CSD/BSE&NSE/CC/2024-25
February 18, 2025

To
The Manager
Department of Corporate Services
BSE Limited
25th Floor, P. J. Towers,
Dalal Street, Mumbai - 400 001

Scrip Code: 543064

To
The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

Scrip Symbol: SUVENPHAR

Dear Sir/Madam,

Sub: Transcript of the earnings conference call for the quarter and nine months ended December 31, 2024

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call for the quarter and nine months ended December 31, 2024 conducted after the meeting of Board of Directors held on February 12, 2025.

This is for your information and record.

Thanking You.

Yours faithfully,
For **Suven Pharmaceuticals Limited**

KUNDAN KUMAR JHA
Digitally signed by KUNDAN KUMAR JHA
Date: 2025.02.18 12:45:15 +05'30'

Kundan Kumar Jha
Company Secretary, Compliance Officer and Head-Legal

Suven Pharmaceuticals Limited
Q3 FY'25 Earnings Conference Call Transcript
February 12, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Suven Pharmaceuticals Limited Q3 FY '25 Earnings Conference Call.

Before we begin, I would like to mention that some statements made in today's discussion may be forward-looking in nature and a statement to this effect has been included in the invite, which was shared with everyone earlier. I would also like to emphasize that while this call is opened to all invitees, it may not be broadcasted or reproduced in any form or manner.

We will commence the call with "Opening Remarks" from the Management, followed by an interactive question and answer session.

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 this conference, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Cyndrella Carvalho, Head, Investor Relations. Thank you and over to you ma'am.

Cyndrella Carvalho: Thank you, Darwin. Good evening, everyone and welcome to Suven's Q3 & 9 months FY'25 Earnings Call.

It is our pleasure to have you all here with us today. I am pleased to introduce you to you all to our Management Team who is present here with me today. Our Executive Chairman – Mr. Vivek Sharma, our Managing Director – Dr. Prasada Raju, our CEO – Dr. Sudhir Singh, and our Chief Financial Officer – Himanshu Agarwal.

After our "Remarks," we will open the floor for Q&A.

I will now hand over the call to Vivek to share his insights on the "Quarter" and "Recent Developments."

Vivek Sharma: Thank you, Cyndrella. Good morning, good afternoon, and good evening, everyone. Thank you for joining us, and we sincerely appreciate your time and continued interest.

The global CDMO landscape continues to be on a transformation path with supply chain derisking efforts by innovators and growing demand for specialized capabilities, driving significant opportunities, especially for the Indian CDMO market. Suven and Cohance platform continues to strengthen its position and excited about the immense potential as innovator companies to scout for reliable, science, and technology-based partners. We at Suven and Cohance continue to receive higher number of RFQs, it is about 2x in the 9 months versus last year, which is a reflection of the confidence that leading global pharma and select biotech companies have in our capabilities.

In the last few months, we have made significant progress in line with our strategic vision of becoming a technology-led CDMO with a global footprint. With the acquisition of Sapala and NJ Bio in Princeton, New Jersey, this is strengthening our position in the fast-growing niche technology market of Oligo and ADCs. Our vision, I shared recently, is to become a US $1 billion revenue company with a significantly higher share of CDMO and a higher mix of niche technologies.

- Our vision story will be driven by a diversified growth strategy built on three key pillars of pharma CDMO, specialty chemical CDMO, and APIs, ensuring steady and predictable growth
- By increasing a mix of differentiated modalities including ADCs, oligonucleotides, and other emerging technologies to accelerate growth and enhance business defensibility.
- A programmatic M&A approach to acquire differentiated assets.
- And the professional management organizations with strong leadership.

Over the past few quarters, we have prioritized team building by strengthening our R&D capabilities, establishing global commercial presence across the US, EU, and Japan and by streamlining back-end operations. We are confident in the foundation we have built to drive long-term growth.

We have recently been honored with the title of “World's Best Company Sustainable Growth for 2025” that was awarded by Times and Statista. And I am thankful to our team for the efforts that they have put in getting us to that goal. Our facilities have been recently audited for SA8000 certification. We expect to receive this status very soon.

And lastly, on the ESG front, we have submitted our SBTi commitment for all three types of emissions. With all these drivers, we are really excited with the potential that we have to create value.

With that, I will ask Dr. Prasada to kind of give an update on Quarter 3 as well as for the first 9-Month Results. Dr. Prasada.

Dr. Prasada Raju: Thank you, Vivek. A warm welcome to all of you.

We will take this opportunity to take you through Q3 and 9 months of FY'25 “Performance Highlights”:

Our financial performance is in line with our communicated expectations of growth in H2 of FY'25 and on a full year basis.

On a pro forma combined basis, subject to regulatory approval of the merger, our revenue has grown by 40% year-on-year in Q3 FY'25, and by 5% year-on-year in nine months of FY'25.

As communicated earlier, due to the industry's lumpy nature, reviewing the business performance on an annual basis provides a better assessment. We continue to build granularity in our business, diversifying different modalities to deliver steady growth throughout the year.

Regarding pharma CDMO, revenue growth segment grew by 101% year-on-year in Q3 and 11% year-on-year 9 months of FY25 on a pro forma combined basis. Our RFQ movement continues to remain strong with a 2x year-on-year increase in inbound inquiries. We have expanded our commercial team presence across US and Japan.

Our strategic focus on increasing laterals is delivering results reflected in the expansion of our Phase-3 pipeline. We have recently added a few molecules to our Phase-3 pipeline. One molecule has advanced to Phase-3 and one we have directly added to Phase-3. This brings us the Phase-3 projects to 15 with 9 active molecules, which was 12 at 7 molecules when we spoke last quarter. We are excited about the faster progress for some of the products and look forward to updating you more in FY'26.

Further, as previously highlighted, there has been a positive readout on one of the Phase-3 molecules of our strategic partner.

We also wish to take you through some of the key milestones in our customer engagement:

We have onboarded one of the top 5 global pharma leaders for early to mid-phase projects, which solidifies our strategic value. Further, as Vivek has mentioned, in 9 months FY'25, we have accelerated our market position in niche technology capabilities through two strategic acquisitions, which enable us to differentiate ourselves as a platform technology-led CDMO.

Sapala Organics, which establishes our expertise in oligonucleotide chemistry, allowing us to expand into high-growth nucleic acid therapeutic segments.

NJ Bio, this establishes our end-to-end CRDMO leadership in antibody drug conjugates through our ability to support global pharma from early stage development to full-scale commercial manufacturing, as well as across the entire value chain covering payload-linker synthesis and bioconjugation, which is unique by itself.

This acquisition of NJ Bio has also built a global footprint for Suven platform, enabling onshore capabilities in the USA and capturing a larger share of the high growth antibody drug conjugates. This is also being driven by a deeper penetration into a Camptothecin based space with existing and designer payloads, along with very encouraging clinical progress, as we are speaking around 40% of the clinical candidates are in a Camptothecin based when the payload is disclosed. And supply at a commercial scale to existing and new customer, which will propel the growth for future to have a dominance in the CDMO play.

We remain focused on integration efforts to benefit from business front-end synergies. We are also investing our time and effort in cGMP facilities to scale up both the businesses. These technology additions have actually enabled us to stay relevant to our customer, position ourselves as a valuable partner for our customers for niche and specialized drug development needs.

Moving to specialty chemicals CDMO – In line with our communication in Q2, the challenges have bottomed out. And we have started seeing the recovery trend with early signs of demand stabilization. Our strategic investments made during the downturn are yielding results, strengthening our position for accelerated growth in FY'26 as a dedicated strategic business unit. We also have felt the need of strengthening our team with the seasoned leaders who will support our execution excellence and the growth of the strategic business unit.

Regarding API plus business – this segment has seen 29% of year-on-year revenue growth in Q3, and 17% year-on-year growth in 9 months of FY'25 on a pro forma combined basis, underscoring our thesis and a competitive advantage in achieving global leadership with a curated portfolio. We are also continuing our focus in pipeline expansion with the new product additions to foster long-term and sustainable growth.

Thank you, everyone. And now I will hand over the floor to Himanshu to share some more details about our “Financial Performance.” Thank you and over to you, Himanshu.

Himanshu Agarwal: Thank you. Good evening everyone. We are excited to share that Quarter 3 has seen strong growth as expected.

Revenue growth in Quarter 3 has been 40% year-on-year, driven by robust demand across all business units and our adjusted EBITDA margin is at 38.7%. For the 9 months of FY'25, our revenue growth is 5% year-on-year, reinforcing our resilience and long-term scalability with adjusted EBITDA margins at 34.8%.

In the 9 months ending December ‘25, our CAPEX investment is Rs. 2.3 billion, which has been allocated to capacity expansion, ensuring that we stay ahead of the demand curve. And cash generation remains good, with Rs. 3.2 billion being generated during the same period. We continue our strategic investment strategy focused on scaling R&D, manufacturing, and specialized CDMO platforms.

With respect to Cohance merger – the shareholder approval was received with 99.99% votes in our favor. The final NCLT meeting is scheduled for February 18th. Subject to regulatory approvals, the merger is expected to be effective within the next 2 to 4 months.

I now hand it over back to Dr. Prasada for sharing our outlook.

Dr. Prasada Raju: Thank you, Himanshu.

As committed, we wish to cover briefly guidance and long-term growth aspirations:

We reaffirm our FY'25 guidance with year-on-year growth on a pro forma combined basis for the full year and with an accelerated growth trajectory in FY'26.

The pillars of this growth shall be strengthening our global customer relationships and we are deepening ties with top tier global innovator companies, reinforcing our leadership as a trusted and preferred CDMO partner of choice, expanding leadership in antibody drug conjugates with end-to-end capabilities along with NJ Bio and oligonucleotides. Our acquisitions position us as a dominant player in these high growth areas and we have a first-mover advantage while growing RFQs validate our expertise and hypothesis.

Enhancing specialty business CDMO, leveraging our differentiated technology platforms to create new opportunities and unlock long-term value, including the Agrochemical side of the business.

Regarding API Plus, we will still leverage our cost leadership position and backward integration capabilities with global capacities and regulatory track record that we have to expand market share and global leadership in the existing molecule, continuous new product development will fuel the further growth.

With this, I wish to say thank you all of you, and we will hand over the session to Cyndrella. Thank you.

Cyndrella Carvalho: Thank you, Dr. Prasada. With that, I now request Darwin to open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The next question is from the line of Darshit Shah from Nirvana capital. Please go ahead.

Darshit Shah: Congratulations for a good set of numbers. Sir, I have a couple of questions. One is on the last call, you had mentioned that there were two molecules that kind of cleared Phase-3, one from the Suven side and one from the Cohance side. Just wanted to know, were there any revenues from those molecules in this quarterly results?

Dr. Prasada Raju: Himanshu, you want to say this?

Himanshu Agarwal: So, at this stage we haven't seen any acceleration in the growth from those two commercial molecules. But yes, we are expecting that as the innovator continues to expand the molecules, because they would have obviously taken some extra material in preparation of the penetration of the batch. And therefore we expect the demand to come back shortly.

Darshit Shah: Got it. And one of the molecules you mentioned is also kind of shown, I mean for second indication. So, does that mean that, I mean it would be kind of used for some other treatment apart from what it was initially trialed for?

Dr. Prasada Raju: That's what we learned. I think it has cleared the primary endpoint study. And it's quite exciting the results what we have learned. As you understand, we can supply some initial developmental quantities. And customers prefer to maintain some stocks for their launches as well. But it's a process that we have to undergo.

Darshit Shah: And for the Cohance molecule, would you want to throw some light on that?

Dr. Prasada Raju: So, one molecule, last time we said it is commercial and we are able to supply quantities regularly. And between H1 and H2, at least two lots, we could have submitted to them and we expect the same kind of growth momentum next year as well.

Darshit Shah: Got it. And sir lastly, although I understand we were the only company who kind of participated in the JP Morgan Healthcare Conference some time back. So, would you like to throw some color on how was our, I mean, response from the Indian CDMO side and what kind of response did we get from the US clients?

Dr. Prasada Raju: Vivek, can you take this question?

Vivek Sharma: Thank you. It was a pleasure to participate. And I think we are really proud to represent the country there. But the response is very positive. We are getting a lot of traction, a lot of meetings. I was on a call very late last night to explain our capabilities. And some customers are visiting us very quickly. But overall, we are excited with the participation. We are excited with the traction we are seeing. And we are excited with the engagement we are having with customers.

Darshit Shah: Thank you, sir, and all the best.

Moderator: Thank you. We have the next question from the line of Gagan Thareja from ASK Investment Managers. Please go ahead.

Gagan Thareja: Good evening. My question pertains to the NJ Bio Pharma acquisition. Is it possible for you to explain the accounting of the acquisition in the current reported financials, the financing of the acquisition and also your outlook on the business?

Dr. Prasada Raju: Himanshu, can you take up this question?

Himanshu Agarwal: Yes, so, Gagan, thanks for the question. So, there are three parts to the question. So, first is the financing. I think during the acquisition call, we had explained that it is completely self-funded. There is no loan that we have taken to fund the entire acquisition. Number two, the acquisition was completed on the 21st of December. And so there is, as you know, that it is a US-based client, so we have kind of practically had very few working days in the 21st December to 31st December. In terms of an outlook, I think we will continue to share the outlook as a consolidated platform. Unfortunately, we don't give outlook of entity or business separately. And accounting-wise, I think if that is the question, then accounting-wise it will be consolidated. It's a subsidiary for us and with a 56% ownership. So, it is completely accounted and consolidated with Suven Pharma.

Gagan Thareja: So, it will be 100% consolidated and then netted out for minority share?

Himanshu Agarwal: That's correct.

Gagan Thareja: My second question is on the working capital. For Suven standalone, the working capital has gone up from 108 to 138 days, if I read it correctly, whereas for Cohance, it has gone down 9 months this year. Anything you can elaborate on the increase in working capital for Suven?

Himanshu Agarwal: So, I think from a standalone perspective, the higher sales is increasing the debtors because there are all these not new debtors that kind of comes in and so that's from that perspective and from a consolidated perspective, there would be NJ Bio that also gets added to the entity.

Gagan Thareja: Thanks for taking my questions. I will get back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Kunal Dhamesha from Macquarie. Please go ahead.

Kunal Dhamesha: Hi, thank you for the opportunity and congrats on good set of numbers. First one on our long-term guidance that we have put out on billion-dollar kind of revenue by FY'30. I would like to understand when do we start seeing that kind of acceleration in our topline? While we are seeing that in Q3, but on a 9-month basis, we are still at low growth because of issues in Spec Chem business, etc. So, is it more, let's say

in a near term, where we should see the acceleration or let's say it is part of the timeline range, how should we think about it?

Dr. Prasada Raju: Thank you, Kunal. A few comments from our side. It's always important to understand this nature of the business which is cyclical in nature. Quarter-on-quarter will always be counterproductive to assess the business. However, long term, we definitely feel quite excited about it. As we have been saying, at a combined platform level this year, we will grow, but definitely 25-26 onwards, we will see the traction of the growth.

Kunal Dhamesha: And sir for this traction to happen, or whatever, you have built in, the potential projects that we might need to execute for that traction, would you say they are already more or less in place? And then it would not build a lot of new project expectation? How is your expectation there?

Dr. Prasada Raju: It's a combination of both because we also have seen almost 2x of RFQs. That itself is a very comforting factor. Second important strategic initiative what we have taken around year back, which is definitely yielding us well, is on the focus on laterals. If we have to say X is a number on a full year basis of last year, that has actually almost 1.6x to 1.8x currently within 9 months. So, our strategic intent of lateral is also expanding the pipeline. It's only a question of how soon we will see the improvement in the overall RFQ conversion. Second, we also need to understand the highest growth driver is going to be on the antibody drug conjugate payload, coupled with both existing Cohance Suven, along with NJ is also going to propel the growth.

Kunal Dhamesha: Sure, sir. And for this niche segment, I know NJ is not there in this quarter. But when you look at on a pro forma basis on a 9-month basis, NJ, our ADC, Cohance ADC platform, and maybe Sapala as well. How have those three segments on a year-on-year basis in first 9 months would have done? A broad range would be fine in terms of the topline growth?

Dr. Prasada Raju: So, as Himanshu was rightly mentioning, we have internally agreed that we should only focus on the overall segment level. We will be constrained to the specific each line item by its numbers to you, Kunal.

Himanshu Agarwal: Sorry, I will just supplement what Kunal is asking. So, Kunal, in the presentation that we have uploaded, we have shared the segment-wise growth. And we have called out, for example, pharma CDMO is at 100% for the quarter, APIs around 29% for the quarter on a combined basis. So, we have called it out. I don't want to waste everyone's time in terms of reading those numbers. But we have called it out in the presentation. Secondly, I think what's also important is that, as Dr. Prasada alluded, the NJ Bio will give us a significant synergy, which has not been called out as yet. I think Dr. Naresh Jain was in India and he's again coming to India. We are kind of working very extensively on the entire ADC strategy and the ADC synergy that we will work together. And as Vivek had mentioned, even in the JPMC that there is this East and West combination that we are trying to work through. You are aware that we have given a growth CAPEX to NJ Bio and we are keen to kind of create a commercial facility in New Jersey to accelerate the growth and to create the synergy aspect. The third thing which is also important is that, while we are looking at CAPEX, we should also consider the fact that Suven has in last year added Rs. 400 crore almost of PPE, which has come through the inorganic acquisition. And that's also a growth CAPEX, the way we consider that.

Kunal Dhamesha: Thank you and all the best.

Moderator: Thank you. We have the next question from the line of Chirag Shah from White Pine. Please go ahead.

Chirag Shah: Thank you for this opportunity and congratulations for good set of numbers. Sir, I have a very basic question. Once you start the commercial supply, if you can explain the process of ramp up from the client side. So, ideally the ramp up should be at an accelerated pace in the initial phase at least. If you can just explain the process, how does the client approach the ramp up and after the initial batch of commercials, does it take another 6 months for the ramp up, or how does it work, if you can help them?

Sudhir Singh: I mean, since we both are in a separate place, that's why this confusion. So, let me tell you that the way it works, like you all know how we travel with the molecule. We start sometimes Phase-1 and Phase-2. We move to Phase-3 as the molecule moves. But it's a very dynamic situation. Sometimes you get enough information that how the molecule is moving, how is the data coming out. Sometimes you don't get it. However, we have our own way of finding out from the different reports how the molecules are moving. But generally, the customers start planning material pile up probably a year before the launch. And as you see some of the Phase-3 which has a good readout this year, and for next year, they already have material. So, probably the calendar year 26, they will be requiring the materials for some of these launches. So, that's an example basically, but every customer has a different philosophy. Some of the customers do the final API in their own site. Some of them do with some CDMO in Europe and US. So, their sourcing strategy remains different.

Chirag Shah: Okay, this is helpful. And sir, second is on the Oligo side. So, generally, ADC is the most spoken about space. If you can just help us understand, where are we in terms of, we know the capabilities, but from the ramp up perspective, where are we, is it a clear out story for Oligo to play out for us? If you can just give a broad perspective on how to think about Oligo?

Sudhir Singh: So, Oligo is a broader term. Oligo has many components, Amidites, Cyclic P-Amidites, Phosphoramidite and these are the stages where people go. Our expertise lies in mostly constant nucleic acid chemistry, cyclic nucleic acid chemistry, and Phosphoramidite. So, the first step is that we are getting ready for the GMP manufacturing of Amidites, which is the first step for Oligos. And that facility should be ready sometime towards the end of this calendar year. And we have already started talking to our customers, the customers who were involved with us in the discovery phase and early development phase, and they have a need in our GMP scale. So, we have already started engaging those customers.

Chirag Shah: Okay, thank you very much.

Moderator: Thank you. We have the next question from the line of Karthi from Suyash Advisors. Please go ahead.

Karthi: Good evening, Dr. Prasada. I am just following up what Chirag asked. It seems that the approvals for one of your clients is coming through reasonably rapidly for additional indications. Where exactly do you stand in terms of capacity availability and therefore how soon would you have to think in terms of expansions?

Dr. Prasada Raju: Since Dr. Sudhir has actually explained, I will add a few more points. The real ramp up, we will get to know once it is at the Phase-3 level. And quantities ramp up, we have a visibility for launch preparation. And of course, once the launch is happening, then the acceptance of the material at the market, once the launch happens, there again ramp up happens. So, we are at the stage where we supply launch quantities

then followed by the commercial quantities. It is normally a few quarters of activity, nothing beyond.

Karthi: Would you want to address the constraint aspects, sir? Would there be a possibility of running into capacity constraints?

Dr. Prasada Raju: Capacity side, as you understand when the cyclical nature was slightly hitting us, we don't have any capacity challenge right now and we have enough invested in the existing site and also in additional site of Suryapet and these molecules are predominantly manufacturing at our Pashamylaram. Normally, we have volumes for the commercialization ahead of the commercialization. Hence, we don't seem to have any challenge as far as the capacity is concerned.

Karthi: One broader question, sir. Now that you are an integrated entity on the ADC platform, you have a linker also through NJ, what is the process involved for transitioning a customer to multiple availing of multiple services, assuming he was only availing of one? How exactly can you transition? I am asking this because there may be an incumbent whom you may have to replace or supplement. So, how exactly does that process work? And what are the timelines involved in achieving this? Some indication would be interesting.

Dr. Prasada Raju: There are two ways to look at it. Existing customer, normally when they are doing it, they have payload and linker and bioconjugation. Currently, hypothetically, NJ Bio is doing everything. But what they are not able to do here is on the GMP manufacturing of the payload, which the synergy comes from our site of Cohance and Suven.

Karthi: Sure.

Dr. Prasada Raju: Number two, some of the customers where we have on the payload side of it, they also need a linker capability and the bioconjugation capability. It's a solid example of cross pollination on both the sites. Timing-wise, it all depends. For example, if the product is at early stage, switch happens much faster. If the product is of about 2A, 2B, and Phase-3 level, it's 3 to 6 quarters of a time where the qualification has to happen, samples have to be submitted, site has to be submitted. That's where one can look at it.

Karthi: So, for your existing commercial, if you had to plug in the linker part, it's a 3-to 6-quarter kind of a timeline. Is that a reasonable thing to take away?

Dr. Prasada Raju: That's right.

Karthi: Fair. Thanks for clarifying and very best wishes, sir.

Dr. Prasada Raju: Thank you.

Moderator: Thank you. Ladies and gentlemen, you may press * and 1 if you wish to ask questions. The next question is from the line of Kunal Dhamesha from Macquarie. Please go ahead.

Kunal Dhamesha: Hi, thank you for the opportunity again. Just following up on the last participant's question about the cross-pollination that you mentioned on the linker and bioconjugation site, do we have a GMP certified facility where we can do it on a much bigger scale for a commercialized molecule or can NJ Bio handle the kind of volume at this point or are we going to put some CAPEX here?

Dr. Prasada Raju: For linker and bioconjugation, it has been upfront captured as a part of our acquisition of NJ Bio. Our aspiration is to create that CAPEX in US. Second, for making the payload, we already have invested sufficiently and based on the project progress and the business progress, we might extra invest on the payload where we have enough competencies from USFDA approved site. We can manufacture from 5 gram to 5 kilo to 50 kilos. That's a linear scale of competencies that are already available. So, as such, we don't seem to have any kind of a capacity constraint because we have clear plan of action to expand the capacities along with the business progress.

Kunal Dhamesha: And since there is no plan for capacity expansion as of now, does it mean that the capital expenditure over the next one year is expected to come down for us? And if yes, what is the outlook there, what are we kind of baking in at this point?

Dr. Prasada Raju: So, it's very early to comment Kunal, because this is a very exclusively expanding space. And if a customer comes in with a large volume product, we might have to commit. So, we wanted to be extremely flexible on the capacity expansion. For our few quarters of needs, we don't seem to have any challenge. And for commercially approved products, for example, we supply two payloads to existing approved products. There in the next 3 to 4 years, we don't seem to have any kind of a challenge. There we have enough and have created the capacity. For the new products, which we are getting into Phase-3 and which are getting into commercial, we have to keep calibrating and accordingly commit the CAPEX. It's very early for us to commit that we don't want to do anything on the ADC part of it. We want to be open-minded.

Kunal Dhamesha: Sure, sir. And just one more understanding on these latter projects that we are getting. How do you see these projects? Are these kind of supply chain de-risking at this point or more like a substitution of existing CDMO with Suven's antibodies or are you striving with the substitution? Obviously, there's geopolitical risk, but is it more like substitution or is it an additional source or de-risking the supply chain?

Dr. Prasada Raju: You yourself you have well answered, Kunal. I will only add one component which you have not covered, which is if a new acquisition happens by a large pharma to a small biotech company, it is not necessarily that they have to follow the same supply chain. They always look at their own supply chain as a large pharma and we come into a play. This is one more reason along with supply chain de-risking and along with creating alternative approved vendor sites. Combination of all these reasons, we are able to see the traction. Not just that, we also have changed gear and analyzing the pipeline and prospectively talking to the innovators saying that we have relevant expertise with us because we also have proven experience of handling more than 1000 products and more than 5,000 chemistries that we have handled on scale. That gives comfort to the customer that we can handle their requirements at a GMP scale. On top of it, we have experience of handling the projects at commercial scale, supplying consistently for the last two and a half decades from USFDA approved sites. All these things play an important role.

Kunal Dhamesha: Sure, sir. Thank you. One for Himanshu, on the increase in the depreciation and amortization this quarter, what is driving this and is this a sustainable run rate that we should look at?

Himanshu Agarwal: So, Kunal, I think the deprecation would also, as I mentioned, that there is a Rs. 400 crore of PPE which gets added by virtue of the acquisition. So, there is a growth CAPEX that comes in by virtue of the inorganic growth. There is an increase in deprecation on account of that Rs. 400 crore, which I believe is not being factored in from a normal organic CAPEX that we are adding.

Kunal Dhamesha: Basically, the PPE is coming, but revenue is not because of the last couple of weeks of consolidation. Is that the way I need to understand?

Sudhir Singh: Yes, because NJ Bio was earlier there. So, it's only 4-5 days, which is there. So, I think once the revenue comes in, then it will kind of flow in from that perspective.

Kunal Dhamesha: Sure. Thank you and all the best.

Himanshu Agarwal: Thank you, Kunal.

Moderator: Thank you. The next question is from the line of Nishant Vass from 360 One Asset Management. Please go ahead.

Nishant Vass: Hi, sir. Congratulations on the good numbers. So, just two questions. First on the ADC side, and I am obviously not asking you to talk about customers, but there has been obviously a paradigm shift change in terms of how FDA has approved one of the global customers, ADC, as a primary, let's say, primary method of going against some of the breast cancer issues. From an opportunity landscape, do you think this kind of, if this kind of progress is made on the technology standpoint, this can be a paradigm change in terms of potential addressable opportunity for some of customers which might or might not be, you might not have it, but from a therapy standpoint, that can be a big change? And if the success rate of these is more and much higher on camptothecin based payloads, please correct me if I am wrong, that you guys are one of the best in terms of doing S-Trione and SN-38. So, effectively with NJ and the specialized linker capabilities, shouldn't your success rate with customers potentially go in different phases, in different ADCs go up? And how are you seeing customers, new customer addition pipeline probably progressing in the next 12-24 months on this account?

Dr. Prasada Raju: Thank you, Nishant. I will address the first point, as you rightly mentioned, the latest two approvals have happened in the ADC space, where the approved products in camptothecin have become from 13 to 15. Both of them are related with camptothecin only. One is with one large pharma company, and second one is bit of a change on the monoclonal antibody side of it. The key lesson for us is camptothecin based products are actually moving well. And the product what we have been supplying to the innovator, that range is becoming a gold standard within the same therapy segment. That's the first key learning. Second, they're also carrying several clinical trials where we are already a qualified supplier for them. From an important point on the second element what you mentioned, when we compare last year same time to now, the extent of the camptothecin based from a topoisomerase standpoint, from a clinical stage, it has actually substantially increased from 25% to 30% to where the payload names are undisclosed, if you can remove that. In the rest, it is 40% of the current pipeline is with camptothecin based payloads, where we have a substantial advantage of abilities to manufacture the key fragment of both S-Trione and SN-38. Not just that, we have a capability of expanding to designer payloads. That's where we are able to onboard a couple of more customers as well. Combination of these two will certainly be of help to us.

The third element which you were trying to mention is, as you understand the overall space, earlier there used to be a lot of research on all three segments, on the payload, on the linker, and the monoclonal antibody and bioconjugation. But what is happening right now is that predominant research is happening on the linker and bioconjugation rather than having deeper expertise and deeper research on the payload. Payloads are more or less standardized. Currently upwards of 70% is constituted by tubulin inhibitors and topoisomerase. That's where NJ Bio plays an

important role where they have a solid 500 plus linker database with them. Abilities to do the bioconjugation and from this side, we have a gold standard camptothecin based designer payload capability. With all these factors, we strongly feel we will definitely be able to foster the growth with our existing customers and new customers as well.

Nishant Vass: Perfect, thanks a lot. And my second question is, obviously you seem to be getting strong commercial success in late stage and even Phase-3 commercial molecules. Some of your peers are not seeing the same success, at least on the commercial grade, when we can't have a conversation with others. Like what you touched upon in the previous question, but can you delve more into detail as to why is customer coming to you for a Phase-3 substitution vis-à-vis others, like what are you bringing to the table which is much more different than others who are not seeing the same thing come to them?

Dr. Prasada Raju: Well, I will add a few points then hand over it to Sudhir as well. First and foremost the thing is, as an organization, we have unique proven competency for the last two and a half decades of supplying these registered starting materials and key starting materials to the innovator companies from GMP capabilities, abilities to do the consistent scale up and supply. Our OTIFs have already been more than 98%-99% plus. And customers have actually seen our proven competencies. Number two, because we are present in the value chain of our abilities to supply these consistently on a commercial scale from Phase-3 to or Phase-1, 2, 3 to commercial along with the patent lifecycle, which is not the case with many of the companies that you must be referring to. They are at very early-stage discovery phase, but we have a proven competency of getting into clinical phase, travel all the way to the commercial phase. This is the second differentiation that we learned is actually helping us. Because of some of the latest acquisitions and our proven competency of demonstrating that chemistry on scale for more than 4,000 plus, that is also matching with our competencies and customer able to see that there is nothing called this company has to learn. It is just they have to reproduce what they have done. These are all the three major reasons which are helping us to have more successes on the lateral side of it. I will also request Sudhir to add, if at all I am missing something.

Sudhir Singh: I think Prasada, you have covered most of the things, but one thing I would like to add that when we took over this journey from the previous management and our strategy was very clear to go after the customers with a lateral approach. Of course, it takes time, it's time consuming. So, that strategy has paid off. We are seeing some fruits of that. Second also, our track record of delivery, as Prasada said, the type of chemistry we have done, really what you have done. So, the track record, the flexibility, and that's what everybody looks after that. How good you are in terms of solving problems and flexibility. And these things are paying off. I think we are still a long way to go, but I think our strategy of going after big pharma and going after our laterals, that strategy is showing the results.

Himanshu Agarwal: Nishant, we also wanted to share our excitement to you is the last year in full, because our changes have actually started reflecting only in H2 of last year. If the number is X in 9 months, we are almost at 3x level. So, you can imagine as Sudhir has rightly mentioned, what is the conscious effort that we are keeping to ensure that we secure more opportunities.

Nishant Vass: That's quite clear. Thanks, Dr. Prasada. Thanks, Sudhir. All the best.

Moderator: Thank you. The next question is from the line of Gagan Thareja from ASK Investment Managers. Please go ahead.

Gagan Thareja Thanks for taking the follow up. If I look at the balance sheet that you put in your presentation, Suven and Cohance pro forma, there's an entry, forward liability of Rs. 651 crore. Can you elaborate on that? And also, in the intangible assets of Rs. 745 crore, can you segregate out the goodwill?

Himanshu Agarwal: So, Gagan, the forward liability is on account of the liability to acquire the balance equity of both Sapala and NJ Bio. So, in the agreement that we have, we have the right to purchase Sapala. And as far as for NJ Bio, we have the right to call as well as for them write to put option. So, that's essentially that leads to a future liability that is there. The PPA, purchasing price allocation right now at this stage, it is still to be finalized. So, these are tentative numbers as yet because the law allows us to kind of finalize by the end of the year. However, from where it exists right now, there is, I mean these numbers may change, but I am still giving to you that there's around Rs. 550 crore of goodwill which is sitting there. And so that's how goodwill value is.

Gagan Thareja: On the forward liability, as in when you exercise your rights, what impact, I mean, how does the accounting treatment of that happen and how does it change your balance sheet? And what is the corresponding asset side entry of this one? I am sorry, I am unable to understand that. Can you explain that?

Himanshu Agarwal: Yes, if you want to do it on the call, I can try to give you that kind of perspective.

Dr. Prasada Raju: So, I have a suggestion. So, if you can maybe communicate back to him, it might be difficult for us to explain in detail.

Himanshu Agarwal: We will come back to you, Gagan. Maybe it is easier.

Dr. Prasada Raju: Gaganji if it is okay with you, we will come back with the specific narrative. That would be helpful to you.

Sudhir Singh: We will take it offline, Gagan. Thank you.

Gagan Thareja: Alright. Thank you.

Moderator: Thank you. We have the next question from the line of Karthi from Suryash Advisors, please go ahead.

Karthi: Doctor, a couple more of questions. One is, how do you see the specialty business shaping up? Have you seen sufficient recovery? I mean, I saw the numbers of course, but can you talk about what 2025 calendar looks like and some color would be helpful? I have one more question, but if you can answer this first.

Dr. Prasada Raju: Even last quarter also, we were actually mentioning this, Karthi. What we learned from our key partner is the recovery is better and the current quarter we see that much more stabilization is happening. Next year in full, we see that the growth is going to come back to us fully. On top of it, there are a couple of products which are in the pipeline and for our partner approval is taking little longer time. For one product, the approval also has come in that's what we learned. So, all in all, next year is going to be an accelerated growth for Ag Chem specialty chemical BU.

Karthi: Interesting. So, if that approval comes through, you would have five approved molecules, right, which are in commercial stage in the portfolio. Is that correct, doctor?

Dr. Prasada Raju: It is fourth.

Karthi: Fourth. I thought fifth. Sorry. The other, you know, if you had to hazard a guess, I don't want to use that word, whatever, if you had to visualize. When exactly could Sapala have a commercial molecule? Is there any kind of visibility at all? Because that would make it even more interesting.

Dr. Prasada Raju: So, this business, as Sudhir has rightly mentioned, it is going to take a little longer time because the products as such are at a very nascent stage. But full-scale commercialization, we need to have a GMP facility which we don't have it today. And we are actually making it ready by financial year, current calendar year itself, it will be fully up and running and we have some customer qualifications coming. Unless we have the GMP facility ready qualification happens, predominantly it's going to be a developmental sale. It is a midterm phenomenon if I have to say. However, there are a few opportunities which we have been working. We might end up supplying some of the very basic raw materials to them, yet it can be commercial. So, you should allow us for some time to come back with a specific answer. Otherwise, we are working on both. One, a basic chemical is supplied to somebody. Somebody makes the product. Finally, it goes to the innovator, you are still a commercial supplier. Number two, you become the GMP supplier. Second, takes a little longer time, which we feel it is a midterm phenomena. First should be a short term phenomena for us. That's how team is focused right now.

Karthi: Yes, that helps quite a bit, doctor. Thank you very, very much.

Moderator: Thank you. We have no further questions, ladies, and gentlemen. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Cyndrella Carvalho: Thank you, everyone, for joining. Thank you, Darwin. And we will see you on our next earnings call. Thanks a lot, everyone. Have a good night.

Moderator: Thank you. On behalf of Suven Pharmaceuticals Limited that concludes this conference. Thank you all for joining us. You may now disconnect your lines.