.

Ankit Gupta: Again, harping back on the question on the ESOPs. So normally, the strike price is a discount to the existing trading price of the shares. But in our case, I think the strike price is almost like INR5 at the face value. So any rationale behind keeping the face -- like does the strike price so

low and why not incentivize people for the performance going ahead at some discount to the existing price? So Hitesh, just wanted to hear your views on that?

Komal Gupta:

Ankit, rationale is very, very clear for us. We are thinking of it from the perspective of long-term investors, promoters, everyone, including employees being at the same side of the table. What we want to see is the people who have been with us and the people whom we see potential to really be able to deliver and show where we want to -- whatever we have done in the last 11 quarters, we have seen a strong momentum.

This momentum to continue in the long term or what we want to do, that can be -- how that can be done is what we have to think as business people instead of looking at how my P&L is going to look for a limited period of time. That is how we have thought about this. And that is how we have taken a decision. We don't want to just say that we do ESOP.

But in terms of liquidity and considering the taxation impact, it becomes difficult for my employees to actually exercise those options is what we noticed in earlier schemes. So the ESOP schemes that we came up with did not become as effective as we would have wanted to. So thinking all that instead of thinking of the immediate impact from the market.

We wanted to think more from a business perspective rather than a short-term temporary impact on my P&L or on my market price. This, we expect which are long-term investors to understand because as a shareholder, what matters more probably is the long-term benefit that this would give.

Hitesh Windlass:

Yes. And also, Ankit, I think just to add to what Komal has said, I think there is an important -- it's very important and the previous questioner also highlighted this. See, it depends on the philosophy, right? There would be companies where maybe the promoter thinks that he is alone sufficient to drive all outcomes. And so they don't do any ESOPs, right?

They say that, okay, nobody else has ownership, nobody has any significant gain and people contribute, people are fungible. But when you are building a company like Windlas, and you want to really explore the aspirations for not just the promoter, but also the investors. And -- then value creation has to happen at multiple levels.

If it is happening only at the promoter level, then it's not motivational. And then, of course, we are not the only ones in this business, right? It is a hotly contested space. There is -- as you become more noticeable, then if people are -- then the temptation and attrition, all those things have a hidden cost.

So what we are trying to do is to say that investment in people are just as important as investments in a plant or a facility, right? If you look at how much we have invested in capex since we came to public market, we have an injectable plant. We added a Plant-2 extension. We are now going for Plant-6. We are talking about doing inorganic. So this, if you don't do, then the strategy remains half baked. That is the way at least we at Windlas think.

- Komal Gupta:** Also, company has always believed in sharing with all the stakeholders. So if you see in past post listing, when the performance of the company was not too great. Still we ensured that the dividend policy that we have, we ensured that we completely -- 20% is what we distributed.
- We had in past also come up with the buyback scheme where promoters did not participate. So we always have believed in sharing with our stakeholders, which includes everyone, which includes our shareholders, investors, promoters, employees, all the stakeholders are important for us.
- Ankit Gupta:** Sure, sure. And secondly, on the injectable plant, if you can give us some qualitative as well as quantitative updates how the plant is shaping up? How has been the ramp-up? Where are we in terms of capacity utilization breakeven? And in FY '26, how do you see the -- do you think this segment will become profitable at either EBITDA or a PBT level?
- Komal Gupta:** Injectables, we are progressing. We are making progress from where we were last year, we have surely moved forward. Where exactly we are, as mentioned in the past, we would like to emphasize that we give business vertical-wise breakup in terms of revenue and material margins, but we don't intend to do it dosage form-wise because all our dosage forms are intended and brought in with the perspective of serving all three business verticals. So business vertical-wise data is what we have been sharing.
- Injectables was a new one. That is why in FY '25, we gave at the end of the year, breakup of revenue for injectables because everyone was curious. But this year, as mentioned in the last quarter as well, we don't intend to keep giving the separate quantitative details for injectables. But we would like to mention that we have made progress.
- We have added customers and the customers have started giving us products. Initially as the deliveries are happening, as those deliveries happen and the customer has experience of this plant, we expect many more products to be added on for these products to have more repeat orders.
- Hitesh Windlass:** We have commercialized several products across all 3 ampoules, vials and lyophilized vials. So stability data is also done and commercialization supplying. So regular orders are there. We are not providing breakup because tomorrow if we add sachet line or add something else, then it just becomes confusing to provide too large -- too much data on things which are part of the whole rather than separate as such.
- Ankit Gupta:** So let me ask in some other way that is this -- the performance of this division, has that been in line with what you guys had initially planned in terms of revenues breakeven and capacity utilization or there has been some delays in that or we have overachieved what we were thinking?
- Komal Gupta:** Yes. As I mentioned earlier, we are running a little bit behind in terms of timeline of where we would have wanted to be. As of now, we are not yet there. So in terms of timeline or in terms of the numbers, we are running a little bit behind.
- Moderator:** Thank you. Next question comes from the line of Gautam R. with Ever Flow Partners.

Gautam R: I had one question. What sort of growth do you expect coming over the next 3 to 5 years? And where do you see this growth coming in from?

Hitesh Windlass: Yes. So Gautam, I think we have refrained from providing any guidance on forward-looking aspect. But what we would want to say is that if you look at our last 11 quarters, we have outperformed the market in terms of growth, especially, I mean, if you see the IPM, the volume growth has been very, very low.

So a lot of the growth that we are bringing is according to our thesis that even in this crowded space, companies which are well organized and are meeting the stringent quality and regulatory requirements will have advantage against the smaller players. So we feel that this aspect has probably paid -- I mean, there's no real data out there for us to say what exactly has led to this growth.

But this aspect is very important. And Windlas today is a very strong name in terms of our contract manufacturing, quality systems, in terms of our own Trade Generics also we have established well. So I think that this should continue. So this will be -- there will be a growth that will come from being a strong and recognized quality player in our domain.

The second aspect is, again, where we have talked about quite a bit is dosage form expansion, right? We did our dosage form expansion into injectables. And as Komal mentioned, once we would look at organic as well as inorganic, and those timings will depend on how a new dosage form, how quickly we are able to bring the new dosage form into its optimum state.

The third area is, this suppressed volume growth is not going to be permanent. I mean, at least I strongly believe that all the indicators for Indian market, we are mostly -- like, we're almost like 94% of our revenues coming from India. There is a growth in terms of patients, you can see the number of hospital beds that are increasing in India. There is growth in terms of income of people. So people who were earlier not accessing the medical facilities are now getting access.

And so all these demographics need to eventually reflect in growth in volume. So while -- we don't understand why the overall market volume growth has been low, but this volume growth will come. And eventually, that will also be a lever. So from a quality perspective, from a volume growth perspective and from dosage form expansion perspective, there has to -- these contributors, things should be growth drivers. And of course, then our own execution.

Gautam R: But in the long term, would you say the current growth rate is sustainable, like what we are growing at right now?

Hitesh Windlass: That would be, again, giving a guidance, so I would not comment on that.

Moderator: Next question comes from the line of Ishit Desai with FODS Family Office.

Ishit Desai: Congratulations on a good set of numbers, sir. Sir, my first question is just a clarification on what you replied to the previous participant. You mentioned that once the injectable capacity is

close to the peak, then that's why we look to add a new dosage form, if we are not able to find a suitable inorganic opportunity by then.

So a couple of clarifications on that one. Obviously, injectable, you had mentioned earlier that we have a provision to add a new line given that the infrastructure is in place. So at what stage are we looking at once the line probably is closer to peak utilization or are we looking at the entire facility once the second line is coming? That is when we look to add?

And second, on that, since we already have a strong cash position, what kind of holds us back to look at the new dosage form at this stage itself? Because given that injectable as a dosage also has taken some time, you mentioned that we are running a little behind than what we had expected, that new dosage form also will have its own timeline, learning curve for us to get to a full capacity. So just to understand the thought process, why are we not looking at it in the near future rather than wait for some time?

Hitesh Windlass:

Yes. So it was a little difficult to hear, but if I understood you right, let me try to answer this. See, when we say that as injectable reaches optimum capacity, we will look at organically something in dosage form expansion provided we are not able to find something inorganic sooner than that, right?

So the idea is what? The idea is that as a dosage form gets optimum utilization, what it means is that it becomes a regular business for us. Just like in oral solids, we are expanding, we did the Plant-2 extension. We did the internal debottlenecking capacity enhancement, and now we are doing Plant-6.

So injectable as soon as it gets on to that track will follow its own path. It will expand and it will grow on because as business becomes -- we are able to see the growth completely, we will add those lines. We will not hesitate, of course. Now why you don't -- at least we don't see that adding too many dosage forms at one go is a good strategy because when you add a dosage form, there is a -- even though we have a customer base, we have a strong history of more than 20 years of supplies of having never lost an account because of performance issues.

All those things we supply to almost 16 of the top pharma companies in India. Even all of those things taken, there is a -- you have to introduce new products. You have to bring -- you have to do the R&D, establish the data, get the stability batches, get the approvals, get individual plants approved by each customer. And that is -- unless you understand that dosage form very well or you have a platform that understands that, then there is a learning curve around it.

The reason we did injectables is because a lot of the available injectable plants in -- from an inorganic perspective are very, very old infrastructure. They're not even meeting the GMP requirements that have come in new schedule M and even looking further. So our thought process is that when we add a dosage form, we see it through.

And as soon as that becomes capable on rolling on itself on its own momentum, we are letting it grow as per whatever the opportunities and future-looking aspects we see there. We did this

in the past with liquids. It's part of our -- so we have oral solids, we have oral liquids and now we have added injectables. So this is the way we expect growth to happen. And we believe that there is a balance between the right conservatism and the right optimism. And in that intersection, we have to find the right opportunity.

Ishit Desai:

Understood, sir. This is very helpful. My second question is on the Trade Generics business. I mean, given the way government push is coming on Jan Aushadhi opportunities and the way we have grown consistently over the period of past few years. If you could help us understand a little more on the current environment and how the push has been. Is there a possibility for us to ramp up in that segment more than usual growth? I mean, just to get some understanding how large can we become in this segment to get some more understanding on current environment in that part?

Hitesh Windlass:

So I think the current environment has been largely unchanged from what we have spoken about in the past calls. What we see clearly is that the government programs are taking larger, larger forms. We are participating in those. There is -- even if you see now very large pharma companies who traditionally ignored trade generics have announced their own entries.

Many listed companies, very large ones have also announced and are going in that domain. So that is also a validation in terms of how the unorganized trade generics is now becoming or moving towards a little bit getting more organized. So there is competition as well as there is opportunity.

Where we see that when we came to this market, we had almost a 20-year history, almost 18-year history where our wholesalers and our customers had been seeing products manufactured by Windlas for multinationals, for the top companies and had been noticing that Windlas is a quality manufacturer. So for us, the -- we wanted to build on that, and that's what we are trying to do.

So how to build business in trade generics with quality. So that's where I say that our approach has been about AAA strategy, authenticity, affordability and access, all 3. So that's how we're looking to grow, maintain quality standards, bring a compelling product and go to geographies that help us expand.

Moderator:

Next question comes from the line of Kumar Saurabh with Scientific Investing.

Kumar Saurabh:

So sir, my question is around the total addressable market and our market share because we have been growing at a higher rate than the overall market. If you can give some color on for the CDMO perspective, what is the total addressable market? And in last 3, 4 years, how our market share has changed? And what are the factors which lead us to gain the market? And how do you see it playing out in the medium to long term?

Komal Gupta:

Very difficult to -- there is no -- for CDMO space, there is no data that is published or is available to know what is the overall market size. There have been -- at the time of our IPO, we had gotten

a report and our competitors also when they came in or got listed, they have come in with some data.

But very difficult to really put a finger on a number in terms of what is the market size or how it has grown in last couple of years. But from the looks of it, looking at the kind of growth that we have been able to deliver, it looks like we have been able to capture more market share than where we were. But how much exactly we can't say that.

Hitesh Windlass:

And generally thumb rule has been that, for estimation -- and this is a very thumb rule, right? That's why we never say the number. But typically, the assumptions that go into this market TAM estimation are about what percentage of Indian pharma market is through outsourcing. And then people then say, is it 40% or is it 60%. So that's a very large range.

And second then becomes that how much of the value is -- if, let's say, the Indian pharma market is X, then the CDMO sales to that X will be contributing at what level? So that number is also depending on whether it's antibiotic or different other product therapeutic forms could be anywhere from 25% to maybe 35%.

So these are the very large estimations, and that's why saying -- giving a number is very difficult. But even if you take the extreme ends of these, even then we believe that we are very small. And there is a lot of way to chart the future growth for us. And we also believe that there cannot be a CDMO segment, which will have 13,000, 14,000 players in them.

That has been what is reported in the IPO report for us also and our competitors also. And so the market eventually -- any fragmented market with quality pressure, with regulatory pressure is going to lead to consolidation. And so we believe that there is -- how it will emerge and who will do, what to win is yet to be known, but we believe there is opportunity.

Komal Gupta:

And we can tell you what we think we have been doing right. So right, like from last 5, 6 years, we -- what we have been focusing on, on long term, the results might have come a little bit late or earlier. But we have been focusing very strongly on building our leadership team, our business development team for all 3 verticals.

We have consistently been adding customers, reducing customer concentration, adding our product portfolio in all the verticals. We're trying to add geographies for Trade Generics vertical, adding institutions and Institutional vertical without thinking that this might be a very low addition and should be put in efforts.

We just go ahead if we see some business, we add it. And that's why mining of that particular geography or that particular customer might take a little bit more time in some cases and immediate conversion and immediate builds in some cases. But we have always been taking a long-term view and consistently working in all these areas, which we think are growth drivers, which we think has led to these 11 quarters of growth which have worked in our favor.

Kumar Saurabh:

Great. The reason to ask was one of the companies recently came with DRHP and all these numbers were there, but I was finding a little difficult to triangulate it. So thanks for answering.

Just one more question around it. In terms of a trend of outsourcing in the pharma industry, we know Indian pharma is growing at 7%, 8%, 9%. The trend of outsourcing do you see is growing higher than the pharma industry growth rate? Or is it around the same level?

Hitesh Windlass: So actually, sir, I would ask you that question because if you ask the top pharma companies or even, let's say, the top 50 listed companies, what percentage of their capex they are doing for India market supplies. That would be very revealing and that would tell us. But my sense is that most large companies are putting or investing their capex in higher products, regulated markets.

More biosimilars and these kind of high-end, high return kind of products, and they are happy to take products from established CDMOs in India and not have to do capex or manage those operations. And so we feel that this is an ecosystem, and we have a very important and critical role to play and grow along with the overall industry.

Kumar Saurabh: Got it. And last question I have, because the injectable facility is new, and hopefully, as the operating leverage will play out in next 2, 3 years, should we expect better margins from here? I'm not looking for exact number, but 2, 3 years down the line from the current level, can we expect some kind of margin improvement because of the operating leverage play?

Komal Gupta: I would maintain what I have said earlier that we expect overall margin improvement for the company. When and how much, of course, is we have to see.

Moderator: Next question comes from the line of Amit Khetan with Laburnum Capital.

Amit Khetan: So Hitesh, you talked about low volume growth in the IPM. Can you give a sense of how much of this is due to the market moving from single drugs to, say, combinations, given you would have a lot of insights on the overall industry?

Hitesh Windlass: Sorry, your question is, is the volume growth in the industry less because single drugs are moving to fixed dose combination? Is that the question?

Amit Khetan: Yes, yes. And is there any shift you've observed over the last, say, 5 or 10 years?

Hitesh Windlass: What I can say is that there are certain therapeutic areas like chronic diseases like diabetes or blood pressure, and there have been a lot of even clinical studies which have proven that multidrug treatment in these chronic diseases has had better response for the Indian genotype, okay? So if you see the prevalence of multidrug treatment in -- like even if you see anecdotally, if somebody in the family has diabetes, the doctor starts them on metformin and then will add glimepiride.

And then as it becomes more and more, they will add a gliptin or gliflozin. And now, of course, new drugs are also coming. So the multidrug treatment has -- and even the disease in cardiovascular, the general understanding is that Indian genotype had a multi-vessel disease in heart care.

So these are some very high-level indicators that why fixed-dose combinations are used in India. Of course, the marketing company and their influence on the physician is paramount, right? Of course, the physician will prescribe what is marketed to him. So there is always that angle also.

But really, I don't think there has been a -- I would be very -- it would be wrong for me to comment on whether the volume growth is lower because FDCs are higher or single drug has moved to FDC. I don't see that happening, honestly. I have not seen that. I would be very surprised if that is a thing, but I don't have the data to comment.

Moderator: Next question comes from the line of Neelam Punjabi with Perpetuity Ventures LLP.

Neelam Punjabi: Congratulations for consistent performance and margin expansion on an SOP adjusted basis. My first question is on the CDMO business. So with related to the industry, is there any update on the revised Schedule M? So as I understand, the deadline for the MSMEs were extended to 31st December, 2025. So have you seen some activity -- increased activity by the regulator in terms of inspections on ground given the unfortunate incident of the cough syrups?

Hitesh Windlass: Yes, Neelam, definitely, with the cough syrup, there has been a very, very strong inspections that have been happening. Especially on the liquid product licenses and those companies which have liquid lines, there have been a lot of inspections. And the government has also come out with clarifications and notices around the mandatory testing of the culprit ingredients, right? So there has been that aspect also.

My sense is that the pressure on Schedule M compliance is going to increase only because whenever patient deaths happen, it is -- there are a lot of substandard product which is not causing death, right? So death is an extreme symptom -- like, extreme signal that something is extremely bad. But what about the rest of the substandard drugs that might be out there.

And that's where the regulators come and ask for a new Schedule M compliance, and that's where the strictness has been going on. We see continually more and more samples being picked, more and more random testing, the number of investigators that are hired by the state and central authorities is increasing. So I mean, all these things point towards more stricter and rightly so regulatory regime.

Neelam Punjabi: Got it. But in terms of time lines, are there any extensions to that base for the MSMEs? Or do they now have to comply by the end of the calendar year?

Hitesh Windlass: So I'm not sure if -- how many MSMEs even took that extension because in that form, what the government asked the businesses to say was identify all the various shortcomings you have against the new Schedule M and then give a plan for complying that by December, right? So it's like which business is going to identify all its shortcomings and give it to the regulator. So I don't think that many people even filled out those forms and took those extensions. But I'm not following that data, so I'm not very sure.

Neelam Punjabi: Got it. Okay. And just one question on the -- like a bookkeeping question. We have a CWIP of INR24 crores. Is it fair to assume it's largely related to the Plant-6 facility? And also on Plant-6,

are we only putting up an extension for oral solids or are we also adding liquids on any other dosage form there?

Komal Gupta: Yes. So on the first one is, you are right. It's relating to Plant-6 mainly.

Hitesh Windlass: Yes. And primarily, it's oral solid.

Neelam Punjabi: Got it. Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. Hitesh Windlass for closing comments.

Hitesh Windlass: Thank you, everyone. Thank you very much for your questions and your time. Have a great day.

Komal Gupta: Thank you.

Moderator: Thank you. On behalf of Windlas Biotech Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.