Management Discussion

Candice Pereira - Assistant Vice President, Research, Dolat Capital Market Private Limited
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 - Managing Director, RPG Life Sciences Limited
Thanks, thanks, Candid, 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 2nd quarter and first half FY27. In fact, Q2 has been a quarter of milestones for RPG Life Sciences. For the first time, we crossed INR200 crore in quarterly revenue and INR50 crore 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 Actiz and Agua.

I'll take you through each of this today, but before we get into Q2 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 specialties across nephrology, rheumatology, onco, urology, cardio, 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 healthcare 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 Vishakhapatnam and Kamaradi 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 Q2 grew 16.5% to INR211.6 crores compared to INR181.7 crores in Q2 last year. I want to emphasize one point: the growth is almost entirely organic. The acquired sites contributed only INR50 lakhs in Q2 as the transaction closed near in September. Their full revenue contribution will begin from Q3. We also delivered our first INR50 crore EBITDA quarter with our adjusted EBITDA excluding one-time restructuring and API acquisition linked costs of INR5.5 crore.

We grew 15% to INR50.1 crore in Q2 versus INR43.6 crore 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 growth grew 16.2% to INR407.3 crore, crossing the INR400 crore mark for a half year.

H1 adjusted EBITDA grew 16.1% to INR97.9 crore 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 Q2 to INR145.7 crore and 13% in H1 to INR278 crore, continuing our momentum of market-beating growth. This is the 6th 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 Pharmaraksh September 2026 database, RPG Life Sciences is now the 4th fastest growing company in the Indian pharma market on a MAD business. We achieved top 50 ranking during Q2, 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 crore in size and growing at 9.8% net spend, we are the fastest growing company as per the Pharmarak latest database.

Now growth has been broad-based with every key basket growing in double digits. In Q2, MAP grew at 24%, nephrology and rheumatology grew at 23%, cardio grew at 18%, and immunosuppressants grew at 13%. Importantly, each of this basket is growing faster than it did last year, which indicates acceleration and not merely continuation. 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 INR7.7 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 crore in secondary sales on a MAT basis, making it one of the fastest growing large brands in India. H1 primary sale was INR47.9 crore, up 13.6%, and we are on track to cross INR100 crore in primary sales internally too. And we are investing to make this growth durable through Ortho Ignite programs. We are engaged over 300 orthopedic surgeons in the CMEs this year.

We also are carrying out Nephrosyn Master Programs where we are engaged more than 550 young orthopedic surgeons, and we are in the process of building relationship with tomorrow's prescribers today. We have also added over 4,000 orthopedic surgeons to our Master Doctor list to reinforce our ortho RP engagement. Our new launches-- for our philosophy has been simple: launch products with complete focus on making them succeed. The 12 brands we launched in FY26 delivered INR12.4 crore in H1, nearly double the INR6.3 crore in H1 last year.

And Q2 sales from these launches were up 50% 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 reduce returns, and rationalizing trade discounts. We also revitalized legacy brands like Norpace and Serenace. Norpace in particularly grew 40% in H1, and we are scaling up awareness through CMEs, journal publication, and targeted campaigns. In FY27, we also made 3 strategic launches. Naproxen ES is India's first naproxen-esomeprazole combination.

Critipenem, which extends our orthopedic franchises into an anti-infective. 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 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 one-size-fits-all approach to more contextual engagement with our doctors. Going forward, RPGcell 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 crore in Q2.

HFN revenue grew 57.1% to INR54.1 crore. This is entirely organic and was delivered while the team was simultaneously executing 2 acquisitions, which reflects the strengths of our core Navi Mumbai business. On the strategic front, we moved with speed and discipline. On 29th July, we announced the transfer of our API business to RPG Active Pharma, the investment by Invasent, and the acquisition of Actis. The subsidization became effective on 14th August. We announced the Raghava acquisition on 2nd September and subsequently affected both the acquisitions in end September.

The scale we have built is significant. The expanded network has 5 times the manufacturing capacity, 4 times the reactors, 3 times the products and pipeline molecules, and twice the customers and employees. With the transaction completed, our focus is anchored firmly on value creation Where our key 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 at prudent valuation.

In short period, we have transformed a standalone API business into significantly larger multi-site, backward-integrated organization with further committed capital available for organic and inorganic growth. Every acquisition we do for API will be with the lens of being a building block in one integrated company focused on deep capability, capacity, chemistry, product portfolio, approvals, and customers. We will also look to incorporate US FDA approvals and therefore access to the US markets as part of the larger 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 management bandwidth for the formulation engine as RPG AP has a separate dedicated management team. Therefore, focus deepens on both verticals and we expect better overall performance of both. Coming to international formulations, its international formulation is back on a growth path. With revenue of 6.4% in Q2 to INR36.7 crore and 7% in H1 to INR71.7 crore, our core franchises continues to perform well, while the key brands like Sodium Valpred growing 38% in South Africa and 17% in Australia.

We are also deepening channel engagement, including a dedicated channel partners program in Myanmar to mark 25 years of Siloxigen 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 Balkans, Middle East. We are winning tenders with

recent wins in LATAM, Ethiopia, and other markets. We, we expect to add about INR10 crore of revenue from FY29 from Chile and Ethiopia.

We also completed our first renewal project on time which is expected to add about INR8 crore from FY29 in UK, and CDMA 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 roadmap targeting about INR25 crore by FY30. Our expanded API portfolio gives IIF a forward integration advantage on this new molecule. We have also added depth to the team with 2 senior hires who bring strong international marketing advertise.

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 RPGserve 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 Salesforce 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 Q3. Coming to our financial roundup, to sum up the financials, Q2 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 increase, product mix, and securing strategic inventory.

PBT before exceptional items grew 11.3% to INR42.5 crore in Q2 and 13.6% to INR83.7 crore in H1. Reported PBT reflects 2 one-off items. Last year included a INR11.2 crore gain from the fire insurance recovery, while this quarter includes INR5.5 crore of one-time restructuring and acquisition-related costs such as fees and etc. So closing, we have-- look, as we look ahead, our priorities are clear. In domestic formulation, 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 formulation, we'll deliver our FY27 plan while protecting margins, close partnership discussions, and onboard further CDMA 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-kept specialized API business and a stronger organization to support both.

I am confident that this position of RPG Life Sciences is well for sustained and profitable growth. Thank you for your continued trust and support. I will be happy to take the questions.

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session. [Operator Instructions] The first question is from the line of Ranjit Verma from Sameeksha Capital. Please go ahead.

Unidentified Speaker
Yeah, hello. Yes, the voice is a bit feeble.

Ranjit Verma - Analyst, Sameeksha Capital
Yeah, now is it clear?

Unidentified Speaker
Yeah, this is better. Please go ahead.

Ranjit Verma - Analyst, Sameeksha Capital
Thank you for the opportunity. So I have 2 questions. First, for the acquired API entity, would you please quantify the contribution of the revenue and the 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 conversion cycle on a steady-state basis going forward?

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
So on the, uh, on the revenue and EBITDA front, so EBITDA is, uh, like we said in earlier calls also, it will be in mid-20s, uh, similar in line with our existing business of API. And from the top line, we'll, uh, it's an H2 that we are, uh, we are now setting up the business and all acquisition-related integration things. So the top line will be directionally in the range of 30-- 25 to 30 crores for the H2.

Ashok Nair - Managing Director, RPG Life Sciences Limited
Add to Amol, uh, the-- you said what is going to happen to our acquired assets. So our actually the billing will commence from Q3 for both the sites, and we, we registered a 50 lakh sales in Q2 from Actis.

Ranjit Verma - Analyst, Sameeksha Capital
Okay, on a cash flow, cash flow generation

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
So cash flow generation is too early because it's an integration right now is happening. So probably there will be-- we are expecting some CapEx as well. So we'll come back on this point as we conclude Q3 and Q4, uh, once the operation stands and then the operation normalizes at the acquired properties.

Ranjit Verma - Analyst, Sameeksha Capital
Okay, thank you.

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
Thank you.

Operator
Thank you. [Operator Instructions] Next question is from the line of Mohammad Patel from Edelweiss Public Alternatives. Please go ahead.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Can you hear me?

Ashok Nair - Managing Director, RPG Life Sciences Limited
Yes, please.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Yeah, I have a couple of questions. Uh, first one is, what led to the gross profit margin expansion on a YOY basis?

Ashok Nair - Managing Director, RPG Life Sciences Limited
Profit margin, we had an increase of 260 basis points in spite of the prices and the headwinds we had. So we had a strong process on this and we increased it by 260 basis points.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Yeah, I just wanted to understand what led to this improvement.

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
So yeah, so there are a lot of multiple things. Like we also have, uh, so though 2.6% it looks positive, we also had the hit from the 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 increase, passing the, you know, 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 end up having a little impact on our way.

I mean, we could control the impact on Asia, or slightly also there was an upside on the FX, on the dollar front. So that also helped us in, you know, controlling the, the loss and as well as contributing positively on a year-on-year gross profit.

Ashok Nair - Managing Director, RPG Life Sciences Limited
Yeah, so besides that, we also built our strategic inventory. That was the plan, and we improved our product mix further to what Avnish said. So that led to overall improvement in what we did.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
This product mix improvement has happened in which of the business?

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
So it's multiple, like largely it's not only one particular division segment, but then we have largely looked out all our 3 segments. Uh, I mean, with-- be it as an international formulation, API, domestic formulation, where limited scope we have. There are also other initiatives internally we drive, like

converting customer from CIF to ex-work 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 Q2.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Okay, my next question is employee benefit expenses have also grown higher in revenue. So what is the reason for the same, and do we expect this higher rate to continue?

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
See, employee, uh, so there are 2 things that, uh, at an organizational level we have done. So we have, uh, one is that there is a mix of the contractual labor converting into the fixed labor, 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. Quarter 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 or whatever we are targeting, so we require the field force that we are driving through this.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
So this is FY27 specific investments that we are doing. Then next year we should expect some normalization.

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
Yeah, this will be now at a-- at this level, and this will be a normal level.

Ashok Nair - Managing Director, RPG Life Sciences Limited
So this headcount 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 will really start seeing their output in

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Okay, and also other expenses, if I exclude, exclude the one of INR5.5 crore, that has also grown much faster as compared to revenue. So if you can highlight the reason for that as well.

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
There's only one major reason is, uh, again Asia war. There's a freight component, uh, gets reported into that, so which is, uh -- s o, uh, 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 7-odd crores. Out of that, 5.5 is about the strategic initiatives, and the rest is largely around the freight and all.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Okay, so again, this will also be getting normalized starting maybe H2.

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
Please depend on, again, Asia, what this all increases coming as a, uh, from the, you know, the freight forwarders and the domestic supply chain. Uh, 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 - Analyst, Edelweiss Public Alternatives
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 - Managing Director, RPG Life Sciences Limited
Okay, so first of all, our DF is a long-term transformation story for us and it's very important as we good 70% of our business. Now if you look the difference between-- if you also already know that there's almost a 10% difference in the, the recorded sale price to retailer, the price to stockists. However, for us, 2 important things happened. One was our inventory days have come down to 42 to 38 days. We wanted to strengthen the business, make it more hygienic, and ensure that the prescription prescriptions are larger rather than the primary stock.

So we had almost had a 4-day 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 Q3 remains positive for DF.

In fact, it will continue to get back to the growth which we were getting.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Okay, my next question was related to this. So we continue to aspire for 1.5 times the market growth going forward?

Ashok Nair - Managing Director, RPG Life Sciences Limited
Yeah, absolutely. That is very clear that even if you see the 11.5 or 13% which grew is also 1.5 times, so 1.2 times. So yeah, so our thing will continue. And as I've said, with these 2 challenges resolved for us, uh, we will be above 1.5 in the coming quarters also, coming quarters and continue.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
So what will be the major driver for this performance Q3?

Ashok Nair - Managing Director, RPG Life Sciences Limited
For domestic?

Mohammed Patel - Analyst, Edelweiss Public Alternatives
For domestic outperformance versus the market, which will be the 2-3 major growth drivers.

Ashok Nair - Managing Director, RPG Life Sciences Limited
Okay, 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 3 crores now. We have launched Tritypenem, which again is is severe for bone infections. 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,

one of the reasons why Nephrosyn has become 100 crore 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-- this 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 medical marketing activities, which we recently started, have actually been one of the leading things which we do. So if you see, our Naphrosyn flagship brand has crossed INR100 crore in the second year and is growing at about 14%. Mabs 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 - Analyst, Edelweiss Public Alternatives
Okay, my next question is related to international formulation business. So it has been, you know, 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 - Managing Director, RPG Life Sciences Limited
So in fact, our recent interventions which we did in international formulations with building up a new team, uh, 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 dosiers. In fact, uh, the double-digit growth will happen from H2 itself. So I don't think it's-- the next year to be far better. So the H2 looks far better, or 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'll-- H2 will actually have a the double-digit growth. Our CDMO projects we completed in time, so we are getting another 3 products for to develop for them. CPHI Milan, as I mentioned, we almost met 160 customers. We added talent in them. So IF will look right from H1 itself, uh, in a double-digit growth. H2, okay,

Mohammed Patel - Analyst, Edelweiss Public Alternatives
okay. Any update on NAPROS in Canada?

Ashok Nair - Managing Director, RPG Life Sciences Limited
Yes. Oh, it's good you asked the question. In fact, we just got an approval a week before. The audit, uh, social audit approval got cleared, and by December mid we'll be able to start supplying.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
And this will be a key, uh, aspect to the growth going forward?

Ashok Nair - Managing Director, RPG Life Sciences Limited
It will be a key aspect to-- if 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 So we believe that at least to start off, 25% to 30% of market share to come to us. And going forward, uh, this has got a lot of potential because it's one of-- naproxen globally is considered to one of the best nonsteroidal anti-inflammatory drugs. In fact, we are very excited about this prospect, and shipment will, as I said, shipment will start in December itself.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
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 INR30-35 crore, what should be the growth for the organic API business on a medium-term basis?

Ashok Nair - Managing Director, RPG Life Sciences Limited
So organic API will continue to grow in double-digit growth with what we were growing earlier. In fact, that is something it will be 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 the earlier times organically, and whatever we add inorganically is a plus and an upside for us.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Okay, I have one question related to the acquired--

Ashok Nair - Managing Director, RPG Life Sciences Limited
If you see, just before that, on the revenue front, if you see our CAGR growth over 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 to INR350 crore by FY30 and INR500 crore by FY32, subject to further acquisitions as well. And for now, we have a very strong order book for Actis and ramp-up for Ragwa plant to start.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Okay, my next question was related to that. So, uh, 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 - Managing Director, RPG Life Sciences Limited
So nothing changes from the last call to this call. The only thing which changes is the order pipeline has become stronger than we thought.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Okay, thank you so much. All the best.

Ashok Nair - Managing Director, RPG Life Sciences Limited
All right, thank you.

Operator
Thank you. Next question is from the line of Rajesh Joshi. From Chris Capital, please go ahead.

Rajas Joshi - Analyst, ChrysCapital
Thank you for the opportunity. Am I audible?

Ashok Nair - Managing Director, RPG Life Sciences Limited
Yeah, yes.

Rajas Joshi - Analyst, ChrysCapital
Yeah, good evening, sir. I had a question regarding our domestic formulations business. I mean, there's been a-- I think, I believe there's been a discrepancy with regards to the numbers, growth numbers that we see on Pharmarak 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

Ashok Nair - Managing Director, RPG Life Sciences Limited
So I actually answered the 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 PPR level, and that is the prices 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 500 crores. 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 US 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 one-time inventory corrections 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 been seeing that we are continuously outmarketing the-- so we would be at 15% primary growth, and we will almost recover the 5 to 5.5 crore from the supply challenges which we face in this quarter.

Rajas Joshi - Analyst, ChrysCapital
Thank you for that clarification. Same 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 there being 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 would be any impact on our pricing/margins, if at all some of these stringent rules have to come into enforcement.

Ashok Nair - Managing Director, RPG Life Sciences Limited
Yeah, 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 widens. So see, I'm sure you must be-- have seen what happened in 2017. So our selling price does not change, okay? The rationalization caps trade margins and the marks-up 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-- that the MRP will come down, but the price at which we sell to our distributors stays broadly the same. So there is no material impact on our sales and margins. In fact, I believe that over time it will actually help us because better affordability 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.

Rajas Joshi - Analyst, ChrysCapital
I think, uh, thank you for this detailed answer, and I wish you all the very best.

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
Thank you.

Ashok Nair - Managing Director, RPG Life Sciences Limited
Thank you.

Operator
Thank you. Next question is from the line of Mohammad Patel from Edelweiss Public Alternatives. Please go ahead.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Thanks for the follow-up. I have one follow-up question. We used to do 24.5% margin in FY25, so, uh, what are the steps we are doing to reach those levels, and can-- by when can we expect the same to reflect in the numbers going forward?

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
See, our primary focus is also on the growth. Uh, I mean, when we are doing a lot of activities, uh, towards the growth of the business, I think, uh, we probably will have to compromise 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 you'll have to do. So of course, 25% at FY25 level, it's the aspiration, but we'll take all of the efforts to be near to or about to that level.

Ashok Nair - Managing Director, RPG Life Sciences Limited
So we are at 24% EBITDA margin, 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, we are aspiring towards that and we should reach there.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
And any change in the CapEx, uh, for this year or next year?

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
There is no change, uh, in the CapEx that we already have planned, uh, except those which will be coming for the acquired assets, if anything is come which we are already anticipated, but not major to indicate.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
So we expect 7-8% of sales--

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
no, sorry,

Mohammed Patel - Analyst, Edelweiss Public Alternatives
no, we expect the CapEx to be 7-8% of sales?

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
Yeah, yeah, below that. Correct.

Mohammed Patel - Analyst, Edelweiss Public Alternatives
Okay. Thank you.

Amol Lone - Chief Financial Officer, RPG Life Sciences Limited
Thank you.

Operator
Thank you. [Operator Instructions] As there are no further questions, I now hand the conference over to the management for closing comments.

Ashok Nair - Managing Director, RPG Life Sciences Limited
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. Thank you.

Operator
[Operator Closing Remarks]