“RPG Life Sciences Limited

Q2 FY27 Results Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to RPG Life Sciences Q2 FY27 Results Conference Call hosted by Dolat Capital. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Candice. Thank you, and over to you, ma'am.

Candice Pereira: Thank you, Nazneen. Good evening, everyone. I, Candice Pereira on behalf of Dolat Capital, welcome you all to the Q2 FY27 Earnings Call of RPG Life Sciences Limited. I would like to thank the management for giving us this opportunity to host the call. Today, from the management team, we have with us Mr. Ashok Nair, Managing Director; and Mr. Amol Lone, CFO.

I will now hand over the call to the management for their opening remarks. Over to you, sir.

Ashok Nair: Thanks, Candice, and good afternoon, everyone, and thank you for joining us. It's a pleasure to connect with you again and take you through our performance for the second quarter and first half FY27. In fact, quarter 2 has been a quarter of milestones for RPG Life Sciences. For the first time, we crossed INR200 crores in quarterly revenue and INR50 crores in quarterly EBITDA. All 3 of our businesses grew.

And in parallel, we completed the most significant strategic step in the history of our API business with the creation of RPG Active Pharma and the acquisitions of Actis and Raghava. I'll take you through each of these today. But before we get into quarter 2 and H1 highlights, I want to give a brief company introduction for those joining us for the first time.

RPG Life Sciences has a legacy for more than 5 decades. From its origin as a joint venture between a global MNC and the RPG Group, the company has evolved into an integrated pharmaceutical company with 3 businesses: domestic formulations, international formulations, and active pharmaceutical ingredients.

In India, we reach over 100,000 doctors, including more than 36,000 specialists across nephrology, rheumatology, oncology, urology, cardiology, orthopedics, neuropsychiatry, and gastroenterology. Our portfolio includes 6 textbook brands that have been prescribed and taught in medical colleges for decades. Internationally, we supply to more than 50 countries.

Now if you see over the past few years, we have undertaken a structured transformation journey, sharpening our portfolio, strengthening our execution capabilities, and building a more disciplined and scalable operating model. The transformation is reflected not only in our financial performance, but also in the way we approach markets, engage with health care professionals, and improve productivity across the organization.

With the 2 acquisitions this quarter, our manufacturing footprint has expanded from 3 to 5 sites, 2 formulation facilities and 3 API facilities at Navi Mumbai, Visakhapatnam, and Kamareddy near Hyderabad, supported by integrated R&D. And over the last few years, we have undertaken a structured transformation, sharpening our portfolio, strengthening execution, and building a scalable operating model. The results of the work are now showing consistency quarter-over-quarter.

We have a professional team size of over 1,800 employees, providing us with the right set of talent, intent, and capability to further accelerate our growth trajectory. If I talk about the performance highlights, the revenue from operations for quarter 2 grew 16.5% to INR211.6 crores compared to INR181.7 crores in quarter 2 last year.

I want to emphasize One point. The growth is almost entirely organic. The acquired sites contributed only INR50 lakhs in quarter 2 as the transaction closed mid-year in September. The full revenue contribution will begin from quarter 3. We also delivered our first INR50 crores EBITDA quarter with our adjusted EBITDA, excluding onetime restructuring and API acquisition-linked costs of INR5.5 crores, we grew 15% to INR50.1 crores in quarter 2 versus INR43.6 crores last year.

Gross margins also expanded by 260 basis points despite multiple industry tailwinds and West Asia war impact. The margin expansion in a challenging external environment highlights the strength of our operation, procurement strategies, and execution discipline that has helped us mitigate this impact and grow our bottom line faster than our revenue growth.

For the first half, revenue grew 16.2% to INR407.3 crores, crossing the INR400 crores mark for a half year. H1 adjusted EBITDA grew 16.1% to INR97.9 crores with a margin at 24.0%. Our adjusted PBT before exceptions has also grown by 13.6% this year.

Now coming to domestic formulations, which contributes approximately 70% of our revenue, we grew 11.6% in quarter 2 to INR145.7 crores and 13% in H1 to INR278 crores, continuing our momentum of market-beating growth. This is the sixth straight quarter where we have delivered market-beating growth performance.

Now what gives me the most confidence is the quality of this growth. It's been driven by volumes, which reflect real prescription demand. Our volume growth in H1 was 6.8%, almost twice the market of 3.4%.

As per Pharmarack, September 2026 database RPG Life Sciences is now the fourth fastest-growing company in the Indian pharma market on a MAT basis. We achieved top 50 ranking during quarter 2, notably having advanced 12 ranks in a short period from rank 62 in March 2025 to rank 50 today.

Within our covered market, which is about INR49,600 crores in size and growing at 9.8% in H1, we are the fastest-growing company as per the Pharmarack latest database. Now growth has been broad-based with every key basket growing in double digits. In quarter 2, MAB grew at 24%, nephrology and rheumatology grew at 23%, cardio grew at 18%, and the immunosuppressants grew at 13%.

Importantly, each of these baskets is growing faster than it did last year, which indicates acceleration and not merely contribution. Digitalization has stabilized. Our medical marketing programs are delivering high returns, and our sales force effectiveness and digital interventions are visibly improving field productivity with our PCPM increasing from INR6.5 lakhs to INR7.17 lakhs this year.

Our leading brand in the pain management category, Naprosyn, continues to deliver strong performance. A key milestone this quarter is that Naprosyn has crossed INR100 crores in secondary sales on a MAT basis, making it 1 of the fastest-growing large brands in India. H1 primary sales was INR47.9 crores, up 13.6%, and we are on track to cross INR100 crores in primary sales internally, too.

And we are investing to make this growth durable through Ortho Ignite programs. We have engaged over 300 orthopedic surgeons in the CMEs this year. We also are carrying out Naprosyn master programs where we have engaged more than 550 young orthopedic surgeons, and we are in the process of building relationships swith tomorrow's prescribers today. We have also added over 4,000 orthopedic surgeons to our master doctor list to reinforce our ortho and pain range.

Our new launches for our philosophy has been simple, large products with complete focus on making them succeed. The 12 brands we launched in FY26 delivered INR12.4 crores in H1, nearly double the INR6.3 crores in H1 last year. And quarter 2 sales from these launches were up 15% year-on-year.

Brands such as Preservz and Arpicet are building into meaningful franchises. At the same time, we have improved the quality of sales, reduced returns, and rationalized trade discounts. We also revitalized legacy brands like Norpace and Serenace. Norpace in particular grew 40% in H1, and we are scaling up awareness through CMEs, journal publications, and targeted campaigns.

In FY27, we also made 3 strategic launches. Naprosyn ES is India's first naproxen esomeprazole combination; Critipenem, which extends our orthopedic franchise into anti-infectives, and Flowaxis marks our entry into medical devices, building our nephrology credibility. In October, we also entered the GLP-1 space with the launch of semaglutide injections across our nephrology and cardiology divisions.

Our focus remains on building depth with therapies to sustain our growth trajectory. We have strengthened our operating disciplines through a set of focused initiatives designed in to improve the field effectiveness. And by integrating digital tools, iPads, and automation into our workflows, we are enabling our medical representatives to make better use of their time, and we are already seeing enhanced productivity in the field.

Our proprietary doctor engagement, RPGserv, continues to play a central role in strengthening our digital engagement with doctors. We are currently enhancing the platform further with more intelligent and personal capabilities, including AI-led content delivery and sharper segmentation.

This helps us move from a 1-size-fits-all approach to more contextual engagement with our doctors. Going forward, RPGserv will continue to play a big role in deepening and customizing our reach and engagement. Coming to API from acquisitions to value creation, our API business delivered an exceptional quarter, growing at 85.5% to INR27.5 crores in quarter 2. H1 revenue grew 57.1% to INR54.1 crores. This is entirely organic and was delivered while the team was simultaneously executing 2 acquisitions, which reflects the strength of our core Navi Mumbai business.

On the strategic front, we moved with speed and discipline. On 29 July, we announced the transfer of our API business to RPG Active Pharma, the investment by InvAscent, and the acquisition of Actis. The subsidiarization became effective on 14 August. We announced the Raghava acquisition on 2 September and subsequently effected both the acquisitions in end September. The scale we have built is significant.

The expanded network has 5x the manufacturing capacity, 4x the reactors, 3x the product and pipeline molecules, and twice the customers and employees. With the transaction completed, our focus is anchored firmly on value creation where our priorities include improving asset utilization, accelerating customer acquisition and exports, strengthening the product pipeline, and delivering procurement process and cost synergies.

We remain committed to our ambition of delivering 25% plus CAGR in the API business over the next 5 years through a combination of organic growth and disciplined acquisitions and prudent valuation. In a short period, we have transformed a stand-alone API business into a significantly larger, multi-site backward integrated organization with further committed capital available for organic and inorganic growth.

Every acquisition we look for API will be with the lens of being a building block in 1 integrated company focused on deep capabilities, capacity, chemistry, product portfolio, approvals, and customers. We will also look to incorporate U.S. FDA approvals and, therefore, access to the U.S. market as part of the larger strategy.

It's also important to note that the strong API business is complementary to our formulation business and will make it even stronger. The API carve-out increases its management bandwidth for the formulation engine as RPG Active Pharma has a separate dedicated management team. Therefore, focus deepens on both verticals, and we expect better overall performance of both.

Coming to international formulations, international formulation is back on a growth path with revenue up 6.4% in quarter 2 to INR36.7 crores and 7% in H1 to INR71.7 crores. Our core franchises continue to perform well, while the key brands like sodium valproate growing 38% in South Africa and 17% in Australia. We are also deepening channel engagement, including a dedicated channel partner program in Myanmar to mark 25 years of Siloxogene in the market. We stepped up our customer outreach significantly.

At CPHI this year, we met 162 customers and held more than 75 discussions with potential partners with strong interest from the Balkans, Middle East. We are winning tenders with recent wins in LatAm, Ethiopia, and other markets. We expect to add about INR10 crores of revenue

from FY29 from Chile and Ethiopia. We also completed our first CDMO project on time, which is expected to add about INR8 crores from FY29 in the U.K., and CDMO inquiries will continue to grow for us. To sustain this momentum, we are accelerating R&D and building the portfolio.

We have built a data-led R&D road map targeting about INR25 crores by FY30. Our expanded API portfolio gives IF forward integration advantages on this new molecules. We have also added depth to the team with 2 senior hires who bring strong international marketing expertise. Together, these steps give international formulations a clear and sustainable growth runway. So on building a future-ready organization, our 3 businesses are our growth engines, but a large business needs stronger foundations.

So over the last few quarters, we have focused on strengthening our business support functions in line with our growth ambitions as we scale. In digital, 100% of medical representatives are now active on Salesforce with iPad-based detailing, translating into better field outcomes, and our RPGserv platform continuing to deepen doctor engagement through scientific content, patient education, and personalized services.

Market intelligence reports are now produced 75% faster at no additional cost. We have invested ahead of the curve in sales force effectiveness, deploying multiple AI-enabled dashboards to strengthen campaign monitoring, commercial analytics, and data-led decision-making. And our internal medical representative app, RXR, has also been upgraded to RXR 3.0 with enhanced sales force capabilities for customer tracking and engagement analytics.

These interventions are not only helping representatives save time but also enabling more targeted customer outreach and improving field productivity. IT upgradation projects across both corporate operations and plant modernizations are underway. In finance, we are moving to paperless workflows.

On talent and HR, we have hired critical leaders with deep sector expertise, including a dedicated CEO for RPG Active Pharma, redesigned HR roles across sites, and put in place detailed succession plans with a strong middle management layer. In training, we have introduced industry-first curricular AI-led customized training for medical reps based on the identified skill gaps.

On ESG, our sustainability framework is on track for completion by December '26. Our FY26 BRSR and GRI reports are published, Scope 1 and 2 assessments are complete, and Scope 3 analysis will be completed in quarter 3.

Coming to our financial round up. To sum up the financials, quarter 2 delivered 16.5% revenue growth and 15% adjusted EBITDA growth with gross margin expanding 260 basis points despite the impact of the West Asia conflict on input costs. We mitigated this proactively through price increases, product mix, and securing strategic inventory. PBT before exceptional items grew 11.3% to INR42.5 crores in quarter 2 and 13.6% to INR83.7 crores in H1. Reported PBT reflects 2 one-off items.

Last year included an INR11.2 crores gain from the fire insurance recovery, while this quarter includes INR5.5 crores of onetime restructuring and acquisition-related costs such as fees and

etcetera. So closing, as we look ahead, our priorities are clear. In domestic formulations, we aim to grow faster than the market, retain our top 50 position, and scale our new launches, including semaglutide.

In API, we'll integrate both plants carefully, focus on value creation pillars, and align our R&D infrastructure with the expanded pipeline. In international formulations, we'll deliver our FY27 plan while protecting margins, close partnership discussions, and onboard for the CDMO projects. So our approach remains one of discipline, cautious optimism, delivering today's commitment while investing in tomorrow's growth.

We now have a market-beating formulation business, a substantially large and well-capitalized API business, and a stronger organization to support growth. I'm confident that this positions RPG Life Sciences well for sustained and profitable growth.

Thank you for your continued patient support. Now we'll be happy to take the questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ranjeet Verma from Sameeksha Capital.

Ranjeet Verma: So I have 2 questions. First, for the acquired API entity, would you please quantify the contribution of the revenue and EBITDA for FY27? And the second, the cash flow generation was relatively weak in H2, primarily due to high working capital. So how do we look at the working capital days or the cash conversion cycle on a steady-state basis going forward?

Amol Lone: So on the revenue and EBITDA front, EBITDA is, like we said in earlier calls also, it will be in mid-20s, similar in line with our existing business of API. And from the top line, we'll -- it's H2 that we are now setting up the business and all acquisition-related integration things. So the top line will be directionally in the range of INR25 crores to INR30 crores for the H2.

Ashok Nair: To add to Amol, you said what is going to happen to our acquired assets. So our -- actually, the billing will come in from quarter 3 for both the sites. And we registered an INR50 lakh sales in quarter 2 from Actis.

Ranjeet Verma: Okay. On a cash flow generation?

Ashok Nair: So cash flow generation, it's too early because it's an integration right now is happening. So probably there will be -- we're expecting some capex as well. So we'll come back on this point as we conclude Q3 and Q4 once the operations stabilize and then the operations normalize at the acquired properties.

Moderator: Next question is from the line of Mohammed Patel from Edelweiss Public Alternatives.

Mohammed Patel: I have a couple of questions. First one is what led to the gross profit margin expansion on a Y-o-Y basis?

Ashok Nair: Gross profit margin, we had an increase of 260 basis points in spite of the West Asia crisis and the headwinds we had. So we had a strong focus on this, and we increased it by 260 basis points.

Mohammed Patel: I just wanted to understand what led to this improvement?

Amol Lone: So yes. So there are multiple things like we also have -- so though 2.6%, it looks positive, we also had a hit from the West Asia war front. However, we were ready like we are completely disclosing and transparent in earlier calls. We were taking a lot of efforts in price increases, passing the cost to our customers. Then internally, we have some initiatives at a company level where cost-saving initiatives we are driving.

So all this together, product mix, these 3, 4 initiatives, we ended up having a little impact on our -- I mean, we could control the impact on West Asia. Slightly also, there was an upside on the FX on the dollar front. So that also helped us in controlling the loss and as well as contributing positively on a year-on-year gross profit.

Ashok Nair: Yes. So besides that, we also built our strategic inventory that was planned, and we improved our product mix further to what Amol said. So that led to overall improvement in what we did.

Mohammed Patel: This product mix improvement has happened in which of the businesses?

Amol Lone: So it's multiple. Like largely, it's not only 1 particular division or segment. But then we have largely looked at all our 3 segments. I mean, be it as an international formulations, API, domestic formulations, where limited scope we have. There are also other initiatives internally we drive like converting customers from CIF to ex-works or something like that. So all these initiatives are quite aggressively being driven internally at an organization, and that's the reason we could see the good gross margin in quarter 2.

Mohammed Patel: Okay. My next question is employee benefit expenses have also grown higher than revenue. So what is the reason for the same? And do we expect this higher rate to continue?

Amol Lone: See, employee -- so there are 2 things that at an organizational level, we have done. So we have -- one is that there is a mix of the contractual labor converting into fixed employees. So there is some benefit there that we see in the contract labor. Having said that, last year, with some pressure on the margin and all, in quarters 3 and 4, we had a headcount freeze.

And all the headcount and all we did in this year and then all market-related development, medical rep increase, all those field force that we have got up. So for the incremental revenue, whatever we are targeting, so we require the field force that we are driving through this.

Mohammed Patel: This is FY27 specific investments that we are doing, then next year, we should expect some normalization?

Amol Lone: Yes. This will be now at this level, and this will be a normal level.

Ashok Nair: So this headcounts has been normalized. Whatever we did was for the H1 and the quarter 1. And going forward, almost all the talent and the hirings have been taken place. In fact, now, we'll really start seeing their output in the next H2.

Mohammed Patel: Okay. And also other expenses, if I exclude the one-off INR5.5 crores, that has also grown much faster as compared to revenue. So if you can highlight the reason for that as well?

Amol Lone: There's only 1 major reason is, again, Asia war. There's a freight component that gets reported into that, so which is...

So I mean, the import freight -- sorry, the export freight and the domestic freight that has been contributed in that line. So if you see the difference is around INR7-odd crores. Out of that INR5.5 crores is about the strategic initiatives and the rest is largely around the freight and all.

Mohammed Patel: Okay. So again, this will also be getting normalized starting maybe H2?

Amol Lone: See it depends on, again, Asia war. This all increase is coming as -- from the freight forwarders and the domestic supply chain. If it normalizes, it's directly linked to the petrol prices, diesel prices, and the crude prices. So it depends totally on the Asia war scenario.

Mohammed Patel: Okay. My next question is domestic formulation business growth. I think Q4 and Q1, we grew 18% and 15%. And this quarter, we see a reduction in growth to 12%. So what is the reason for the reduction in growth?

Ashok Nair: Okay. So, first of all, our DF is a long-term transformational story for us and it's very important as it contributes 70% of our business. Now if you look the difference between -- if you already know that there's almost a 10% difference in the recorded sales price to retailer, the price to stock is. However, for us, 2 important things happened. One was our inventory days have come down from 42 to 38 days.

We wanted to strengthen the business, make it more hygienic, and ensure that the prescriptions are larger rather than the primary stock. So we had almost a 4 days inventory reduction there. Second, one of our key third-party manufacturers, we almost had supply challenges because he had issues because of the West Asia crisis. But however -- and there were some issues in registration of some products. However, I'm happy to say that all those things have been cleared in October.

In fact, we almost recovered some of the sales which we lost in September due to the supply challenges which we faced. So if you look without that impact, our DF would have been actually at 15.2% growth. And our outlook for quarter 3 remains positive for DF. In fact, it will continue to get back to the growth which we were getting.

Mohammed Patel: Okay. My next question was related to this. So we continue to aspire for 1.5x the market growth going forward?

Ashok Nair: Yes, absolutely. That is very clear that even if you see the 11.5% or 13%, which grew is also 1.5x, 1.2x. So yes, so our thing will continue. And as I said, with these 2 challenges resolved for us, we will be above 1.5x in the coming quarters also -- coming quarters and continuously.

Mohammed Patel: So what will be the major driver for this outperformance 2, 3?

Ashok Nair: For domestic?

Mohammed Patel: Domestic outperformance versus the market, which will be the 2, 3 major growth drivers?

Ashok Nair: So we have launched -- so as we mentioned that our new launches, whatever we did last year continue to be successful. We are almost going 50% by this. We have also launched 3 new molecules, Naprosyn ES for the first time, which already we have clocked INR3 crores now. We have launched Critipenem, which again is a very severe for bone infection. And the third is our Flowaxis, a medical device, which supplements our nephrology transplant business.

The other thing is the divisionalization, which we did has reduced the portfolio clutter. And in fact, our cardiology, the new division which we created has grown by 18%. And if you see 1 of the reasons why Naprosyn has become INR100 crores is because we decluttered the whole business and we divided the business into primary care and specialty care, primary care focusing on general medicine and bone health and pain and specialty care focusing on nephrology, rheumatology, cardiology, and urology.

So this clear strategy itself decluttering and ensuring clear focus in each and every specialty is the one which will actually drive the business besides the new molecules. And also our medico-marketing activities, which we recently started has actually been one of the leading things which we do.

So if you see our Naprosyn flagship brand cross INR100 crores in the second line is growing at about 14%. MAPs are growing at 24%. So this is more to do the quarter 3 and the quarter 4 will actually have very robust growth considering what we are doing.

Mohammed Patel: Okay. My next question is related to international formulation business. So it has been after recovery, it has been growing at single digit for the last 2 quarters. Do we expect to go to double-digit growth rates in the next year? And what will drive that?

Ashok Nair: So in fact, our recent interventions which we did in international formulations with building up a new team with our own participation in exhibition and CPHI, we have now making foray into 13 new markets. We have tied up with 3 R&D players in this country to buy out MAs and dossiers. In fact, the double-digit growth will happen from H2 itself.

So I don't think the next year will be far better. So the H2 looks far better. Our order pipeline looks far better. And many of our tenders, which was opening, we have won already 2 tenders. So the second quarter -- third quarter, we have H2 will actually have the double-digit growth.

Our CDMO projects, we completed in time. So we are getting another 3 products to develop for them. CPHI Milan, as I mentioned, we almost met 160 customers. We added talent. So if will look right from H1 itself in a double-digit growth -- H2.

Mohammed Patel: Okay. Any update on Naprosyn Canada?

Ashok Nair: Yes. Good you asked the question. In fact, we just got an approval a week before the audit social audit approval got cleared. And by December mid, we'll be able to start supplying.

Mohammed Patel: And this will be a key aspect to the growth going forward?

Ashok Nair: It will be a key aspect to -- there are 2 things in this. First is this will be our first product, which will be OTC in the global space. Second, it is the only second product in Canada where the originator is there and we are there. So we believe that at least to start of 25% to 30% of market share to come to us. And going forward, this has got a lot of potential because one of -- Naprosyn globally is considered one of the best non-steroid anti-inflammatory drug. In fact, we are very excited about this prospect. And shipment will, as I said, shipment will start in December itself.

Mohammed Patel: Okay. I have some questions for API business now. So the API business, I think starting next quarter, I think the base effect will go away. So at the current base of INR30 crores, INR35 crores, what should be the growth for the organic API business on a medium-term basis?

Ashok Nair: Organic API will continue to grow in double-digit growth with what we were growing earlier. In fact, that is something it will considering again here with some of the new products which we have got into foray and some new markets have come. In fact, we'll be growing better than earlier times in this -- organically. And whatever we add inorganically is surplus and an upside for us.

Mohammed Patel: Okay. I have one question related to the...

Ashok Nair: Just before that, on the revenue front, you see our CAGR growth over the next 3 to 5 years, including both organic and inorganic should be at least 30% for us, which means our API business should at least be at INR300 crores to INR350 crores by FY30 and INR500 crores by FY32, subject to further acquisitions as well. And for now, we have a very strong order book for Actis and ramp-up for Raghava plant has started.

Mohammed Patel: Okay. My next question was related to that. So now the acquisition has been into RPG system. So anything that changes from the last call that we had regarding the outlook for Actis or Raghava?

Ashok Nair: So nothing changes from the last call to this call. The only thing that changes is the order pipeline has become stronger than we thought.

Moderator: Next question is from the line of Rajas Joshi from ChrysCapital.

Rajas Joshi: I had a question regarding our domestic formulations business. I mean there's been -- I think I believe there's been a discrepancy with regards to the numbers -- growth numbers that we see on Pharmarack versus the numbers that are actually reported by us. I mean could you please explain, I mean, if at all, this discrepancy is there and some of the reasons for this discrepancy that exist?

Ashok Nair: So -- I actually answered this question before to the other gentleman who asked. But however, I'll just answer, and I'm sure that you are aware that any pharma market database reports sales at PTR level, and that is the price of what is sold to the chemist.

But however, in our case, we had to bring more strong hygiene in the business and bringing robustness in business, we by design have reduced the inventory days from 42 days to 37 days, 38 days. That itself is around an INR5.5 crores impact. The second thing I said, one of our key third-party manufacturers who supplies for us the key products underwent 2 structural changes.

One, of course, because of the West Asia crisis, and there were some U.S. FDA auditing there. So the supplies became a challenge. However, happy to say that we have already got that cleared and in October, the supplies have started. And this onetime inventory correction has actually helped us for us to have a strong, stable, and sustainable business.

And our secondary business is a clear reflection that the increase -- if you see the volume growth of 6.8% itself is a clear indication that there's an increased prescription and there's an increased secondary sales. So all markets are growing, if you see, and we are investing ahead in our medical marketing and taking measures to see the growth rates continues to grow.

And over the last 6 quarters, you must have seen that we are continuously out market the thing. So we would be at 15% primary growth -- and we'll almost recover the INR5 crores to INR5.5 crores from the supply challenges which we faced in this quarter.

Rajas Joshi: Second question again would be on the domestic piece itself. I think some of the -- I mean, there's been a lot of talk and chatter about the they didn't -- rationalization in terms of distribution margins for some of our key products, especially with the Supreme Court case also going on. Just wanted to check if there will be any impact on our pricing/margins if at all some of these stringent rules have to come into enforcement.

Ashok Nair: Yes. So before that, first of all, we welcome the government's move because making cancer treatment more affordable to patients and thereby access increases and widen. So see, I'm sure you must be seeing what happened in 2017. So our selling price does not change, okay? The rationalization caps trade margins and the markups added further down the chain.

So mainly at the hospital level, where some drugs were sold above the procurement cost. And the government has come hard on that and has rightly intervened. So the MRP comes down. So for us, there is not much difference, not only for us for any organization for which it is, but the MRP will come down, but the price at which we sell to our distributors stays broadly the same. So there's no material impact on our sales and margins.

In fact, I believe that over time, it will actually help us because better affordability should bring more patients into treatment, which will support volumes across our oncology and specialty portfolios. And even if you see the 2017 instance, the last 5 years, actually, the oncology business has grown, the patients have widened, and care has become more approachable.

Moderator: Next question is from the line of Mohammed Patel from Edelweiss Public Alternatives.

Mohammed Patel: I have one follow-up question. We used to do 24.5% margin in FY25. So what are the steps we are doing to reach those levels? And by when can we expect the same to reflect in the numbers going forward?

Amol Lone: See, our primary focus is also on the growth. And when we are doing a lot of activities towards the growth of the business, I think we probably will have to compromise a little bit on the bottom line because when we are getting into the new segment of the competitors, and there are expenses and there are things which we'll have to do. So of course, 25% at FY25 level is the aspiration, but we'll take all of the efforts to be near to or above that level.

Ashok Nair: So we are at 24% EBITDA margin in H1. So we are not very far off, okay? And we are strategically investing into our future growth. There's a team and an operational ramp as we require and grow as well. So we are aspiring towards that, and we should reach that.

Mohammed Patel: And any change in the capex for this year or next year?

Amol Lone: There is no change in the capex that we already have planned, except those which will be coming for the acquired assets, if anything is to come, which we have already anticipated, but not major to indicate.

Mohammed Patel: So we expect 7%, 8% of sales of capex?

Amol Lone: capex, sorry.

Mohammed Patel: No, we expect the capex to be 7% to 8% of sales?

Amol Lone: Yes, yes, below that, correct.

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

Ashok Nair: So thank you very much, and thank you for being here. We hope we have addressed all the questions and queries which you had. Looking forward to meet you next time. Thank you.

Amol Lone: Thank you.

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