List of Management Attendees

1. *Mr. Shyam S. Bhartia, Chairman*
2. *Mr. Hari S. Bhartia, Co-Chairman and Managing Director*
3. *Mr. Arvind Chokhany, Group Chief Financial Officer & Whole-time Director*
4. *Mr. Pramod Yadav, CEO, Jubilant Pharma Limited*
5. *Mr. Giuliano Perfetti, CEO & Managing Director, Jubilant Biosys Limited*
6. *Mr. Syed Kazmi, CEO, Jubilant Therapeutics*
7. *Mr. Arun Sharma, Chief Financial Officer*
8. *Mr. Vineet V Mayer, Investor Relations, Jubilant Pharmova Limited*

External Participants during Q&A session

1. *Amit Goela - Rare Enterprises*
2. *Rahul Veera - Abakkus Asset Manager*
3. *Nikhil Mathur - HDFC Mutual Fund*
4. *Vinay Jain – Karma Capital*
5. *Tushar Manudhane – Motilal Oswal Financial Services*

Jubilant Pharmova Limited
Q1 FY23 Earnings Conference Call
August 02, 2022

Moderator: Ladies and gentlemen, good day and welcome to Jubilant Pharmova Limited Q1 FY '23 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vineet Mayer, Head-Investor Relations. Thank you, and over to you Mr. Mayer.

Vineet Mayer: Thank you, Tanvi. Good evening, everyone. Thank you for being with us on our Q1 FY '23 earnings conference call. I would like to remind you that some of the statements made on the call today could be forward looking in nature and a detailed disclaimer in this regard has been included in the press release that has been shared on our website.

On the call today, we have Mr. Shyam Bhartia, Chairman; Mr. Hari Bhartia, Co-Chairman and Managing Director; Mr. Arvind Chokhany, Group CFO; Mr. Pramod Yadav, CEO, Jubilant Pharma; Mr. Giuliano Perfetti, CEO, Jubilant Biosys; Mr. Syed Kazmi, CEO, Jubilant Therapeutics; and Mr. Arun

Sharma, CFO Jubilant Pharmova. I now invite Mr. Shyam Bhartia to share his comments.

Shyam Bhartia: Good evening everyone. I hope you and your family are safe and healthy.

During the quarter, the Company reported YoY improvement in sales in Specialty Pharmaceuticals and CRDMO, which was offset by CDMO Sterile Injectables and Generics segments

In Specialty Pharmaceuticals, the Radiopharmaceuticals segment reported higher sales and profitability on account of recovery from COVID-19 impact, while Radiopharmacies business witnessed higher sales on account of recovery from pandemic and launch of new products. Our Allergy Business continues to perform strongly and witnessed healthy growth YoY. In the CDMO sterile injectables segment, revenue stood lower YoY as in Q1'FY22 the business realized higher revenue from COVID-19 related contracts as compared to this quarter. Generics segment's performance was impacted by pricing pressure in the US market and Import Alert related challenges which resulted in lower performance as compared to Q1'FY22.

In CRDMO, while our Drug Discovery Services segment continued to report robust growth led by higher volumes and stable pricing, the CDMO-API segment reported lower revenue as the Nanjangud plant is undergoing asset replacement and plant upgradation, which contributed to lower volumes.

In the Proprietary Novel Drugs business, Phase I/II trials is underway for our lead program – Dual LSD1/HDAC6 inhibitor. 2nd program (Brain penetrant PRMT5 inhibitor) IND filing was done in Q2 FY23 and we have now received FDA clearance for the IND.

I am glad to share that the API demerger has become effective with April 1, 2022 as the appointed date. This demerger will enable us to create synergies between CRO & CDMO businesses and will help in supporting our customers for their needs from early stage of research to commercialization of active ingredients, thereby providing competitive edge to this business.

I would like to inform that for better understanding of performance and outlook of our various businesses, the Company has reorganized the reporting segments from Q1'FY23 onwards and the details will be covered by Pramod and Giuliano in their parts on this call.

With this, I hand over to Pramod to discuss the Pharma business.

Pramod Yadav: Thank you, Mr. Bhartia. A very good evening to all of you. I would like to mention that as part of our segment reorganisation done in this quarter, our Pharmaceuticals operations are split into Specialty Pharmaceuticals comprising Radiopharma and Allergy Immunotherapy segments, into CDMO Sterile Injectables segment that was previously named CMO and into Generics segment.

Along with the re-segmentation, from this quarter onwards, we have started providing revenue and EBITDA details of various business lines to provide more insight to investors on performance of our various businesses. Would like to highlight due to seasonality and other factors, performance of a business can vary quarter on quarter and hence we believe annual performance tracking can be a better indicator of performance of a particular business.

With this I will share performance of our various businesses in first quarter of financial year 2023. Q1'FY23, revenue from Specialty

pharmaceuticals was at Rs 722 Crore versus Rs 632 Crore in Q1'FY22. EBITDA was at Rs 117 Crs vs. Rs 75 Crs in Q1'FY22 with a margin of 16.2% vs. 11.9% in Q1'FY22

Radiopharmaceuticals business witnessed improvement in sales driven by recovery from easing of COVID-19 pandemic. Sequentially sales lower due to some customer order scheduling in previous quarter
Ruby-Fill installations shows encouraging trend, sales increased both on a YoY and sequential basis in Q1'FY23. Radiopharmacies business witnessed growth YoY and sequentially due to higher volumes led by continued increase in market share of existing products as well as launch of new products. Turnaround plan is working well reflected by higher volumes and better operational efficiencies.

Allergy Immunotherapy reported healthy revenue growth YoY. Business continues to operate at volumes higher than pre-COVID levels. CDMO Sterile Injectables' revenue at Rs 263 Crore vs. Rs 373 Crore in Q1'FY22 and EBITDA at Rs 132 Crore vs. Rs 216 Crore in Q1'FY22.

Revenue and profitability lower vs. Q1'FY22 as business witnessed higher COVID related business during the previous quarter. In Q1'FY23, we witnessed COVID related deals of Rs 70 Crs vs. Rs 220 Crs in Q1'FY22. Sequentially revenue lower due to shutdown in Q4'FY22 and some stabilization issues in Q1'FY23 that led to lower volumes during the quarter.

Generics revenue at Rs 178 Crore vs. Rs 432 Crore in Q1'FY22. Revenue and profitability was lower in Q1'FY22 Pricing pressure in the US market. During the quarter the business witnessed sharp fall in sartan prices that impacted performance. Lower volumes due to import alert at Roorkee plant. Lower Remdesivir sales due to fewer hospitalisations also impacted

performance of this business. In Q1'FY23, we witnessed nil sales of Remdesivir vs Rs 133 Crore in Q1'FY22 and Rs 4 Crore in Q4'FY22.

In July 2022, the USFDA announced removal of Olanzapine, Spironolactone, and Valsartan from the list of excepted products w.r.t the Roorkee Import Alert post its review of the product supply situation and company's compliance status.

US FDA has recently completed audit of the Roorkee facility and has issued six observations. Company will submit action plan on same and will engage with US FDA

Happy to inform you that Health Canada inspected our Roorkee site in early June and awarded "Compliance" rating.

With this, I hand over to Giuliano to provide insight into contract research, development, and manufacturing organization business.

Giuliano Perfetti: Thank you, Pramod. I would like to mention that pursuant to the completion of the demerger of the API business, we have clubbed our Drug Discovery Services, earlier called as Contract Research and Development Services, and CDMO-API business, which was earlier called as API into a single segment called Contract Research Development and Manufacturing Organisation (CRDMO)

The CRDMO segment reported sales of Rs 280 Crs vs. Rs 193 Crs during Q1'FY22. EBITDA of this segment was at Rs 46 Crs vs. Rs 53 Crs in Q1 last year.

Drug Discovery Services revenue at 118 Crs vs. 88 Crs in Q1'FY22 as robust volume growth drove YoY revenue increase. Higher demand from Biotech companies for integrated services, functional chemistry and DMPK, Discovery Biology and Clinical trial data management support through Trial Stat, Canada.

Volumes increase during the quarter was supported by the Greater Noida facility that was commissioned in Sep 2021. Sequentially revenue lower in-line with historical trends of Q4 being a stronger quarter. Strong capex plan underway in view of robust demand conditions in this business.

CDMO – API business' revenue was at Rs 162 Crs vs. Rs 105 Crs in Q1'FY22 due to higher volumes. Sequentially revenue was lower as there was a shutdown in one of the plants at the facility as part of the ongoing asset replacement programs for plant upgradation and capacity expansion

With this, I now hand over to Syed to discuss the Proprietary Novel Drugs pipeline.

Syed Kazmi: Thank you, Giuliano. Good evening, everyone. • In our proprietary novel drugs business, we are focused on developing potential first in class and best in class precision therapies in oncology and auto-immune space. The company uses Jubilant's proven discovery engine with structure-based drug discovery expertise and a track record of partnerships.

Phase I/II trial is ongoing for JBI-802, a dual LSD1/HDAC6 inhibitor, for patients in advanced solid tumors with the primary objective to identify the recommended Phase II dose and to evaluate the safety and anti-tumor activity of JBI-802. Target indications include subsets of small cell lung cancer and neuroendocrine prostate cancer with specific genetic signatures. We expect initial clinical data from first 3-4 cohorts by end of the year and the completion of dose escalation part of the trial early next year.

We are also in the process of IND filing with FDA for the 2nd program in our pipeline - oral brain penetrant inhibitor of PRMT5, JBI 778. This

program is initially focused on high unmet needs in brain cancer, including glioblastoma and brain metastases.

I would like to mention that Jubilant Therapeutics has received FDA Clearance of IND for JBI-778, an Oral, Brain Penetrant and Selective PRMT5 Inhibitor, for Treatment of Solid Tumors with Brain Metastases and Primary Brain Tumors

Blueprint Medicines has initiated the Phase 1/2 trial of BLU-451 (covered under our out licensing agreement) in patients with EGFR-driven NSCLC harboring exon 20 insertion mutations. This led to a milestone payment from Blueprint to Jubilant Therapeutics with potential for additional milestone triggers as the program progresses through clinical development.

We presented emerging preclinical data at two major international oncology conferences –American Association of Cancer Research New Orleans (April) and American Society of Clinical Oncology Chicago in (May). Jubilant Therapeutics was also selected by BIO International Convention in San Diego to chair and moderate a scientific/panel session on epigenetics therapeutics in cancer with subject matter experts from Pfizer, Dana Farber Cancer Center and Lumanity.

Jubilant Therapeutics is now a clinical stage biotech with higher value creation opportunities driven by emerging data from first-in-human studies and additional IND filings.

With this, I hand over to Arun to discuss the financials. Thank you.

Arun Sharma: Thank you, Syed. A very good evening and I thank everyone for taking out time and joining us on our quarterly Earnings Conference Call. I would like to highlight the Company's financial performance for the Q1 FY23.

Jubilant Pharmova's revenue stood at Rs 1,452 Crore versus Rs 1,635 Crore in Q1'FY22 and Rs 1,528 Crore in Q4'FY22. Specialty pharmaceuticals revenue was at Rs 722 Crore as compared to Rs 632 Crore in Q1'FY22. CDMO Sterile Injectables revenue was at Rs 263 Crore vs. Rs 373 Crore and Generics segment reported revenue of Rs 178 Crore vs. Rs 432 Crore.

The CRDMO segment witnessed strong growth with revenue at Rs 280 Crore as against Rs 193 Crore in Q1'FY22. Reported EBITDA during the quarter was at Rs 204 Crore as compared with Rs 379 Crore in Q1'FY22 and Rs 244 Crore in Q4'FY22 with margin at 14.0% vs. 23.2% in Q1'FY22 and 16% in Q4'FY22.

Depreciation & Amortization expense during the quarter was at Rs 95 Crore vs. Rs 88 Crore in Q1'FY22. Finance costs at Rs 40 Crore vs. Rs 35 Crore in Q1'FY22.

PAT was at Rs 47 Crore as compared with Rs 160 Crore in Q1'FY22 and Rs 59 Crore in Q4'FY22. EPS was at Rs 2.96 versus Rs 10.1 in Q1'FY22 and Rs 3.74 in Q4'FY22.

Net Debt (on a constant currency basis) on June 30, 2022 was at Rs 1,951 Crore vs. Rs 1,954 Crore as on June 30, 2021. Average blended interest rate for Q1'FY23 at 4.84% from 4.56% in FY22. Capital expenditure, excluding R&D capitalization, was at Rs 98 Crore for the quarter. We expect to incur capex of around Rs 700-750 Crore in FY23 primarily towards expansion in CMO business and enhancement of Drug Discovery

Services capabilities and capacities. In addition, we expect product development expenditure of Rs 250-300 Crore.

With this, I would like to conclude our opening remarks. We will now be happy to address any questions that you may have. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Amit Goela from Rare Enterprises. Please go ahead.

Amit Goela: Yes, sir. Hi, good afternoon and thank you for the opportunity. Sir, firstly thank you for breaking out the business in so many different manners. It makes it so much easier to keep track of it. So that is a really nice presentation sir. That really appreciated sir. Sir, a couple of questions I have and if you feel, I'm running out this thing, please tell me and I'll come back on -- in the queue. Regarding radiopharmaceuticals, good to see the radio pharmacy number and EBITDA over there. One is when do you expect breakeven over there. And next question is that why the numbers would decline sequentially in terms of topline for radiopharma business and is the margin decline only because of volume decline, or there some pricing pressure or a premium product mix?

Pramod Yadav: On your first question about the pharmacy, we have been indicating that we expect breakeven in FY24 and if you look at the numbers and the trend, we are on track. We are confident that in FY24, the business will be break even.

Amit Goela: That would be great, sir.

Pramod Yadav: With regards to sequentially lower volume in radiopharmaceuticals, lower revenue, if you recall in the last quarter also, we indicated that in Q1, the

performance or the volumes were higher because of some customer scheduling which will get corrected in Q1 of this year and as we had predicted, so that has happened. This is more of a scheduling and really nothing much to read into that, and that's what I mentioned in my opening remark also that in such business, the quarter-to-quarter variations will be there. It will be good to see overall the annual numbers.

Amit Goela: Okay. Do you expect the margins to go back to historical margins in this business as the COVID effect goes away and the business settles down?

Pramod Yadav: You are talking about radiopharma or radiopharmaceuticals?

Amit Goela: Radiopharma

Pramod Yadav: The radiopharma, as our losses of the radiopharmacies keep on coming down, we expect the margins to continue to improve. Then we also have launches of the new products in the pipeline. We are also ramping up the Ruby-Fill. So these 3 action plans keep on getting implemented, the margins will definitely continue to improve from the current levels.

Amit Goela: Regarding the sterile injectables, when do you expect the new capacity to come on line and when do you think that the entire COVID business will be nullified, then we'll be back to normal case?

Pramod Yadav: So entire COVID business had almost nullified in this quarter. There is very little revenue left which we have to recognize in rest of the 3 quarters of this financial year.

But at the same time, let me assure you that when we look at the business non-COVID, in that term, the business is very stable with healthy

margins. In FY23, we expect to be better than what it used to during the pre-COVID levels when we exclude the COVID days.

Amit Goela: You think this business will be better than FY 2020 level?

Pramod Yadav: Yes, from FY20 levels, I'm talking because FY21 onwards, we had the COVID impact.

Amit Goela: Sir, when the new capacities come in place?

Pramod Yadav: We had made announcements in 3 phases. One additional line for Spokane, which was our first announcement that will be coming up by end of CY24. Then we made the announcement, for another line which takes the Spokane capacity to 100% from the current level, that line is expected in FY27 and for Montreal expansion also, the first line will be up and running in FY27.

Amit Goela: By FY24 end, in terms of vials, if you could break out the -- what would be the capacity in terms of number of vials or whatever? I'm not asking for the price or volume value, but in terms of vials, what would be our capacity?

Pramod Yadav: It's very difficult to calculate that way because it will also depend upon the vial size. There are the various vials from the 2.5 mL going right up to 50 ml. So it will depend upon which vial size are you using and whether you are filling the liquid or the lyo, the different products have the different batch times. Anyone who talks about the capacity in terms of the vials, is little, I will say theoretical because it will depend upon the various factors.

Amit Goela: Fair enough point accepted. Coming down to this drug discovery business, it is reasonable, it would be a very stable business. So why would there be quarterly volatility like INR 142 crore and INR118 crore and that kind of stuff?

Giuliano Perfetti: Thank you for your question. The CRDMO business has shown a robust growth versus last year. The sub-sequential quarter 1, Quarter 4 is slightly below. This is due to the cyclicity of the business. So every Q1 is typically less robust than Q4 and that's the only reason. We foresee still a robust growth for the rest of the year.

Amit Goela: Okay, given your expansion, which is going on, by the fourth quarter of FY24, what would be exit rate in this business? What would you looking at? Can you guide on that?

Giuliano Perfetti: Yes. We are running a very large and robust CapEx plan. In addition to the Greater Noida site, which was commissioned at September 2021, we are expanding Greater Noida site and this will be completed in Q2 FY24. So overall we are trying to position ourselves in the better way to support the growth and to keep the same pace of the growth, we registered in these last quarters. Overall, I would say that in the range of 20% to 25%, it would be the kind of capacity we want to add.

Amit Goela: Okay, So annually, we can look at 25% growth?

Giuliano Perfetti: That should be the range, we expect.

Amit Goela: Okay, two more questions, one in your CapEx of INR750 Cr, you said you will be doing product development of INR250 Cr. Is this your normal R&D and will this be written off or will be capitalized?

Arun Sharma: It depends most probably if we do in dosage, it will capitalized and in API, it will be written off.

Amit Goela: Okay, lastly, whenever you get an opportunity, maybe today or in the next call, if you could give us a little bit more color on your generic strategy that would be very helpful, because that is one of the weaker business, maybe next call or today or whenever, if you could just give a little bit more color on how you plan to make grow that business and more profitable?

Pramod Yadav: Yes, I can give you little bit insight right now, as I mentioned that the USFDA has completed the audit and they have issued 6 observations. But if you ask me, I will say that the audit outcome is very good because in 6 of the observations, there is no observation, which is related to data fraud. There is no repeat observations and most of the observations are related to the process improvements and such type of the things. So we will be engaging with the FDA and we are hopeful, but we will get to know the outcome after about 3.5 months saying that you are already aware that we are spending money into the R&D, because we have focused more and more into development of the complex generics which are difficult to enter into the market. So that as and when the sites are out of the compliance, we are able to launch the products with the higher margins.

In the meantime to de-risk our business for our existing products, we are already moving them to the CMO sites where we expect to start generating revenues in this financial year itself.

And at the same time, we are also focusing on non-U.S. markets where we do not have any compliance issue and we will be increasing the volume. We are implementing all those strategies properly and as of now the

generic business, the differentials are a kind of a drag, but we think that it's for the short term.

Amit Goela: Okay, So you think you will be able to see a turnaround by the end of the year, or it will take longer?

Pramod Yadav: I will say that there is a very high probability or quite a good chance that by end of this year, it should be breaking even because we are hopeful for the USFDA outcome, but as it's the regulatory agency, so we should keep the fingers crossed.

Moderator: The next question is from the line of Rahul Veera from Abakkus Asset Manager LLP. Please go ahead.

Rahul Veera: Good evening. I would like to really appreciate the team because of the detailed presentation. Couple of questions on the generic side. In Q1 FY '22, if you see, we've done INR400--430 Crs of top line with EBITA at INR53 crore. So I wanted to understand, like what would be the contribution of remdesivir out here? Was there any contribution of remdesivir out here?

Pramod Yadav: I mentioned that remdesivir in Q1 was INR133 Cr Vs. zero this year. So that had an impact and then there was the impact of the import alert and impact of the Sartan prices and impact of overall the pricing pressure in the U.S. market.

Rahul Veera: Sure just wanted to understand like before this sartan price rise happened since 2018-2019 when the ratio started moving up and the prices started moving up, were we making money in this business on the generic side or we were at EBITDA loss?

Pramod Yadav: You are asking when the Sartans prices are higher?

Rahul Veera: Yes. Before that. Before the sartans price started moving up.

Pramod Yadav: Yes, of course, we have been making good money into the generic business. It's only after the import alert and the pricing pressure into the U.S. market, the impact came in, but as I just explained to Mr. Goela that we feel that we should be out of the compliance soon and we are also working on the various other strategies. This should be a short-term and the business will be breaking even sometime by the end of this year and as soon as the site is out of the compliance, so we have lot of pending ANDAs for which we will start getting the approvals and we have the launch plans in place to keep launching the products.

Moderator: The next question is from the line of Nikhil Mathur from HDFC Mutual Fund. Please go ahead.

Nikhil Mathur: Yes. Thanks a lot and good evening, everyone. So first question is, I have on the radiopharmacy business. I've not checked today's presentation, but in couple of recent presentations, it has been mentioned that the company has presence via 48 pharmacies in the U.S. Can you give some sense out of this 48 pharmacies, what percentage of these pharmacies would be breakeven or would be generating positive EBITDA at this moment?

Pramod Yadav: So far we have not been discussing business wise, the revenue and EBITDA. Now we have started giving business wise revenue and EBITDA. So that itself is quite a lot of disclosure from our side. Going pharmacy wise, the EBITDA margin, gross margin or the product wise contribution, etc., then we are also ending up giving too much information to the competition. So let's avoid it.

Nikhil Mathur: Sir, I'm not looking for exact numbers here. I mean, what I'm trying to softly understand is that, if there is a certain proportion of pharmacies, which are kind of profitable today, there might be some commonalities between those pharmacies and that can give some understanding on the ones which are not generating positive EBITDA today. What it might take to bring them up and running in terms of generating positive EBITDA? So that the only I'm trying to understand is there a decent proportion of pharmacy which are today EBITDA positive? I'm not looking for any specifics there.

Shyam Bhartia: Definitely some of the pharmacies are more profitable, some of the pharmacies are less profitable, some of the provinces are incurring losses. That is where the whole system is incurring losses. Now our -- what we are trying to do to improve profitability is the pharmacy which are incurring losses, either we convert them to be profitable or if they not possible to be profitable, we review that operation differently , but those who are less profitable, we want to make it more profitable and there are 2 ways to make it profitable. One is the increase in sale of existing products and add new products. So by both these method, we are trying to make it profitable because if every pharmacy is profitable, then we would not have incurred losses.

Nikhil Mathur: Okay, so our question attached to this. Let's say, do you have a hard timeline in your mind, that the pharmacies, which are today not generating cash flow, you would take a hard stance and actually right size or downsize your pharmacy network if the turnaround doesn't happen, what we are envisaging over the next 10, 12, 15 months, any timeline that you have in mind?

Shyam Bhartia: You see, we have a complete program that is how we will become breakeven, complete program of converting these pharmacies -- some of

the pharmacies who are less profitable, make it more profitable, some of pharmacies, we are making losses, make it profitable and rest, we will review every month and every quarter, what is going forward. So our strategy is always very flexible and we keep on reviewing it and that is how we have promised that by next year, it will be breakeven. You will see quarter-on-quarter a better result in this.

Nikhil Mathur: Understood, sir. That's fair enough. Sir, on the generic side, if I look at this quarter numbers INR178 crs of revenues and INR70 crs of EBITDA -- negative EBITDA that we have generated. If you were to breakeven in this business. I would imagine that minimum INR160 crore to INR170 crore of more revenue would be required to kind of be EBITDA neutral in this particular business and that amounts to almost INR700 crs of incremental revenues. Do you think that 8 months down the line or 9 months down the line whatever sales today is happening, there might be competition that is coming into the products, which are not able to sell today, you can immediately generate this INR770 crore of sales once your import alert gets lifted and that itself, the timeline can be quite extended?

Pramod Yadav: This quarter, our overall revenue of the generic is low, not only because we have not been able to sell the volumes. We had for purpose reduced the volume, because our site was busy in doing all those remediation activities. We had committed to FDA that we will be completing the remediation by end of July and we have been seriously working on that and FDA did walk in as a surprise inspection towards the mid of July. So since due to the remediation of our volumes were low, now the remediation work is completed, USFDA inspection is over, now, we need to increase the production and get back into the market, especially into the non-U.S. market where we have been going slow.

Nikhil Mathur: So would it be fair to assume that there is some cost sitting in the INR74 crore loss, which is kind of non-recurring in nature, may be little remediation or exceptional closure of certain lines?

Pramod Yadav: Yes. They were unabsorbed cost for the overheads since plant was not running at the capacity. It was running at a much, much lower capacity, there was unabsorbed cost.

Nikhil Mathur: Okay. And sir, one final question on the radio pharmaceutical manufacturing business. You've also talked about certain launches that have taken place in this business. Can you give some sense annually in '22, '23, '24, '25, how many launches are you planning in this particular business and some update on the market potential for MIBG and then when is the data due for that particular initiative?

Pramod Yadav: So as of now, we have planned to launch at least 4 products. Probably we are trying, one in FY23 and 3 in FY24, within these 2 years, the running year and the next year, at least 3 to 4 products we will be launching and then we will be launching 1 or 2 more later. So once these products are launched which already have a market quite a lot and there are very few players, we expect that we will be able to very easily close to 30% to 50% market share from the year one onwards, at good prices and good margins.

Nikhil Mathur: Can you throw some light on the existing competition in this product. Is it a 1 or 2 player market or there are 2 or 3 players, so some color here?

Pramod Yadav: In nuclear medicines, for most of the product, there is only 1 or 2 player. There are few products where they are more than 2 players.

Nikhil Mathur: Got it. And the sales potential from these products. I'm not sure how many products you are manufacturing today, but whatever the run rate today per product excluding MAA and DTPA, would these products have the same potential as rest of your products excluding MAA and DTPA?

So what I'm trying to understand is that if I exclude the 2 big products, MAA and DTPA, whatever run rate you have on sales for the remainder of the portfolio on a per product basis, would that same run rate apply to these launches as well that you are planning in '23 and '24?

Pramod Yadav: So other than MAA and DTPA, even in the other products what we have, there is one product where there's only one more small competition, otherwise, we are the only one. For the other products, there are some more players, but when we launched these products which are in the pipeline and at least some of them have quite a good market size and very few players, these products will have much higher run rate.

Nikhil Mathur: Got it. One final question, on the Spokane CapEx that you are undertaking, any broad sense that you can give on the return on capital employed that the Spokane initiative can generate for the company and what can be the risks to what the current expectation you have on the ROCE that you believe this business can generate?

Pramod Yadav: So if you already looked at our CMO business, even without COVID deals, it's been very healthy margins. The CapEx what we are incurring, generally in any sterile business, the ROCE remains little low because the payback period is longer. So it takes time for you to create the capacity almost 4 and 4.5 years and then you build the pipeline after getting the product approved. In our case, the story is different. Out of USD285 million, which will be spending in Spokane, almost USD150 million is kind of the grant, which we don't have to pay back. So our -- the investment in terms of the

CapEx is much lower and hence these expansions will have very healthy ROC and also very healthy EBITDA because lot of existing cost of the existing infrastructure and of the existing talent pool will be utilized. So the incremental costs will be much lower than the current operations. So it will have higher EBITDA as well as higher return on capital.

Moderator: The next question is from the line of Vinay Jain from Karma Capital Advisors Private Limited. Please go ahead.

Vinay Jain: Just wanted to understand when was this Roorkee inspection conducted by USFDA?

Pramod Yadav: So it concluded yesterday and it was for 10 days.

Vinay Jain: Understood and the other thing was what happens to the import alert status? So this continue still we hear again from USFDA? Like you said, it would take around 3 months.

Pramod Yadav: Yes. How FDA works is that once their inspector gives the observations, those observations company has to give their response in 15 working days. So that will be somewhere 24th, 25th of August. Then FDA generally takes around 3 months to take the decision, basis inspector observations and the company's response that what should be the compliance status of the site. So with that timeframe in the mind, it will be sometime in the month of November.

Vinay Jain: Okay. So even if -- so as you said in your opening remarks that there are no repeat observation, there are no observations related to data integrity, so even if it is an OAI, the import alert could be removed, right on the site?

Pramod Yadav: Yes. FDA has 2 options. If they are satisfied with our -- all the GMP standards, they can downgrade from import alert to OAI and in that case, our exports to U.S. market will start, but the new approvals will still remain on hold and FDA can also directly go to the VAI where they can remove the import alert as well as OAI in one go. It will depend upon the type of observations, our response to the FDA and the review by Cedar in FDA, how they view overall compliance status of the sanction.

Vinay Jain: And any incremental cost, which would be incurred towards remediation in the coming quarters?

Pramod Yadav: No. For the observations which has, they are -- most of the observations are leading to the minor improvements into our practices. They are not going to incur any remediation cost.

Vinay Jain: Understood. And lastly, any update on the Nanjangud inspection by USFDA? By when can we expect that?

Giuliano Perfetti: You know that probably you may have in mind that we got the last inspection few years ago, precisely it's more than 3 years. We basically after that inspection, we apply to FDA and based on strong and I would say dedicated plan for willingness for next inspection, we were expecting FDA to come in any time from now on. Of course, we don't know when the FDA would come for another inspection, but we basically issued a letter to kindly ask to inspect us.

Vinay Jain: Okay.

Giuliano Perfetti: And that was the result of this preparation work where we're engaging also specific consultants to any kind of capability which would be subject to the inspection.

Moderator: The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane: Yes. Thanks for the opportunity. The sartans, what is net the price fall in sartans? Is it to do with the inventory in the channel or some new competition that has come out?

Pramod Yadav: So in the sartans, there was earlier some impurity issues because of which the number of players had gone down, and the companies had to invest money in cleaning up the processes. But now, since most of the companies have done that, and some other companies who saw the opportunity because of the higher prices have also jumped into the game. Now, there are the more number of players who are able to provide the product without impurity and hence there is a price deduction.

Tushar Manudhane: Approximately like how much price reduction would have happened because of this situation, let's say over past 3 months or when we finance?

Pramod Yadav: It would be little difficult to quantify because the price is different from customer to customer and market to market. Then, they are the different sartans like valsartan and the Losartan, Losartan HCTZ, but yes each product has faced the pricing pressure in almost all the markets.

Tushar Manudhane: Okay. Considering the Q1 overall EBITDA of approximately INR200 crore, and at the end of FY22, we had commented about at least maintaining the overall performance for FY23 -- FY22 as EBITDA of roughly INR1100 crore to INR1150 crore. Considering the Q1 performance, considering the import alert situation and continuing for 3 months -- I mean at least 3 months till regulatory outcome comes through and certain operational

issues in the CRDMO segment. So how are we thinking on the overall FY23 EBITDA?

Pramod Yadav: So I think on EBITDA front, we had mentioned earlier that FY23 will be slightly muted than FY22, but in terms of the quarterly trend, I'll say in -- generally in our business, the second half is better than the first half. So in Q2, you will see performance more or less closer to the Q1 and then you will see improved performance in Q3 and Q4.

Syed Kazmi: That is in Jubilant Pharma.

Pramod Yadav: Yes, that is for Jubilant Pharma, sorry. And then for the other businesses, Giuliano comment for CRDMO.

Giuliano Perfetti: Yes, I think on CRDMO, particularly on the drug discovery services, I already mentioned that typically Q4 is a more robust than Q1. So subsequently -- I mean sequential Q1 should be getting lower than Q4. Then along the years, I think the majority of those opening in Q3, Q4. I think on the API business, quarter analysis is not right, so this should be analyzed in the perspective of longer-term consistently with the production cycle and the typical dynamic of the business. So this should be treated on a yearly basis or at least half-yearly basis and the specific for the API, we do expect the second half, which is higher than previous halves for FY '23 and that is consistent with the actions we are taking, which are set for achieving higher volume, which is driving the growth.

Tushar Manudhane: Got it. And just wondered royalty inspections, what triggered the inspection? I mean it's really appreciating that on the import alert, the USFDA inspectors have come quite fast at the site. So what triggered the inspection?

Pramod Yadav: The USFDA now has started doing surprise inspections in India also. Earlier, they used to do the inspection with the prior information. In some other countries that is globally like especially into the North America, anyway they do the surprise inspections. So from the last 2-3 months. If you recall, the USFDA, the Congress has also passed a special bill for the funding to the USFDA to start the surprise inspections. So it's part of their -- that's a revised strategy. So nothing specific which according to us, which had the trigger. It was just where we had come into the priority of the USFDA.

Tushar Manudhane: Interesting. And just lastly, if you could comment on how much would have been the quarter-on-quarter increase in the number of installations for Ruby-Fill?

Pramod Yadav: So in Q1, our Ruby-Fill installs were -- I will say one of the highest in any of the quarter we have done.

Tushar Manudhane: Okay.

Pramod Yadav: So there were higher than year-on-year, they were higher -- they were also higher sequentially and as such also, one of the highest in the quarter.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments.

Vineet Mayer: Thank you everyone for joining the call. Have a good day.

Moderator: Thank you very much. On behalf of Jubilant Pharmova Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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