Strides

August 3, 2026

National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (E) Mumbai - 400 051

Symbol: STAR

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

Scrip code: 532531

Dear Madam/ Sirs,

Sub: Transcript of Earnings Call pertaining to Unaudited Financial Results of the Company for the quarter ended June 30, 2026.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Earnings Call for the quarter ended June 30, 2026, conducted after the meeting of Board of Directors held on Friday, July 31, 2026, for your information and records.

The said transcript is also available on the website of the Company at:

https://www.strides.com/investors/financial-performance/quarterly-results

Request you to kindly take the above on record.

Thanks & regards,
For **Strides Pharma Science Limited,**

MANJULA RAMAMURTHY
Digitally signed by MANJULA RAMAMURTHY
Date: 2026.08.03 16:08:54 +05'30'

Manjula Ramamurthy
Company Secretary & Compliance Officer
ICSI Membership No. A30515

Encl: a/a

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"Strides Pharma Science Limited

Q1 FY27 Earnings Conference Call"

July 31, 2026

MANAGEMENT: **STRIDES PHARMA SCIENCE LIMITED**
- BADREE KOMANDUR – MD & GROUP CEO
- VIKESH KUMAR – GROUP CFO
INVESTOR RELATIONS CONSULTANT
- ABHISHEK SINGHAL

Moderator: Ladies and gentlemen, good day, and welcome to the Strides Pharma Sciences Limited Q1 FY27 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 over the call to Mr. Abhishek. Thank you, and over to you, sir.

Abhishek: Thank you, Shruti. Very good evening, and thank you for joining us today for Strides Earnings Call for the first quarter of financial year 2026-'27. Today, we have with us Badree, Managing Director and Group CEO; and Vikesh Kumar, Group CFO, to share the highlights of the business and financials for the quarter.

I hope you've gone through our results release and the quarterly investor presentation that have been uploaded on our website as well as the stock exchange website. The transcript of this call will be available in a week's time on the company's website.

Please note that today's discussion may contain forward-looking statements and must be viewed in context of the risk inherent in our business. After the end of this call, in case you have any further questions, please feel free to reach out to the Investor Relations team.

I now hand over the call to Mr. Badree for his opening comments.

Badree Komandur: Thank You, Abhishek. Good evening everyone, and thank you for joining us for the Strides Q1 FY27 earnings call. As always, I will begin with an overview of our business and operational performance for the quarter, followed by key updates across our key geographies and strategic initiatives. Vikesh will then take you through the financial performance in greater detail, after which we will be happy to take your questions.

Before I get into the quarterly performance, let me briefly comment on the operating environment. The geopolitical situation, particularly arising from the ongoing conflict in the Middle East, continues to remain volatile. There has not been any meaningful change in the situation since our last earnings call, and the environment remains fluid with new developments emerging almost every day.

Across the industry, we continue to see supply chain disruptions, elevated freight costs, longer transit times and inflationary pressures across multiple operating cost line items. We have been closely monitoring these developments and taking proactive actions to ensure continuity of supply to our customers and patients.

Despite these external headwinds, we have delivered a steady revenue growth, maintained healthy gross margins and improved PAT, which reflects the resilience of the diversified business model we have built over the last few years. The strong growth we are seeing in our Ex-US business once again validates that our diversification strategy is working as intended.

With this let me quickly give you a brief overview of the quarter. I am pleased to report that we have started FY27 on a steady note. For Q1 FY27, we delivered 13% year on year growth in topline, supported by broad-based contributions across our business. Our Ex-US markets continued to demonstrate strong momentum, delivering 17% year-on-year growth. Over the last few quarters, we have consistently spoken about building a more diversified business model, and this quarter once again validates the strength of that strategy.

From a profitability perspective, the quarter demonstrated the resilience of our operating model. Despite additional operating and freight cost of ₹131m arising from ongoing geopolitical situations, our EBITDA margins were maintained at 18.2%, broadly in line with the exit levels of Q4 FY26. Our continued focus on portfolio quality, gross margin management and cost optimization helped mitigate a significant portion of these external pressures.

Coming to the US business, revenue for the quarter stood at ₹6,282 million or $68 million, reflecting a stable performance despite increased competition in certain products launched over the last few quarters.

As we have consistently maintained, our US strategy continues to be centered on profitability and portfolio quality rather than pursuing growth at any cost.

During the quarter, we launched two products and increased our commercialized portfolio to 72 products. We continue to hold top-three market positions in 37 products, which contribute approximately 70% of our US revenues, underscoring the strength and stability of our portfolio.

We continue to see strong demand from our specialty customer base, particularly in products where we have established differentiated positions. We have also made significant progress in customer engagement over the last few quarters, helping us deepen strategic relationships and improve visibility for future growth opportunities.

Controlled Substances continues to be an important growth lever for our US business, and we remain confident in the long-term opportunity.

We have experienced delays in a few product approvals, which we expect to materialize over the coming quarters.

In parallel, we continue to focus on niche domains such as Nasal Sprays, Transdermal Patches, Films and Controlled Substances. We now have multiple projects progressing across these technology platforms and continue to invest in building a differentiated pipeline that can support sustainable growth over the medium term. We expect additional filings, approvals and launches across these domains over the coming quarters.

As we indicated during the Q4 call, we believe the growth trajectory in the US should improve over the course of the year, with H2 expected to be stronger, supported by new approvals, launches and portfolio optimization initiatives.

I expect some of you may have questions around the evolving developments in the US pharmaceutical market, particularly around the proposed tariffs on generic pharmaceutical products starting August 2028. While the details continue to evolve and there remains limited visibility on the final implementation framework, we are closely monitoring developments.

From a Strides perspective, as a strategy we have worked on a US manufacturing presence through our facility in Chestnut Ridge, US. We have invested significantly in building capabilities at this site, with nearly one-third of our US revenues being supplied from this facility today. More importantly, all the key growth platforms that we have been talking about, including Controlled Substances, Nasal Sprays, Transdermal Patches and Films, are being developed around the Chestnut Ridge platform. As these domains scale up over the next few years, the contribution from the US facility to our US sales will significantly increase. Hence, we believe our business model in US is fairly balanced to support our long term growth.

We continue to remain committed to our aspiration of building a $375 million North America business by FY28. While there may be near-term volatility, the building blocks required to achieve this ambition are in place.

Moving to Ex-US Business. This segment continues to be one of the most exciting and important drivers of our growth.

Over the last few years, we have invested significantly in expanding our presence across regulated markets, growth markets, customer relationships and product portfolios. We are now seeing the benefits of these investments reflected in our performance.

Ex-US revenue grew 17% year-on-year to ₹5,875 million, with growth recorded across multiple geographies. We continued to strengthen our customer relationships across Europe, the UK, Nordics and Australia, leveraging our dependable supply chain and strong commercial execution. At the same time, Africa delivered another strong quarter, led by the continued expansion of our Brands business.

I would also like to reiterate a point we made during our Q4 FY26 call. Given the investments we have made across markets, partnerships and portfolio expansion over the last few years, we continue to expect the Ex-US business to grow faster than the company average over the foreseeable future. We believe this business will remain an important driver of both growth and earnings going forward.

While Ex-US revenue for the quarter was at $63 million compared to $70 million in Q4 FY26, the quarter was impacted by certain supply chain disruptions which resulted in shipment delays across a few markets. This is more of timing issue rather than a demand issue, and expect this spillover business to be recovered over the coming quarters. Importantly, the underlying demand environment across our key Ex-US markets remains healthy, and our growth outlook for the business remains unchanged.

In the UK, we delivered a strong performance in the prescription business and continued to strengthen our relationships with key customers through consistent supply and execution. We remain encouraged by the progress we are making in this market.

Across Europe, including the Nordic region, our Branded and OTC portfolios delivered a strong quarterly performance. The business continues to benefit from portfolio expansion, customer additions and improved market penetration, and we expect the momentum in these markets to continue going forward.

Importantly, the margin profile of the Ex-US business continues to remain healthy, reinforcing our view that Ex-US is not only a growth engine, but also an increasingly important earnings driver for the company.

We continue to add new customers across Europe while expanding our product portfolio and filing activity across multiple markets. Our strategy remains focused on building high-quality and sustainable businesses in markets characterized by strong customer partnerships and relatively stable competitive dynamics.

Before I conclude, let me briefly touch upon ESG. We continued to make meaningful progress on the sustainability front during the quarter. We improved our EcoVadis sustainability score to 68 out of 100, representing a 19-point improvement year-on-year. This reflects our ongoing commitment to responsible growth, governance and sustainable business practices across our operations.

As we look ahead, we believe the strategic foundations built over the last few years position us well to navigate the current challenges.

Our growth drivers remain firmly in place with sustained momentum in Ex-US markets; continued growth of our Africa franchise and an improving outlook for the US business in H2 supported by new approvals and launches.

We remain committed to achieving our long-term revenue aspirations. Our objective continues to be to maintain gross margins within the 58% to 60% range, and deliver superior EBITDA margins driving operating leverage that translates into sustained EPS and PAT growth over the medium term.

With that, I'll hand over the call to Vikesh to take you through the financial performance.

Vikesh Kumar: Thanks Badree. Good morning, good afternoon and good evening, and thank you for joining us. I'll now take you through the quarter's financial performance.

As Badree outlined, Q1 FY27 played out against continued geopolitical volatility, elevated freight costs and input cost increases. Even so, we grew across every key metric year-on-year, the quarter was softer sequentially after a particularly strong Q4 FY26 close.

Gross margin expanded 60 basis points year-on-year to 60.9%, driven by favourable business mix within Ex-US markets, and drove 14% growth in absolute gross margin to ₹770.2 crore. We expect gross margins to remain in the 58-60% range.

On EBITDA: we reported ₹229.8 crore for the quarter, up 5.4% year-on-year, at an 18.2% margin — down 130 basis points year-on-year, but ahead of 18.1% in Q4 FY26. This reflects roughly ₹13.1 crore of incremental operating and freight costs attributable to Geopolitical disruptions, absorbed during the quarter. Employee costs held steady at 19.2% of revenue. Other operating costs (Ex freight) increased ₹29.0 crore year-on-year on account of higher manufacturing costs. And freight costs moved up to 6.2% of revenue from 5.3% a year ago - an increase of ₹18.9 crore. While the macro headwinds continued during the quarter, we have been able to mitigate some of these challenges which has led to a sequential improvement in these costs.

Below EBITDA, Operational PAT was ₹123.1 crore, up 8% year-on-year, with EBITDA-to-Operational-PAT conversion steady at 54%. Operational EPS was ₹13.4 per share, also up 8% year-on-year.

Reported PAT was ₹165.5 crore, up 56.7% year-on-year, with reported EPS of ₹17.0 per share. This includes the gain from divesting our majority stake in Pivot Path, our Captive Global capability centre. This generated a gain of ₹74.2 crore, contributing ₹53.4 crore to Reported PAT net of tax.

On efficiency: our cash-to-cash cycle stood at 123 days, up 7 days year-on-year. This was driven by a 24-day increase in inventory, as we prioritized supply chain resilience and continuity of supply in the current environment, alongside a 15-day increase in payable days — together increasing absolute working capital requirements.

After funding this working capital investment, we generated operating cash flow of ₹108.7 crore for the quarter, an EBITDA-to-cash conversion of 47%.

On the balance sheet: we reduced net debt by ₹11.9 crore during the quarter, bringing closing net debt to ₹1,424.6 crore and net debt-to-EBITDA down to 1.52x, from 1.55x at the end of FY26. Net finance costs were ₹36.1 crore, compared to ₹40.6 crore in Q1 last year.

I am also pleased to share that CARE Ratings upgraded our Long-Term Bank Facilities rating to CARE A+; Stable from CARE A; Positive during the quarter. This reflects the consistency of our financial results over the last many quarters.

On returns: ROCE on a trailing-twelve-month basis moderated marginally to 15.3%, from 15.8% in FY26, as capital employed grew on recent investments and currency movements. We expect the return profile to improve as these investments mature.

Despite a challenging cost environment, Q1 FY27 reflects our resilience and continued discipline across cost initiatives, profitability, and cash generation.

Thank you, and we are happy to take any questions that you may have.

Abhishek Singhal: Shruti, we are good to open 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 Pratik Kothari from Unique PMS.

Pratik Kothari: Sir, one comment on U.S. I mean, has been a soft market for us for the last few quarters. Just anything -- any comment you even called out or you have been calling out increased competition there. Just in terms of efforts that we are making because our FY28 target is a steep ask from where we are. So just what's going in the background?

Badree Komandur: Yes. So as far as US is concerned, we have clearly said, Pratik, that the first 2 quarters will be very soft. And having said that, the bulk of the launches is going to come from the second half onwards. And if you really see the entire construct, there are 5 levers which we are working on the U.S. business.

The one is in terms of the controlled substances should definitely deliver the growth for us going forward because considering that we have completed 1.5 years of the demonstration of our past history, I think that will be a clear lever of growth. Second thing is in terms of the new channels, which I just spoke about in the speech, whatever I had.

The third one is in terms of the new geographies, new partnerships should definitely add. The fourth one is in terms of the launches. That's something which we are working on. We have been relentlessly working on.

Plus, we also are concentrating on OTC portfolio. So these 5 levers give us a confidence that while it is slightly muted at this point of time, the next 1.5 years, we should be able to significantly accelerate our efforts to get to an aspirational number of USD375 million. And as we speak, we have made enough groundwork to get there. And we have to just -- we keep executing and keep relentlessly working towards that goal.

Pratik Kothari: And this new approvals and launches, this is from the existing basket that we have?

Badree Komandur: Yes, that is correct.

Pratik Kothari: Fair enough. And second, sir, we had a plan to go net debt-free. I mean, last year, we kind of accelerated a lot of investments. Now what would be our trajectory and path in terms of net debt-free, if at all?

Badree Komandur: From an overall perspective, the current net debt is about INR14.2 billion, like INR1,420 crores. If you really see, it does not include the OneSource investments, which is currently valued at about INR3.2 billion, that is INR320 crores. Really see, from our perspective, the way we are looking at it is like if we keep delivering and keep continuing to work on the growth in the next 1.5, 2 years, maybe in 2 to 3 years' time, we should be fairly neutral in terms of the debt. And also, you have to understand, Pratik, like when we started the debt conversation, the dollar was INR82. Most of our debts were at INR82. Today, as we speak, it is at about INR95, INR97. It's not that company has not reduced debt. Company has reduced debt last year. Unfortunately, the thing is since the rupee depreciation was more, that was not seen. It's almost INR3 billion of debt we reduced in the last year.

Moderator: The next question is from the line of Anand Mundra from Soar Wealth.

Anand Mundra: Sir, with respect to U.S. business, you mentioned in your opening remarks that you were not able to register some revenue because of higher freight costs. It's possible to quantify the amount, sir?

Badree Komandur: No, no. We said that the performance is because of the freight cost. There has been some supply -- elongated supply. We never said that we lost revenue because of the higher freight cost. It's not. As far as the non-U.S., ex-U.S. business is concerned, yes, supplies to some extent, affected us in terms of the revenue. But definitely, it's very temporary matter. We will be able to catch up during the year.

Anand Mundra: Okay. Got it, sir. Also, sir, with respect to non-U.S. business, which is the key market for us? And how are we seeing the growth over there?

Badree Komandur: Yes. So as far as the ex-U.S. markets is concerned, you have to understand it in 3 parts, like one is the B2C markets, which are specifically predominantly U.K., Nordics, South Africa, Africa. Those are the 4 markets. When I say Africa, it's Francophone Africa and Kenya.

As far as the B2B markets are concerned, we have got Europe, we also have got Australia. And as far as the third category, if you really see, is the business consisting of the LATAM, MENA, APAC. These are the regions we are working on. And the last category, we are in the process of regulatory filing. So the real new dollars, you'll start seeing it from FY'28, FY'29 onwards. And we are working very aggressively on the portfolio optimization as well as the go-to-market efforts on these markets. And if you really see the entire thing, it is very broad-based. The ex-U.S. markets is quite broad-based, it has got B2C business, it has got B2B. And B2B gives us stability to B2C, and it's very widely spread. And the margins are also improving as we speak between these markets compared to the U.S. markets. And overall, we believe that the growth trajectory should continue. And our endeavor is to mirror the markets in the next 1.5, 2 years, and that's what we are trying to do. And you should be able to see that quite often from now on until the next few quarters.

Moderator: The next question is from the line of Gautami Aggarwal, an investor.

Gautami Aggarwal: So my question is that to reach the USD375 in the U.S. by FY28 from currently USD284 million as FY26 base, you effectively need to add around USD90 million to USD115 million in 8 quarters. So can you just walk us through the bridge how you -- as to how to come from controlled substance -- how much will come from controlled substance, dormant ANDA relaunches, OTC launches, etcetera?

Badree Komandur: Yes. So that's what I spoke about in the previous question also. There are 5 levers for us in terms of getting that additional USD90 million. One, the first lever is in terms of the OTC business. We don't want to give any specifics with respect to the dollar revenue on each of these markets, but all may be similar, I'll put it that way.

From an OTC business perspective, we are working aggressively on the OTC space. You should be able to see lot of green shoots immediately. The second thing is in terms of the controlled substances. The reason why we say that is because we have already completed the 2 years of controlled substances launches and the past history demonstration. So the growth should start from now on.

The third one is, in terms of the new products and domain. We have got almost 100-plus products which are yet to be launched. And we are launching very systematically, keeping our profitability thresholds. We should be able to do that starting from Q2 onwards. The fourth one is in terms of the new and specialty channels, which we operate. I think we have made enough inroads into those channels. That's something which is very important for us as we go forward. The last one is in terms of expanding the partnerships in Canada and other geographies. We are already in discussions with the strategic partners for us, which will give us a stickiness from a long-term perspective. And all these 5 or 6 initiatives should give us the pathway to that USD90 million.

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

Kiran: Sir, I have a couple of questions. The first question on the Ex-U.S. market. Sir, we have grown from USD59 million last year to USD63 million. But if I look at the last 4 quarters, we went from USD59 million, USD61 million, USD64 million, USD70 million back to USD63 million.

So I was expecting the ex-U.S. market is not as cyclical as the U.S. market where we are H2-heavy, but we seem to have gone back to USD63 million. So if you could just explain why this has happened? And I'm still expecting the Sandoz acquisition numbers are not in this. So just sub questions, right? One is cyclicality of this and the Sandoz acquisition numbers. Are they there in the ex-U.S. or not?

Badree Komandur: Yes, sure. One thing you have to know is if you really see the USD63 million, whatever you have done is corresponding to the Q3 of last year, right? It's not that it's not grown, it's grown. If you really see it has got a combination of B2B and B2C markets, right. The few orders we could not fulfill because of the logistical and as well as a few issues with respect to the geopolitical situation. But hence, it has been built. And we said that whatever the USD7 million from the Q4 will be made up through in the coming quarters. That's what we have said in this thing. And we are in the process of covering up that gap, and you will start seeing that in the subsequent quarter results.

As far as the acquisition of the Sandoz is concerned, this is not -- these are all not part of the current numbers. We expect to close sometime in Q2, if we are lucky because we are waiting for permissions. And this will start adding up to the numbers in the H2. Which month in the H2, we don't know at this point of time.

Kiran: Got it, sir. Got it. So second question, just very confusing, sir. So Pivot Path had about INR144 crores revenue. We sold this IT or GCC business -- not IT really, but GCC business for INR125 crores valuation. It is less than 1x sales. We retain 20%. But I mean, I'm just trying to...

Badree Komandur: See, I think from your perspective, the way you have to understand this entire Pivot Path is like it is like a GCC, right? And you should not take the stand-alone of Pivot Path and try to arrive at an equation. What we are saying is that from our perspective, we sold the business for INR100 crores and Pivot Path has got two businesses. One is the third-party business and the second one is the in-house, the captive business. So don't look at it on an overall basis. It does not contribute significantly to the revenue of the Strides Group. All I can say is that these are all stand-alone revenues. And we believe that this business will do extremely well moment we start going into the third-party business. And hopefully, it should add to our PAT in the next 4 to 5 years.

Moderator: The next question is from the line of Anupam Jain from Perception Investing.

Anupam Jain: What is our weighted cost of debt borrowing?

Vikesh Kumar: It's about 7.6%.

Anupam Jain: So there is no further improvement from here? I think, as our rating upgrade...

Vikesh Kumar: We've stabilized at a reasonable level, and we have got debt across geographies because the way we align our debt to each of our individual geographies. We've got an optimum and healthy mix, and we've continued to focus on interest cost. You would have seen a consistent reduction quarter-on-quarter for the last 7, 8 quarters.

Anupam Jain: Okay. Major mix will be from this INR1,400 crores, major mix will be in U.S., 70-80%?

Vikesh Kumar: It is between India and U.S. These are our major geographies.

Anupam Jain: No major debt portion that will be in our U.S. subsidiaries?

Vikesh Kumar: Correct. Major debt is in India and then in U.S.

Anupam Jain: Okay. And one thing was in CARE rating, we are seeing at INR1,100 crores or something, and we are seeing here INR1,400 crores. What is the disconnect?

Vikesh Kumar: Sorry, I didn't follow that.

Badree Komandur: See, this is based on certain categories of the loans which are getting evaluated from a credit rating perspective. And so they have taken certain long-term loans and then they have done the rating. So it's not that the entire debt book is given a rating. That's the point you are talking about.

Moderator: The next question is from the line of Yogesh Soni from Haitong Securities.

Yogesh Soni: My question is with regards to the nasal spray portfolio. Also in the last 1 year, you have filed two nasal sprays in the U.S. market. So if you could give us some update on FDA review with regards to the same and any expected approval timing?

Badree Komandur: Yes. So as far as the first one, we filed, I think, in the last year, and it has gone to the very advanced stages of the review. We should expect the approval sometime in the second half. That's where we have been told. So -- and it can change between month-on-month. We don't know. But we think it will come in the Q3, Q4 time period.

As far as the second one is concerned, we have just filed about 1 month back, and we expect to have a faster review on this. And the review process will take at least 12 to 15 months.

Yogesh Soni: Understood. Sir, one more thing. You have also mentioned of adding 5 to 6 more nasal programs over the next 12 to 18 months. So it seems to be very positive on the U.S. business. Can you quantify for us, I mean, how many more products are there in the pipeline or how many products can we expect to get approval over the next 2 to 3 years?

Badree Komandur: Yes. So as far as we are concerned, we are concentrating on all the three domains, that is nasal sprays, transdermal patches, thin films. And we have got capabilities to address that demand. And we are working very hard on this. The nasal spray will be about 5 to 6 programs. At this point of time, we are working similar with respect to the other domains also. We should gain significant traction in terms of filing in the next 12 to 18 months. And that will be the driver of the growth beyond that USD375 million, which we have kept for ourselves. And we are very confident and we are filing it in time. And that's what we try to do at this point of time. And also one more point to note is that we will also be filing for the third product in the next few months.

Moderator: The next question is from the line of Parth Sodha from Trinetra Asset Manager.

Parth Sodha: Am I audible?

Badree Komandur: Yes.

Parth Sodha: My question is like over the 3 years, Strides has successfully diversified beyond the U.S., but the long-term aspiration of around USD400 million revenue by FY28 remains largely dependent on complex products and controlled substance. Let's say, if this opportunity takes longer than expected, what will be the next structural growth engine that can sustain double-digit earnings growth beyond FY28?

Badree Komandur: Yes. So there are three domains we identified. If you have listened to my earlier introductory call, there are three domains which you have identified. One is nasal sprays, second is transdermal patches and thin films. And this will drive the additional dollars of growth beyond the USD375 million we set for ourselves. And we are on track to get there, and we are accelerating our filings on all these 3 domains.

Moderator: The next question is from the line of Rupesh Tatiya from Long Equity Partners.

Rupesh Tatiya: So first question, Badree, is how many product launches are we looking to do this year? Because it seems like product launches have slowed down quite materially? So that is the first question.

Badree Komandur: Okay. So as far as we are concerned, from now until 31st of March, we should be able to do about 10 launches. That's what we are working on. With the new approvals coming in, we should be able to significantly increase our efforts in the next year. And yes, these are the two major milestones you should look for. And we are on track to launch in the coming months.

Rupesh Tatiya: And so these 10 product launches, right, I think previously, we were working on smaller products, USD3 million, USD4 million pipe, then I think we pivoted and we wanted to go to USD10 million to USD15 million type of products. So is it fair to assume majority of these 10 that we're going to launch, these are USD10 million plus revenue potential molecules?

Badree Komandur: Yes. So we don't want to put a specific number to this because at the end of the day, the way you have to look at this entire business is we have to make up another USD80 million to USD90 million. And as I said that this can come from multiple channels, multiple levers, which we are working on.

And the new product introduction is one part of the lever, means of the 6 levers which we have identified for the purpose of moving the business from USD285 million to USD375 million. And I personally think that we you are able to stay to the path and able to launch the 10 launches in the next 6 months, we should be able to see the full impact of that in the next quarter, next year and also plus the launches which can come in the FY27 and '28.

Rupesh Tatiya: That is good to hear, Badree. The second question on controlled substances. I mean this quota issue now has been going on for quite some time. So maybe just a little bit maybe comprehensive overview, if you can give when do quota allocations happen? Do they happen every 3, 4 months? How many products are we not able to launch because of the quota? Because every quarter now -- for 2, 3 quarters, we are saying quotas, we don't have quotas, we don't have quotas. So some basic understanding will be very helpful.

Badree Komandur: Yes, sure. Rupesh, just to give you this, okay. As a company, we also want quota, right, for us to have the future growth. So the way it works is like this, like the quota allocations usually happen twice a year, sometime in June and sometime in December. And the quota depends on your past sales history.

For a company which gets into your controlled substances for the first time, demonstrating the past history is very difficult. So naturally, how will you demonstrate the past history is like some customer has to back you up and you will have to take some saying that, okay, he's interested to buy the controlled substances from you, which cannot be a binding contract because he cannot give a binding contract because he is not very sure that you will be able to get the quota and able to demonstrate manufacturing, purchase, sale and all of that.

As we speak, the entire controlled substances portfolio is about maybe contributing to about 5% of the revenues at this point of time. But you can go to them only when you are able to demonstrate that you are able to sell those controlled substances, what you have manufactured and go and ask for a new quota.

Right now, we have got about 4 products, which are there in the controlled substances. And we have demonstrated over a period of 1.5 years. And if you see most of the companies, okay, the ramp-up in the second and third year and the fourth year once they demonstrate is much higher than the first 2 years. And first 2 years is all about a sponsorship or a sponsorship from a key customer or a key buyer. And then we go back and then we have to demonstrate. And as you see we have demonstrated that for almost about 20 months at this point of time. We believe that from the next cycle onwards, we should be able to get a higher level of quota to grow the business further.

Rupesh Tatiya: Okay. So just wanted to get clarification. So this 5% is for this quarter or are you talking last...?

Badree Komandur: No, last year. The entire last year, if you really see, that is the level we are in. And see, if you really see, Rupesh, you have to understand from a context perspective, like we are looking at a USD285 million to USD375 million, right? So one of the levers is controlled substances, right? It's not that controlled substances is going to contribute from USD285 million to USD375 million, right?

So we are -- see, we thought, okay, we'll get better quotas, better this thing, but it is taking much slower. But we believe that when you see other companies, once you demonstrate the first 1.5, 2 years, the quota allocations can be much higher, and we should be able to drive growth from now on.

Rupesh Tatiya: Okay. And then second clarification is, so in the June cycle then we didn't have much success. And then in December cycle...

Badree Komandur: We are able to get a response. The response will come sometime in the next month.

Rupesh Tatiya: June cycle results are not out?

Badree Komandur: Yes, that's correct.

Moderator: The next question is from the line of Shilpa from Lotus Wealth.

Shilpa: Sir, can you discuss your brownfield and greenfield capex plans for the next 2 years?

Badree Komandur: Yes. So as far as the capex plan is concerned, the way we view capex is a combination of hard capex, maintenance capex plus the R&D. So if you really see, we have already stated in the previous call and also many meetings before that we spend about INR2.5 billion to INR3 billion per year. That's what is the thing. It's a combination of maintenance capex plus R&D expenses plus the hard capex.

As far as the greenfield is concerned, we are not looking at it at this point of time. This is on the existing factories as well as the capex is more on the high-impact line items from that perspective.

Moderator: The next question is from the line of Jinesh Shah, an investor.

Jinesh Shah: Sir, my question is with regard to the Bangalore plant, where the USFDA inspection happened and there were observations. Can you just give us status on what is going to be the course of action now? And is it going to have any bearing on the revenue aspirations that you have for U.S. in the next 18 months?

Badree Komandur: Yes. So the inspection happens sometime in the month of May, and we have replied to the USFDA. Usually, it takes about 90 days to 2 months to 3 months for us to get a reply from USFDA. And it does not affect any current supplies at this point of time. And we believe that we have given a very comprehensive response, and you should be able to hear from USFDA maybe by end August or September. That's what we think at this point of time. And we will let you know once we get a confirmation from them.

Jinesh Shah: Yeah, but is it going to have an effect on the U.S…

Badree Komandur: I'm not able to hear you.

Abhishek Singhal: Can you speak up a bit loud?

Jinesh Shah: Yes. Is it going to have an effect on the U.S. business growth, which we are aspiring for next 4 or 5 quarters?

Badree Komandur: So we don't anticipate anything at this point.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for the closing comments. Over to you, sir.

Badree Komandur: Thank you, and wish you all the very best. Thank you.

Moderator: Thank you. On behalf of Strides Pharma Science, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.