



“Ajanta Pharma Limited Q1 FY-26 Earnings
Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to Ajanta Pharma Q1 FY '26 Earnings Conference Call.

As a reminder, all participants' 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

With this, 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 – our CFO, and Mr. Rajeev Agarwal – our VP (Finance & Investor Relations).

The results are already with you. We will take you through the business-wise performance for the Quarter 1 current year, along with the comparison of the previous year same period.

The year commenced on a strong note with revenue from operations growing by 14% and margins remaining resilient despite higher expenses. We remain committed to sustainable growth, strengthening every aspect of our business to create long-term value for our shareholders.

Our financial strength continued to improve with ROCE at 33%, and return on net worth reaching 26% at the end of June 2025, reaffirming our position amongst the best in the industry. Our performance resilience is further demonstrated by the strong cash conversion ratio of 80%, and free cash flow to PAT conversion of 82% during the period.

Let's move to the business details. Let me take up the International Business:

I will first start with the Branded Generic business in Asia and Africa, which contributed 41% in the total revenue.

So, let's begin with Asia:

Ajanta's Asia business spans nearly 10 countries across Middle East, Southeast Asia, and Central Asia. In Q1, the region delivered a sales of Rs. 304 crores, up 10% from Rs. 277 crores in the previous year. We are pleased to report the launch of 10 new products this quarter, primarily in chronic therapies, which further strengthens our portfolio in the high potential market. Our continued investments in both people and products reflect our strategic intent to scale this business meaningfully. This expansion reinforces our position for sustained growth in the current year and beyond.

Let's move to Africa:

In Q1, our sales from Africa business stood at Rs. 228 crores, a slight degrowth of 1% compared to Rs. 230 crores in the same period last year. As previously indicated, the Africa pharma market is expected to see moderate growth in the current year, as also for Ajanta with the impact of high base in the previous year.

Despite these short-term headwinds, we continue to strengthen our presence in the region with the launch of 2 new products, further expanding our chronic therapy portfolio. We remain confident in the long-term growth potential and strategic relevance of our Africa business.

Let us talk about other 2 verticals of International Business now. Let's move to U.S. Generics:

U.S. Generics business contributed 24% in the total revenue during the quarter. As guided, the business performance has been excellent, with Q1 sales at Rs. 310 crores against Rs. 228 crores, posting a very healthy growth of 36%. This growth is attributed to 5 new launches made in the second half of the last year, and 1 new launch in this quarter. We are expecting 2 to 3 more launches for the year. Our superior execution continues to keep us as a preferred partner of choice for our buyers.

Let's now move to Africa Institution:

Africa Institution contribution from the Antimalarial business is just 3% now with a revenue of Rs. 38 crores in the Q1, against Rs. 42 crores in the previous year, posting a degrowth of 8%. As highlighted over the years, this business remains unpredictable with its dependence on procurement agencies and we maintain a cautious outlook on the segment.

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. Good evening to all of you. FY 2026 indeed has started well for our India business. A few new initiatives taken in the previous year has started showing good signs.

Coming to the performance:

We continued to outpace the IPM, the India Pharmaceutical Market by 29% as per IQVIA MAT June 2025, with Ajanta delivering an impressive growth of 10% compared to IPM's 8% growth. Notably, our volume growth was 73% higher to IPM and new launches exceeded IPM by 46%.

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.

In Q1 FY 2026, India business contributed 32% to the Company's total revenue, supported by the launch of 8 new products, including 1 first time in the country.

During the quarter, sales stood at Rs. 409 crores compared to Rs. 353 crores in the same quarter of the previous year, registering a healthy growth of 16%. Our India business also includes revenue from the trade generic segment which contributed Rs. 39 crores in Q1 against Rs. 41 crores.

In the covered market, we are fifth largest in the IPM and among top 10 in our therapeutic segments, as per IQVIA MAT June 2025. Cardiology contributed 37%, Ophthalmology 30%, Dermatology 23%, with remaining 10% coming from Pain in the branded sales. The new therapies of gynecology and nephrology are taking good shape and are expected to contribute meaningfully in the coming years.

I now invite Arvind Agrawal – CFO, to take you through the Financial Performance. Thank you, and over to you, Arvindji. Thank you.

Arvind Agrawal:

Thank you, and good evening to all.

On this call, our discussion includes certain forward-looking statements, which are projections or estimates about future events. These estimates reflect Management's current expectations about future performance of the Company. These estimates involve 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 obligation 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 for Q1 FY 2026 are as follows:

Total revenue in Q1 stood at Rs. 1,303 crores against Rs. 1,145 crores, posting a healthy growth of 14%, which was in line with our guidance.

Our gross margin stood at 79% in Q1, an improvement of 200 basis points over previous year. Improvement in margin was the result of better product mix and favorable API prices. Full year FY '26 margin is expected to be around 78% plus/minus 1%.

Personnel cost was at Rs. 303 crores against Rs. 284 crores, an increase of 7% over previous year.

Our R&D spend was at 4% of total revenue and is expected to move to 5% for full year. Lower expenses was due to nonfiling of ANDA during the quarter. In Q1, expenses were Rs. 56 crores against Rs. 51 crores.

Other expenses in Q1 stood at Rs. 373 crores against Rs. 263 crores, an increase of 42% from previous year. The expenses were higher due to our trust on the Branded Generic business, where we are consistently investing in products and people, which will keep other expenses elevated in the FY '26 in mid-teen range. The expenses also includes mark-to-market hedge loss of Rs. 25 crores in Q1 FY 2026.

Our EBITDA margin stood at 27% for Q1 against 29% in previous year. EBITDA stood at Rs. 351 crores against Rs. 330 crores, a growth of 6% in Q1 FY '26. Higher personnel costs for MR additions and selling expenses for addition of new therapies and divisions in H2 of FY 2025, will keep EBITDA to be around the FY '25 range in FY '26.

In Q1, our PAT margin stood at 20%. PAT was Rs. 255 crores against Rs. 246 crores, a growth of 4%.

Mark-to-market FOREX loss stood at Rs. 25 crores. Excluding the impact of FOREX loss, EBITDA stood at Rs. 376 crores, reflecting a 14% growth with an EBITDA margin of 29%, which is equal to last year. PAT grew by 12% with a PAT margin of 21% if we remove the mark-to-market FOREX loss.

Other income was at Rs. 26 crores in Q1, which includes FOREX gain of Rs. 9 crores in Q1 FY 2026. Income tax stood at 23% for Q1 and is expected to remain in the range in the FY '2026. We incurred CapEx of Rs. 72 crores during the quarter and is in line with our guidance of Rs. 300 crores for this year.

Our cash flow from operations stood at Rs. 282 crores for the quarter, with cash conversion ratio of 80%. Free cash flow generated was Rs. 209 crores with 82% PAT conversion. This reflects our efficient cash flow management.

ROCE and RONW continue to improve and be comparable to the best in the industry. ROCE stands at 33% and RONW at 26% at the end of June 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. The first question comes from the line of Rehan Saiyyed from Trinetra Asset Managers. Please go ahead.

Rehan Saiyyed: Yes. Good evening team, thank you for giving me the opportunity. Sir, I have a couple of questions. First on the R&D side, like your R&D spend has risen Rs. 56 crores in the quarter. So, could you highlight the key strategic area you are prioritizing in R&D and when we can expect meaningful revenue impact from this investment?

Yogesh Agrawal: When can we expect meaningful what?

Rehan Saiyyed: Revenue, revenue, sir.

Arvind Agrawal: Revenue from maybe therapy focus in the R&D and is there anything which we will get from that?

Yogesh Agrawal: No. So, R&D, as you would see, the expenses have been very much in control for the current quarter. In fact, it has slightly dipped only. It became 4% of the revenue as compared to the 5% for the previous year.

The focus for the R&D remains in the same therapeutic segments where we are present in India and emerging markets and also for the U.S. And continuously, we have been giving in our investor presentation also, the number of new product launches, which we are making in India and other markets. In my opening comments also I have mentioned.

So, all these are outcome of our R&D only. It's a long cycle from the time we take the development of the product, then it goes for the manufacturing, generating the data, then filing with the regulatory agencies for the approval and then launches. So, all the growth which we have seen, every quarter, we have been giving the growth from the new product which is coming in. That is the result of our R&D only. So, already the meaningful results have been seen for the last 2 decades from the R&D output.

Rehan Saiyyed: Fair enough. And second, on the working capital side, sir, working capital efficiency has improved steadily in recent years like quarter-on-quarter, so do you believe there is still scope for...

Arvind Agrawal: No, I think we have reached quite peak. From here, we don't expect any further achievement or efficiency in the working capital cycle.

Rehan Saiyyed: And sir, the last question on the CapEx side, could you just guide on the CapEx on this quarter and going forward FY '26?

Arvind Agrawal: See, for the CapEx, this quarter, we have spent about Rs. 72 crores, and for the whole year, we have given a guidance of about Rs. 300 crores. The normal CapEx, which is the maintenance CapEx is something in the range of Rs. 150 crores to Rs. 200 crores. And balance is something which we are expanding the capacities in some one or the other plants. Like, for example, now the liquid plant is getting ready in Pithampur facility. So, those kind of additions keep on coming. But otherwise, Rs. 150 crores to Rs. 200 crores is normal maintenance CapEx and balance it will not be more than this. It will be in this range only.

Rehan Saiyyed: Okay. Thank you. That's it from my side.

Moderator: Thank you. The next question comes from the line of Tushar from Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane: Sir, just on gross margin, like sequentially, the proportion of the segmental mix has been largely stable or even on a year-on-year basis. So, if you could just help explain the improvement in the gross margin for this quarter compared to fourth quarter? That's my first question.

Arvind Agrawal: Okay. So, I think I have mentioned it already, and I will repeat the same thing, that the product mix, of course, the revenue mix which you are talking about, the Branded Generics and U.S. Generics that is something which has changed this time. But there is definitely an improvement in terms of the products which are giving the higher margin as compared to the normal margin. So, that is something which is definitely there.

And another aspect in this particular quarter is that we do the provisioning for the returns and the expiries. Now that is something which this quarter, I got a one-off here. So, that has added me almost about 1% the improvement in the gross margin.

Tushar Manudhane: Understood. So, that might be a non-recurring. So, that was...

Arvind Agrawal: Absolutely. That's why we have mentioned that it will be about 78%.

Tushar Manudhane: Okay, sir. Sir, on the U.S. business side, while the full year, we have guided for 10 to 12 ANDAs, but we have not filed yet in Quarter 1 FY '26. So, any color you would like to throw on that. Any revision in number?

Yogesh Agrawal: No, no. We are very much on track to deliver in that range. We are very confident of filing 10, the product which are manufactured bios are underway or have completed. So, we are very, very confident of filing around 10 ANDAs plus, minus 1 or 2.

Tushar Manudhane: Okay, sir. And lastly, if you could let us know how many MRs we have increased in Asia region compared to last year?

Yogesh Agrawal: As you know, we don't give the region-wise breakup of the increase. But in the emerging markets, for the current quarter, we have added only 40 MR. But for the rest of the year, we are looking to add another 210. So, for the whole year, our strength increase will be about 250 people in the emerging markets. So, from 2,000, it will become 2,250, about 10% increase will happen during the whole year.

Tushar Manudhane: 2,000, sorry, total, I missed the number?

Yogesh Agrawal: Last year was 2,000. In the current quarter, the increase is 40 for the entire emerging markets. And rest of the year, we are expecting another 210 to get added. So, for the whole year, we are expecting 250 new headcounts to be added, the field size for the emerging markets.

Tushar Manudhane: Okay. And just lastly on cardiology as a therapy for us has been little soft for some time now compared to IPM. So, if you could just elaborate on corrective measures or how to look at it in terms of growth over coming near to medium term?

Arvind Agrawal: I think it is a small way of competition, which is increasing, but I think we already started working on it, and we should be able to certainly come back to our normal IPM growth. So, we will come back on that. It's just that it is a time lag, maybe in another 2, 3 quarters, you will start seeing the improvement.

Tushar Manudhane: Got it, sir. Thank you and all the best.

Moderator: Thank you. The next question comes from the line of Vishal from Systematix Group. Please go ahead.

- Vishal Manchanda:** Good evening, everyone, and thanks for the opportunity. With respect to the U.S. number this quarter, so can we expect this run rate in the upcoming quarters, the run rate to remain at current levels or it can further ramp up from here?
- Yogesh Agrawal:** No, the run rate should sustain at the current level going forward.
- Vishal Manchanda:** Are there any limited period exclusivities that we are running here?
- Yogesh Agrawal:** We have some products which are limited competition products, and we believe that the visibility which we have, they should remain like that for the whole current year. We don't expect any addition in that limited competition products. So, we feel comfortable giving the guidance that the current run rate should continue for the rest of the 3 quarters.
- Vishal Manchanda:** Okay. And on the oral liquid plant that we are investing in, is that for the U.S. market?
- Yogesh Agrawal:** No, it is for the emerging markets, ROW. So, we have one of the oldest facilities we have, very small capacity, which now we are expanding, Pithampur we have put a brand-new facility, which is also global standard. So, that is primarily to cater to our emerging markets.
- Vishal Manchanda:** Okay. So, are we investing anything for the U.S. market in terms of manufacturing capacities?
- Yogesh Agrawal:** No. Because the existing plants, which are there, they are only taking care of the requirements.
- Vishal Manchanda:** Okay. And one question with respect to India. Like just wanted to understand, we do not have very large brands in our portfolio. Any thoughts on that?
- Arvind Agrawal:** I think we have 2 large good brands. Met XL is a very large brand. If you take the full family of Met XL, it is exceeding about Rs. 250 crores. So, that's Rs. 300 crores. Wherein Cinod range which is about Rs. 120 crores; Atorfit is touching Rs. 100 crores; Feburic, there are quite a few good brands, which are touching about Rs. 100 crores.
- Vishal Manchanda:** Got it. Thank you. That's all from me.
- Arvind Agrawal:** Thank you.
- Moderator:** The next question comes from the line of Bino from Elara Capital. Please go ahead.
- Bino Pathiparampil:** Good evening. Question on the Africa branded business. In rupee terms, it looks flat year-over-year. But I believe that your billing for Africa-branded business happens in euro terms and euro has appreciated by about 10% Y-o-Y over rupee. So, in euro terms, the business is down roughly 10% Y-o-Y. Is that the right way to look at it?
- Yogesh Agrawal:** The benefit for the rupee depreciation against the euro, that is what we have pointed, the Rs. 25 crores FOREX loss, which we have incurred in the quarter, where we have seen a sharp increase. That was in a 1 month only, I think pretty much the rupee has depreciated against the euro. So,

there has been very less impact of the rupee depreciation against the euro in the current quarter. So, the FOREX loss mark-to-market Rs. 25 crores has come because of that only. So, right now, I think there is no impact of the rupee depreciation of euro in this current quarter.

Bino Pathiparampil: So, the business is in local currency or whatever currency it is. It is roughly flat Y-o-Y?

Yogesh Agrawal: Correct. That's right. That's right.

Bino Pathiparampil: Got it. Thank you.

Moderator: The next question comes from the line of Rashmi from Dolat Capital. Please go ahead.

Rashmi Sancheti: Thanks for the opportunity. One question on India. Your new launch contribution is also going up compared to the IPM. So, when you are doing new launches around 7 to 8 products, you were targeting which therapies? Which therapies have you launched these particular products?

Rajesh Agrawal: If I may answer. Yes, that's correct. These are across all therapies. And wherever we find the opportunities, that is where the launches take place. So, few may be in cardiovascular, few are in gynecology, some in Pain and Ophthalmology also.

Rashmi Sancheti: And the subsequent quarter, that is second and third quarter generally, it's very good for the domestic business, and we have already reported 15.9% during this quarter. So, what is the guidance on the India business? Is it something that we would be in mid-teens growth for India business this year in FY '26?

Rajesh Agrawal: No. So, 2 things. One is the Quarter 2 for us has not significantly been higher, because our product portfolio is not an antibiotic or a seasonal dependent product portfolio. It's almost the same across all quarters.

And secondly, if you look at the growth forecast, we would like to still maintain our original growth forecast, which is growing at 20%, 25% higher than the India growth rate, IPM growth rate. So, essentially, if the IPM is growing at 8%, then we are aiming in our aspiration to grow at 10% and above.

Rashmi Sancheti: Understood. Got it. And related to your Africa branded business, this year, you are expecting that there will be a moderate industry growth, but we are also doing lot of new launches. And earlier also, we have invested into the people so that would also bring some MR productivity. So, is this a one-off quarter and from the subsequent quarters, at least, we would be able to see some single-digit growth...

Yogesh Agrawal: So, last year, we have posted a very robust growth in the Africa market. We posted growth of around 28%, which was very robust, it's 2x of the normal growth, which we posted. Normally, we have seen growth of 13%, 14%. Against that, we posted 28% growth. And beginning of the year itself, we had guided that considering a very high base, which has got created last year. The current year, we would have the growth of the mid-single-digit.

So, we still are confident of delivering the same number for the whole year, though the 1st Quarter has been the flattish number. But overall, for the whole year, we feel comfortable that we should be able to achieve the mid- to high single-digit growth for the full year.

Rashmi Sancheti: Understood. And coming to Asia branded, we would be again that 11% to 15% sort of growth?

Yogesh Agrawal: Correct. We have guided for the mid-teens, and I think we feel we should be able to achieve that kind of number for the whole year for Asia.

Rashmi Sancheti: And on operating margin front, if you remove the FOREX, this quarter, we have done around 28.9% and you have said that FY '26 EBITDA margin should be equal to FY '25. And whereas in last quarter, you mentioned that EBITDA margin guidance would be 28% (+/-1%). So, just need a little clarification. We would be improving on the gross margin. I understand that other expenses in R&D will be higher. But are we on track to achieve at least around 28% this year?

Arvind Agrawal: I think we will be comfortable at 27% (+/-1%). So, you can always say, okay, it can be 28%, 26% also. So, 27% (+/-1%) is something which we will be more comfortable.

Rashmi Sancheti: Okay. And this is mainly because of the increase in other expenses, what is the outlook in FY '27? Because most of the expenses will be done this year. So, can we expect expansion in FY '27?

Arvind Agrawal: Yes. Certainly, certainly.

Rashmi Sancheti: Okay. All right. Thank you. That's it from my side.

Arvind Agrawal: Thank you.

Moderator: Thank you. The next question comes from the line of Abdulkader from ICICI Securities. Please go ahead.

Abdulkader Puranwala: Hi sir. Sir, thank you for the opportunity. Just first quickly on your Asia business. So, would you like to highlight why is that growth being slipped down to, say, mid-single digit, I understand you have been guiding for this, but considering the geographies we are into, shouldn't we be growing at a slightly faster pace as compared to what we are growing now?

Yogesh Agrawal: As I said, I think we have given the guidance of mid-teens. And we feel that we are on course to achieve for the full year. For the export business, you have to keep in mind, I think the quarter-to-quarter numbers may not be the exact reflection. Sometimes the sales get preponed, sometimes get postponed, so inventory. Full year will be the right way to look at the export business. So, 10% in the current quarter, we have delivered the Asia growth. But for the whole year, we feel comfortable that we will be in the range of mid-teens growth for the Asia.

Abdulkader Puranwala: Understood sir. And sir, second on the trade generic business. So, if we look at the segment, I think it's growing slightly faster than our core branded generic business. So, going ahead, how should we look at this business? What are your growth and investment plans here?

Arvind Agrawal: I think this quarter, we are almost flattish or almost degrowth by minus 6%. So, it is not something which is very large. I think for the whole year, we are expecting it to be around 10% growth.

Abdulkader Puranwala: Understood sir. Thank you.

Moderator: Thank you. The next question comes from the line of Jitesh, an individual investor. As there is no response from the participants.

Yogesh Agrawal: If there are no more questions, I think we can then close the call.

Moderator: Ladies and gentlemen, as there are no further questions, we can take this as a last question. I would now like to hand the conference over to Mr. Yogesh Agrawal for closing comments.

Yogesh Agrawal: Yes. Are there any further people? Anyone wants to have any questions? Are there any calls if there is I will be happy to take that. If not, then I will give my closing comments. So, I guess there are no more callers. So, thank you very much, everyone, for joining this call.

Moderator: Sir, sorry to interrupt. There is one question. There's one participant.

Yogesh Agrawal: Okay. Sure.

Arvind Agrawal: We can take that question, yes.

Moderator: So, the next question comes from the line of Yogesh from InCred Equity. Please go ahead.

Yogesh: Thank you sir for the opportunity. My first question is I wanted to understand our progress on the new therapies, which we have added, gynec and nephrology. How are we seeing the growth that it is in line with what we had anticipated?

And second, on the MR addition front within the India business for the new therapies. Last year, we added around 200 MRs in these 2 therapies, whether we are looking to add further more?

Arvind Agrawal: Sir, you would like to reply? Yes. So, as far as the India business is concerned for the new therapy, I think we will be able to comment on these therapies only after 1 year, because it's just less than 1 year that we have launched these therapies. So, I think it will be good if we review them or look at their performance by this year-end.

In terms of the MRs, we have added about 70 people in this quarter for India business, and we are expecting another similar number to be added in the rest of the year. So, hopefully, about 150 people will get added in this current year.

- Yogesh:** Thank you sir. That answers my question. Thank you and all the best.
- Moderator:** Thank you. The next question comes from the line of Amit Kadam from Canara Mutual Funds. Please go ahead.
- Amit Kadam:** Hi, sir. Sir, somewhere in the middle of the call, you mentioned about some comments on the cardiac division, that about why our growth rate is lower than the IPM. I think you referred to some pricing related thing. Can you just elaborate on that particular part, why the division growth was lower than IPM? That's it. Thanks.
- Arvind Agrawal:** Cardiac, we have said that our performance has been a little lower than IPM, but we are working on it. And hopefully, in the coming quarters, you will see the improvement coming in. It may take 3, 4 quarters more for correcting that particular situation, but we are quite confident that we should be able to come back to the IPM growth.
- Amit Kadam:** Any specific category of products or any prices in the market, which led to that or something?
- Arvind Agrawal:** Not anything specific. It is just the competitive intensity, which keeps on happening, and it is cyclical thing which happens, like what you must have seen in the past also, there are some divisions or some therapies, which have not worked well, but has now been picked up very, very well. So, I think same is the case with cardio as well. So, hopefully, it should also come back.
- Amit Kadam:** And according to you, it will take more than 2 odd quarters, 2 to 4 quarters is what you have assumed, that means this would resume or maybe start beating the IPM, maybe in FY...
- Arvind Agrawal:** Yes, I think we should be able to match IPM in over a period of 2 to 3 quarters.
- Rajesh Agrawal:** Basically, it is **(Inaudible) 0:36:38** and we hope to reverse it soon.
- Amit Kadam:** Okay. So, it's a volume underperformance. It's nothing to do material with the price part or is it...
- Rajesh Agrawal:** Correct. There has nothing to do with the price point. Our price remains an optimum pricing. It is mostly the volume and some market share loss in some of the brands.
- Amit Kadam:** Okay. Correct. Thank you.
- Moderator:** Thank you. The next question comes from the line of Aman Kumar Singh, an individual shareholder. Please go ahead.
- Aman Kumar Singh:** Good evening, everyone. This question is regarding our profit after tax has increased just by 4%, but top line, et cetera, we have done pretty well. So, what was the main reason behind it, please?
- Arvind Agrawal:** As we mentioned, you see the other expenses has been the real growth, which is there, and FOREX loss of Rs. 25 crores, which is the major effect. If you remove the Rs. 25 crore loss, the

growth is almost 14%. So, it is just the FOREX loss, which is the major contributor to that particular growth of 4%.

- Aman Kumar Singh:** So, is it a one-time loss, what we are expecting, or it can be a concurrent loss, which...
- Arvind Agrawal:** It is one-time loss actually because it is a sudden movement in euro from 93 to 100, which has really caused this particular loss. Hopefully, now euro should not go beyond this level. And because of that, it will be a one-time loss only.
- Aman Kumar Singh:** Okay. Thank you.
- Arvind Agrawal:** Thank you very much.
- Moderator:** Thank you. The next question comes from the line of Tushar from Motilal Oswal. Please go ahead.
- Tushar Manudhane:** So, just one more follow-up on U.S. your outlook for U.S. is largely driven by existing launch products? Or do we have new approvals per se, which will drive growth for FY '26 and subsequently for FY '27?
- Yogesh Agrawal:** So, the U.S., we have launched 5 new products in the last year, second half. And in the 1st Quarter, we launched 1 product. And during the year, all going well, we hope to launch 3 more products. So, the last year, we have seen some part of the 5 launches, which we have done in the second half, some sales have come in. But actually, the full sale of the 5 new products which we launched has started to come from this quarter. So, that is where you have seen.
- And also, there have been some increase in the market share in our existing product portfolio also. There's a combination of the new launches last second half, which has blossomed the full year in the current quarter, some increase in the market share on the existing products as well.
- Tushar Manudhane:** So, this market share gain is on the back of some competitor moving out of that product or between different pricing?
- Yogesh Agrawal:** No, no. Some competitors have moved out from the product.
- Tushar Manudhane:** And sorry, if I may drag that, but is it to do with their regulatory issue or more so just purely from the competition and probably they are not into the market for that product?
- Yogesh Agrawal:** Very difficult to say. We don't have much visibility on what would be the reason which would be there. So, it could be capacity, it could be regulatory. It could be anything, very difficult to comment on that.
- Tushar Manudhane:** Fair enough, sir. Thanks a lot.

Moderator: Thank you. The next follow-up question comes from the line of Yogesh from InCred Equity. Please go ahead.

Yogesh: Thanks once again for the opportunity. My question is on the Africa branded business, though this year we are seeing some moderation, what collective measures or steps are we taking to resume faster growth in next year?

Yogesh Agrawal: So, actually, I will just 1 second roll back. As I said last year, our growth was 28%, which is 2x of our growth of 14%, which we normally do. So, if you take last year's growth of 28%, and this year, we have guided high single digit. If you take a blended 2-year growth, it will still be in excess of 16%, 17% growth. So, actually, there is no such correction which is required. We are doing just fine.

Just last year, the base was built up a bit high. That's why we are seeing a slower growth in the current year. But all the fundamentals are well in place to deliver the sustained growth, there is no such issue which we are facing or correction, which is required. I think we should be able to be comfortable. And current year, as earlier said, high single-digit growth. Next year, again, we should bounce back to the double-digit growth, because the last year base effect should get normalized in the current year.

Yogesh: Understood, sir. And one more question on the India business. If you could bifurcate India growth into value volume and new launches?

Arvind Agrawal: So, in terms of the volume, it was 2.5% against the IPM growth of 1.5%. In terms of new launches, we have done against 2.3% of the IPM, we have grown by 3.3%. And the price increase was 4.2% for IPM, whereas it was 4.4% for us. So, practically, we are ahead of the IPM almost in every aspect, from 8% of IPM, we are at 10.3%.

Yogesh: Understood, sir. Thank you for the clarification.

Moderator: Thank you. The next question comes from the line of Dikshant Gupta from Geojit PMS. Please go ahead.

Dikshant Gupta: Good evening, sir. So, my question was, what exactly was the rationale behind entering the 2 new segments of nephrology and gynec?

Arvind Agrawal: I think we spoke about it in the last call in Q4. I will just repeat that, see Nephrology was a natural extension for us, because we were covering nephrology through our Pain Management segment. So, that was a very natural extension for us. And gynecology is something which is growing quite well. And we felt that we will be able to add value there by giving lot of good products to the market. So, that is where the consideration was. And both these segments are something which we will watch for in the next 5 years.

Dikshant Gupta: Okay, sir. Thank you. That was my only question.

Moderator: Thank you. The next question comes from the line of Nirali Shah from Ashika Stock Services Limited. Please go ahead.

Nirali Shah: Hi, I have one question. With 80% EBITDA to CFO conversion and 82% FCF to PAT, how are you thinking about capital deployment over the next 12 to 18 months? And would you prioritize scale up in India or Asia versus U.S.? Or is any inorganic play being explored?

Yogesh Agrawal: So, generally, there's no requirement of prioritization in one geography or other. There are all kind of resources that are independent on each of the geographies, and they perform independently. There is no constraint on the resources for each of the geographies. So, there is no prioritization as such.

In terms of capital allocation, we will see how to go about it, still the year is there. So, Board will make a suitable decision on what will the payout for the current year and what kind of reserves we build for acquisition for the coming year, if any. So, we will see.

And in terms of inorganic growth, yes, we have been active on the lookout for finding the right asset and the right opportunity, but these are some things which we cannot force to make it happen. We will see what are the possibilities which are there, and if there is anything which we can do on that front also. But we are actively pursuing that avenue as well.

Nirali Shah: Understood. Any specific geography that you are looking for in organic? I am asking this to understand what kind of valuations are available, say for example, in India or probably any other geographies, so what would be our focus geography?

Yogesh Agrawal: Our geography focus remains first, primarily India for the acquisition; and second is Asia and Africa. So, these are the primarily Branded Generic business, whether it is in India, if India, we would love to do acquisition in India, which would have a synergy with us. Second is Asia and Africa also, we will be very open to doing that. So, these are the 3 areas where we are actively looking.

Nirali Shah: Understood. Thanks.

Moderator: Thank you.

Yogesh Agrawal: Okay. It seems there are no more questions. So, thank you, everyone, for joining this call. If there are any further questions, please reach out to our Investor Relations team. They will do their best to answer it. Thank you, everyone, for joining the call.

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