"Ajanta Pharma Q4 FY '25 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to Ajanta Pharma Q4 FY '25 Earnings Conference Call. As a reminder, all participant lines will be in 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 "*", then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Yogesh Agrawal – Managing Director of Ajanta Pharma Limited. Thank you, and over to you, sir.

Yogesh Agrawal: Thank you. Good evening and welcome to all of you.

With me, I have Mr. Rajesh Agrawal – our Joint Managing Director; Mr. Arvind Agrawal – Chief Finance Officer; and Mr. Rajeev Agarwal – our AVP, Finance and Investor Relations.

The results are already with you. We will take you through business-wise performance for the quarter and for the whole year, along with the comparison of previous year same period. Let's get into the business performance.

For the current year FY 2025 marked yet another year of outstanding performance driven by our well-crafted strategy and strong operational execution. We are committed to growing sustainably and scaling up responsibly, building every part of the business in such a manner that creates long-term value to our stakeholders.

Staying true to our commitment of growing the branded generic business in mid-teens, I am pleased to share that we delivered a healthy growth of 15% during the year. Our financial strength also continued to improve with ROCE at 32% and return on net worth reaching 25% as of March 2025, reinforcing our position amongst the best in the industry. Our strong cash conversion ratio of 92% enabled us to distribute a significant payout of Rs. 700 crores to our shareholders, reaffirming our commitment to delivering value to our stakeholders.

Moving on to the business details:

Our overall business saw a healthy growth of 11% during the quarter and 10% for the year, in spite of sharp de-growth in Africa institution business and soft growth in US generic business. The growth for the year was fueled by an excellent performance of our branded generic business, which contributed 74% in overall revenue. This business is spread across India, Asia and Africa. The sales stood at Rs. 805 crores during the quarter, posting 12% growth, and Rs. 3,394 crores, a growth of 15% during the year. This business exhibits assurance, sustainability and scalability in the long run.

Let me now take up international business, and I will first start with branded generic business in Asia and Africa, which contributed 42% in the total revenue.

Let's begin with Asia:

Ajanta's Asia business extends across Middle East, Southeast Asia and Central Asia, covering nearly 10 countries. We are strategically strengthening this business through increased investment in both products and people to drive accelerated growth in the coming years. I am pleased to share that we have significantly expanded our product portfolio in the region, with the launch of 25 new products, primarily in chronic therapies. This expansion positions us strongly for the sustained growth in FY 2026 and beyond. In Q4, sale was Rs. 303 crores against Rs. 281 crores, a growth of 8%. And during the year FY 2025, sale was at Rs. 1,191 crores against Rs. 1,057 crores, a healthy growth of 13%.

Let's move to Africa:

In FY 2025, our Africa business achieved an outstanding growth of 28%, driven by continued strategic focus on expanding our chronic therapies portfolio in the region, and successful launch of 13 new products. These initiatives are steadily building a strong foundation for more sustainable and scalable business in the years to come. As we look ahead, while the Africa pharma market is anticipated to witness a moderation in growth in FY 2026, alongside the impact of high base effect FY 2025 for Ajanta, we remain confident in the long-term potential and strength of our business in the region. During the quarter, the sale was Rs. 133 crores against Rs. 113 crores, a growth of 17%. And for the year, sale was Rs. 750 crores against Rs. 585 crores, a healthy growth of 28%.

Let us talk about other two verticals of international business now:

Let's go with US generic:

As anticipated, our US generic business closed the year with a growth of 9%, with all five new product launches occurring in the second half of the year, limiting their ability to contribute to the full year performance. However, we are well-positioned to capture the complete potential of these products in FY 2026, which is expected to witness a stronger growth supported by a robust pipeline of additional launches planned for the year. We remain vigilant considering ongoing tariffs, uncertainties, and will respond based on actual outcome. During the quarter, the sale was Rs. 325 crores against Rs. 261 crores, posting a healthy growth of 25%. And for the year, the sale was Rs. 1,047 crores against Rs. 964 crores, a growth of 9%. Our superior execution continues to keep us as a preferred partner of choice for the distributors.

Let's move to the Africa Institution:

As we have consistently highlighted over the years, this business has remained unpredictable due to its heavy dependence on the procurement agencies. During the year, the business experienced a significant de-growth of 41%, including a sharper decline of 53% during the Q4, reducing its contribution to the revenue to just 3%. Consequently, it has become a very small part of our overall business. Looking ahead, we continue to maintain a cautious outlook on this segment for the foreseeable future. The antimalarial business contributed revenue of Rs. 147

crores during the year against Rs. 249 crores in the previous year. Revenue for the quarter was Rs. 28 crores against Rs. 61 crores.

Now, I invite Mr. Rajesh Agrawal – our Joint Managing Director, to take you through India business. Thank you, and over to you.

Rajesh Agrawal: Thank you. And good evening to all of you.

FY 2025 was indeed an eventful year for the India business, with many new initiatives:

1. There was the addition of two new therapies, gynecology and nephrology, with a little over 200 MRs in the domestic market.
2. There was a significant expansion that we undertook in the existing therapies with the addition of 250 new MRs, and we are open for further expansion in FY 2026 as may be necessary.
3. Acquisition of three brands in the pain management segment.

I am pleased to share that as a part of the strategic initiatives, we have taken a significant step forward with the first ever acquisition of three brands in the pain management segment. These additions align well with the accelerated growth trajectory of our India business and will further strengthen our pain portfolio. It is important to note that the value of these brands falls below the threshold for mandatory disclosure.

We continued to outperform the Indian pharmaceutical market by a significant margin of 300 basis points for the year, with Ajanta delivering an impressive growth of 11% compared to IPM's 8% growth. Notably, our volume was nearly double of the IPM. This positive trend is evident across most therapeutic segments in which we operate, where our growth has consistently outpaced segment averages. We remain confident of sustaining this momentum in the coming years, backed by a robust pipeline of new product launches.

Focusing on our performance in FY 2025, the India business contributed 32% to the company's total revenue, supported by the launch of 32 new products, including eight first-time launches in the country. In Q4, sales stood at Rs. 369 crores compared to Rs. 326 crores in the same quarter of the previous year, registering a healthy growth of 13%. For FY 2025, sales reached Rs. 1,452 crores, up from Rs. 1,308 crores in FY 2024, reflecting a growth of 11%. Our India business also includes revenue from the trade generic segment, which contributed Rs. 49 crores in Q4, up from Rs. 41 crores and Rs. 179 crores for the full year compared to Rs. 161 crores in FY 2024.

In the covered market, we are fifth largest in IPM and amongst top 10 in all our therapeutic segments. As per IQVIA MAT March 2025, cardiology contributed 38%, followed by ophthalmology 29%, dermatology 23%, with remaining 10% coming from pain in India-branded sales.

I now invite Arvind Agarwal – CFO, to take you through the financial performance. Thank you, and over to you, Arvind ji.

Arvind Agrawal: Thank you. Good evening and warm welcome to the 4th Quarter Earnings Call of FY 2025.

On this call, our discussion includes certain forward-looking statements which are projections or estimates about future events. These estimates reflect management's current expectation about future performance of the company. These estimates involve a number of risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied. Ajanta does not undertake any obligations to publicly update any forward-looking statements, whether because of new confirmation, future events or otherwise.

We will look at the consolidated financials and provide year-on-year comparisons.

The key financial highlights of Q4 and FY 2025 are as follows:

- Total revenue in Q4 stood at Rs. 1,170 crores against Rs. 1,054 crores, posting a growth of 11%. For FY 2025, the revenue was Rs. 4,648 crores against Rs. 4,209 crores, posting a growth of 10%, which was in line with our guidance.
- Our gross margin stood at 77% in FY 2025, an improvement of 200 basis points over the previous year. This was the result of higher contribution from branded generic business in overall revenue. We expect it to remain in the similar range with movement of 50 basis points to 100 basis points due to the change in product mix.
- For FY 2025, personnel cost stood at Rs. 1,090 crores, an increase of 21% over the previous year. Change in gratuity policy in Q1 and addition of medical representatives in India has resulted in this exceptional increase. We expect this to get normalized in FY 2026. In Q4, the cost was at Rs. 280 crores, an increase of 20%.
- Our R&D spend continues to be at 5% of total revenue and is expected to remain at similar level going ahead. In Q4, expenses were Rs. 63 crores against Rs. 50 crores, and in FY 2025 it was Rs. 224 crores against Rs. 208 crores.
- Other expenses in Q4 stood at Rs. 310 crores against Rs. 278 crores, and in FY 2025 it was at Rs. 1,228 crores against Rs. 1,070 crores, the previous year same period.
- Our thrust on the branded generic business with investment in products and people will keep other expenses elevated in FY 2026 as well.
- Our EBITDA margin stood at 27% for FY 2025, though it was lower at 25% in Q4 due to higher personnel cost and lower gross margin for change in for business mix. EBITDA stood at Rs. 297 crores against Rs. 278 crores, a growth of 7% in Q4, and Rs. 1,260 crores against Rs. 1,172 crores, a growth of 7% in FY 2025 over the previous year. We expect the EBITDA in FY 2026 to be around FY 2025 range.
- The other income was at Rs. 18 crores in Q4 and Rs. 95 crores in FY 2025. It includes a forex gain of Rs. 7 crores and Rs. 28 crores respectively, in Q4 and 12 months.
- Income tax stood at 23% of FY 2025 and is expected to remain at this level in FY 2026.
- In Q4, PAT was Rs. 225 crores against Rs. 203 crores, a growth of 11%, and for FY 2025 it was Rs. 920 crores against Rs. 816 crores, a growth of 13%. PAT stood at 19% in Q4 and 20% for FY 2025.

- Capex was a little higher for the year with investment of Rs. 318 crores in FY 2025. This includes a new liquid plant at Pithampur, a new office in Andheri and brand acquisition cost. Capex including maintenance Capex for FY 2026 is estimated to be around Rs. 300 crores.
- Working capital remained our focus area and we will continue to monitor it closely. Trade receivables at 94 days against 109 days, and inventory at 72 days against 73 days is becoming a normal level.
- Our cash flow from operations at Rs. 1,157 crores for FY 2025 is indeed a landmark with a cash conversion ratio of 92%. Free cash flow of Rs. 694 crores with 75% PAT conversion also reflects our efficient cash flow management.
- ROCE and RONW continued to improve and be comparable to the best in industry. ROCE stands at 32% and RONW at 25% at the end of March 2025.

With these highlights, I open the floor for the question-and-answer. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane: Yes. Thanks for the opportunity. Sir, just clarification on this EBITDA margin guidance, you said similar to that of FY 2025, right?

Arvind Agrawal: Yes.

Tushar Manudhane: It's 28.3%, (+/-28%).

Arvind Agrawal: Sorry?

Tushar Manudhane: (+/-28%)?

Yogesh Agrawal: Can you repeat your question?

Tushar Manudhane: Sir, just a clarification on EBITDA margin guidance first for FY '26.

Arvind Agrawal: Yes, yes.

Yogesh Agrawal: We are looking at 28%, (+/-1%).

Tushar Manudhane: Got it. Sir, but given the kind of growth which we are witnessing in the branded generic business, and still if you are guiding for the similar EBITDA margin, so does it mean that other expenses are going to further rise from here on?

Arvind Agrawal: Yes, to some extent, because the investment which we have done in people etc., we are going to increase the sales and promotion cost. Because current year 450 people have been added over a period of second, third quarter, so naturally their full cost will come in this year.

Tushar Manudhane: Got you. And sir, gross margin lower is largely to do with US exposure higher?

Arvind Agrawal: Yes, for the quarter, yes, you are right.

Tushar Manudhane: And then subsequently we are guiding for the gross margin also to be broadly similar as that of 4Q or FY '25?

Arvind Agrawal: FY '25.

Tushar Manudhane: Got it.

Arvind Agrawal: Yes.

Moderator: Thank you. Next question is from the line of Vishal from Systematix. Please proceed. Mr. Vishal, your line is unmuted, please go ahead.

Vishal Manchanda: Yes, sorry. Good evening everyone. In the presentation you have shown that the ophthalmology segment has grown only 5% this year, so any specific reason the segment growth was lower this year?

Rajesh Agrawal: No, there is no specific reason. I mean, nothing that we can point out, that is what it is.

Vishal Manchanda: Okay. And sir, the next one is like, you have Rs. 176 crores in capital work in progress, would you be able to share what that pertains to?

Arvind Agrawal: It pertains to various projects which we are undertaking, the head office which is the Ajanta Tower which is going on at the moment, some of the floors are yet to be completed and capitalized. Plus, also we have our liquid plant in Pithampur --

Moderator: Ladies and gentlemen, the line for the management has been disconnected. Please stay connected, while we reconnect them to the call. Ladies and gentlemen, thank you for patiently holding. We have the line for management reconnected. Over to you, sir.

Arvind Agrawal: Yes, I think Vishal, you were asking something.

Yogesh Agrawal: There was a technical glitch we had, so.

Vishal Manchanda: Yes, sir. I was asking about the CWIP, which you indicated part of it is on account of Ajanta Tower and the rest you were talking about a liquid plant, and then it got disconnected.

Arvind Agrawal: Yes. So it is a liquid plant in Pithampur which we are setting up, so that is there. Plus also some other small projects which are going on in different manufacturing sites.

Vishal Manchanda: Okay. Sir, this liquid plant pertains to the US markets or the India market?

Arvind Agrawal: No, this is for the emerging markets.

Vishal Manchanda: Okay. Yes. Sir, one question on this US market, you have a product called Oxtellar XR where you are the third generic, which has approval. But what I could see is you have discontinued the product on the site. Is there any reason to discontinue that product?

Yogesh Agrawal: No, no, there is no, which website you are talking about?

Vishal Manchanda: So, on drugs@FDA what I can see is Apotex and one more player have launched the drug by Ajanta, which also has an approval, but it's showing discontinued there.

Yogesh Agrawal: Yes. No, I do not know, we will have to see the website what is showing. We have not discontinued. In fact, we have launched that product in the last quarter as an authorized generic from Supernus, from the originator. So, we are already there.

Vishal Manchanda: Okay. So, this is an authorized generic, would that be the reason to have discontinued your own ANDA?

Yogesh Agrawal: No, no, we are going to be transitioning into our ANDA once our AG contract time expires with Supernus, then we will transition into our own ANDA. I will have to check what website you are talking of; we are not aware of that. As far as we are concerned, we have approval for that. Right now we have launched as authorized generic. And once that timeline is over, then we will be coming with our own product, we will be launching our own product.

Vishal Manchanda: Okay. What would be your market share as an authorized generic there now in Oxtellar XR?

Yogesh Agrawal: Right now it is small, because we just launched recently, last quarter. But going forward I think we will be able to increase our market share.

Vishal Manchanda: Okay, understood. And just a follow-up on the ophthalmology slowdown, just wanted to understand, whether the segment is largely driven by cataract surgeries and chronic areas like glaucoma and dry eye? And whether Ajanta has a strong presence in these segments?

Rajesh Agrawal: Yes, we have a presence in more than 80% of the sub-therapeutic areas, dry eyes also, post cataract, anti-infectives, anti-allergics, glaucoma. So we are present largely into all of these NSAIDs for ophthalmology. And as far as the growth rate is concerned, there are many other segments like, for example, gynecology has grown only at 4%, respiratory has grown again mid-single-digit. So, there are multiple and that's why you see the IPM growing only at 8%. There is no specific reason. I think that's a question for IQVIA to maybe look into and answer.

Vishal Manchanda: But on a reported basis, so you would have grown slower in Ophthalmology or because this is secondary data, but for you on a primary basis, like primary sales to the channel, would you have grown at mid-single-digit or higher rates?

Rajesh Agrawal: Mid-single digit.

Rajesh Agrawal: We are at mid-single. IQVIA data, we have grown at 6% compared to the market growth of 5%. So, that is what is most relevant for us.

Vishal Manchanda: Got it. Okay, sir. Thank you very much.

Moderator: Thank you. Next question is from the line of Abdulkader Puranwala from ICC Securities. Please proceed.

Abdulkader Puranwala: Hi, sir. Thank you for the opportunity. The first question is in relation to your India business. So, I heard that you have added few MRs this year, and what will be the quantum of MR addition for the next year?

Rajesh Agrawal: We do not have a specific objective for adding any numbers. We will optimize the field strength as we go along, wherever we feel that additions are required. It is just the start of the year. We will know after maybe first quarter as to where all and how we add the MRs, in which segment and in which territories. So, there is no specific number that we are starting the year with.

Abdulkader Puranwala: Okay. Sir, when we talked about last quarter and this quarter as well about foraying into two new therapeutic categories, just wanted to understand from a prescriber standpoint, so the MRs are currently catering to the same prescriber? And the reason why I am asking that, if I look at your presentation, then the doctor coverage kind of stands flat at 2.5 lakh doctors if we check that with the previous quarter presentation as well. So, can you throw some light there, please?

Rajesh Agrawal: Yes, you are right. The reason being, in nephrology segment, it's a very small subset of the frank nephrologists by way of qualification. So, it is an insignificant number to see an impact on the 2.5 lakh odd doctors that we cover. And it's a relatively smaller field force, it's more of a task force-based approach. We were already covering nephrologists by way of our existing brands, which are Feburic and Cinod which are also heavily prescribed by nephrologists. And it's the same customer, but we are having a first line treatment products through the nephro team now. Therefore, even those minor additions are already factored in by nephrology.

In Gynaec, we have a small team at this point. So, the coverage is not massive, all India. We hope to be able to expand the footprint as we go along in the coming year. So you may see some addition in the doctor coverage by the end of the year to be more specific on that. But already in our investor presentation it's mentioned as 2.5 lakh plus. So, if there are minor additions, that will cover that.

Abdulkader Puranwala: Understood. Understood. And one more on your Africa institution business, I know that you have been quite cautious from the outlook of this business for quite some time. But given the recent uncertainties about donor funding, though not directly related to your line of business, but any outlook you may like to provide on that front would be helpful. Thank you.

Yogesh Agrawal: No, as you have seen in current year also, we have de-grown heavily. So this is one business segment we can never give the guidance on. We do not know what kind of procurements will be done by the agencies, what kind of money they will be getting. Now with USAID, the US

Government has said that they are not going to continue with USAID anymore. We are not sure what kind of procurements they will do, if at all they will do anything. So, I think that this segment of the business continues to remain unpredictable. The best thing we can do is, whenever opportunity comes, we can maximize it. So, there is no guidance which we have for this segment, or no outlook.

Abdulkader Puranwala: Okay. Got it. And just a final one, if I may. So, any revenue growth guidance you would like to provide for your branded generic and US business for next year?

Yogesh Agrawal: So, US business, we are looking to mid-to-high teens kind of growth.

Abdulkader Puranwala: And for the branded generic?

Yogesh Agrawal: Branded generic low teens, we are looking at low teens.

Abdulkader Puranwala: Got it, sir. Thank you and I will join back the queue.

Moderator: Thank you. Next question is from the line of Foram Parekh from Bank of Baroda Capital Market. Please go ahead.

Foram Parekh: Yes, thank you for the opportunity. Can you highlight on the outlook of ANDA filings in FY '26, please?

Yogesh Agrawal: We are looking at filing around 10 to 12 ANDAs in '25-'26.

Foram Parekh: Okay. And can you just comment on the US tariff if implemented? So, how are we seeing this? How much would it, I mean, how would it impact us? Do I understand the portion or the contribution from the US side is very small for us? But just an overall, in a broader perspective, how are you all seeing the tariff, if levied, would impact us?

Yogesh Agrawal: So, as you may be aware, which is announced by the US Government, they have initiated a Section 232 investigation, which means the US Government has initiated a study that if it all what kind of imports they are doing for the pharmaceutical products in the US, and for if any reason if they are doing substantial imports, those countries do not supply to the US what is at risk? And then they have to come up with a mitigation strategy for that.

So, they have announced this study. This study can get completed in 90 days or 270 days. We do not know what the outcome will be. It's a very complex and convoluted situation where India is one of the largest exporters of pharmaceutical products to the US. At the same time, building such capacities in the US, if at all they were to be built, it's a long process. So, I think there is no clarity on what kind of tariffs, if at all, they will come. So far they have been exempted, whether they will continue to exempt or they will quote and so what percentage they will put. The situation is very, very fluid right now to make any comment.

Having said that, we have evaluated our scenario, strategy, and option. And we have a directional plan in place, depending on whatever the outcome of the study and the government of the United States makes the announcement. We will take a suitable, appropriate measure to mitigate the risk, whatever best way we can. I think there is no further comments or guidance I can give you, because we do not know what the tariffs, if at all, they will be. Whether they will be 10%, 20%, 25 %, there is no clarity on that.

Foram Parekh: Yes, sure. So, and the last question, if I may ask, it's on the R&D side. We see that R&D contribution's 5% of the sales. So, any guidance like whether this would be the same percentage or are we intending to increase? And just where are we attributing it, where are we spending the R&D cost, just a sense on that?

Yogesh Agrawal: No, R&D, we are estimating and guiding around the same percentage. Next year also, we will be at around the same percent of 5%. And as you know, all our R&D is split across formulation development for India, ROW, and US market. So, approximately 50% of the R&D spend is for the US market, and rest 50% is for the branded generic business, which is spread across India, Asia and Africa.

Foram Parekh: Yes, that's it from my side. Thank you.

Yogesh Agrawal: Thank you.

Moderator: Thank you. Next question is from the line of Dr. Aman Kumar Singh, an individual shareholder. Please go ahead.

Aman Kumar Singh: Yes, good evening, all. Congratulations for giving us a good result. But I just also wanted to have a dream. I am associated with this company right from the IPO days, I mean, when we came up in the IPO. Just wanted to know that when we are going to achieve $1 billion mark as a part of our sales?

And similarly, now we have at least one milestone I can see that we are nearing Rs. 1,000 crores net profit mark. So, when we expect at least $1 billion of sales, expectation from my side? And at least $250 million of profit from Ajanta Pharma?

Yogesh Agrawal: So, these are our aspirations as well. All the growth drivers to make this happen, we work every day very hard to put them in place, continuously try to identify good products, try to identify newer markets, try to increase the market share in every product. So, I think the team is working very hard to see that we continue to propel this growth. I think hopefully it should come very soon and in the near future, so that's all we can say about this.

Aman Kumar Singh: No, the rate at which we are growing, I think, it is 11%, 12%, 15% of rate of growth will actually lead us to $1 billion market in not less than another five to six years' time. So, this can be little, because if there are other opportunities what our company can explore, and then put some growth drivers into it. So, like as you were saying about, recent regulations that is happening in US, so similarly they are also coming up, they are giving boost to CDMO and CDS, all those kind of players. So, if we can broaden up our portfolio base in some ways so that we can increase our sales. So, like an optimistic view from my side, and I also want us completely to achieve it.

Yogesh Agrawal: Agreed, agreed. Point noted. Be rest assured we have a good business development team and as a top management, we are continuously evaluating all the possible opportunities. As you rightly said, if we continue to grow at mid-teens, in five years we should 2x the business. So, we are doing everything to see that we put all the growth drivers in place. As you rightly said, hopefully it should happen in five to six years. It could happen earlier also, who knows.

Aman Kumar Singh: That's it. Thank you. Thank you so much. Keep the good work going.

Yogesh Agrawal: Thank you.

Moderator: Thank you. Next follow-up question is from the line of Tushar Manudhane from Motilal Oswal Financial Service. Please proceed.

Tushar Manudhane: Yes, thanks for the opportunity again. Sir, just again on the US business, where the filings have been less in FY '25, while the ramp-up in filings is expected in FY '26. But what is giving the confidence for sort of mid-teen sort of growth in FY '26 in US generics business?

Yogesh Agrawal: So, US filing is separate and the growth we are looking at next year. So yes, I agree with you, current year our filing has been slightly less than what we would have liked, we have guided 8 to 10 or 8 to 12. Two of our ANDAs which were to be, this thing is getting spilled over. Some studies have not been successful. But I can definitely say that, I think 10 ANDAs minimum are for sure looking very, very much possible for the next year. Considering the development stage where we are in, where for the pilot bio which we have passed and all those things, could go up to 12 also. So, we will feel very, very comfortable and confident of the next year ANDA filing.

And the growth which you are talking for the US business '25-'26 of high teens is more on the back of four launches which we have done in the last six months. The Q3 we did three launches and Q4 we did one launch. And next year we are looking to launch seven new products. So, the last four products which we launched in second half, that will ramp up in the current year. And there will be some part of the seven new product launches, which will be scattered over the year. Some upside will get from there. So, combination of this put together, we are giving the guidance of high-teen growth in the US market for the next year.

Tushar Manudhane: Understood. And just lastly at the industry level, like any disruption you are witnessing either on the raw material procurement or on the US exports front in anticipation of this geopolitical tariff trade war?

Yogesh Agrawal: No, currently as you know, there is no tariff on the pharma, except the 20% tariff which was announced by the US Government on China. So that first 20% tariff applies to the pharma also coming from China to the US. But other than that, there is no other tariff on the pharma coming into US from any other place. The 20% tariff on pharma, which was first announcement by the US Government, we have not seen any kind of things, any shake-up or any disruption or any kind of significant changes or movements because of that. So, so far market seems to be pretty much as it was before. There is no shake-up which we have seen.

Tushar Manudhane: That's great to hear. Thanks a lot. Very helpful, sir. Thank you.

Yogesh Agrawal: Yes. Sure.

Moderator: Thank you. Next question is from the line of Shrikant Akolkar from Nuvama. Please go ahead.

Shrikant Akolkar: Hi, thanks for the opportunity. Now my question is on the India business. We have done MR additions, we have done a few launches and we also have forayed in new therapies. So, over two to three-year period, how do you see the India business shaping up?

Rajesh Agrawal: Well, our primary objective remains to outpace each therapeutic segment that we are present in and operate in. If we are able to outpace the market at a molecule level and at a therapeutics level, I think that's our prime goal. And if the India market is growing at 8% at an IPM level, our aspiration and aim is to grow at least 200 bps faster than the IPM growth. So that's how we can look at for the next two years also.

Shrikant Akolkar: And the new therapies that we have entered, when do you think that those therapies could be contributing substantially, let's say, meaningfully? What could be the, let's say, three-year, five-year period where we think this can add meaningful value?

Rajesh Agrawal: No, it's a good question. Both the therapeutic segments are quite competitive. The competitive intensity is very high. It will take maybe at least three years, because we have just entered last year with the first-line treatment, Frank portfolio for each segment. And really to make our presence felt, it will take about three years, at least that's what we are aiming for.

Shrikant Akolkar: Understood. And on the new product acquisitions that we have done, a few products that you have highlighted, is it possible to talk about the thought process that have gone? Because we have not done any acquisitions so far, so what could have changed? And how big are these products?

Rajesh Agrawal: So, the annual revenue was about Rs. 15 crores to Rs. 17 crores for these brands. They were acquired from a company called Aksigen. They are primarily into pain management segment. Honestly, the outlook has not changed. We have always been looking out for acquiring good assets, brands or companies in the domestic market. And we have been in the foray in many such acquisitions that have happened and companies that have got sold and acquired. And this brand augmented very well with our current product portfolio. And therefore we made the acquisition, and we are reasonably confident of having a quick payback and building these brands to a much larger scale than what we acquired them at.

Shrikant Akolkar: Understood. And on the liquid formulation facility, can you talk more about it? I understand it is expanding substantially at the existing liquid capacity. But when do we think this will commission and what sort of opportunity it can bring?

Yogesh Agrawal: So, it will be mostly, we have a small facility at Chikalthana, our liquid facility, which is quite old now, small capacity. And we are doing a lot of contract manufacturing outside. Contract manufacturing has a limitation on how much we can scale up, get the approvals from the various authorities in the emerging markets, audits, very dependent. And our philosophy and objective of Ajanta Pharma has been to get the production inside as much as we can. So with that outlook, we have put up a new liquid block at Pithampur.

So, basically it will be getting all the contract manufacturing inside at our facility and moving some part of the production from Chikalthana to this facility. And this will also act as a platform for us to develop and file new liquid products from this facility into our emerging markets. And going forward in three, four years, then they will be available for us to commercialize. So, that's the outlook for the liquid plant.

Shrikant Akolkar: Okay. And final question, would it be possible to talk about some of the launches that we have done in the US market and maybe some of the market share if possible?

Yogesh Agrawal: What exactly do you want to know? What is the question you were asking?

Shrikant Akolkar: So, you said that you have launched five to six products during the second half of FY '25.

Yogesh Agrawal: Yes. Yes.

Shrikant Akolkar: I just wanted to know if you can highlight, as you said the bigger opportunity for Ajanta will be in the FY '26 when they gain market share. So, if you can highlight the names, if possible, of course, name of the products and current market share that we have done there.

Yogesh Agrawal: So, I think, we have launched three, four products. We have launched Fluvoxamine ER tablet, then Oxcarbazepine, which is Oxtellar ER. That can become a decent-size product for us in the coming year. So, as you know that when you launch the product the market shares are small and in next six months or eight months then they become the sizable, they can become a full-blown opportunity. And there will be seven new products, which I am not able to share the names of those products with you, but there will be some good product launches, which will happen next year.

All in all, if you see the IQVIA data, wherever Ajanta has launched the product, we have, always, been one of the top two or three companies having the market share. Our supply track record is one of the best in the industry. We have a fill rate of 99.9%, so we have no back orders. Our supply chain is one of the most robust supply chains. That enables us, and the customer then have confidence when they join hands with us or give orders to us, that they can give the product consistently. So that has been our strong suite then we will continue to work on that.

So, all these products, end of the day whatever price erosion which happens, which we are estimating into the high-single-digits, plus the new product launches and market share from that, all put together we are expecting this to give us a high-teens growth in the US

Shrikant Akolkar: Just the last question, with your permission, what should be the CAPEX next year?

Yogesh Agrawal: Around Rs. 300 crores.

Arvind Agrawal: Rs. 300 crores.

Shrikant Akolkar: Okay. Thank you so much.

Moderator: Thank you. Next follow-up question is from the line of Vishal from Systematix. Please go ahead.

Vishal Manchanda: Thanks for the opportunity. Sir, with respect to African-Asia market, any large markets that we intend to enter this year or the year after?

Yogesh Agrawal: In Asia and Africa?

Vishal Manchanda: Right.

Yogesh Agrawal: No, Africa, we pretty much are present in most of the countries which are sizable and where you can scale up. So we are present in pretty much around 18 to 20 countries in Africa. In Asia also, I think, we have taken initiative of Central Asia a year or two years back. So we are scaling up there. It will take another two, three years for it to become sizable. But other than that, I think we continue with our existing Southeast Asia, Middle East, Central Asia is a new addition. New addition when I say is last two years, but it will still take a few more years for it to become sizable. So that's where our focus is right now.

Vishal Manchanda: So, basically with your existing portfolio of markets and filings, can you sustain the growth in Africa and Asia around this low to mid-teens levels for the next maybe three, four years?

Yogesh Agrawal: Yes, yes. We feel very comfortable. We have a lot of good products under approval in various therapeutic segments in all these markets. So when we get approval, we can launch them. We have a very good understanding of this market which enables us to accelerate and get the market share quicker. There are good products which are under R&D right now, which when they get developed will be manufactured and filed. So there is a robust pipeline awaiting approval for the dossiers filed and under R&D. So there are a lot of therapeutic segments we are not present in in these markets, where we can enter and get the market share, like we are not there in gynecology, we are not there in CNS. There are a number of segments. So, I think there is enough head space for us to keep growing by adding new products, adding people and increasing the market share from the existing products.

Vishal Manchanda: And is it fair to say these markets are even more underpenetrated than what India is, Africa and Asian markets you would be present in, with respect to the chronic segments and these new therapies that you talked about, gynecology?

Yogesh Agrawal: No. I mean, it's very subjective, each market has their own curve of growth and evolution. So some markets are very mature like India, CNS is a very large market size. Some markets in

Africa may not have such a big, large market size of CNS now. But in the future, like India also 15, 20 years back CNS was very small, ophthalmic was very small, but now it has become very big. So it's an opportunity for us to kind of enter these segments now when they are small in these markets. And as they keep growing, because they will post growth which are faster than other segments which are mature. Mature therapeutic segments will post a growth of 6%, 7%. These segments could post much higher growth of 12%, 15%.

So, considering the strength which we have, we are one of the unique companies having such a large field size outside of India, so we understand this market much better. So with that strength we have a good equity with the doctors, and we should be able to get into the segments and make a meaningful portfolio out of them.

Vishal Manchanda: Got it sir. And sir, just one final one. We had a 76% payout this year, should we expect a similar payout going forward?

Yogesh Agrawal: I mean, the only way we can use the money is with the capex we have given Rs. 300 crores guidance, which is almost the same as current year. Second is acquisition. So, if we have any targets for acquisition, the money could be deployed there. If not, then like in last two, three years, we have given out this money to the shareholders and we will give out the money to the shareholders if there is no acquisition which comes through.

Vishal Manchanda: Got it sir. Thank you very much.

Moderator: Thank you. Next question is from the line of Akash Singhania from RAAY Global Investments. Please go ahead.

Akash Singhania: Yes. Sir, thank you for the opportunity. Sir, in one of your previous responses you mentioned that the tariff to US for India is zero and for China currently it is 20%. So, assuming it continues, I want to understand two things. One is, for a similar product what would be generally the difference between the prices of India and China? And secondly, will 20% further tariff on China make Indian products for us more attractive and competitive to gain market share?

Yogesh Agrawal: Right now, as you know, there is a 20% tariff on pharma going out from China to US, which is not there in any other country. So, to that extent, Chinese companies and whatever arrangement they have with their customers, they have to see how they are going to absorb that. We have very few products with the Chinese players overlapping with them. So we do not have any idea on how that is being done. But generally, the sense which we get from the market is, there has been not any big shake-up or disruption, so we do not know how that has worked out, whether the prices got passed on, whether the Chinese companies are absorbed. But anyway, I think in the finished product, India is much, much, much larger than China in the finished formulation.

So depends, going forward, what is the difference between the tariff between India and China? Going forward, if they put a 25% tariff, will it be common 25%, and China will not have that

20% will be removed and they will also have 25%? We do not know. So, there are a lot of uncertainties to kind of like make a sense and speculate on that.

Akash Singhania: Okay. So, what is the price differential currently would between, let's say, the India formulation and Chinese formulations, maybe for your portfolio products, would be in what range?

Yogesh Agrawal: No, we do not, as I told you, we do not have overlap with the competitors from China. They have only one product, not really any shake-up there.

Akash Singhania: Okay. And sir, second question is on, for our total portfolio how much would be acute and how much chronic?

Arvind Agrawal: It differs from market to market actually. So, like for example, if you take India, it is almost about 65% chronic, whereas in emerging markets, overall if you take, it will be less than 50%.

Akash Singhania: Okay. And sir, lastly, we acquired these, I think, two or three brands which you mentioned with the revenues of Rs. 17 crores. Can you share how much amount we have spent on that?

Arvind Agrawal: I think it is about Rs. 40 crores.

Akash Singhania: Okay. Thank you, sir. That's from my side. And thank you, sir. Thank you.

Arvind Agrawal: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Yogesh Agarwal for the closing comments.

Yogesh Agrawal: Thank you everyone for joining this call. In case if there are any other further questions that remain unanswered today, you can reach to our Investor Relations team. Thank you.

Moderator: Thank you, sir. On behalf of Ajanta Pharma, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.