Innovating for affordable healthcare

Shilpa Medicare Limited
Corporate & Admin Office:
"Shilpa House", # 12-6-214/A-1, Hyderabad Road,
Raichur – 584 135, Karnataka, India
Tel: +91-8532-238704, Fax: +91-8532-238876
Email: info@vbshilpa.com, Web: www.vbshilpa.com
CIN: L85110KA1987PLC008739

Date: 10 February 2026

To,

Corporate Relationship Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai-400 051

Dear Sir/Madam,

Sub: Transcript of the Q3 - FY26 Conference call

In furtherance to our intimation dated 30 January 2026 with regard to the Q3 -FY26 Conference call held on Friday, 6 February 2026, at 16.00 hrs., please find enclosed transcript of the call**.**

Yours faithfully,

For Shilpa Medicare Limited

Ritu Tiwary
Digitally signed by Ritu Tiwary
Date: 2026.02.10 12:47:56 +05'30'

Ritu Tiwary
Company Secretary & Compliance Officer

“Shilpa Medicare Limited

3Q and 9M FY '26 Results Conference Call”

February 06, 2026

MANAGEMENT: **MR. KESHAV BHUTADA – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER, SHILPA PHARMA LIFESCIENCES – SHILPA MEDICARE LIMITED**
MR. ALPESH DALAL – CHIEF FINANCIAL OFFICER – SHILPA MEDICARE LIMITED
MR. MONISH SHAH – HEAD, INVESTOR RELATIONS AND STRATEGY – SHILPA MEDICARE LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the 3Q and 9 Months FY '26 Results Conference Call of Shilpa Medicare Limited. 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 touch-tone phone.

I now hand the conference over to Mr. Monish Shah, Head, Investor Relations and Strategy. Thank you, and over to you, Mr. Monish.

Monish Shah: Thank you, and welcome to our 3Q and 9 months FY '26 results conference call. Today, we are joined on the call by Mr. Keshav Bhutada, Executive Director and CEO of Shilpa Pharma Lifesciences; and Mr. Alpesh Dalal, our CFO. The financial results and the presentations are uploaded on the stock exchanges. And the transcript, along with the audio, will be available on the website of the company and the stock exchanges as well.

Please note, today's discussion might include certain forward-looking statements based on current expectations and assumptions. These statements are subject to risks and uncertainties that could cause actual results to differ materially. The company undertakes no obligation to publicly update or revise any forward-looking statements.

With that, I would like to hand the call over to Mr. Keshav for his opening remarks. Thank you, and over to you.

Keshav Bhutada: Hi, good evening, everyone. Thank you for joining our call today. Each quarter, our strategy is translating into tangible milestones, and this quarter is no exception. We are pleased to share another quarter of highest revenue and EBITDA numbers for the company.

As a company, our focus is on limited-competition products, first-in-class therapies, complex delivery platforms, integrated CDMO offerings and high-value biologics. And our model is simple: invest in R&D, build differentiated assets, launch it with strong margins, scale it through partnership.

Now let me start briefing about various business divisions. I'll be briefing my talk on 3 divisions: API, Formulation and Biologics.

Let me start with the API business, and within API, let me start with the specialty CDMO where we have added 3 new CDMO programs. Amongst our existing programs, our first NCE program with a U.S. customer is now commercialized by our partner. Our second NCE program is in Phase III for which the studies are ongoing. And the third U.S. NCE program, which is partnered with Unicycive Therapeutics, for which we are constructing a dedicated commercial block, is likely to get commissioned in Q4 FY '26, and exhibit batches will be taken in Q1 FY '27.

Amongst our other CDMO program which is a Phase II NCE program, we are developing both API and formulation for the innovator. Our partner has received orphan drug designation along with Fast Track designation, the program also has application in multiple indications.

Now, let me start briefing about oncology and non-oncology business. We have added 10 new oncology products in grid, which are blockbusters products globally, of these 3 new oncology products were validated in the quarter. We have also completed scale-up of 1 non-infringing oncology API and the validation batches will be completed in Q4 FY '26. And for the same product, we will be doing formulation as well.

On the peptide - Semaglutide, which is one of the largest blockbusters on GLP-1, we are developing both injectable and oral solid formulations. And on the API side, we are developing both synthetic and semisynthetic APIs. The planned scale-up and validation batches are initiated, which are likely to be completed by Q4 FY'26 /Q1 FY '27.

On the capex, the company is planning to build a large-scale peptide manufacturing capacity, for which, the work has already started, and we are planning to complete this capex in second half of FY '27.

Now, let me start briefing about Formulation business.

So, on the Formulation side, our first NCE molecule, which was launched in the current quarter, was NorUDCA, NorUrsodeoxycholic acid, has exceeded our expectations, and we have had great response from the physicians.

We also have a very good visibility for the product as we have firm orders for Q4, as the molecule has excellent response in patients, and we are confident that it will have significant potential in next financial year.

We are also planning to take NorUDCA to global markets of Europe and U.S. for which we are planning to start human studies for Europe in next financial year. We are also doing the same product for multiple other different new indications also.

On the existing commercial products, where 3 commercial 505(b)(2) products which are in market, we are seeing good traction. And every quarter, we are seeing healthy growth number on sequential basis. Within Europe Nilotinib continues to see strong traction on volumes on QoQ basis.

On the development side, we have completed scale-up batches for a new complex injectable product, and we are planning to complete registration batches by Q4 FY '26, and the same product will be filed globally.

In the current quarter, we have successfully received marketing authorization for our first transdermal patch product, which is Rotigotine. And we will be planning to launch this product with our partner in FY '27. We are also planning to file Rotigotine transdermal patch product in U.S. in Q4 FY '26.

Now, I'll give you a short update on complex pipeline.

On complex pipeline, our first product, which is Ondansetron long-acting injection, we have successfully completed Phase III clinical studies, and the product is already filed in India, and we are planning to commercialize in first half of FY '27. For same product, we will be planning Europe clinical study in Q4 FY '26, and we will be planning to complete European Phase III studies in FY '27.

Second product, SMLTOP09, which is a topical product for androgenic alopecia, and we are planning to complete human clinical studies in FY '27. For the same product, we have already submitted European scientific advice, and we have got positive outcome on our clinical study design.

Third product, is SMLOSD014 it's a first of its kind what we are developing in generic side, but a complex 505(b)(2) product, where our registration batches are completed, and we will be starting clinical study in Q1 FY '27. And filing is planned in second half of FY '27 in U.S. In the next financial year, there will be 2 new launches, which will be happening in Europe market on Formulation side.

Now, let me brief you about our CDMO agreement, where we are doing in the integrated API with formulation project with Unicycive Therapeutics.

Unicycive Therapeutics has resubmitted the filing to FDA and they have received PDUFA date of June 29, 2026. We expect commercialization to happen in FY '27.

Now, I'll brief about our Biologics division.

Our Phase III studies in India are going as planned for Aflibercept, which is a complex eye injection, and we are planning for submission in first half of FY '27. We expect the product to remain a limited competition opportunity in India having high potential, we have partnered with 2 companies having a strong footprint in ophthalmic therapy.

We have 2 new biosimilar products which are already entering human studies in FY '27. Apart from these, SBPL01 which is our first ADC product, has completed lab development and we will be entering human studies of our first ADC product in next financial year.

On the NBE, for MABs we have partnership with Alveolus and mAbTree, where both Alveolus and mAbTree projects will be entering Phase I human studies in FY '27. I'm happy to inform everyone that mAbTree product, for which we are exclusive CDMO partner, the product has received orphan drug designation for 2 different indications.

GMP facility for our ADC manufacturing, we are planning to commission in Q4 FY '26. It will be first of its kind ADC manufacturing facility in India with integrated payload linker and conjugation facility.

On CDMO in biologics, we have 5 active programs ongoing with multiple partners, in which 2 programs will be entering Phase I studies in next financial year for our partner.

On Albumin, which is a new biological entity, which company is developing, the global CT clinical trial protocol approval is received in current quarter, and IMPD submission for Europe is targeted in Q4 FY '26.

In summary, whatever heavy lifting was required for the company on the investment side, we have largely completed in last many years, and the focus now is on execution, scaling and getting maximum ROCE from all our investments. Thank you.

Alpesh Dalal: Good evening, everyone. I'll just quickly take you through the financial performance for Q3 and 9 months. We have reported the highest ever quarterly revenue of INR411 crores, recording a growth of 28% year-on-year, whereas our 9 months revenue were at INR1,110 crores, growing at 14%. Our gross margin for the quarter stood at 68%, and 71% for 9 months period.

We also reported our highest ever quarterly EBITDA at INR115 crores as compared to INR82 crores in Q3 of FY '25, reflecting a robust growth of 41%. And EBITDA margins for the quarters were at healthy 28% as against 26% last year, whereas EBITDA margins for 9 months were 29% as compared to 26% last year. So this improvement in EBITDA margin was primarily driven by increased revenue, driving positive operating leverage.

Now, moving to other financial highlights. Our interest outgo has seen reduction year-on-year, and we believe it has now stabilized at the current quarter run rate for the near future, as we expect to fund our capex program mainly by our internal accruals.

And during the quarter, we also had an exceptional item amounting to INR13 crores pre-tax on account of change in Labour Code implemented by the Government of India. Adjusting that, the PAT for the quarter stood at INR55 crores, and INR146 crores for 9 months period. The 9-month PAT is nearly double of full year PAT of FY '25, reflecting the acceleration that we are witnessing in our growth.

We have also incurred a capex of about INR87 crores during the third quarter. And I would also like to draw your attention to the fact that despite increased capex, we have been able to improve our ROCE profile of the company. Our adjusted ROCE, excluding investments made in our high-growth potential businesses like Biologics and NBE, we have seen significant improvement from 3.5% in FY '23 to over 17% in the first 9 months period. With Biologics business pipeline progressing well, we remain confident of improving our operating leverage, resulting into higher ROCE in coming years.

Now, a quick highlight on the segmental performance.

Our non-captive API business clocked a revenue of INR186 crores compared to INR183 crores in the previous year. However, our API unit has been progressively increasing its support for our in-house product portfolio of Formulation business. And including the captive business, the API business witnessed a robust growth of 11% from INR218 crores in third quarter of previous year to INR243 crores in the current year.

As far as the Formulation business is concerned, the Formulation revenues for the quarter were at INR177 crores, growing at 50% year-on-year. And ex-licensing income, the base business reported a robust growth in the revenue of 104% quarter-on-quarter and 83% for the 9 months period.

And to sustain this revenue momentum in our FDF vertical, we continue advancing the pipeline of complex products. Our strategy of developing and launching niche products globally through strategic partners is gaining traction, as evidenced by our EU Formulation business, which delivered over 100% revenue growth year-on-year.

In our Formulation business, we also launched NorUDCA domestically under a dual strategy, one under our own label and along with a strategic partnership with 3 large pharma companies in India. And the strong initial reception that this product has received has translated into a very healthy order book for the coming quarters as well.

During the quarter, we also received approval for our complex transdermal product, Rotigotine, from EMA. With launch preparations underway with our market partner, we expect to launch in Q1 of FY '27.

With this, I would now like to open the forum for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Shubham Sehgal from SiMPL.

Shubham Sehgal: So, my first question is that we reported revenues for the Europe region around INR73 crores for this quarter. And also, like, the scale-up that has been there the few past quarters, does this revenue include purely product sales, or it also includes the licensing income for this product?

Alpesh Dalal: Licensing line item is separate. So what we have reported here under EU is only in relation to product sales.

Shubham Sehgal: Okay. And so, similarly, for even the U.S. revenues, it just represents the market It does not include any licensing revenue, right?

Alpesh Dalal: Correct.

Shubham Sehgal: Okay. Got it. Next question is that -- so actually, yes, so apart from the licensing revenue in the Europe sales only, I wanted to ask, does it include any profit share in that INR73 crores?

Alpesh Dalal: Profit share is part of product sale only. It's just that profit share comes in a little later, but it is in relation to product sale only. So profit share is included there. Yes.

Shubham Sehgal: Okay. So for example, for Nilotinib product, what could be the range, like, in which time, we receive the profit share? So like earlier mentioned, for Amneal, we received half yearly. But for Nilotinib, like how does the profit share range? When -- with how much lag do we receive it?

Alpesh Dalal: So basically, we do get updates from our partners quarterly. There are times that we have to do some reconciliation, and also there might be some small adjustment here and there for that. But generally, we do receive all the updates from our partners on a quarterly basis.

Shubham Sehgal: So I was asking about the Non-Onco API segment. And basically, the revenues that we are seeing right now, the scale-up, is it affecting the capacities that we've expanded? Or is there still room for more scale-up there in the expanded capacities?

Keshav Bhutada: So we are not utilizing full year non-oncology capacity because there are some products where the launch and full volumes are expected to grow quarter-on-quarter. So we will see an increase in non-oncology revenues in the upcoming quarters also and even in next financial year.

Shubham Sehgal: Okay. And that will -- so like, we do have room, right? Like the capacity expansions that we have done for our products, there is still room left?

Keshav Bhutada: Yes, you are right.

Shubham Sehgal: Okay. Got it. My next question was about the CDMO molecule, which has received the U.S. FDA approval and expected to commercialize in Q4 FY '26. Could you provide any color on it, like what could be the scale of the molecule and -- if that's possible?

Keshav Bhutada: It is our partner's product, and we are bounded by confidentiality.

Shubham Sehgal: Okay. But are we the exclusive supply partner here?

Keshav Bhutada: Yes.

Moderator: The next question is from the line of Kiran from TableTree Capital.

Kiran: Fantastic results, Keshav. All the fructifying of a lot of years of effort is coming through. I had a couple of clarifying questions. On the Formulation scale-up, I mean, it is very heartening to see we had about INR176 crores total, and ex-licensing is about INR146 crores. Should we take this as a base revenue because Europe, INR73 crores, I don't know if it's base, or because it includes profit share, it can vary. But do you think about INR150-plus crores revenue now seems base case for Formulation?

Keshav Bhutada: Yes. You're right, Kiran. It can be assumed at least for upcoming quarters.

Kiran: Got it. Any reason why RoW has de-grown this year, Keshav, not year-on-year. But essentially, in Q4 FY '25, we did INR44 crores, then INR36 crores, then INR25 crores and INR24 crores. RoW, are we facing any challenges?

Keshav Bhutada: No, see RoW is a purely tender-driven supplies. And sometimes, there are a few tender supplies which we would have done in 1 quarter and that is supplied for like 2 quarters. So I think, RoW is majorly a tender-driven business market. So you will see that quarter-on-quarter, there may be variation. But overall, if you see on a year-on-year basis, right, RoW business has grown.

Kiran: Got it. Okay. My second question, Keshav, is in terms of oncology scale-up, we are struggling to cross that INR140 crores, INR150 crores mark because Q1 was INR116 crores, then INR141 crores, then INR111 crores. Any particular direction or challenges in terms of how we can grow this oncology revenue substantially over the next 1 year?

Keshav Bhutada: On oncology side, large part of our supplies are towards captive which can be seen in growth of formulation sales. But apart from that, there are many other new products which are under validation.

So for last 2 years, we had some issues with taking new product validations, which we have resolved, and we have now good capacities available for taking new products. So you will see that in the upcoming financial year, oncology as an overall business also, we will grow.

Kiran: Got it. Got it. And last -- final question, albumin, in the presentation, we are saying Phase III trials, we have started both for India and Europe in Q4 FY '26. Did we start recently? I mean, we are supposed to start in Q2. So any particular delays? Are we filing from the new facility? If you could just give some color, that would be great?

Keshav Bhutada: What is important is, we're getting the clinical study approval. So you will see our global clinical studies is divided into 2 parts. We have patients from India as well as Europe, okay? So from India, whatever patients were there, we have even informed everyone that our India clinical study approval, we have received in Q3 to do global clinical studies from India -- from Indian regulatory body.

And in Europe, to start any European clinical study, you have to go for IMPD submission. So IMPD submission is something which we are targeting in Q4FY26. Once that IMPD submission approval is there, then the study will start. So tentatively, our study should start in next quarter, like, I mean, in the first half of FY '27 with IMPD approval.

Kiran: That is for Europe. India has already started?

Keshav Bhutada: India, the study will be started from our new facility.

Kiran: Any timeline, Keshav, on albumin in terms of when you would expect the trials to get completed, especially, India ones -- I mean, Europe can take time.

Keshav Bhutada: We are planning to complete our India study maybe –by end of FY '27, or maybe first quarter of FY '28.

Moderator: The next question is from the line of Krisha Kansara from Molecule Ventures.

Krisha Kansara: First of all, many congratulations to the entire team on a very impressive set of numbers. My first question is on Nilotinib. So if we look at our European Formulation segment this quarter, it has grown from INR35 crores to INR73 crores if we compare it year-on-year. So how much of this growth was contributed by Nilotinib?

And also, in earlier calls, we had emphasized on lack of competition from generic players in this case. So has the scenario changed? And -- or is it still the case that competition remains limited? This is my first question.

Keshav Bhutada: Yes. It's a very good question. And see, first part, what I want to clarify, Europe is a very tender-driven market. And even today, if you see, we have launched Nilotinib in Europe from many quarters. Even today, innovator controls almost 40% market in Europe, So what I'm trying to say is, Nilotinib, as a product by itself in Europe, is a tender-driven product.

And the situation has not changed as on date currently. We are seeing good traction on volumes, as well as on sales, which I mentioned in my speech also that quarter-on-quarter, the sales is increasing. And coming to second question, we don't disclose product-specific numbers. So I think that part, it will be difficult for me to explain, sorry.

Krisha Kansara: Okay. No problem. My next question is on our API segment. So if you look at our history of last 7, 8 quarters, there has not been any growth. And we had recently increased our capacity of key APIs, including Tranexamic acid and others. So when can we expect our API segment to start benefiting from this increased capacity base and eventually start recording a double-digit kind of a growth?

Keshav Bhutada: So first part, API segment, if you see our 9 months number itself, and if you compare last year against this year, last year, we have done close to INR622-odd crores. And this year, we have done INR725 crores. So API by itself in 9 months has grown by almost 17%?

Krisha Kansara: But if you exclude the captive consumption, the growth is not...

Alpesh Dalal: The API business is also supporting the Formulation business with the supplies. And that's a strategic call that we have taken because you get end-to-end margins there. There is a sizable volume supply that happens, from the same plant for captive consumption. So excluding that and saying that the growth is not happening in API probably is not a correct way of analyzing it.

Krisha Kansara: Yes. Okay. And when can we expect to start seeing the benefits of the increased capacity, like the recent capex that we did in API? Like, has the volume ramp-up started?

Keshav Bhutada: So you will see volume ramp-up happening maybe from second quarter of next year.

Krisha Kansara: Second quarter of next year. Okay.

Keshav Bhutada: Yes.

Krisha Kansara: And just one last question on NorUDCA. It's been a few months since we launched it, and I understand that this could be too early for any sort of guidance. But in our last conversation, you mentioned that from Q1 of FY '27, we could see a meaningful ramp-up in this molecule. So if you can just give an update on that, how is the order book shaping up from, let's say, the 3 marketing partners with whom we have tied up? If you can just give some sense around NorUDCA?

Keshav Bhutada: See, especially on NorUDCA, the launch was very successful, and it has exceeded our expectations. So whatever growth we were expecting to start from Q1, we would see that in Q4FY26 itself. So you will see that we have a strong order book.

We are seeing good traction in the molecule, and as and when we have more product being sold and it reaches more patients, I think we'll have more inputs on the product.

Moderator: The next question is from the line of Amish Kanani from Knowise Investment Managers.

Amish Kanani: Congrats on a very good set of numbers. Sir, it looks like FY '27 also will be a very good year, and you mentioned that in presentation. The question is, sir, one, which division do you think will really contribute in next year? I know maybe each one is firing, but if you can give some sense for us to model FY '27, which division we should look forward to as something which will really contribute to the higher growth? And second -- you may not quantify it, sir.

And second, sir, congrats on this rare cancer drug -- orphan drug confirmation. The question there is, sir, one, since it's a partner drug, should we look forward to some licensing income as it progresses? Or should we be worried that FY '27 will be an investment year for some clinical trial and maybe the benefit will come later? Because it looks like it could be a sizable trial if it gets an approval.

Keshav Bhutada: Yes, Amish, I I'll answer your second question. So, on the product which is for orphan designation, we are not expecting any licensing revenue there but we will manufacturing revenue, and our partner will be doing clinical studies, in next financial year

I think that is the major part of revenue, which we will get as and when the molecule is advancing in the development phase. And to answer your second question, I think growth will come more from our Biologics and Formulation business. And API will be more like a steady business, which will continue to grow at a steady pace.

Amish Kanani: Okay. And sir, one last quick question on the albumin side. Sir, is there a, now, line of visibility that it should be commercialized if we are successful in FY '28, at least in India, one? And two, if you can just remind us, if possible, on the overall market opportunity size for that drug, let's say, in India or globally? What kind of size -- potential size, which we are which we are interested in?

Keshav Bhutada: To answer your first question, yes, FY '28 commercialization in India, yes, it's very much possible for us as on today. And what is the potential, how big it will be? I think that is something we don't want to commit or even comment on that. It's a good opportunity. Albumin by itself is a product which is under shortage and has many complexities in supply chain.

So bringing a recombinant version, purer version will always have advantage. So I think our focus is on starting and completing clinical studies, , which I think is the most important milestone for this product.

Moderator: The next question is from the line of Nikhil from SIMPL.

Nikhil: On NorUDCA, as you mentioned in the call that the launch has been pretty good, better than our expectations. And in the starting, you mentioned we would look at trials in Europe and U.S. But as we understand, in Europe, there is already a trial which is ongoing, and that player has also out-licensed it to for some of the geographies. So based on the the market development, which we have seen, how are you thinking about RoW markets where, based on Indian trials, you may be able to launch? So any thoughts on that?

Keshav Bhutada: I'll divide my answer into two parts. One is Europe and rest of the world. So for Europe market, already there is a company which is an innovator, who is doing this product for some indication. What we are doing is completely different, It's for a different indication.

And more details on which indication, how the market size etc we would inform at right time, in order to gain competitive advantage. So currently, what I can tell you, we are going ahead for Europe, and it's a very promising study, which we will be planning, but it will be for a completely different indication.

Now, coming to the RoW market question, our India study was covering RoW study design also. And already, in RoW markets, we have started partnering And started filing in some of the RoW markets. Our target in the next financial year is to file in all the major RoW markets.

Nikhil Upadhyay: Okay. So based on India market and RoW market and based on whatever studies you would have done, do you see this product has the potential to like become a significantly large product, like INR200 crores, INR300 crores kind of a product? I'm not asking for timeline. But based on the market opportunity and based on the indications what you have received, how do you see it?

Keshav Bhutada: Yes. See, the product if for NAFLD which is very prevailing In India itself, as there are ~25% patient population who are suffering from NAFLD, as per the statistics. So I think, yes, it's a significant opportunity and a meaningful opportunity for the company. How much it will be, when it will be, we can guide about the opportunity in the upcoming quarters.

Moderator: The next question is from the line of Sanjay Kumar of ithought PMS.

Sanjay Kumar: First question on oncology API. Small companies are entering and gaining market share. Large companies, which are present in other therapies, are entering onco and gaining market share, filing DMFs. You alluded to capacity constraints, okay, but that's fine. But even in terms of product development, I think, if I look at the timeline, we were late to file Palbociclib?

Our other DMF filings are more of base chemicals like Methotrexate. We are yet to file products like Tivozanib, Relugolix, Ruxolitinib. So where did we lose the plot in terms of new product development, especially in onco, where we are supposed to be ahead of peers?

Keshav Bhutada: Yes, Sanjay, I think it's a very good question. Oncology has been our main business, and we'll continue to focus on it. And you are right, in last 1 year, we have not taken new oncology new molecules. Only which were required for our captive sales, we have done it. That's a very right observation.

But as a company, yes, we have very strong oncology pipeline. Palbociclib and all, these were validated in the past 1 year so you will see in the next 1 year, there will be a lot of filings which will be coming. And as I already mentioned in my speech, right, each of these molecules are blockbusters.

And one differentiation which Shilpa will always have, I feel, is, we'll have something differentiated, either in API or in Formulation, which will help us in getting better market share.

Like, you have seen classic example of Nilotinib, right, where we have done Nilotinib base, which has given us advantage in launching early. Similar to that, we have already shortlisted products, which are in various stages of development, we have close to 4 to 5 products which are in advanced stages of development.

Sanjay Kumar: Okay. Can you name those products and also give an update on the U.S. FDA remediation work and the warning letter for Jadcherla?

Keshav Bhutada: We will not be able to give currently because you would have seen, even in Nilotinib case, right, we have disclosed that in a very later stage just to ensure that we get maximum market share, and to avoid competition.

And coming to your second question on U.S. FDA, after the U.S. FDA inspection, we have finished all the CAPA, and CAPA responses are submitted to U.S. FDA. Now, we are waiting for revert from U.S. FDA.

Sanjay Kumar: Okay. Okay. Got it. And second, on -- you mentioned about a new peptide capacity. Do you have any visibility there? What kind of products do you want to make? What is the magnitude of the capex, the quantum of the capex? The reason for asking is, we spent big on albumin, transdermal patches, dispersible films way ahead of time.

I understand albumin because the potential is significant. But in terms of IRR, in terms of ROCE, I think our capex in patches and films will take a lot of time. So have you calculated all those when you want to set up a new peptide capacity?

Keshav Bhutada: As a company we have very clearly defined ourselves that now, we will not invest anything, which is a long-gestating investment, okay?

So API, we always have good investments made which are giving us good returns in terms of ROCE. And when it comes to peptide the investment is very strategic for us because, I think, there are large GLP-1 products, which are going off patent this year, and if we consider global landscape as well there are multiple markets where the patent expiries are happening in next 2 to 3 years.

And what Shilpa is doing? We are doing already GLP-1, liraglutide, semaglutide. For liraglutide, we have filed U.S. DMF, and formulation registration batches are ongoing. Our second product, which is semaglutide, where our API validation batches are ongoing. And for our formulation both injectable and oral solid development is completed. And we are planning to take registration

batches in first half of next financial year which will also be filed globally. So overall, we are seeing good opportunities on the GLP-1 side.

And also, there are significant CDMO opportunities, for which we expect many inquiries on the peptide side because there are a lot of new biotech developments which are happening on the peptides. So, that is the reason we are planning to build this new capacity. And it is not a very significant capex, which is required for this. We are planning to invest close to INR40 crores, for this peptide facility.

Sanjay Kumar: INR40 crores would roughly be 40, 50 kgs of peptides?

Keshav Bhutada: It is more than that. It depends on product, which product we will be taking, but it is a decent capacity.

Sanjay Kumar: No, let's say, if your full capacity for semaglutide, can we do 50 to 100 kgs of peptide?

Keshav Bhutada: Yes, we can do more than 100 kgs.

Sanjay Kumar: Got it. Got it. Okay. Final question. So samples we have sent for nontherapeutic albumin, any feedback? Because when I saw the exports, we have sent it to multiple companies, some in U.K., some in U.S., and for different applications also. So have we received any feedback? That's one. And any competition coming in Nilotinib in Europe? Just these 2 questions.

Keshav Bhutada: Yes. On albumin therapeutic, we are seeding our samples in various markets. And in some markets, our initial samples were approved. Now, they are taking further quantities because these all products will be going into their formulations.

And once the development is fixed, they will be taking registration batches with our albumin, then filing for approval. It's a long-gestating business. And on Nilotinib we have not seen any significant competition. There is competition but not very significant now. But as you know, we have partnered with the number 1 generic company of Europe, so we are currently having decent market share. And at least for a couple of quarters, we don't see any competition, any big change in the numbers.

Moderator: The next question is from the line of Parth Mehta from Vallum Capital.

Parth Mehta: Yes. So I just wanted to ask, on the licensing income, if I see on the 9-month basis, the licensing income revenue is down by over 40%. So what would be the reason? And do we see, for the full year, licensing income coming back to the FY '25 levels?

Keshav Bhutada: Yes. Licensing revenue is something which depends on product, market, when it is getting licensed, what are the milestones we will be realizing in that quarter and upcoming quarters. So there will be some variation in the licensing fees quarter-on-quarter or year-on-year basis. But if you see, we have already mentioned previously also, we will see a steady run rate of close to INR150-odd crores licensing income every year.

Parth Mehta: Okay. So for this year also, it should cover up in the fourth quarter is what you are alluding?

Keshav Bhutada: Yes.

Parth Mehta: Okay. Understood. And can you help me with what would be the current utilization of our formulation plant?

Keshav Bhutada: In our Formulations plant we have good capacity available for the requirement we have for the upcoming launches. Recently, we have also commissioned a new oral solid line, which will be available, and will help us in generating additional revenues in the next financial year.

Moderator: The next question is from the line of Kiran from TableTree Capital.

Kiran: Yes. I just had a question on the financial side. In terms of debt reduction, where are we on debt? How much are we planning to pay, let's say, this year and projected next year, given our cash flows are decent now?

Alpesh Dalal: Yes. So I think on the debt front, broadly, we are in a comfortable position with our debt-equity in the region of about 0.25 or 0.26. We obviously have been investing in our growth capex also. So we haven't seen any reduction in absolute terms. And if you look at our presentation also, we mentioned that our debt-to-EBITDA ratio is constantly reducing. So overall, the kind of investments that we are making right now is generating sufficient returns for us.

Kiran: Sorry, how much is the absolute debt, sir, now -- right now, as of 31st December?

Alpesh Dalal: So, as on 31st December, our net debt was about INR625 crores.

Kiran: Okay. And essentially, the plan is to keep it at this level even through next year or pay a substantial amount? Because Shilpa generally is known for being net debt free. That's the reason I'm asking.

Alpesh Dalal: So I think we are not looking at increasing our borrowing. We also keep repaying of our term loan, and to that extent, debt will keep coming down. But there are times we have to take some more commercial and business-related calls where, based on opportunities or requirements of the business, we might have to take some borrowing on our books. But as I mentioned that broadly, we are keeping things under check where we do not exceed certain levels based on our performance.

Moderator: The next question is from the line of Yogesh Shroff, an individual investor.

Yogesh Shroff: Congratulations on very good set of numbers. So over the last 2, 3 years, I think the company is going through a capex phase, where we're investing a lot. But in terms of top line, we are not seeing a lot of traction coming up. And this quarter especially stood out because of very solid growth numbers. So do you guys actually forecast that this should actually continue forward?

Or we should see -- or was this a one-off quarter where we saw 30% growth and the growth numbers should tail down from here? And if yes, I think, for '27 and -- FY '27 and FY '28, what are the major contributors for that?

Keshav Bhutada: Previously, we were running through more of an investment cycle, And now, we are sweating our assets and getting maximum returns. So you will see, in all the coming quarters, based on the visibility that we have ROCE will see improvement.

Alpesh Dalal: As you have seen the revenue is growing and Licensing income will remain as a part of our ongoing business, but excluding licensing also if you see our base business has been growing across key verticals, which is giving me a lot of confidence that we should be able to continue with the run rate.

Yogesh Shroff: Just last question. On a mix basis, what do you think would be the peak revenue from the capacities that we're doing? Obviously, that might or might not convert into actual revenue. But if you can give us a suggested broader range in terms of this is the peak revenue with the current capacity we can do, I think that will be super helpful?

Alpesh Dalal: We may not be in a position to put up a number as to what would be the peak revenue as a lot depends on the product mix. But we do plan out our capacities in a manner where we ensure highest level of production efficiency and bring in more productivity to continuously keep churning higher volumes of products, which will end up generating revenues for us.

Even in the process, a lot of process efficiency that we build in, in the same capacity, a lot of times, we are able to get more output from the same capacity. So that's why I'm saying we may not be able to put an actual number saying that this would be the peak revenue that we can generate from the existing capacity.

Yogesh Shroff: Got it. So I think a suggested number of -- between 2013 and 2020, we had an asset turn of average around 2. So would it be right to assume that this is the possible asset turn that we can have in the future? Or that would be the wrong assumption?

Alpesh Dalal: No, it changes because in 2013, a large part was API sales. Now, we have got other assets verticals which are contributing so it may not be right to say that 2x will be the peak asset turnover.

Moderator: Ladies and gentlemen, this will be the last question for today, which is from the line of Sanjay Kumar from ithought PMS.

Sanjay Kumar: First on the ADC biosimilar, we've stated that it will enter human studies in FY '27. I don't know if I missed it, is it for India specific or is it for global? Now that U.S. FDA has relaxed norms for biosynthesis for biosimilars, are we looking at global trials?

Keshav Bhutada: Its for Global, and to update you, majorly all our products, in the Biologics side are for global market.

Sanjay Kumar: So even Nivo and Pembro, you will go global?

Keshav Bhutada: Yes, you're right.

Sanjay Kumar: Okay. And I'm already seeing a lot of companies are signing partnerships for these products for various markets. So will you go direct or through partnerships? When will we be signing partnerships?

Keshav Bhutada: So we expect some partnerships surely in FY '27.

Sanjay Kumar: Okay. Okay. Got it. And I was also -- I wanted to know the KPIs for you and Madhav? And are ROCE, market cap part of your KPIs?

Keshav Bhutada: Yes. It's part of our KPIs.

Sanjay Kumar: Okay. Okay. And for any project, what would be the internal IRR that you guys usually target?

Alpesh Dalal: I think some of these are fairly strategic in nature for our organization and we would not like disclose at the moment.

Sanjay Kumar: Okay. Okay. Final question. So was there any one-off in Q3 Formulation revenue? You did say that this is a base, but just trying to get your thoughts again. Was there any one-off in the Q3 revenues?

Alpesh Dalal: No. There was no one-off.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Alpesh Dalal for closing comments.

Alpesh Dalal: Yes. Thank you, everyone. Thanks a lot for your participation, and we appreciate you making time with us. If you have any follow-on queries, feel free to reach out to our IR team, and we'll be happy to answer your questions. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Shilpa Medicare Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.