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Manufacturers of : Bulk Drugs & Chemicals

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August 7, 2026

To,
Listing/ Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
BSE CODE: 524348

To,
Listing/ Compliance Department
National Stock Exchange of India Limited,
"Exchange Plaza", Plot No. C/1,
G Block Bandra - Kurla Complex,
Bandra (East), Mumbai – 400051
NSE SYMBOL: AARTIDRUGS

Dear Sir/Madam,

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub: Transcript of Q1 FY27 Earning Conference Call

Please find attached herewith transcript of Q1 FY27 Earning Conference call.

Kindly take the same on record.

Thanking you,

Yours faithfully,

FOR AARTI DRUGS LIMITED

RUSHIKESH VIVEK DEOLE
Digitally signed by RUSHIKESH VIVEK DEOLE
Date: 2026.08.07 15:18:42 +05'30'

RUSHIKESH DEOLE
COMPANY SECRETARY & COMPLIANCE OFFICER
ICSI M.No.: F12932

“Aarti Drugs Limited

Q1 FY27 Earnings Conference Call”

August 03, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 3rd August 2026 will prevail

MANAGEMENT:

- Mr. Adhish Patil – Chief Operating Officer and Chief Financial Officer – Aarti Drugs Limited
- Mr. Harshit Savla – Joint Managing Director – Aarti Drugs Limited
- Mr. Harit Shah – Whole-Time Director – Aarti Drugs Limited
- Mr. Vishwa Savla – Managing Director – Pinnacle Life Science Private Limited

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY27 Earnings Conference Call of Aarti Drugs 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.

Before we begin, a brief disclaimer: this conference call contains forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Adhish Patil, COO and CFO, from Aarti Drugs Limited. Thank you, and over to you, Mr. Patil.

Adhish Patil: Good morning everyone and thank you for joining us today for Aarti Drugs Q1 FY27 earnings discussion. Joining me today are Mr. Harshit Savla, Joint Managing Director; Mr. Harit Shah, Whole-Time Director; Mr. Vishwa Savla, Managing Director of Pinnacle Life Science Private Limited, along with our Investor Relations Advisors SGA.

We hope you have had the opportunity to go through our financial results and investor presentation for the quarter ended 30th June 2026, which have been uploaded with the stock exchanges and are also available on our website. Before discussing our quarterly performance, let me begin by providing some perspective on the operating environment during the quarter.

The first quarter of FY27 continued to be influenced by a dynamic global landscape. Geopolitical developments, particularly the ongoing conflict in West Asia, remained an important factor affecting international trade, logistics, and supply chains. The industry also continued to witness elevated freight costs on certain routes, longer procurement cycles in a few regions, and increased volatility in raw material pricing.

At the same time, these developments created a favorable pricing environment across several API products as availability tightened in certain markets and customer prioritized supply reliability. API prices witnessed an upward movement across the industry. This translated into significantly better realizations for us during the quarter. While such disruptions can often create uncertainty, they also reinforce the importance of being a dependable and integrated manufacturing partner.

Customers today are increasingly looking beyond just pricing; they are placing greater emphasis on supply security, manufacturing consistency, and long-term partnerships. These are areas where Aarti Drugs has built strong capabilities over several years, and we believe this positions us well to capitalize on evolving market opportunities. What is particularly encouraging is that despite this challenging external environment, our operations remained completely stable throughout the quarter.

We did not experience any production disruptions, material shortages, or supply-related interruptions. All our manufacturing facilities continued to operate efficiently, enabling us to

meet customer commitments across both domestic and international markets without any significant delays. This operational resilience is a direct outcome of the investments we have made over the years in strengthening our manufacturing footprint, expanding our backward integration capabilities, and maintaining disciplined inventory and procurement practices.

Moving to our business performance. I'm pleased to share that we delivered a strong start to the financial year. Our performance during the quarter was driven by a healthy combination of improved API realizations and volume growth across key products.

Demand remained healthy across API and Spec Chem portfolio, supported by strong consumption across key therapeutic categories and continued traction in both domestic and international markets. Our exports business continued to perform well as customers increasingly sought reliable and compliant suppliers capable of ensuring uninterrupted deliveries.

We also witnessed steady demand across our domestic formulations business. Equally important, our focus on cost optimization and manufacturing efficiencies continued to yield positive results, and we witnessed improvement in EBITDA margins in Q1 FY27.

This margin expansion came despite continued pressure from higher raw material prices and elevated freight cost, highlighting the resilience of our operating models. Our regulatory track record also continues to strengthen our competitive position.

Our manufacturing facilities continue to hold approvals from leading global regulatory authorities, including the USFDA and U.K. regulatory agencies. These approvals not only validate our quality systems and manufacturing standards, but also enable us to strengthen our presence in regulated markets over the long-term.

Another area where we continue to make steady progress is our manufacturing expansion strategy. During Q1 FY27, our Sayakha facility continued its planned ramp-up and operated at nearly 65% utilization. This facility remains an important strategic investment for us.

Beyond adding manufacturing capacity, Sayakha strengthens our backward integration capabilities, enhances supply chain reliability and provides us with greater control over key intermediates, especially for the antidiabetic segment.

Once resolved and as utilization levels continue to improve, we expect the facility to contribute further towards operational efficiency and long-term margin improvement. Alongside Sayakha, we are also continuing to invest in expanding our formulation business.

Our brownfield expansion at the Baddi facility in the adjacent land parcel is progressing as planned. Once completed, this project is expected to nearly double our oral solid dosage manufacturing capacity. This expansion is aligned with our long-term strategy of strengthening our formulations business, increasing manufacturing flexibility and creating additional capacity to support future growth opportunities across both regulated domestic and export markets.

Overall, our capital expenditure philosophy remains disciplined and growth oriented. Every investment that we undertake is guided by clear focus of enhancing competitiveness, improving operational efficiency, supporting backward integration and creating long-term shareholder value. We remain confident that these investments will provide a strong foundation for sustainable growth for the coming years.

Coming to the consolidated financial highlights. Q1 FY27 revenue stood at INR703.6 crores compared to INR590.8 crores in Q1 FY26, reflecting a growth of 19% year-on-year. EBITDA stood at INR96.9 crores versus INR74.4 crores in Q1 FY26, a growth of 30% year-on-year.

EBITDA margin stood at 13.8%, an expansion of 120 basis points year-on-year. PBT stood at INR69.2 crores as against INR51.1 crores, a growth of 35% year-on-year. PBT margin stood at 9.9% an expansion of 120 basis points year-on-year.

PAT stood at INR50.1 crores as compared to INR54.0 crores in Q1 FY26. Q1 FY26 PAT includes a principal tax refund of INR15 crores. Excluding this, the growth impact would be 29% year-on-year.

With respect to the stand-alone business highlights in Q1 FY27, revenue stood at INR627.6 crores versus INR521.3 crores in Q1 FY26, a growth of 20% year-on-year. Stand-alone business contributed around 89% to the consolidated revenue. 68% of the stand-alone revenue came from the domestic market and 32% from the exports market. Domestic revenue grew 25% year-on-year, and export revenue grew 12% year-on-year.

Within the API business, the antibiotic therapeutic category contributed 35.0%, antiprotozoal around 18.5%, anti-inflammatory 11.9%, antidiabetic 18.2%, antifungal 10.2%, and the rest contributed around 6.1% to the total API sales.

Coming to formulation segment highlights. Revenue from formulations stood at INR81.6 crores compared to INR75.8 crores in Q1 FY26, up 8% year-on-year. Exports contributed around 74% to this revenue.

With that, I would now like to open the floor for questions.

Moderator: Thank you. We will now begin the question-and-answer session. First question comes from the line of Avnish Burman from Vaikarya Fund.

Avnish Burman: Adhish, I just wanted to understand how the realizations of metformin have moved, if you can just indicate something and how on a quarter-on-quarter, on a Y-o-Y basis, they have moved?

Adhish Patil: Harit bhai, would you like to answer this question?

Harit Shah: Thanks. Yes. What do you mean, sir? Demand or the price for it?

Avnish Burman: Pricing movement of metformin.

Harit Shah: Yes, pricing movement. Yes, it has gone up by around 15%, 20% compared to before the war, 20% approximately.

Adhish Patil: Avnish, year-on-year, the growth has been quite stark in metformin. Quite high. But the major hike came during the start of the war, around March and April. And even now, as Harit bhai pointed out, it is still higher than before, but it is slightly lower than what the price was in the month of March and April.

Avnish Burman: Okay, understood. And Adhish, if you can just help understand, you're backward integrating in the product and it will obviously give some leverage as compared to the competition. How do you plan to use this in your, let's say, ambition to take market share? Because as I understand, it's a fairly mature molecule, the global growth rate for this product would not be very, very high, but you have aspirations to grow much faster than the industry grows. So how do you, I mean, once the backward integration is streamlined, what are the plans?

Adhish Patil: Yes, so see, as of now our Metformin capacity already is around 1400 tons per month. So, and we are already utilizing it, anywhere in mid-80s, we can say. So, we are expecting that the demand for our Metformin will grow quite significantly in coming future due to more and more approvals which we are getting.

Already we have EDQM approval for the product, and in future we are planning for USFDA as well for the Metformin. So our current plan is to scale up Metformin from 1,400 tons per month to roughly around 2,200 tons per month, out of which around 500-550 tons per month would be a USFDA capacity and the rest of the capacity would be for the other non-USFDA markets.

So going forward, we will require a lot of support from our backward integration which we have already done in Sayakha. And that is why we feel that, the Sayakha facility will continue to be a very important area where we want to streamline our production as soon as possible and support the growth of Metformin. So, Metformin is already growing globally and it's a huge market, and there is a lot of potential for us to get more market share as well.

Avnish Burman: Okay. By when are you expecting the supply to US market, as in when could we expect the approval to come?

Adhish Patil: Yes, the US DMF we have already filed, so that is not a challenge. But the thing is because we are constructing a fresh roughly 500+ tons per month capacity in the same location, so it will take roughly around 10 to 12 months for that capacity to come up, and immediately as it comes up, we will file for the USFDA inspection with the help of some customer.

Avnish Burman: Okay, so basically you can't supply the API till the facility gets approval. So the API supplies at the earliest can happen only after 12 months?

Adhish Patil: Correct, it will take at least 12 months. Currently we have, we do have European approval for the same facility.

Avnish Burman: And how much are you supplying to European market?

Adhish Patil: Actually, it is not much even the European market is untapped, though we are trying with the smaller players right now. The key challenge what we faced so far is that many of the European clients of Metformin are also operating in the US market, so they need a supplier who is both European as well as USFDA approved. And that is the main reason why we are going in for USFDA approval because that will open up not only the US market but also the huge European markets for us as well.

Avnish Burman: Okay, understood. Thank you so much, and Adhish, congratulations for the role elevation as well, many congratulations.

Adhish Patil: Thank you, thank you so much.

Avnish Burman: Thanks, I'll get back.

Moderator: Thank you. Next question comes from the line of Parth Sodha with Trinetra Asset Managers.

Parth Sodha: I wanted to know, like, do you believe the API industry has entered a sustained recovery phase? Or is it still too early to call?

Adhish Patil: The thing is in the broad scenario, we just thought a month back that everything streamlined and everything will come back to normal. But again, things are quite volatile as of now to say anything. Certain Therapeutic categories, certain products, the demand of those products behave as this when the prices are lower. So for us, frankly speaking, even if prices are lower, but if they are stable, then we can definitely make handsome margins.

Competing with China was never an issue for our product line at least. Obviously, you always face pressure here and there a little bit from certain players for certain products at a given point of time because of inventories as well. They also act up sometimes. But overall, what we feel is the API business the kind of product profile we are operating in, the business is quite stable. And stable in the sense that we are not worried about Chinese competition at least.

Parth Sodha: Okay. Got it. And my second question is like with the INR600 crores capex now completed, so what is the expected asset turnover and, let's say, revenue contribution over next 2 to 3 years?

Adhish Patil: Yes. So, the asset turn from the Phase 1 greenfield facilities is around 1.5x, roughly. About Sayakha, around 50% of the capacities are being utilized for captive consumption for our antidiabetic portfolio. So that will add to the gross margins more than the revenue itself. Having said that the Phase 2 capex, brownfield capex which will come in both these sites, Sayakha as well as G61 in Tarapur, their asset turn will be much higher around 3x, 4x because most of the common facilities, like ETPs and etc. , all those things are already set up and running. So, all that opex and capex has already been done. So, the newer Phase 2 capex will give higher return, but the one which we just did that will get us around 1.5x.

Moderator: Next question comes from the line of Rashmi Shetty with Dolat Capital.

Rashmi Shetty: Adhish, you mentioned that metformin, you're constructing new lines at the Sayakha plant, right? For 500 tons to 550 tons in the U.S.

Adhish Patil: No, no. Also, the metformin expansion is being done in the same Sarigam facility where we already have around 1,400 tons per month. So that we'll be scaling up to around 1,700 tons per month, and additional 500 tons per month we'll be putting up a USFDA block in the same location.

Rashmi Shetty: The same location. Okay. Then what is the update on E-22 plant currently, which is already USFDA approved. How many products are we supplying currently and to which markets?

Adhish Patil: Currently, at our USFDA plant, we have 2 main production lines and 1 small product line, means the high-value products. So currently, we have around sedative, antibiotic, anti-inflammatory products which are already doing very well, and we feel that within a year's time, our capacity will fall short because the products are quite big in terms of tonnage. So, we are also planning a fresh quasi greenfield project of USFDA in the adjacent plot itself. So, it will have same API number.

So that will give us capacity enhancement of slightly more than double our existing capacities. We will be putting up 3 more production lines to the tune of, let's say, around 10-odd ton per month, each line, which will be a multipurpose line and from which we can cater to more products. So as of now, we have around 4, 5 products which are active from the current USFDA plant. But not all of them are going to U.S. market. Some of them are also going to the European market.

Rashmi Shetty: So majorly, all these 4 to 5 products currently we are supplying to the EU markets only, right?

Adhish Patil: Correct. Yes. So, the U.S. market hasn't started yet, but the business development has already started the sample approval. We have already sent samples to the customers. So as soon as they get the approval for vendor addition, then we can start the supplies.

Rashmi Shetty: At your Sayakha plant. This Specialty Chemical products in your greenfield plant, Specialty Chemical products are also manufactured, right?

Adhish Patil: In Sayakha, Yes.

Rashmi Shetty: So, your growth for the Specialty Chemical was a 149%. The sales were around INR82 crores. So is it because of this new plant which has come up and we have supplied newer products? Basically, how should we look at it for the full year? Is it going to contribute significantly this year?

Adhish Patil: Yes. So, this first quarter's performance will definitely repeat for the next 3 quarters. And in fact, we will be trying to improve it further. And the answer to your question was, yes, it is because of that Sayakha facility which we have just put up.

Rashmi Shetty: How many tons per month we have reached for this Spec Chem business in Sayakha plant?

Adhish Patil: Sayakha, for the methylamine plant, we have already reached around 65% utilization. There are a few other products where the utilization is lower. There we are trying to improve, but methylamine, the gases that we already reached around 64%, 65% in the quarter of June.

Rashmi Shetty: So that comes to how many tons per month?

Adhish Patil: It is roughly around 60 tons per day. For the entire quarter, it was somewhere around 3,500 tons for entire quarter, June quarter.

Rashmi Shetty: Okay. So for this year, basically this will be the new quarterly run rate for the Specialty Chemicals if you want to model in...

Adhish Patil: Correct.

Rashmi Shetty: Correct. Okay. And related to your Tarapur facility, where are we currently for the Salicylic acid supply?

Adhish Patil: Yes. So the improvement is still awaited in that facility. Last quarter, in fact, we kept the production of salicylic acid very low. In fact, in the entire quarter we produced only 67 tons of salicylic acid. One of the main reasons was we were waiting for the equipment which came and it is installed now. The main purpose was to further reduce the raw material costing and also improve effluent quality from the salicylic acid.

We just commissioned the plant for manufacturing derivative of salicylic acid, that is methyl salicylate and few other salicylates can also be manufactured because it is a multipurpose plant. That capacity is roughly around 350-400 tons per month. So the trial batches have started. We got around 5, 10 tons of trial production and we'll be ramping it up soon.

So what we'll be trying to do is that produce the salicylic acid and then convert it into the derivatives and then sell it to the market because that will reduce our losses. Unfortunately, what has happened to the anti-dumping duty part, it got delayed a little bit. Though the case was okay, but the government asked that the injury period should be a year more. So we'll have to wait most probably 1 more year for anti-dumping duty to come up.

But we are pretty much sure that it will come for salicylic acid. But till that point of time, I think it will be better for us that we manufacture the derivative of salicylic acid and then sell it to the market because then at least we will try to achieve breakeven for that location.

Rashmi Shetty: Okay. And generally, margins are higher in derivatives of salicylic acid compared to the main product?

Adhish Patil: Yes. What happened was, before we started the production, salicylic acid itself had very high margins and derivatives also had a decent margin. But then the thing is, for derivatives, we have to venture it into 4, 5 products, whereas salicylic acid you can just get all that margin in 1 product itself. So that was the initial plan, that to manufacture salicylic acid and supply that to the Indian consumers.

But then after we launched the capacity, Chinese players, they drastically dropped the pricing of salicylic acid, mainly to drive the competition out. That is the main purpose. So because of that, salicylates became more attractive than the salicylic acid itself because of that price drop. So initially it was not like that, but as of now it is like salicylates are more profitable than salicylic acid.

Rashmi Shetty: Okay. And my last question is on volume growth and price growth for this quarter. And also if you can give an outlook on that for the remaining 3 quarters?

Adhish Patil: Most of the volume growth has come from the Spec Chem. Overall company level, we still achieved around 3.5% aggregate volume growth both domestic and local markets. But majority of the growth came from the price growth in the June quarter. And the main reason for this is because there were certain price hikes because of the raw material prices went up due to that U.S.-Iran war.

And because of such sharp increase in the prices, typically what happens is formulations purchasers, they refrain from buying too much. They keep the stock to minimum because the prices are very high. And that definitely impacts the demand. The quantity sales goes down in such scenario. But still we were able to achieve 3.5% growth. But mainly it was driven by the price.

As of now, the pricing has eased out as compared to the month of March and April. So it came down slowly from April, May and now. But still the prices are high because still the war restarted and we are not sure how long it will now get stretched.

Rashmi Shetty: So on Y-o-Y basis, what was the pricing growth in absolute terms?

Adhish Patil: In Y-o-Y basis, at the aggregate level, we saw somewhere around 16%, 17% aggregate growth.

Rashmi Shetty: Okay. But you feel that this will not be sustainable, right? Because structurally, there is not easing in the pricing pressure?

Adhish Patil: Right now, again, the pressure is still there. But as the war, everything eases out, then when the raw material prices goes down, then probably the selling prices will come down.

Rashmi Shetty: Okay. And what is the outlook for the remaining 3 quarters in terms of volume growth and price growth? I mean, how do you see any guess estimate?

Adhish Patil: So actually speaking, we are hoping that the volume growth should be much better than June quarter because June quarter, there was sudden hike in the prices. As I said, the demand got affected because of that. But when the prices stay high for a longer period of time, then the demand should come back once the inventory levels at the further end of the value chain goes down, the demand should come back.

Export demand won't get impacted much. It is generally the domestic demand, what we have observed in past, as in three, four years back, that in the very high prices scenario, certain categories of products, like, mostly antibiotics and antidiarrheals, they faced demand pressure.

Rashmi Shetty: Okay, got it. Thank you and congratulations on your new role.

Moderator: Next question comes from the line of Dhwanil Desai with Turtle Capital. Mr. Desai, please go ahead.

Dhwanil Desai: So Adhish, the first question is you talked about the volatility on the pricing side of it, the realization part of it. Now I think even when this price increase was not there, our eventually goal was to reach to 14%, 15% EBITDA margin in due course. So if once the realization comes down, let the war settles down and the realization and RM both comes down, do you think we are on path to reach 15% margin maybe by end of this year or is that a longer journey?

Adhish Patil: Yes. So Dhwanil, this quarter also we took some write-offs of aging Capital WIP, but that way, we had crossed around 14% EBITDA margin in Q1 as well, at consolidated level. So 14% is quite doable. We are almost there. Now once the utilization of the two main greenfield projects what we have put up once that improves, then definitely 15% should be very easy. Once the Salicylic acid plant comes on track, then that drag will reduce on the overall P&L. So above 14%, we are almost there already, I would say.

Dhwanil Desai: Right. But then the realization may not stay at the same level, right? So it will come down. So that means that the 14% that we see today in Q1 eventually may ease out as the prices come down. Is that a fair way to think?

Adhish Patil: In short term, yes. But then what will happen, ideally the volume growth should pick up once the pricing rate goes down because our March quarter volumes are much higher than our June quarter. So I would still say we are almost there.

In the quarter of December and March, the main thing was our Sayakha plant was not operational fully. The utilization was much lower, 30% and 40%, respectively. And this is the first quarter that utilization went above 60%. So that is also one of the reasons why the EBITDA margins have gone up a little.

Dhwanil Desai: Second question, Adhish, is that we have a very large capex in last two years across various products. And so based on that, our aspiration of double-digit volume growth or maybe 15% volume growth should that be the base? Because 7%, 8% volume growth anyway we were clocking even without capex, right? So all these new products and new capex coming into play. Are we aiming for 15% kind of a volume growth? Or you think it will be more closer to high-single digit, low-double digit kind of a number?

Adhish Patil: Yes. So the thing is for next two years, we are very well poised for that 10% to 15% kind of a volume growth because right now, even if I consider Salicylic acid capacity as just 600 tonnes per month, we are sitting roughly at around 70% utilization mainly on the account of that

project. So there is lot of scope for existing products as well as this a bit in the Sayakha facility and a lot in salicylic facility. So capacities are there. So achieving 10% to 15% volume growth in next two years should not be a problem. Only challenge would be how fast we streamline the Salicylic acid and the derivative part.

Dhwanil Desai: Okay. So if the salicylic acid part, let's say, if we assume that until the anti-dumping duty comes into play, next worst case, maybe even the derivative part doesn't pick up, then without that is it possible to get to that 10%, 12% volume growth?

Adhish Patil: Yes. Still 10% should be doable.

Dhwanil Desai: Okay. Got it. And if you can help us understand the mix, you know, how it has progressed over time between, let's say, regulated and unregulated market. I think Europe was quite small for us, US was a non-existent, which are generally better realization markets. So how it has progressed for us? And how do you see that going forward now that the USFDA thing, at least for 1 plant, is in place?

Adhish Patil: Yes. That is one of the key focus area for us going forward that how to increase our regulated market sales. Definitely getting USFDA approval for API facility after a long wait of 10 years. Now that scope has opened up for us, not only for US but for Europe market as well. Plus we got European-CEP approvals for European markets for 9 products.

And as I was speaking for that, we already filed for some of them to be shifted to a bigger WHO kind of a GMP plant, which we will be transforming to the EDQM approved plant. So our cost structure will go down, the pricing will go up. So there will be expansion in the margin. Plus we will get more volumes also because of the European markets. And plus, other than that, we have also got all regulatory approvals for our Formulation business as well.

We got USFDA approval for the oncology. We also got European approval for the oral solid dosage. And there also we are filing a lot for regulated markets. And already Formulation has demonstrated that we are doing more than 70% of our Formulation business in exports market now. And we are tapping the regulated markets in that division as well. So both in Formulation as well as in APIs, we are targeting regulated markets.

But having said that, I would say that still the current sale doesn't reflect that profitability which will come through regulated market. It is still in the business development phase. Some success we got, but then as the pie becomes meaningful, then it is meaningfully reflected in the overall EBITDA margins of the company.

Dhwanil Desai: Got it. Thank you. That's it from my side.

Moderator: Thank you. Next question comes from the line of Sajal Kapoor with Antifragile Thinking. Please go ahead.

Sajal Kapoor: Yes. Thank you for the opportunity. The question is how much of Sayakha's benefit is visible in revenue today? And how much is invisible because it replaces intermediates that were previously procured externally?

Adhish Patil: Yes. So I would say, the last quarter still around 60%, 70% we must have procured from outside, last quarter, in the June quarter. But already that percentage has gone down drastically in this quarter. So increasingly in September quarter and then by December quarter, I think hopefully around 80%, 90% of the captive consumption will happen through Sayakha plant.

Though we will always need to keep around 10% external supplies for diversification case. But yes, in September quarter and December quarter, the captive consumption will go up drastically as compared to June quarter.

Sajal Kapoor: So, Adhish, the question really is the captive consumption should improve our gross margins, right?

Adhish Patil: Yes.

Sajal Kapoor: Because it's a backward integration. It gives us not only more control of the value chain, but in the eyes of the customer, it makes us as a source more secure because we are not reliant on external. Yes, 10% is fine for the sake of diversification. But what's your take on the gross margins as utilization improves beyond 65% where we are today to, let's say, reaching closer to 90%?

Adhish Patil: Yes. So, we are hoping that it should add another 1% or so in the gross contribution at the peak level.

Sajal Kapoor: Right. So that gross contribution, coupled with better utilization of the network should naturally improve the EBITDA margins. I think the other participant's question was also along the same lines exploring how soon or when we can get back to 15%. So those 2 things put together improving gross margins and improving utilization should result in a much better EBITDA margins. I mean, it could even be 200 basis point improvement?

Adhish Patil: Yes. in the current condition, yes, but then what happened in June quarter was because of that ammonia shortages and the derivative compound shortages, the prices have gone up quite drastically for this chain of products. So once it settles down, we need to see whether 200 basis points will come or not.

Sajal Kapoor: Sure. That's all. Thank you so much. Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, we have come to the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Adhish Patil: Sure. Our diversified presence across APIs, Formulations and Specialty Chemicals, together with our long-standing customer relationships and broad product portfolio, along with our

ongoing investments in capacity expansion and operational excellence, we believe we are well positioned to capture these opportunities and sustain our growth momentum in the years ahead.

Thank you once again for your continued support and confidence in Aarti Drugs. For any further questions, please reach out to SGA, our Investor Relations Adviser. Thank you so much, and have a nice day.

Moderator: Thank you for attending Aarti Drugs Limited conference call. Thank you for participation. You may now disconnect. The conference has now concluded.