# "Sakar Healthcare Limited

# Q2 and H1 FY26 Earnings Conference Call"

# November 11, 2025

**MANAGEMENT:** **MR. BIKRAMJIT GHOSH – VICE PRESIDENT, STRATEGY AND BUSINESS DEVELOPMENT – SAKAR HEALTHCARE LIMITED**
**MR. BHARAT SONI – COMPANY SECRETARY – SAKAR HEALTHCARE LIMITED**
**MS. LIPI GOYAL – MANAGER – SAKAR HEALTHCARE LIMITED**

**MODERATOR:** **MR. NIKUNJ SETH – MUFG**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q2 and H1 FY 2026 Earnings Conference Call of Sakar Healthcare Limited, hosted by MUFG Intime. 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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nikunj Seth from MUFG. Thank you and over to you, sir.

**Nikunj Seth:** Thank you, Sarthak. Welcome to Sakar Healthcare Limited Q2 FY 2026 earnings call. Today on the call we have Mr. Bikramjit Ghosh, Vice President Strategy and Business Development; Mr. Bharat Soni, Company Secretary; and Ms. Lipi Goyal, Manager.

Before we proceed with the call, I would like to give a small disclaimer that the call may contain certain forward-looking statements which are based on the business opinions and expectations of the company as on today. A detailed disclaimer has been given in the company's investor presentation, which was uploaded on the stock exchange.

Now I would like to hand over the call to Ms. Lipi. Over to you.

**Lipi Goyal:** Good afternoon, everyone. And welcome to all our shareholders, investors and analyst to the earnings call for Sakar Healthcare Limited for the quarter-and-a-half year ended on 30th September, 2025. It's a pleasure to reconnect after some time. I am happy to share our financial and operational progress during this period along with an update on the company's strategic direction as we continue our transition into a research-driven oncology-focused pharmaceutical organization.

Now let me just brief you on our company. Founded in 2004 by Mr. Sanjay Shah, Sakar Healthcare has grown from a contract manufacturer to a globally recognized API-integrated pharmaceutical company. Today, it operates with WHO GMP and EU GMP approved facilities in Gujarat, catering to more than 60 countries with over 292 product registrations and 75 international partners.

Our strategic business model comprises three strategic verticals; CDMO-CMO services, own-brand export, out-licensing and contract development with technology transfer, enabling us to balance recurring revenue visibility and long-term value creation with innovation-led growth.

The EU GMP approval for our oncology unit has opened pathways to regulated markets, while our flow chemistry and integrated R&D systems enable faster development of non-infringing complex delivery.

Our oncology infrastructure at Bavla remains a key differentiator with an annual production capacity of 97 million tablet s, 29 million capsules and 13 million injection vials operating single

shift. The technology-enhanced freeze dryers installed to lyophilizers can manufacture 22,000 and 10,000 vials of lyophilized vials of 10 ml each per cycle.

Our API block adds 12.3 metric tons of annual production of high-potent API, which is well supported by high-containment systems up to OEL level for safe cytotoxic products handling. This vertically integrated oncology plant has received EU GMP approval for both oral and injection manufacturing blocks.

The company continues to operate under the principles of green chemistry supported by flow chemistry, VaporTech UK, GI granulation lines, de-dietrich glass reactors and stop-loss lyophilization systems, ensuring precision, safety and sustainability across manufacturing processes.

The R&D samples have been procured from Europe and all bio-equivalent studies are conducted in EMA-USMT approved PROs. In parallel, our Changodar manufacturing unit continues to deliver cephalosporin - oral solids, dry powder injections, small-volume parentals and oral liquids maintaining high-capacity utilization and export volume.

We are also strengthening our own brand export business, which now contributes over 70% of total revenues, improving profitability and recognization across markets in APAC, Latin America, Africa, CIS and Europe. Sakar continues to be a trusted partner for leading pharmaceutical companies, nationally and internationally, such as Zydus Life Sciences, Torrent Pharmaceuticals, Indus Pharma, Emcure Pharma, Cipla and Glenmark.

Well, let me now begin to share an overview of the industry. The global pharmaceutical industry continues to demonstrate steady growth momentum underpinned by innovation, outsourcing and emerging healthcare demand. The global market value at USD 1.76 trillion in 2024 is projected to reach USD 3.15 trillion by 2032, registering a CAGR of 7.5%.

In India, the pharmaceutical sector is expanding at a 17.5% to 22.5% CAGR, driven by higher healthcare spending, insurance penetration and government incentives promoting domestic manufacturing. Within this landscape, oncology remains one of the most attractive specific categories with the Indian oncology drug market expected to grow from USD 3.6 billion in 2022 to USD 10.6 billion by 2030, growing at a double-digit rate. Cancer cases in India are projected to rise from 1.46 million in 2022 to 1.57 million by 2025.

As we move ahead, now let me take you to the operational highlights Q2 and H1 FY 2026. During the first half of FY26, our focus remains on strengthening our oncology operations and expanding global partnerships. Our state-of-the-art EU GMP approved oncology facility at Bavla continues to drive the next phase of growth. The facility is vertically integrated from API to finished dosage form STF, encompassing oral solids, oral liquids, sterile liquid injections and lyophilized oncology formulations.

To date, Sakar has developed 55 oncology products in-house, of which 32 CTD dossiers are developed, ready to register and launch across the region. Till date, of 80-plus dossiers have been submitted worldwide. 11 registrations or marketing authorizations have been granted, with six in Europe and rest in APAC and Latin America.

We also have received written regulatory confirmations for 16 APIs manufactured at our WHO GMP approved unit, with seven lined up for CEP approval. The first patent grant has definitely validated and geared up for our R&D strength as the team is working towards development of differentiated products.

Let me now move to the financial performance for the quarter and a half ended 30th September 2025 as per our consolidated results. The revenue from operations stood at INR5,756.04 lakh for Q2 FY 2026 compared to INR4,277.81 lakh in Q2 FY 2025, a robust 34.6% year-on-year growth. On a sequential basis, revenue grew 9.1% from INR5,273.62 lakh in Q1 FY 2026.

For the half year, revenue was INR11,029.66 lakh compared to INR8,392.58 lakh in H1 FY 2025, a 31.4% increase year-on-year. EBITDA for Q2 FY 2026 stood at INR1,135.39 lakh compared to INR1,150.12 lakh in Q2 FY 2025, marginally lower by 1.3, primarily due to operating leverage impact from newly commissioned oncology lines. For H1 FY 2026, EBITDA was INR2,405.97 lakh as against INR2,220.01 lakh in H1 FY 2025, an 8.4% year-on-year increase.

The EBITDA margin stood at 20% for Q2 FY 2026 and 22% for H1 FY 2026 as compared to 27% and 26% respectively in same period last year. Profit after-tax, PAT stood at INR453.98 lakh for Q2 FY 2026 as compared to INR479.63 lakh in Q2 FY 2025. For H1 FY 2026, PAT was INR921.11 lakh as compared to INR720.83 lakh in H1 FY 2025, expecting a strong 27.8% growth year-on-year. Gross margins remained healthy at 46%, supported by operational efficiency and a richer product mix.

On the balance sheet, the total assets stood at INR44,859.78 lakh as of September 2025 against INR41,526.10 lakh in March 2025. The net worth improved to INR30,325.29 lakh compared to INR28,547.59 lakh with a comfortable debt-to-equity ratio of 0.38.

Looking ahead, we expect the commercialization of oncology product registration, marketing authorizations in EUs and emerging markets to drive notable incremental revenue from FY 2027 onwards.

In the near-term, we will continue to focus on strengthening export-led growth in high-margin markets, expanding technology transfer collaborations, enhancing utilization of our oncology facilities, sustaining our commitment to green, compliant manufacturing practices, our consistent financial performance, strong balance sheet, and deep R&D capabilities to provide a solid foundation for future growth.

Before I conclude, I would like to thank our Chairman and Managing Director, Mr. Sanjay Shah, our management team, our dedicated employees, and our partners across the globe for their contributions to Sakar Healthcare's journey. We believe we are well-positioned to create long-term value to our oncology-led strategy, scientific innovation, and sustainable manufacturing excellence.

I thank you all for your time and continued trust in Sakar Healthcare. We are now open, if you have any questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

**Ankit Gupta:** Yes. Thanks for the opportunity. So, the first question is on the MAs that we have received in European markets, the six MAs that we have received. So, the first one was in April 2025 and the second one was in June. So, if you can talk about the name of those products and in which geographies have these been registered?

And secondly, a follow-up on that, when is the commercialization of at least these first two products for which we have had MAs for some time now expected? Which geographies are we planning to launch?

And normally, in the MAs, we have seen that the four MAs that we have filed are in geographies, like smaller geographies. So, will we have to register and, you know, registration in France and large European markets like France, Germany, etcetera? So, how does it work if you can talk about them?

**Bikramjit Ghosh:** Yes, good afternoon, everyone. This is Bikramjit from this side. Welcome, you all. And nice to receive your first query on the marketing authorizations, what we have been granted. There are basically, if you see the disclosures since last week, we have got till date 11 marketing authorizations. But as to start with, we have received the first one from Europe. The country is Bulgaria, where we have received one-by-one as on date five marketing authorizations and one from Bosnia. So, total count is six basically from Europe as on date.

Regarding the product or the molecules, what you have asked for, we have started. The first one is docetaxel injection, second was irinotecan injection, third was carboplatin injection. Fourth was gemcitabine lyophilized injection. This is a separate category, which is a freeze-dried product. And recently, we have received the marketing authorization for tamoxifen tablets, which is the oral solid dosage.

So, basically, if you see, now the kitty is comprising of liquid injection, lyophilized injection as well as oral tablets. So, this is from Europe. The second thing is, there are total 11. The rest of the world, we have another five registrations.

Now, pertaining to your second question regarding the procedure, how we can move into the other parts of Europe, like France. Now, this -- it means our national procedure, which once received, we can run a decentralized procedure to move into the other countries in Europe, which is pretty easy. So, we are right now evaluating, rather exploring what are the possibilities, which are the countries we can move into.

And similarly, we have also some of the partners in respective countries in Europe, so they will be filing from there as well. So, it is a dual effect, which we are right now will be having. One from the existing MAs we can multiply, and another is a sitting partner in the other countries within Europe, where they can file for the dossier for the immigrant.

**Ankit Gupta:** Sure, sir. So, on the commercialization front, let's say the first product that we have received MA for in April, and the second one in June, when do you expect to commercially launch, in which countries will you be first launching, and what is the revenue potential from them?

**Bikramjit Ghosh:** Right. As you can see, this is from Bulgaria. So, Bulgaria will be the country where we will be launching or sending the products first, exporting it, based on that grant of MA. So, we have received three purchase order from all these products out of the five, another two are in the pipeline.

So, what happened in the first initial phase, we need to confirm on the logistics artwork, as well as the dispatch details, the exporting the products for the first time. So, right now, we are coordinating with a partner regarding the same, because there are serialization also, which are required for the product to move into the European market. So, we are expecting quarter four of this financial year to capture this export to Bulgaria.

**Ankit Gupta:** Sure. So, at least the first product will be launched in quarter four of this year.

**Bikramjit Ghosh:** Right.

**Ankit Gupta:** So, and the second question was on, I know -- if you can talk about how much has been our oncology revenue in the first half. And, like we asked -- in the AGM, we had -- we were targeting INR100 crores revenue from oncology division in this financial year. So how confident are we and how do you see this thing scaling up in the second half?

**Bikramjit Ghosh:** Right. So, around whatever has been recorded, around INR110 crores total for the half year of financial year 2026, around 37% is the contribution from the oncology part, which maybe last year, full last year was around 19%. So, you can see in half year, we have almost doubled the sales.

**Ankit Gupta:** And this is largely from the domestic markets?

**Bikramjit Ghosh:** No. We have already started exports to certain markets, like we have exported few of the products to the United Kingdom, some in Mauritius, Lebanon and Algeria, which are basically the African and North African markets. These are principally where the partners who are already having the marketing authorizations or some tender base where we have applied for through our partners and we have supplied.

**Ankit Gupta:** Sure. And on the few -- over the past -- one year, we have made announcements on tie-ups with some of the companies like Accord, in DRL, then Zydus and Biocon. So, if you can talk about this arrangement? And even I think in June, we had announced some tie-up for eight, nine products, where we'll be selling. These companies will be selling our products. So, if you can talk about this arrangement in detail, what is the revenue potential from them? And how does this arrangement work?

**Bikramjit Ghosh:** The thing is that, as you rightly mentioned, we have been time to time tying up with the international partners so that we can strengthen our exports for oncology products, which is basically the objective moving ahead for the company.

So in a summarized way, if I tell you, we have filled achieved around 50-plus agreements on oncology, that is through oncology products, which covers more than 250 SKUs molecules included in the contract. This includes the agreements with overseas partners like Accord, like Torrent because they have their international partners or subsidiaries in Germany as well as in the U.K.

So these are also being tied up. So these are basically the international supplies what we are looking forward to with these products. And basically, this is the gearing the overall export business for us. And if you want to see the potential, if you -- there is a potential of more than INR450 crores, what we are looking forward to from these agreements which have already contracted with overseas partners.

**Nikunj Seth:** Sure, sure, sir. So I was coming to that only, like my next question was on that, sir. So the business plan received of INR452 crores. So what is I'll just come back -- this is a follow-up for this. So I'll just come back in the queue. So this INR452 crores, the business plan received that you're talking about, so what is the time line for execution of this contract?

**Bikramjit Ghosh:** As I told you, there are more than 250 marketing authorizations or contracts products what we have SKU-wise. Now based on that, we are right now providing them the dossiers so that the dossiers get applied in the respective countries in the FDAs and we get an approval. That is the registration of marketing authorization.

Right now, 80 dossiers have been submitted of which we have received 11 approvals, as I mentioned. So we have already in the market more than 200 dossiers with our partners, of which 80 has been filed and 11 has been received. Now with this 200-plus dossiers, we will be comfortably I feel because that is the contract product because the agreement is having the product of around 250, which we are supposed to give them the dossiers I'm talking about.

Over 200 has already been given to them. So once this gets filed and we receive the registration, we will be surely getting the projected numbers what we have committed based on the contract. And I feel so this will be done by next financial year, the financial year -- calendar year FY '27. So they will be filing all this whatever they have received.

**Nikunj Seth:** So, thank you and wish you all the best. I'll come back in the queue.

**Moderator:** Thank you. Our next question comes from the line of Kiran D from TableTree Capital. Please go ahead.

**Kiran D:** Thank you for the opportunity, sir. Two questions from my side. Sir, in the AGM, we did say about reaching INR280 crores revenue this year with about 25% EBITDA margin. Are we on track? Or we are having scaling issues and therefore, the revenue run rate has not reached optimal level? And what about the EBITDA? If you could just summarize both the revenue and EBITDA for this year, please?

**Bikramjit Ghosh:** Yes, thank you. The thing is that, as I mentioned, the overall pipeline has been set, and we have already the orders from different parts in terms of exports because that is the business which is

right now gearing up in order to boost up the sales of the revenue. Right now, we have received the MAs, 11 MAs, which are to be commercialized.

So this will be basically done in the fourth quarter of this financial year. So this will be putting us more on the track in terms of exports. And the figure what you are mentioning, we are right now on track to achieving that with oncology sales mainly giving the boost in reaching that number.

**Kiran D:** Got it, sir. So you're saying INR280 crores. And then sir, this quarter, the EBITDA margins have been substantially lower because there seems to be a sharp jump in other expenses. Is that due to filing fees or something else? Because from 27%, 25% EBITDA margin in Q1 and last year as well, we have come down to 21%. So any particular reasons you'd like to offer?

**Bikramjit Ghosh:** Yes, there are some, means one type reason what I can get from the team in terms of, because this quarter we have been extensively traveling and doing some attendance in terms of conferences, maybe for the first half of this year. So, this business development expenses have shoot up in this first half significantly. Significantly means to the tune of around 7, 8 times, because of that, because of the frequent traveling overseas as well as attending the conferences.

And I have also seen that there have been increase in terms of some domestic business production, so -- which has increased in terms of power and fuel expenses overall. As well as there are other few of the expense aids, which I could see from whatever they have listed in terms of product registrations, which was there in the overseas market, because we have to file for the registering the products.

Because these are basically the single-time you have to bear and then you can get. So, I am sure that from the third quarter onwards EBITDA will be back on track and we will be achieving as we have told.

**Kiran D:** Got it. So, for the year we will end up around 25% EBITDA. Okay, sir.

**Bikramjit Ghosh:** Yes, it will come back to that, because these are basically one-time expenses what I am mentioning.

**Kiran D:** Got it, sir. Sir, last question from my side. In terms of -- sorry, two questions. CWIP, there is a capital work in progress of INR17 last year, INR17 crores this year. I thought all our capex has been done. Is this INR17 crores part of maintenance capex or are you adding additional lines or haven't we capitalized some lines and therefore it still appears in CWIP?

**Bikramjit Ghosh:** So, this is a mix of both. There has been a capacity expansion as well to a certain extent, wherein some modifications have been done. So, I would not say that it would be purely and repairs maintenance sort of thing, but more on the capex part of it on the oncology side.

**Kiran D:** Got it, got it. And one last question, sir. In terms of leadership, we had hired three people back in June-July. Are those guys still there in the company? Because one of them was designated COO and I do not see him in the leadership team presentation. So, I am just trying to check if all three of them are still there or not there.

**Bikramjit Ghosh:** Yes, all of them.

**Kiran D:** Say it again, sir.

**Bikramjit Ghosh:** Except the finance person, the rest were there.

**Kiran D:** Rest are still there. Okay, okay. Because that person, one of the persons designated COO, sir, but I didn't see it in the leadership team photos in the investor presentation. That is why I was checking whether they are still there or not.

**Bikramjit Ghosh:** So, I feel so this presentation you can see right now, it will be having the photographs.

**Kiran D:** Okay, sure. I will join back in the queue. Thank you so much.

**Moderator:** Thank you. Our next question comes from the line of Avinesh Burman from Vaikarya. Please go ahead.

**Avinesh Burman:** Hi, good afternoon. Thanks for taking my question and thanks for doing this call with me. A couple of questions from my side. Going back on the new hires, the senior hires that you had done last quarter, I just wanted to check whether the employee cost for those new hires are all of them captured in the second quarter or is the employee cost expected to increase in the coming quarter?

**Bharat Soni:** Majority of the expenses have been captured and going forward, the trend would be almost in the similar line and this being more on the fixed expenses side. So, as the revenue goes, the percentage of this in terms of the sales would be coming down. So, this has been at optimum at this point in time.

**Avinesh Burman:** Okay. So, whatever the increase in employee cost because of the senior hires has been fully captured in this quarter, right?

**Bharat Soni:** Okay.

**Avinesh Burman:** Okay. And I am just going back to the guidance of INR280 crores for FY 2026. Now, in the first half, you have done about INR100 crores. Does that mean, I mean, INR170 crores of top line for the second half with a margin of close to about 27%, 28%? Is that the implied guidance for second half of FY 2026?

**Bikramjit Ghosh:** Yes, absolutely. That is what I was mentioning. The exports from the marketing authorizations are pending which will be actualized basically at the quarter four. So once we have that exports based on the EMAs what has been granted, so that will be triggering the business in terms of revenue of exports and also the EBITDA margin.

**Avinesh Burman:** Okay. And Bikramjitji, just this capex number is looking pretty high. I mean, if you look at, I mean, we were under the impression that most of the expenses in the Onco and the Bavla plant had been done. So, is the INR27 crores that you've mentioned in the balance sheet, this for the half, is that include – can you just divide that into capex and the registration cost that you will incur?

**Bikramjit Ghosh:** The capex that has been mentioned, basically comprises INR27 crores. INR27 crores, that is what you've mentioned, right?

**Avinesh Burman:** Yes, yes. That is what was mentioned.

**Bikramjit Ghosh:** Therefore as per the cash flow there is a INR27 crores of the capex which has been mentioned. That is what you are referring to?

**Avinesh Burman:** Yes, that's right.

**Bikramjit Ghosh:** So, that INR27 crores also increase – includes the capital working progress of INR17 crores. So – of which around INR10 crores has already been captured in the capex and INR17 crores will be taken care of in the next six months. So INR27 crores is the capex and that I think would be the final capex, post which we do not foresee any further capex happening. Except for the – that would come up.

**Avinesh Burman:** Understood. And for the coming year, let's say FY '27, what could be the capex number?

**Bikramjit Ghosh:** We do not see any capex happening in '27 except for the maintenance part of it.

**Avinesh Burman:** Okay, understood. Last question from my side. I was just looking at the working capital and from the March number there has been a material reduction. Can you just comment on that and also like what would be a sustainable working capital number?

**Bikramjit Ghosh:** Working capital cycle is coverage into March, which was 165 days has come down to 135 days. So that's around 30 days of reduction. And that has been on account of the efficiency because the major reason for the higher working capital was on account of the stock that we had, the finished good stock based on the orders that we have executed in the current financial year. So closely I think this would be an ideal number on which we keep maintaining our working capital cycle and we'll try to bring in more efficiencies to further bring it down.

**Avinesh Burman:** Understood. I have a couple more. I'll join the queue. Thank you.

**Moderator:** Thank you. Our next question is from the line of Ishit Desai from Ford's Family Office. Please go ahead.

**Ishit Desai:** Yes. Thank you for the opportunity, sir. Sir, just in continuation with the previous participant about the INR280 crores guidance, since you mentioned that the export part we are likely to see more on the Q4 side, any domestic CMO ramp-up also, which is likely to contribute to this revenue growth because we are almost looking at two times of revenue of what we did last financial year, which may not completely come from export. So just to understand any visibility on that part, any contracts we have there.

**Bikramjit Ghosh:** You are absolutely right Ishit. Thank you for the question. We are already having contracts with a number of Indian multinationals with oncology products. And most of them are in the process of doing the technology transfer for their products in our plant, the oncology plant. And these have time-to-time been commercialized as and when it has been transferred. So right now, more or less all the products have got transferred in terms of technology, know-hows in our plant.

This comprises for the big companies, big names like Zydus Lifesciences, Torrent Pharmaceuticals, Intas Pharmaceuticals, Glenmark, then Emcure Pharmaceuticals. So all the big names are right now having their CMOs part ready for take-off. So this will be also the growth driving factor for the domestic front. Because as you rightly mentioned, the steep part on the second half of FY '26, so these are basically from the oncology domestic front, this will be the growth factor.

**Ishit Desai:** Understood, sir. Understood. And sir, on FY27, I mean, given that the process you have experienced regarding registration in a small country and then further subsequent registrations in some of these larger countries, how do we see that ramp up happening towards FY27? So, if you were to put aside domestic CMO for a while, which is obviously independent scaling up purely on the marketing authorization side, what kind of numbers are we looking to see in FY27 from oncology, if you could help us with that?

**Bikramjit Ghosh:** Oncology, as I mentioned, once we have the authorizations of around 250 worldwide, which we are expecting the same financial year 2027. So, I feel the export sale will double what we will be doing in FY26. It will be simple double considering the number of emails which we will be receiving. So, that will take up basically of overall 50% plus growth in FY27 as well over FY26.

**Ishit Desai:** So, just to follow up on that, in H1 FY26, can we divide the onco sales between domestic CMO versus export?

**Bikramjit Ghosh:** It will be roughly 50%, roughly 50-50.

**Ishit Desai:** Thank you. I'll turn back in the queue. Thank you.

**Bikramjit Ghosh:** Yes. Thank you.

**Moderator:** Thank you. Our next question is from the line of Hardick Bora from Vireya Capital. Please go ahead.

**Hardick Bora:** Hi, thank you for the opportunity. I hope I am audible.

**Bikramjit Ghosh:** Yes. Absolutely.

**Hardick Bora:** Yes. Thank you for hosting this call and congratulations on the marketing authorizations that you have getting in the certain new markets. So, most of the questions were answered, but just there is one query I had when I was looking at the annual report. You have been mentioning that the oncology sales have been nicely ramping up, but when I look at the revenue for Sakar Oncology Private Limited, for some reason in the annual report disclosures, the revenue against that shows nil. So, can you help me understand, will the revenues not be recorded in that subsidy, the wholly owned subsidy for the onco piece?

**Bikramjit Ghosh:** Sakar Oncology Private Limited was incorporated with a vision to develop the oncology business in that, but being listed, we decided to do it in Sakar Healthcare itself. So, Sakar Oncology was an entity which was created, but there has been no operations in that. So, you would not see any sales coming in that aspect.

**Hardick Bora:** Okay, understood. The next question was on the employee number. So, given that you have taken this large capex on the oncology plant, if I compare the employee headcount before that, that is let us say before 2019, we used to have about 240 odd employees and today the number stands at around 350 odd numbers.

So, do we expect a material ramp-up in the employee headcount going forward and will that be front-ended before the revenue start coming in? How do we expect this ramp-up on the employee cost to happen?

**Bikramjit Ghosh:** If it regards to the employees, the strategic thing that the company has done is that they have already placed the required number of people and now the only thing is the commercialization of the product. So, we would not expect any ramp-up in the employee cost or the number of employees as such unless there is some technical requirement or for any technical purposes. So, the expenses that have been captured and the number of employees that you see are the optimum number of employees as per the requirements and the projections that the company has.

**Hardick Bora:** Okay, understood. I just have one final one then I will move to the queue, which is on the relative profitability of the oncology piece. In the past conversations, you have always maintained that relative margins of the oncology business will be better than the other formulation business that we have. I wanted to understand on the working capital side as well. Would the working capital ratios also be relatively at par or better when we compare to the other formulation piece?

**Bikramjit Ghosh:** So, working capital cycle, we at present, what we can see in the second quarter has been an improvement in comparison to the FY25 numbers. And going forward, we would say that it would be more on the similar lines because as the scale of operation increases, the requirement of stock and we will be definitely having efficiencies on the debtors and the creditors as well. So, I would say that we can expect similar lines going forward.

**Hardick Bora:** So, this business will have better ROE compared to the oncology piece overall when you compare in terms of asset terms and working capital efficiency and margins put together. This will lead to significant improvement in ROE once this piece ramps up. That is what you are guiding us for?

**Bikramjit Ghosh:** Absolutely.

**Hardick Bora:** Okay, thank you. All the best for your plans. I have more questions. I will come back in the queue.

**Bikramjit Ghosh:** Thank you.

**Moderator:** Thank you. Our next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

**Dhwanil Desai:** Hi, good afternoon, everyone. And congratulations for getting the MAs registered in Europe. So, my first question is whatever number that we are factoring in for FY 2027 from scale up on the oncology side. So, are we, kind of, factoring in the already received MA commercialization, or only a partial commercialization from the six, seven MAs that we have received? Or are we banking on more MAs and that too getting commercialized in FY 2027?

**Bikramjit Ghosh:** As I mentioned earlier as well, dossiers what we have already shared in the market is over 200, and out of which 80 has already been filed in respective countries. So, the process is once we receive the approval of the dossiers, which is now termed as MAs in respective markets, we can go for commercialization, which we are expecting 200 plus from FY 2027.

So, I am talking about the full fledged. It is a process. It will come one by one. So, I can't expect all at a time. So, what we are expecting FY 2027, we will get the benefit of this 200 plus MAs in respective markets, and thereby the ramp up in terms of revenue is obvious.

Now, if you ask me the total dossier will go into the market more than 250, what we have basically planned for and is going within this calendar year. But having said that, I am considering into our business plan that there will be 100 marketing authorization we will be receiving on that, taking a simply 20% deduction in terms of total dossier numbers.

So, that gives us a confident number of FY 2027 to look at based on the marketing authorization. And this is for the export part. And for the domestic part, as I told you earlier as well, we are tied up with some leaders with oncology products both in India as well as overseas. So, overseas, means they have their overseas counterpart. So, they take it from here and then export the product. So, we are well-placed in terms of the numbers for FY 2027.

**Dhwanil Desai:** Okay. So, what I understand is that the overall number will be rest of the world plus EU put together, while you may be a smaller part while rest of the world dossiers will start getting commercialized next year and that will drive the growth. Is that the right understanding?

**Bikramjit Ghosh:** It will be a process. It is not only segregated in terms of regions. If I tell you the agreement what we have and also the dossiers what we are right now filing for are well-dispersed. So, we are not dependent on any particular region as such. We are covering Africa, we are covering Asia, Europe, UK, Latin America, MENA, Oceania. So, this comprises overall 48 countries.

So, I am not talking about only one region. So, that 48 countries will give something or the other every month. So, that is what we are looking forward to in terms of registration. And once the registration comes normally there is a threshold of 90 days to 120 days, which actually requires for preparing for the commercials, as well as serializations. These I have already mentioned. So, this takes a little bit of time. But once it is a process, it goes every quarter or every half year in terms of commercial supplies.

**Dhwanil Desai:** Okay, understood sir. And sir, second question is on the R&D side. If you can help us understand the R&D number, how do you guys look at it? And all the filing dossiers and filing for MA is quite expensive. So, is this cost passing through P&L, or is it getting capitalized? If you can give the number and whether how it is treated from accounting perspective?

**Bharat Soni:** The R&D expenses, not all the expenses are capitalized. The R&D expenses, which goes into the product development, and which are a success are capitalized, are parked under intangibles. Rest of the expenses, the development expenses based on the standards, those are passed through P&L.

**Dhwanil Desai:** Okay. And what is the R&D, total R&D cost that we expect for a FY 2026?

**Bharat Soni:** FY 2026 total R&D cost, allow me a minute. Just a minute.

**Dhwanil Desai:** Yes.

**Bikramjit Ghosh:** By the time he is looking at it, if you have any further query, you can ask me.

**Dhwanil Desai:** Yes. So, while that is being looked at, another question sir is our oncology share in the overall business has doubled. But our gross margin, which is total sales minus raw material cost, has almost remained the same. And oncology typically is a higher margin business. That's what we have been given to understand. So, how should we look at this? And shouldn't our gross margin improve with incremental oncology sales coming through?

**Bikramjit Ghosh:** See, the thing is that what we are looking forward to is basically a quarter sale is right now what is the sale we have done maybe half year or maybe in over a prolonged staged period. So, once we have the bulk business in place, this cost of APIs or other manufacturing cost or whatever in different form will go down. So, what basically we were talking about is increase in the EBITDA level.

So, that will come up once we have this ramp up, which we can see maybe the end of this year, as I was mentioning. Because right now what is happening, we are doing maybe catering to more than 40, 45 principles. And the value of the sale are in miniscules, few lakhs. Because of the nature of the business, because we are initiating the business for any partners. But you can understand 40 plus partners, once they gear up the sale, and we have the API procured in bulk, then this type of things, the gross margin is bound to increase and thereby the EBITDA.

**Dhwanil Desai:** Okay, got it. Very clear, sir. Thank you. If you just can give me R&D cost, I'll come back in a queue.

**Bharat Soni:** In the first half year, regarding the R&D expenses, the first half year we have incurred around INR3 crores towards the R&D, which has been passed to P&L.

**Dhwanil Desai:** Okay, great. Thank you. Wish you all the best.

**Bharat Soni:** Thank you.

**Moderator:** Thank you. Our next question comes from Rohan Advant from Prad Capital. Please go ahead.

**Rohan Advant:** Yes, so thank you for the opportunity. So, my first question is that we have gross block of about INR400 crores, including CWIP. At peak capacity utilization, what are the revenues you could do with your current gross block?

**Bikramjit Ghosh:** This you are talking about oncology?

**Rohan Advant:** Yes. I'm talking about the overall company level utilization, yes.

**Bikramjit Ghosh:** Current utilization for both the plants are different, because one is already in a mature stage where we have roughly around non-oncology part around reaching around 70% of the capacity

utilization. And if you consider oncology, it has just crossed 20% of the capacity utilization. But having said that, what you asked for is basically what is the potential that we can derive?

The potential for oncology and this I'm talking about with a single shift operation, because both the units are operating right now on a single shift. So, if we move ahead with the oncology plant with full capacity utilization, then we can look for around INR1,000 crores revenue. But that also will depend upon the pricing of the products being different. So, that also depends on the product mix what we'll be having. But on an average, we can look forward for INR1,000 crores with oncology plant.

**Rohan Advant:** Understood. Understood. And sir, my second question is that between receiving the marketing authorization and commercializing and recording revenues, what are the steps involved? And what is your distribution strategy? Does the customer need to come for inspection? So, what is the time lag between getting a marketing authorization and actually getting revenues on that marketing authorization? And what are the steps processes involved?

**Bikramjit Ghosh:** Yes, right. Rightly you have asked for because I have mentioned, but it was not in sequence. But normally what happens when the marketing authorization is received, basically it is shared with the manufacturer which is us. And then we have to design the artwork for them, which normally goes to and fro a few number of times because the languages, because the style and the regulatory requirements vary from country to country.

So, once that gets finalized, then we have to look forward and integrate on the serialization process, which again has to be done based on the country requirement and whatever the system we have in place.

Because for the European country, we follow TraceLink and for other countries, we have other procedures, other emerging markets. So, once that gets finalized in between the partner used to send us the purchase orders, which again has to be as per specifications, what we have agreed to and in terms of commercials, in terms of deliverables and all. And once that is true, then we can move ahead for the procurement of the API manufacturing, which is normally 90 days lead time, what we usually have for oncology products.

Now, again, why 90 days? Because we have various tests to be performed after the manufacturing of products, which normally is lined up to around 25 to 30 days. So, basically API procurement, manufacturing process and this testing and then finally releasing of the products.

So, once we release the product, then it goes to the respective countries. Now, as per norms, they can again re-release the product in the country or they can go to the market for selling. So, that is why this fast time process is basically ranging from 90 to 150 days. But having said that the next time, the lead time will be 90 days from our end, the subsequent orders for the same product.

**Rohan Advant:** Understood. And for the dossier that you filed and you get marketing authorizations, do you plan to commercialize all of them or when you receive the authorizations, you assess the potential of that particular formulation and then decide whether to commercialize or not?

**Bikramjit Ghosh:** There are different business models on which we operate, which consists of one where we license out the dossier. So, our partner actually holds the registration. And the second part is that where we submit the dossiers to our partner and we hold the registration.

Now, in our case, this is relevant because you are asking which one will go first, which one will go second and which one will focus and how much we will invest in terms of marketing activities. Now, for the other part, we do not have that much of control because their partner is the best judge because that is their product. We will be only a supplier.

But having said that IP rights and everything belongs to us because we are the owner of the dossier. So, having said that, normally what happens, this is in discussion with the partners prior to submission of the dossier. And in 90%-95% cases, the accuracy remains in terms of market dynamics, which are the products to be launched first based on that the dossiers are given, shared and they submitted and ultimately received the marketing authorization in order.

And once we receive the marketing authorization, they go in that order only. But merely in 4%-5% cases, it may happen that the product has certain means, certain way the product is not so acceptable or may have a different indication to work for. So, in that case that they can take it on the second phase. But in 90%-95% cases, it is the product which they prioritize, we used to supply based on that. And same is applicable for our products as well.

**Rohan Advant:** Understood, sir. Thank you. I have more questions. I will join back in the queue.

**Moderator:** Thank you. Our next question comes from the line of Aakash Jajoo from Arthos Finserv. Please go ahead.

**Aakash Jajoo:** Hello, good morning, sir. I have a question. Since you mentioned that revenue recognition of Sakar Oncology Private Limited is nil, all the oncology revenues are realized in the limited company. So, does that mean the balance sheet size and the gross block is also in the balance sheet of Sakar Healthcare Limited?

**Bikramjit Ghosh:** Yes.

**Aakash Jajoo:** Okay. So, that means that the subsidiary has a balance sheet size of zero and the revenues are also recognized in the limited company?

**Bikramjit Ghosh:** Yes.

**Aakash Jajoo:** All right. Understood. And just the second question from my side is that you mentioned like a full-scale utilization of oncology will get us to a top line of 1000 crores. When do we aspirationally plan to achieve that?

**Bikramjit Ghosh:** Roughly around FY '30, we are looking forward that, because that will require around 250 to 300 full-fledged marketing authorization in place and in active and as well as business based on that.

**Aakash Jajoo:** All right. Understood, sir. And would that require any further capital raising in terms of working capital or a CapEx?

**Bikramjit Ghosh:** CapEx requirement is nil. As I told, the current infrastructure will probably will support us to reach that number.

**Aakash Jajoo:** Okay. So, no working capital also required further?

**Bikramjit Ghosh:** The working capital would be on the same lines as the, because working capital definitely that would be in line to the growth in the sales. So, in terms of what we can say is in terms of number of days, that would remain more or less the same. But the number would increase in terms of the actual working capital requirement in relation to sales.

**Aakash Jajoo:** Understood, sir. All right. Thank you so much. I wish you good luck.

**Moderator:** Thank you very much. Ladies and gentlemen, we will take that as our last question for the day. I would now like to hand the conference over to the management for closing comments.

**Bikramjit Ghosh:** Thank you everyone for joining us in this phone call. And it is a pleasure to receive diversified questions from your end, which actually helps in our development as well as our understanding in terms of where we are and basically we need to basically this is a guidance what we are also getting in turn from your end. We look forward to more of interaction from your end in near future. And thank you so much. Have a great day ahead.

**Moderator:** On behalf of MUFG in time, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.