“Syngene International Limited

4Q & FY 2026 Financial Results Conference Call”

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MANAGEMENT:

- Ms. Kiran Mazumdar-Shaw – Executive Chairperson – Syngene International Limited
- Mr. Peter Bains – Managing Director and Chief Executive Officer – Syngene International Limited
- Mr. Deepak Jain – Chief Financial Officer – Syngene International Limited
- Ms. Nandini Agarwal – Syngene International Limited

Moderator: Ladies and gentlemen, good day, and welcome to Syngene International's Fourth Quarter and FY 2026 Financial Results Conference Call. 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. Nandini Agarwal. Thank you, and over to you.

Nandini Agarwal: Good afternoon to everyone. Thank you for joining us on this call to discuss Syngene's fourth quarter and full year results for financial year 2026. To discuss the financial and business performance for the period, we have on this call today Ms. Kiran Mazumdar-Shaw, Syngene's Executive Chairperson; Mr. Peter Bains, Managing Director and Chief Executive Officer; and Mr. Deepak Jain, Chief Financial Officer. After the opening remarks, they will be happy to answer any questions you may have.

Before we begin, I would like to caution that comments made during this conference call today will contain certain forward-looking statements and must be viewed in relation to the risks pertaining to the business. The Safe Harbor clause indicated in the Investor Presentation also applies to this conference call. The replay of this call will be available for the next few days, and the transcript will be made available.

With this, I would now turn the call over to our Managing Director and CEO, Mr. Bains.

Peter Bains: Thank you, Nandini. Good afternoon, everyone, and thank you all for joining us on the call today. Before I begin my remarks, I would like to introduce and welcome Kiran to this call in her new role as the Executive Chairperson of Syngene. We are very pleased to have Kiran's leadership and guidance at the executive level as the company transitions into its next phase of growth. Kiran, may I invite you to share your opening remarks.

Kiran Mazumdar-Shaw: Thank you, Peter. I'm pleased to be back as Executive Chairperson of Syngene International at such a pivotal point in its journey, one that presents both near-term challenges and significant long-term growth opportunities. FY26 closed with a muted top line growth of 3% year-on-year. However, it is important to note that Q4 delivered a strong 13% sequential growth, which reinforces our confidence that the underlying momentum of the business remains intact.

The impact of Librela on our FY26 performance has been significant, and it is likely to continue to influence growth in FY27 as well. At the same time, FY27 will be a transition year for Syngene with important leadership changes already underway to position, as Peter said, this company for its next phase of growth, particularly in CDMO, biologics and emerging AI-enabled service lines.

We at Syngene are consciously building new capabilities that move us beyond a traditional services model towards a more value-added technology-led partnership model. Our investments in AI and digital technologies are aimed at improving speed, productivity, predictability and scale across discovery, development and manufacturing. And these capabilities will not only

drive operational efficiencies but will also help us create differentiated offerings for our global customers.

Given the current geopolitical uncertainties and the near-term impact of Librela, we expect a broadly flat performance for FY27 while maintaining EBITDA margins in the mid-20s through disciplined cost management and sharper operational execution. We also expect to start FY27 on a muted note with H2 of FY27 to be meaningfully stronger than H1, with growth weighted towards the second half as new contracts ramp up and business momentum improves.

We believe that FY27 will be a year of strategic reset and execution with a healthy pipeline of deal flows that will translate into stronger growth from FY28 onwards. Now with those initial comments, let me hand it back to Peter for a more detailed commentary on the business performance for the year gone by. Over to you, Peter.

Peter Bains: Thank you, Kiran, and good afternoon again, and thank you all for joining us on the call today. Let me start with the fourth quarter, where revenue from operations was INR1,037 crores, reflecting year-on-year growth of 2% and sequential growth of 13%. Operating EBITDA for the quarter stood at INR303 crores with a margin of 29%, while reported profit after tax before exceptional items was INR153 crores.

Syngene's full year revenue from operations grew 3% and overall performance was in line with our revised guidance. While the overall numbers reflect the continuing impact from a single large molecule biologics client, our underlying business continues to show steady momentum. Deepak will provide more details on the financials.

But I would like to highlight that Syngene generated a healthy INR521 crores in free cash during the year with a closing net cash balance of INR1,800 crores, reflecting the ongoing robustness of our operating model and disciplined execution.

Globally, pharmaceutical and biotechnology pipelines are increasingly shifting towards novel modalities such as peptides, antibody drug conjugates and oligonucleotides. Industry estimates indicate that these advanced modalities now account for over 40% of clinical pipelines and are growing at a materially faster pace than traditional small molecules, reflecting their ability to address complex disease targets. This is driving demand for partners who can offer integrated end-to-end capabilities across these platforms.

Anticipating this shift and building on our existing capabilities in biology and biotherapeutics discovery, we have invested ahead of the curve in strengthening our capabilities in these modalities. During the quarter, we commenced operations at our state-of-the-art antibody drug conjugate discovery laboratory, which is designed to support early-stage research. This facility complements and integrates with our existing antibody drug conjugate development and manufacturing capabilities, enabling a seamless pathway from discovery through to scale-up and production.

Turning now to our CDMO business. We are encouraged by the acceleration we are seeing in our pipeline buildup. In our Unit 3 biologics facility in Bengaluru, we have seen increased client interactions from large pharma and emerging biotechnology companies during the quarter.

Commercial manufacturing in biologics is inherently a long-cycle business, where client engagement typically begins with process research and development, followed by development work, clinical batch production and ultimately, commercial supply. Within this framework, we are seeing encouraging interest in our integrated capabilities, supporting a healthy pipeline across different stages of the value chain.

At our Bayview biologics facility in the United States, preparations are progressing well, and we are actively engaging with prospective customers as we move toward operationalization of the site this year.

Stepping back to reflect on the full year, I will emphasize again the key structural balance we are addressing between the headwind related to Librela and the steady growth of the underlying business.

Over the course of the year, we have taken several important steps to strengthen our mid and long-term positioning. A key highlight was the extension of our long-standing partnership with Bristol-Myers Squibb now extending through to 2035. This expanded agreement broadens the scope of our collaboration across the drug development life cycle, spanning discovery, translational sciences, pharmaceutical development, manufacturing and clinical research and reflects the depth of trust built up over many years in this collaboration.

We have also continued to invest in enhancing our manufacturing capabilities. In our small molecule platform, we commissioned a new commercial scale facility for liquid-filled hard gelatin capsules, strengthening our oral solid dosage capability and enabling us to support increasingly complex formulations with much greater precision and reliability.

In our large molecule biologics platform, and as I have touched on earlier, we've expanded our Bengaluru facility with the addition of a GMP bioconjugation suite, enabling fully integrated end-to-end manufacturing of antibody drug conjugates. This capability brings monoclonal antibody production and GMP bioconjugation into a single site, helping accelerate development timelines while complementing our existing strengths in payload and linker manufacturing.

Turning to our commitments towards Syngene's ESG and sustainability framework, this continues to be an important area of focus for Syngene, and I'm very pleased to advise that we were included in the S&P Global Sustainability Yearbook 2026, placing us among the select group of leading companies globally and among the top 10 in the life sciences sector. We were also recognized by TIME Magazine and Statista as one of the world's most sustainable companies, ranking number 1 in India's pharma and biotechnology sector and amongst the top 20 globally.

In summary, our diversified and integrated business model across research services and contract manufacturing continues to provide resilience, balance and opportunity. Supported by strong client relationships, investments in emerging modalities and expanding global capabilities, we believe we are well positioned to meet evolving customer requirements and capture opportunities across the value chain going forward.

Looking ahead to the next year, and as Kiran has outlined, while we are guiding towards a broadly flat performance for the full year, we do expect Q1 to have a more pronounced adverse impact of Librela destocking. Thank you, and I will now hand over to Deepak to go through the financials in a little bit more detail.

Deepak Jain: Thank you, Peter. A very good afternoon to everyone. Let me begin by discussing the fourth quarter's performance, and then I will cover the full year results. First, looking at revenue. Revenue from operations for the fourth quarter was INR1,037 crores, a 2% increase year-on-year in reported terms. Revenue growth, however, was impacted by the ongoing destocking issue related to Librela I've spoken earlier as well.

Turning to costs. Raw material costs were at 22% of revenue in this quarter compared to 23% in the same quarter of the previous year, driven by mix -- business mix changes. Staff costs increased by about 19% year-on-year. Other direct costs primarily comprising of power utility expenses increased 17% year-on-year due to new facilities at Bayview in the U.S. and the biologics facility in Bangalore. Other expenses decreased by 9% year-on-year due to our cost optimization initiatives. The company saw a hedge loss of about INR21 crores against a hedge loss of INR4.6 crores in the same quarter of the previous year due to the difference between average and spot hedge rates. The movement in revenue and costs resulted in operating EBITDA of INR303 crores with a margin of 29% for the quarter versus 34% in the same quarter last year.

Depreciation increased by 5% year-on-year, in line with our plans and due to the addition of capacities at the biologics manufacturing sites in Bangalore, which became operational this year. Interest expense declined by 24% as borrowing reduced in Q4 '26 compared to the same quarter last year. Other income increased by 18% compared to Q4 last year, primarily due to higher cash and equivalent balances.

Overall, profit after tax, but before exceptional items stood at INR153 crores, down 16% year-on-year. As you know, the government of India has recently notified the 4-labor codes consolidating the 29 existing labour laws. During the quarter, we reassessed the impact of the new labour codes, which resulted in a gratuity remeasurement credit of INR20 crores net of tax.

Moreover, expenses of about INR25 crores net of tax were recognized under exceptional items related to termination benefits extended to employees in accordance with an approved policy. Adjusted for these exceptional items, reported profit after tax was INR148 crores, down 19% year-on-year. The normalized effective tax rate for the quarter was 24.2% as compared to 23.7% in the same quarter last year due to change in profit mix across the units.

Now moving to capex. We continue to invest in building capabilities and technologies that enable us to become an integrated solution provider for our clients. During the fourth quarter, we invested $10 million – around 50% in research services primarily across capability build and contractual obligations and dedicated centres, along with regular maintenance capex. Nearly 40% of the capex was in CDMO business. The remaining capex was towards digitization, automation and common infrastructure.

We continue to maintain a strong balance sheet after meeting our capex spends for the quarter. We have a net cash balance of INR1,800 crores as of 31st of March 2026.

Turning to the full year performance. Reported revenue from operations increased by 3% year-on-year. Raw material cost was at 25% of revenue in FY26 compared to 26% last year, driven by business mix changes. Staff costs increased by 14%. Our direct costs primarily comprising of power and utilities increased by 6% and other operating costs increased by 6%. Operating EBITDA margin stood at 25% for FY26 and profit after tax before exceptional items was INR380 crores, down 20% year-on-year.

As we look ahead, we will continue to invest in technology platforms and enhancements, digitization and automation and strengthen our presence in new modalities like peptides, ADCs to build on our strengths. With that, I suggest we open up for questions.

Moderator: The first question is from the line of Kunal Dhamesha from Macquarie.

Kunal Dhamesha: Congratulations on a good set of numbers. The first question is on the impact from Librela. If you could quantify, let's say, if we remove Librela both from FY 2025 and FY 2026, then how would our FY 2026 growth and profitability look like?

Deepak Jain: So, Kunal, let me take that. If we remove Librela from both the years, we have grown as we've always called out. Underlying growth is in single digits. And the impact of Librela is a culmination of what you see in the numbers.

Kunal Dhamesha: With Librela also we have grown 3%, right?

Deepak Jain: Yes.

Kunal Dhamesha: Like with Librela impact, right? And the single digit would be mid-single digit or high-single digit?

Deepak Jain: It's high-single digits. We don't break that down right now.

Kunal Dhamesha: Okay. And in terms of profitability, would it have improved between FY25 and FY26 without Librela?

Deepak Jain: I mean the overall profitability has declined and the impact of Librela is a factor into that as well, plus the business mix changes. That's one. Secondly, our facilities have come online as well, right? The Bangalore facilities come online. That has impacted the profitability as well this year.

Kunal Dhamesha: Okay. And let's say from FY27 guidance perspective of flat revenue, what is being built for Librela supply? Are we expecting it to move to zero in that guidance or we're expecting a gradual decline?

Deepak Jain: We expect, as Peter alluded a little bit that the coming quarters, quarter 1 and quarter 2 will have almost no Librela. There is some minor Librela volumes towards the end of the year, but that's about it. Most of the Librela impact will be done in this first 2 quarters. And Librela, as of now, we have no incremental revenue plans for Librela beyond one small amount in the last quarter.

Kunal Dhamesha: Sure. And in terms of the current quarter, with costs related to Bayview facility fully baked in, in terms of -- because we -- last time we had suggested that the hiring is ongoing. So, is it fully baked in Q4 or there is more cost which can come? And if you could also highlight the total drag from both these facilities, Unit 3 and Bayview on the current P&L on a quarterly basis, that would be helpful.

Deepak Jain: So, Kunal, on the Unit 3, we've capitalized it as we said in the beginning of the first quarter of FY26. And the impact therefore is -- of the people, et cetera, and all the costs are coming into the P&L. The impact of Bayview is only partially coming into the P&L. We have not yet fully capitalized the facility. So, we will come and update you about Bayview's capitalization and the plans forward.

Kunal Dhamesha: But it would be baked into that mid-20s EBITDA margin guidance, right, for FY27?

Deepak Jain: Yes.

Moderator: The next question is from the line of Surya Patra from PhillipCapital India.

Surya Patra: Congrats for the positive surprise number what you have delivered in the fourth quarter. Sir, just wanted to understand compared to the guidance what we had given in the third quarter where we have been saying that there will be kind of underperformance both in terms of revenue as well as on the margin front. But this quarter turns to be kind of a strongly positive quarter to that guidance. What really caused this positive surprise in terms of operating performance?

Deepak Jain: Surya, we did guide towards a full year number. Obviously, that had an implication of what the quarter looks like. We were able to churn out improved revenue for the quarter, but by only a marginal amount, right, not a major change. In terms of figures our full year numbers have come more or less in line with what we have said in terms of our constant currency forecast or guidance that we've given.

If you look at margins for sure, we continue to be more efficient and be more frugal on our costs. That's what's led to an improved margin versus what we guided it to be. And therefore, margins have shown an improvement, and we'll continue to hold the margins as we've guided.

Surya Patra: Okay. See, I just wanted to also understand whether any revenue booking from the clinical trial activities or services, whether that is visible in this quarter? If not, any outlook that we are separately giving for the clinical trials activities that we have added as a new vertical for FY27?

Deepak Jain: Clinical trials, Surya, if you remember, we said we were always being present in clinical trials, right? What we guided in quarter 2 was a win that we had on a global trial. Now the global trial is going to pan out over a few years as what we had said earlier as well. And therefore, what you do see in this year – this quarter and coming years as well that there will be clinical trial revenue that will bake into the numbers. It's an ongoing business. We're definitely focusing more on that business, but the revenue continues to flow this quarter and in the coming year.

Surya Patra: Okay. Sir, regards, since it is the fourth quarter and closure of the year, so can you share what is the revenue split between the CDMO and CRO? And if you can also give some colour on how

you are looking at these 2 businesses for next year, while the strategy is what you have guided, but since you have also mentioned the environment in the CDMO space is improving, so what outlook we should be baking in for CRO and CDMO separately?

Deepak Jain: Yes. So, in terms of this year, we had about, as I said, typically two-third towards the CRO business, one-third towards the CDMO business. That mix as what we had seen until quarter 3 continues to be the mix that we're seeing in quarter 4 as well, so broadly two-third, one-third. We are anticipating that to be directionally in line for even the next year. So, you would continue the split to be almost similar. There will be minor changes as we continue to evolve through the year. But broadly two-third, one-third is what you can take for your modelling purposes for the moment. We will keep updating as we evolve.

Peter Bains: I would like to add to what Deepak just said. In the Q4, there was a slide that said that 41% came from CDMO and 59% came from the research services business. So that's an indication.

Surya Patra: Okay. That is really helpful. Just one more thing. See the capabilities that we have been building either in terms of the peptide ADC or hard gelatin capsules along with the capacities also that we are -- we have acquired or built up. So, is there any gestation period that we should consider about or -- so like is there any gestation period then only we will see -- start seeing kind of revenue or earning implication out of those?

Deepak Jain: So, I'll start and probably I'll draw in Peter's views as well on this. Typically, when we have these capacities that we build up on the CDMO space specifically, right? And you saw that a bit in Unit 3 as well. Before we take the site, we've got to get it into qualification stages. We've got to do some trial batches runs and then we get into regulatory approval structures, right? Typically, they do take 12, 18, 24 months depending upon the nature of the site, the state of readiness of the site itself when we bought it as well.

So, you would expect -- you did see what happened in Unit 3. It took us almost 18-odd months to get it operational and capitalize the site. We would expect the initial trial runs, et cetera, on Bayview to also go through. And then in the coming year, we should start seeing some engineering batches, et cetera, come through and capitalization once we get the regulatory approvals, for which we can't really comment on the timeline right now.

Peter Bains: Surya, let me add to Deepak's comments and speak a little bit about the capability enhancements in the areas like hard gel capsules and antibody drug conjugates and peptides, where we are building new capabilities, and we're building capabilities that strengthen existing capabilities. And we would expect here to look to, for this to contribute towards the pipeline build that Kiran referred to in her opening remarks and contribute towards the exit in '27 on a growth trajectory and then looking to '28 to see more sustained growth as we clear the Librela impact at the end of '27.

Moderator: The next question is from the line of Kunal Randeria from Axis Capital.

Kunal Randeria: Sir, question is on Section 232 tariffs where around 100% levy will be on patented pharma products and the ingredients. So, don't you think this can slow down future order contracts for CDMO players?

Peter Bains: Kunal, our assessment of the tariff impact on Syngene is it will be negligible as both the service industry and in the product supplies that we make and supply to our customers. So, we are not anticipating any material effect of tariffs on Syngene's business.

Kunal Randeria: Great, sir. So, you say even after this announcement, you're still getting RFPs from your prospective customers?

Peter Bains: Yes, we are.

Kunal Randeria: Great. Okay. The second question is on your contract with Bristol-Myers that was extended till 2035. It seems to be a bit more expansive, a bit more extensive than last time. So, is the wallet size bigger?

Peter Bains: So, I mean, again, this is a very important component of our business. It's our largest collaborator and a unique construct, 28 years now in terms of legacy and looking forward now a 10-year future horizon. I think it's really -- the time horizon enables strategic thinking. And of course, if we look at the market outside and developments in these new modalities that we've discussed. And of course, the implications and the evolution of AI into discovery and development, it really allows the parties, Bristol-Myers Squibb and Syngene to think strategically, and that includes some of the expansions that we discussed in opening remarks in areas that we will look to collaborate.

But it really provides that strategic framework so that we can plan in the mid and the longer-term to support Bristol-Myers Squibb as they evolve their pipelines and portfolios. So that is really the real strength of the extension of the collaboration – providing a decade horizon going forward so that Syngene can really look to support Bristol's strategic outlook as it builds its pipeline and its portfolio going forward.

Kunal Randeria: Right. So that obviously should translate into higher revenues than what you have received from Bristol in the past, yes?

Peter Bains: I don't think we can comment in any short-term horizon there. Obviously, if you look at the history of this relationship over the course of years, it has grown, but this is already a substantial business in scale and growth will not be linear in that sense. I think it will grow around U.S. inflation at some level. But its expansion going forward will be determined by the nature of the strategic outlook and the new areas of expansion and opportunity.

Moderator: The next question is from the line of Avnish Burman from Vaikarya Change LLP.

Avnish Burman: I had a question around the cost increases that you might be witnessing because of the Middle East conflict, could be raw material, could be utility pricing. I just wanted some qualitative colour on how your contracts are structured both on the CRO side and on the CDMO side. How easy is it to pass on these cost increases to the customers or how difficult it is, as the case may be?

Deepak Jain: So typically, these are different contracts with different clients. The nature of the contracts depends on the need of what we are trying to service and also depends on the nature of the

molecule and conversation or the support that is required, right? So, it's not one size fits all. It also depends upon the conversation of the long-term horizon of the contract that we get into.

So, it's not a straightforward answer of saying are all contracts which have elements of cost that we pass through or not. I think it depends upon the nature of the conversation and the services that we are providing. I don't think there's a straight answer to your question.

Avnish Burman: Okay. Again, I mean, if you just bifurcate your business into CRO and CDMO, is your answer true for both these businesses? Or is there one business where it's relatively easy to have those kind of conversations with the clients?

Peter Bains: Let me maybe also add in here. I mean the implications of what's happened are evident as everyone can see. I'll start by saying that there have been no disruptions to the continuity of service and supplies on Syngene's ongoing business. That has been navigated by the team very, very successfully and obviously in conjunction with our partners. Of course, there have been some cost increases that we've seen in some areas and some of them, as you will know, that there's been a little bits of spikes in some of the prices.

There are 2 things here. We don't know how long this will go on and to what extent it may continue. We are obviously reengineering distribution and logistics, and we're obviously looking at costs, and we're, of course, talking to our customers and collaborators. But as Deepak said, I think there is not a one-size fits-all answer to this, and it will be customer-by-customer and contract-by-contract.

And they are also looking at how we reengineer the logistics and the supply chain. And they are, of course, also aware of some of the cost implications there. But I don't think there's any material impact that we're considering at this point in time. And we'll have to wait and see how this resolves going forward.

Moderator: The next question is from the line of Shyam Srinivasan from Goldman Sachs.

Shyam Srinivasan: Just between January and now you're reporting in April, we have cut our EBITDA margin guidance for the full year to 22%, 23% and we delivered 25%, right? And now when we look at our guidance for next year, it seems to suggest flat margins. So, I'm just a little confused with respect to the EBITDA margin guidance. I think on revenue, we have probably met full year guidance for fiscal '25, '26. But just the push and pulls because we just cut guidance and then now, we actually beat our guidance.

So, is there something that was supposed to happen that got postponed into, say, fiscal '27 that has led to this cost change? Or was there a mix issue? If you could explain just what happened in 2 months?

Deepak Jain: So, 2 parts to it, Shyam. One, for sure, the product mix is a big factor of what made the big swing into our margin structures, right? There was an assumption of what our product mix would be and the cost structures related to that product mix in terms of raw materials, the people that will get engaged and so on and so forth. That went through a bit of a shift, and that was a positive shift in that direction.

Obviously, there's some bit of also cost that's gone into the exceptional items as well that's also led to that change. So, 2 major contributors right now. One is the product mix change or the services that we had anticipated or the revenue mix that we had anticipated went through a change and then some bit of the cost went into exception items as well.

Shyam Srinivasan: Got it. So, Deepak, just from a forward-looking perspective, right, is it getting difficult for you to estimate corporate margins? Has something changed? Do we still have the aspiration to go towards the high 20s, maybe 30% margins? Do you think that overall -- I'm not asking for a specific year, but is there a path to going back? Or you have now moved to a slightly lower trajectory of what margins can be?

Deepak Jain: So, Shyam, 2 things. One, for sure, we've guided you towards the mid-20s even for the next year, as Kiran mentioned. That's definitely taking into consideration how we expect the utilization curve on our sites that we have bought in recent past that's going to come up. But more importantly, we've always mentioned in the past as well that as the utilization curves on the sites improve, we do expect the margin profile to improve as well. Aspirationally, for sure, we definitely want to improve the margins. But as of now, we're guiding only for the year, and we're guiding it towards the mid-20s as called out earlier.

Shyam Srinivasan: Got it. And my last question, just going back now on revenue. So, when we look at fiscal '24 revenue was $418 million, fiscal '25 was $430 million. Now we are $419 million in '26, and we are guiding for flat growth. But I'm just saying when does it get higher, right? Is there -- what needs to kind of get us back on a growth path on revenue? I know we have done a lot of investments ahead of time. But what could be the major triggers for a revenue growth to also restart?

Peter Bains: Shyam, let me respond first and then Deepak can come in. Getting back to more sustainable growth and to higher growth levels is clearly the direction that we're looking to build Syngene. The Librela headwinds have clearly had material impacts last year '26. And as we've outlined, we will continue to have effects through '27, and those are now absorbed in the guidance framework that Kiran outlined. And we would expect to end '27 on a growth trajectory and the Librela effect will then have washed out.

And in a way, '27 represents a sort of resetting of the baseline. And then with the investments that we've made in the modalities and the capabilities that we're building and with the maturation of the pipelines that we're developing on the commercial side, we would expect to see those begin to play through and look beyond '27 for a more sustainable and higher growth trajectory.

Kiran Mazumdar-Shaw: Shyam, maybe I should add to what Peter and Deepak have just said. We are really focusing also on our CDMO business, which we think will give us more aggressive and sustainable growth.

Moderator: The next question is from the line of Harith Ahamed from Avendus Spark.

Harith Ahamed: So, my first question is on the partnership with Zoetis. Zoetis has a follow-on molecule to Librela, it's called Lenivia – I was just wondering if Syngene has any role in the supply chain

for that product, given Zoetis already has a European approval and they're expecting U.S. approval shortly.

Peter Bains: So let me take that. And at this point, we do not have any participation in the follow-on molecule going forward.

Deepak Jain: I mean just to add on to that is we did some bit of clinical work for them. But in terms of ongoing commercial production, we are in conversation, but nothing beyond that right now.

Harith Ahamed: Understood. Sir, my second question is on the research services side of the business. Firstly, if you could give some colour on the mix within research services today. You talked about in one of your slides about discovery services, translation services, and clinical trials. And just trying to understand the mix as well as some of the macro headwinds that you called out in terms of biotech funding, how we should think about the impact of these challenges on each of these verticals.

Peter Bains: Harith, we don't call out quantitatively the split. But of course, chemistry, which is the legacy foundation of Syngene is the biggest part of the business. Biology and now biotherapeutics, where we believe Syngene is very well placed in India as a lead player supports that. And as we've said, our translation and clinical services are at a lower starting point, but we are seeing some encouraging opportunities here for growth.

So it is, I think, the balance -- the large balance is chemistry and supported biology and biotherapeutics with translation and clinical research a smaller part. But going forward, we would expect all 3 legs of that stool in Discovery Services to look to growth and where I think we can see growth in all 3 cylinders or all 3 legs of that stool.

I think in biotherapeutics there is a very clear opportunity of differentiated capability, differentiated services playing into a high-growth part of the contract research market. And of course, as we've discussed in previous calls, the translation and clinical research business is looking at significant expansion going forward over the coming years as clinical trials pick up in India and as the translational capability plays into discovery capabilities more broadly.

Moderator: The next question is from the line of Alankar Garude from Kotak Institutional Equities.

Alankar Garude: Peter, in your discussions with clients, how are they assessing the impact of AI on drug discovery? And how are you gearing up for any shifts in the business model as well as activity levels?

Peter Bains: Sure, Alankar. Obviously, a very important question. I think it is very clear to everybody that the implications of AI in discovery, in development and in manufacturing will be profound. I'm not sure what the timeline is and how it will land. But already, we are seeing rapid changes in the evolution.

And I think Kiran touched on this in her opening remarks, the application of AI to improve timelines, which are obviously critical -- of critical importance to all our clients and collaborators to improving predictability through modelling to reduce risk through enhanced predictability.

And fundamentally to enhance innovation with AI applications that can look to find new targets and to look to enhance validation of these targets.

In development -- and in clinical development, we're already seeing applications of AI that will help all the aspects of the clinical side in patient recruitment, in data management and so forth, in translational sciences as these elements enhance the predictability of drug discovery. We will see applications of AI in there. And of course, in manufacturing, we're already working with digital twins to enable us to enhance our ability to manage and optimize manufacturing.

So, Alankar, I think it is clear that there will be profound implications of AI. And from Syngene side, again, we've been investing in new capabilities there. We have a team of AI scientists who are looking at the application of algorithms and so forth to enhance our service offerings and to create value to our customers. And of course, with our customer base, we're working in this arena with many companies.

So, I think the shorter answer is, it is going to change profoundly discovery, development and manufacturing and that Syngene is moving and accelerating its capabilities to enhance differentiated service value creation to our customers in that field. Kiran, you may want to add something in on this.

Kiran Mazumdar-Shaw: No, I think what you said is adequate because I think these are important times and points of inflection, but I think what you have said is fairly well covered.

Alankar Garude: That's very helpful, Peter. Kiran ma'am, the second question for you. You have now come into an executive role at Syngene after a long time. There is also a new team led by Siddharth, Abhijit coming in from Biocon Generics. Can you take us through what prompted these decisions? And did you at any point in time, evaluate an external candidate?

Kiran Mazumdar-Shaw: So first and foremost, I think this plan has been in place for some time. In fact, Peter has also been part of taking this decision. We did believe that we needed the full-time presence of a CEO in India because I think it's very important to get into CDMO operational excellence – CEO needs to have a very close oversight in such businesses.

And because Siddharth is someone who has played a very important role at Biocon, who understands the CDMO business because Biocon is very much involved in that kind of manufacturing operations. It was something that we felt was the right thing to do. Abhijit, of course, also comes with a very strong experience of commercial and business development capabilities - where he has actually built a number of partnerships, a number of collaborations. And as you know, both Abhijit and Siddharth have played a very important role in building various partnerships, whether it is the Viatris partnership, whether it was the Pfizer partnership, whether it was the Cuban partnership and many others.

So, I think they are both very, very experienced and comfortable with building partnerships and collaborations, and we believe that services business is about building these partnerships and relationships. So, I'm someone who has worked with them very closely for over many, many years. Obviously, I'm happy to be back to take Syngene through this very exciting time. And this is a team I'm very familiar with, and I'm very confident that we will reset and rebuild the

Syngene model in all the particular areas that we spoke about. And Peter has done an excellent job of being that interim CEO. And I think we now believe that Syngene is in very good hands.

Alankar Garude: Sure. That's very helpful, Kiran ma'am. And with your permission, one final question. Deepak, you spoke about the cost efficiency measures helping margins. There is also a termination charge. Can you just take us through some of these cost rationalization initiatives and where are we in this journey?

Deepak Jain: So as called out in the notes as well, Alankar, this is termination benefits of rebalancing the organization. If you see the people cost, you will see the cost going up, but that was the investments that we made in the people at the beginning of the year. And then there was some rebalancing in some parts of the organization that we needed to do. So, it is an impact that we've taken into the financials as termination benefits.

And that's what you see as the cost implication. I really won't comment beyond that right now in terms of how it's going to play out in the future. But the margin structure is what we've commented upon, and we're going to probably hold on to the margin guidance that we've given.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. You can get in touch with the Syngene team for any further questions. On behalf of Syngene International, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.