



Pharmaceuticals Limited

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Date: 13th November, 2025

To,
The Manager,
Corporate Filings Department,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

The Manager,
Listing Compliance Department,
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051.

Security Code: 532815

Symbol: SMSPHARMA

Dear Sir/Madam,

Sub: Transcript of the Conference Call held on 11th November, 2025.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find the attached transcript of the Conference Call held on Tuesday, 11th November, 2025 for the second quarter and half year ended 30th September, 2025.

A copy of the said Transcript is being uploaded on the website of the Company www.smspharma.com

Kindly take the same on record and disseminate on your website.

Thanking you

Yours Faithfully

For SMS Pharmaceuticals Limited

Thirumalesh Tumma
Company Secretary



“SMS Pharmaceuticals Limited
Q2 & H1 FY26 Earnings Conference Call”
November 11, 2025



**MANAGEMENT: MR. VAMSI KRISHNA POTLURI – EXECUTIVE
DIRECTOR – SMS PHARMACEUTICALS LIMITED
MR. LAKSHMINARAYANA TAMMINEEDI – CHIEF
FINANCIAL OFFICER – SMS PHARMACEUTICALS
LIMITED
MR. THIRUMALESH TUMMA – COMPANY SECRETARY
AND COMPLIANCE OFFICER – SMS
PHARMACEUTICALS LIMITED
EXPONENT – INVESTOR RELATIONS ADVISORS – SMS
PHARMACEUTICALS LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to SMS Pharmaceuticals Limited Q2 and H1 FY26 Earnings Conference Call. This conference may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as of the date of this time. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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.

Today, we have with us Mr. Vamsi Krishna Potluri, Executive Director; Mr. Lakshminarayana Tammineedi, Chief Financial Officer; Mr. Thirumalesh Tumma, Company Secretary and Compliance Officer. I now hand the conference over to Mr. Vamsi Krishna Potluri, Executive Director. Thank you, and over to you, sir.

Vamsi Potluri:

Good morning, everyone and thank you for joining us on today's call. We appreciate your continued interest in SMS Pharma and the time you've taken to be with us this afternoon. I expect you had a chance to review our financial results and other investor materials uploaded to the stock exchanges on our website earlier.

I'm happy to share that we've delivered another strong quarter. Our PAT grew 80% year-on-year to INR25.3 crores, the highest ever in a single quarter, strong revenue growth and margin expansion. The performance reflects our continued focus on product mix optimization, backward integration and achieving economies of scale.

One of the key drivers of our performance this quarter has been the backward integration projects that we commissioned in the previous quarters. Operations across key intermediates have now stabilized and utilization levels have improved significantly. Let me take the moment to talk about our backward integration model because it is central to our long-term strategy.

Over the past 12 to 18 months, we've invested close to INR150 crores to build in-house capabilities for critical intermediates across our API portfolio. This investment strengthens our cost competitiveness, improve supply chain reliability and ensure consistent quality. Importantly, it reduces the dependent on external suppliers, particularly from China, giving us better control over input costs and delivery times.

In today's environment, where global customers are actively seeking dependable non-Chinese source. Our backward integration capabilities provide SMS a distinct and sustainable advantage. It has strengthened our value proposition to existing customers and is helping us expand customer base in the regulated markets. Alongside backward integration, R&D has been a key pillar of strength.

Our R&D has delivered strong outcomes over the past few years, with successful product launches that continue to see a strong demand and an expanding presence in regulated market. A good example of how R&D translates into value creation is a joint venture with Chemo, a leading Spanish multinational.

Through this collaboration, we leveraged our R&D strength to develop, scale up and manufacture first-to-market APIs. While Chemo drive sales and marketing across Europe and other regulated markets. This partnership has already yielded significant success in the Anti-diabetic segment where we were first to market in Europe and established a leading position.

We are strengthening this capability further with a dedicated team of over 100 scientists today. We plan to double our R&D strength over the next 2 years. To date, we have filed over 120 DMFs and aim to add around another 30 more in the next 24 to 36 months. Moving on to our financial performance.

In Q2 FY '26, revenue grew 23% year-on-year to INR242.4 crores, supported by strong demand and market share gain across key APIs. For the first half of FY '26 revenue from operations reached INR438.4 crores, reflecting a 21% year-on-year growth. Gross profit rose 30% year-on-year to INR76.8 crores with margins improving to 32%, driven by backward integration, product mix, economies of scale and stable pricing environment.

EBITDA for the quarter stood at INR48.3 crores, up 54% year-on-year with margin expanding to 20%. PAT for Q2 was INR25.3 crores, up 80% from last year, with margins at 10%. For the first half of FY '26, frac grew 50% year-on-year to INR45.8 crores supported to higher volumes, improved margins and lower financial costs.

Let me now touch upon our segmental performance. We continue to maintain a balanced and diversified product mix across therapeutic areas and inflammatory and ERB segments remain key growth drivers, while Anti-diabetic products, our largest therapeutic category, which also recorded steady growth. Our segments such as Anti-epileptic and Anti-erectile dysfunction and emerging molecules have shown healthy traction.

Our largest Therapeutic category together accounted for only 24% of the revenue from operations, underscoring our focus on maintaining the diversified product portfolio. Now coming over to an update on our capex. As mentioned earlier, we've commenced our INR280 crores new capex program it remains on track for completion by November 2026.

It will enhance the capacities for existing APIs and build capacities for new product pipeline. This includes a INR30 crores outlay for acquiring land for a greenfield project. Investments have also begun in R&D for the peptide initiatives with commercial operations targeted to begin in FY '29. Together, these initiatives provide a clear path for growth over the next 24 to 30 months.

We enter the second half of FY '26 with a strong momentum. Our priorities remain clear: maintaining growth across key APIs improving profitability through backward integration and scale and driving further diversification with our business. We are confident of achieving our FY '26 targets of around 20% growth and 20% EBITDA margin.

This translates into a net asset turnover of 1.5x among the best in the industry. Our growth will continue to be driven by the completed backward integration, strong R&D capabilities, advanced plant engineering and diversified product portfolio and price stabilization in key APIs. Thank you. We are now ready to answer any questions.

- Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of Sucrit D Patil from Eyesight Fintrade Private Limited.
- Sucrit D Patil:** I have two questions on -- as more players enter the API and CRAMS space, what is SMS Pharma doing to build a strong edge not just through approvals or capacity, but something more deeper like we are working or thinking that growth over the time and makes it hard for our competitors to copy your model? That's my first question. I'll ask the second question later?
- Vamsi Potluri:** Thank you. So again, SMS Pharma has been in the market. Yes so just to answer to the previous question, so the competitive advantages are like SMS has been in the market in almost 30 years. And we had some very strong APIs such we are having a global position -- global leading position. I think the reason we were able to achieve that status because of our backward integration, non-dependency on external sources.
- And most of the APIs we are vertically integrated and strength on manufacturing and the cost competitiveness of the product. I think this is what separates SMS in some products compared to our competitors. And definitely, going forward, we would like to add more products to this category and remain more competitive going forward. This probably is our biggest strength there.
- Sucrit D Patil:** My last question is about margins and cost planning. When API prices come under pressure or costs go up, how do you make sure the balance sheet stays stable and doesn't slip -- just curious to know if there is anything in your planning, like posting process tweaks or any tech is helping the company stay efficient without cutting any corner?
- Vamsi Potluri:** So definitely, I think coming to margin improvements. As you see, I think though we are doing a capex expansion, our ROCEs have been quite well established. And since last quarters, if you monitor, it's been increasing our EBITDA margins and EBITDA numbers are also being improved. The only reason how -- why it's being improved is because of backward integration and definitely tweaking in process and making sure we continuously improvise the existing process to make sure the cost of the product is constantly coming down.
- Moderator:** I think the participant has been dropped.
- Vamsi Potluri:** Okay. The next question is from the line of Akhilesh Rawat from Ridhanta Vision Private Limited.
- Akhilesh Rawat:** So I have two questions. My first question is on capex. Like on the INR280 crores capex plan for completing by -- completion by November 2026, could you update us current progress on cash and so far also, what revenue and EBITDA margin contribution business in the first couple of quarters after commissioning?
- Vamsi Potluri:** Can you talk a little away from the phone like we are getting a lot of echo.
- Akhilesh Rawat:** Yes. So now my voice is clear?
- Vamsi Potluri:** Yes, better.

- Akhilesh Rawat:** Okay. So actually, I want to ask you regarding the capex plan, like which you mentioned in the investor presentation that there is INR280 crores of capex in -- which will complete by November '26, like what's the progress so far? And how much cash you have spent? And also what revenue and EBITDA margin contribution do you expect in the first couple of quarters and after commissioning?
- Vamsi Potluri:** So again, also with respect to this, we've just started this project. So again, it will take one year for the project completion. As mentioned in my speech, I think this project that we are doing is to expand the capacity for existing products and also to build another block new pipeline products coming in and a few other ancillary requirements. Also, of course, we are also purchasing land for a greenfield project as well. So this will be committed in November '26 and we are anticipating revenues coming in from FY '28.
- Akhilesh Rawat:** Okay. And my second question is about like the customer concentration, like as H1 financial year '26, the largest customer is contributing 24%. So what visibility do you have on orders for renewables from the top 2, 3 customers for H2 financial year '26? And what steps are you taking to improve receivable days and reduce the working capital cycle?
- Vamsi Potluri:** No, I think you've got that wrong. It is not a single customer. What we mentioned was our largest therapeutic category accounted for 24% of the revenue, not a single customer. So it is a therapeutic category that accounted for 24% of the revenue. So what we are trying to say is we are diverse. Even a single product is not crossing 50% or 60% contribution. So it is a diverse portfolio that we come across, which is not a single customer.
- Akhilesh Rawat:** Okay. And like what about the receivable days and working capital reduction part?
- Vamsi Potluri:** Could you repeat that, please?
- Akhilesh Rawat:** As your receivable days and working capital is a bit high. So like what are your plans to improve that on future?
- Vamsi Potluri:** Receivables is mainly increasing because of increasing our revenue, revenue from operations and all the receivables are in the below 10 days only.
- Moderator:** The next question is from the line of Surabhi from NV Alpha Fund Management LLP.
- Surabhi:** My first question is regarding Ibuprofen API. We have initially mentioned that we will be doing 5,000 tons in FY '26. So firstly, are we on track and how much of that has been done in the first half itself?
- Vamsi Potluri:** Could you mention that number again, please?
- Surabhi:** You had mentioned in the earlier con call that you will be doing 5,000 tons of ibuprofen in FY '26. So how much of that has been done in H1 itself?
- Vamsi Potluri:** So 5,000 tons in the sense, an average of around 450 tons per month. So right now, we are at almost around 350 tons number at this point of time, around -- average of around 350 tons per month sort of run rate.

- Surabhi:** Got it. So you think you will be able to scale it up to 450 metric tons?
- Vamsi Potluri:** Yes.
- Surabhi:** Got it. And you've also mentioned this time in the press release that 30% of gross margin improvement has happened from backward integration. I wanted to know how much more room is there to improve this and is the full benefit of the [inaudible 0:16:20] plant coming or is starting to come in, if you could just expand on this, please?
- Vamsi Potluri:** Yes, definitely. I think we just started in, but typically, keep a quarter of inventory with us, right? So the project just got commercialized a couple of months back. So just at the end of the last quarter, it's been commercialized. So that those -- that impact you will probably see in the next coming quarters.
- Surabhi:** So, there is still room for gross margin improvement?
- Vamsi Potluri:** Absolutely. On that product, yes.
- Surabhi:** Got it. And on this quarter, your ARV has seen good growth. And I wanted to understand how that will pan out for the rest of the year. And if my understanding is correct, I'm assuming ARV is the least margin in a greater category. So do we still want to grow that category?
- Vamsi Potluri:** Yes. So basically, ARV is not least margin category is a moderate margin. But again, ARV for the next 1 year, see, as you know, ARV is tender-based, right? So based on multiple tenders awarded across the world, we have a couple of customers, which sort of get this product from us. And fortunately, our customers have our tenders, have been awarded the tenders. So going forward, I think for the next 3 quarters, we definitely see a very good visibility on the ARV front.
- Surabhi:** Got it. And just one last question, if you could expand on the Anti-diabetic portfolio, right? It has not seen like growth this quarter. If you see year-on-year, it's hardly grown. So where do you see that going forward?
- Vamsi Potluri:** See, on the Anti-diabetic segment, obviously, I think the agents have expect. See when we've launched the product a couple of years back, we were one of the largest and one of the first and the patent has just expired, and we got a big market share. Now is the patent for sitagliptin phosphate, which is another product has also got expired.
- So definitely, we saw more players coming in and obviously getting some market share. But definitely, we've been able to consolidate the market share that we currently have. And obviously, it'll dip slightly, but I think it should be a problem. We should be able to consolidate that existing market share.
- Surabhi:** Okay. Yes. I am done with my question. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now would like to hand the conference over to Mr. Vamsi Krishna Potluri for closing comments. Over to you, sir.

Vamsi Potluri:

Thank you. We appreciate your continued trust and interest in SMS Pharma's journey. For any further information or clarifications, please feel free to reach out to our Investor Relations Partners, Exponent. Wishing you a great day ahead. Thank you.

Moderator:

Thank you very much. On behalf of SMS Pharmaceuticals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.