Date: 12th May, 2025

To,
The Manager,
Department of Corporate Services,
BSE Limited
P. J. Towers, Dalal Street,
Fort, Mumbai – 400 001
Scrip Code: 533573

To,
The Manager,
Listing Department,
National Stock Exchange of India Ltd.
'Exchange Plaza', Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
NSE Symbol: APLLTD

Dear Sir/Madam,

**Sub: Transcript of Post Results Conference Call held on 6th May, 2025**

**Ref: Our Intimation dated 25th April, 2025**

With reference to the captioned matter, please find enclosed herewith the transcript of the Conference Call held on 6th May, 2025.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,

**For Alembic Pharmaceuticals Limited**

Manisha Saraf Digitally signed by Manisha Saraf
Date: 2025.05.12 18:54:53 +05'30'

**Manisha Saraf**
**Company Secretary**

Encl.: A/a.

"Alembic Pharmaceuticals Limited's Q4 FY'25 Earnings Conference Call"

**May 06, 2025**

**MANAGEMENT:** **MR. PRANAV AMIN - MANAGING DIRECTOR**
**MR. SHAUNAK AMIN - MANAGING DIRECTOR**
**MR. R. K. BAHETI - DIRECTOR (FINANCE) AND CHIEF FINANCIAL OFFICER**
**MR. AJAY KUMAR DESAI - SENIOR VICE PRESIDENT (FINANCE)**
**MR. NILESH WADHWA - HEAD (INTERNATIONAL BUSINESS AND STRATEGY)**

**Moderator:** Ladies and gentlemen, good day and welcome to Q4 FY'25 Earnings Conference Call of Alembic Pharmaceuticals Limited.

We have with us today Mr. Pranav Amin – the Managing Director; Mr. Shaunak Amin – the Managing Director; Mr. R. K. Baheti – the Director of Finance & CFO; Mr. Ajay Kumar Desai – Senior Vice President-Finance; Mr. Nilesh Wadhwa – Head-International Business & Strategy

As a reminder, this conference call is only for the analysts and the institutional investors. All participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. R. K. Baheti. Thank you and over to you, sir.

**R. K. Baheti:** Thank you. Good evening, everyone. Thank you all for joining the 4th Quarter as well as the Annual Results Call for March 2025.

I am sure you would have got all the financials, but let me briefly take you through the numbers:

I am very pleased to inform you that this quarter our revenue grew by 17% to touch Rs. 1,770 crores. EBITDA Rs. 286 crores, which is 16% of the sales, it grew by 9%. PBT grew by 5% to Rs. 192 crores, and because of higher tax provision, Net profit is at Rs. 157 crores.

During the whole of FY'25, the total revenue grew by 7%, Rs. 6,672 crore. EBITDA at Rs. 1,053 crore is again 16% of sales and grew by 10% over the previous year. PBT grew by 10% to Rs. 696 crore and net profit is at Rs. 583 crore.

EPS for the quarter is Rs. 7.98 per share, this is for the quarter v/s Rs. 9.07 for the previous corresponding quarter. For the whole year, 24-25, it is Rs. 29.68 per share versus Rs. 31.33 per share for the previous corresponding year that is due to higher other income and deferred tax. Our borrowings are at Rs. 1,196 crore and our debt equity ratio is a healthy 0.23. Cash in hand is Rs. 83 crores.

At today's Board Meeting, the board has announced a dividend of Rs. 11 per equity share, that is 550% for the Financial Year. We have a par value of Rs. 2 per share. This is same as the dividend for the last year 23-24. Of course, this is subject to the approval of shareholders at the AGM.

I would now request Shaunak to take you through the business part, the India business first.

**Shaunak Amin:** Hello. Good afternoon, everyone.

In the India business, we grew by 8% in the quarter, with a topline of Rs. 545 crores and 6% for the whole year at Rs. 2339 crores.

We had good growth in a couple of key segments, which are gynecology, antidiabetic, ophthalmology, dermatology.

Anti-infective and cough & cold, which are two large product segments for us which were struggling this year due to a market slowdown, both grew at 7% and 11% for the quarter.

We had 4 launches during the quarter and 14 new launches this year and new launches continue to do well. Along with a line of robust new launches lined up for this year.

The bright spot for the last multiple quarters has been the Animal Health business. It continues to grow by 19% for the quarter and 21% per year backed by a basket of strong brands and new launches.

I am also happy to announce that we have commissioned a new formulation facility in Pithampur near Indore which will help us augmenting our manufacturing capacity and as well as help with improved logistics.

I hand this over to Pranav now for the International Business.

**Pranav Amin:** Thank you. Our International business had a strong performance in Quarter 4, and I am quite happy with the performance.

Our ex-US business, which is ROW business, had a strong growth with 43%.

The US business also grew 20% for the quarter driven by volume as well as new product launches, and the API segment returned to growth. Our focus remains on cost optimization initiatives, improving facility utilization and targeted investment in R&D as a key strategic priority.

The R&D expense was 9% of sales at Rs. 151 crores for the quarter. And for the full year, it was Rs. 522 crores.

We filed 5 ANDAs during the quarter.

We received 2 approvals and launched 4 products in the US during the quarter. Cumulatively, we have 220 ANDA approvals. We will launch 4 to 5 products in Q1 as well.

All our facilities are fully compliant and EIRs in place.

As I mentioned, the U.S. Generics grew 20% to Rs. 508 crores for the quarter and 13% to Rs. 1,957 crores for the year.

Ex-US Generics grew by 43% to Rs. 375 crores for the quarter and it grew by 18% to Rs. 1,243 crores for the year.

The API business grew by 4% to Rs. 342 crores whereas it de-grew by 9% to Rs. 1,133 crores for the year.

With that, the next year outlook looks good for all three businesses.

Now I would like to open the floor for Q&A.

**Moderator:** Thank you, sir. We will now begin with the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Damayanti Kerai from HSBC Bank. Please go ahead.

**Damayanti Kerai:** Hi. Good afternoon and thank you for the opportunity. My first question is for Mr. Baheti. Sir, can you explain the significant jump in inventory and CAPEX for this fiscal year and how we should look at these numbers in coming years? Also, if you can explain the R&D, the relatively higher R&D spend during the 4th Quarter. And again, how should we look at the trend ahead? Thank you.

**R. K. Baheti:** Sure. Very valid observations. Part of it I will respond and part of it maybe Pranav can supplement it after I finish. You are right! we have built inventories, because we had scheduled multiple launches in the previous year to be launched products, at U.S. So, inventories at U.S. level is high. We have to keep a backup API and other stocks, so that is high. Plus, all manufacturing facilities have now higher level of utilization with multiple products. So, inventory tends to go up. There are some inventories which have been built in anticipation of some good launches which are coming in next few months. We are aware that inventory levels have gone up and there will be efforts to restrain the inventory as we progress during the year. As far as CAPEX is concerned, we were in 2 or 3 large CAPEXs. On the domestic side, we have commissioned Pithampur. So '24-'25, we have spent a good amount of money on Pithampur manufacturing facility, cumulatively about Rs. 200 odd crores, not all of that was spent in 2024-'25, some of it was carried forward. We also built a new peptide block for manufacturing peptide at API 2. . We have completed putting up an additional line at F3 for injectables. So these have led to larger CAPEXs. Major projects are over and going forward as of now I can only anticipate the maintenance CAPEXs, and the regular CAPEX and I do not expect significant CAPEX. R&D, actually you can't look at it on a quarter-on-quarter basis. Sometimes filings are more, so expense becomes more but on an yearly basis we have given a guidance of about Rs. 500 odd crores and we are in that range. That's from my side, but Pranav can supplement my information.

**Pranav Amin:** No, I think Mr. Baheti has answered the questions . First is I agree that R&D can't be looked at quarter-on-quarter because it's project to project and then the filing happens. At the start of the year we had guided about Rs. 500 - 550 crores or so for R&D. We are around the range of 522. So R&D is okay. In terms of the inventory buildup, yes, we have a lot of launches in the U.S. that we have done and more are coming up. And we built up some inventory for that.

**Damayanti Kerai:** Yes, so Pranav, this inventory buildup, should we also think in a way that the U.S. administration will shortly come up with the tariffs announcement on the pharma side? Is it more to, before that comes, are you also like building inventory? We don't know right now what will happen on the tariff?

**Pranav Amin:** No, actually, no, we haven't. We have discussed this with lot of our buyers, but the inventory buildup is not because of that. The inventory buildup is there for some launches, one particular launch that was going to happen. That just got pushed back and we had some inventory for that. Apart from that, we had a couple of other Day-1 launches. So we built up some inventory for that as when we pick up an account, we like to carry a couple of months of inventory, but it has nothing to do with the tariffs and what's going on with the current government policy.

**Damayanti Kerai:** Okay. So most of the launches for the U.S. market, right? Or you are also like counting the ROW market?

**Pranav Amin:** Yes.

**Damayanti Kerai:** Continuing on that, again, I think coming back to the tariffs, we don't know what kind of things will come up. But what are your backup plans in case, if we assume the worst outcome that Indian exporters are imposed under heavy tariffs and then there will be no passthrough mechanism also. In that scenario, what will be fallback option for you? Because I think some of your peers have plants in the U.S. but you don't have there. So what's your take on it?

**Pranav Amin:** So, to be honest, I am talking about the whole industry, forget about Alembic. No one has enough capacity in the U.S., even our peers who have plants in the US, it is a fraction of the volumes that they are supplying. So, I think it's going to be a macro issue that everyone will face with and the buyers in the industry. So passthrough or no, I don't think there's anyone who's going to be able to take that because you can take jointly, no one would have more than 5% to 10% of the total US volumes that have capacity with that in the U.S. So let's wait and see what happens. I think right now, the Governments are trying to work it out. I don't believe it will be such a drastic step because as I said, only about 10% of the volumes can be manufactured in the U.S. So the rest of it is, going to be a huge shortfall.

**Damayanti Kerai:** Okay, before I get back in the queue, Mr. Baheti, can you just point out what will be the maintenance CAPEX or regular CAPEX going ahead since we do not have anything major coming up in say '26 or at least for '26?

**R. K. Baheti:** Roughly I am budgeting about Rs. 400 crores-Rs. 450 crores. This should include some spillover of expense which will come from those existing projects that is Indore and others included.

**Damayanti Kerai:** Okay, thank you. I will get back in the queue.

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

**Rashmi Shetty:** Yes, thanks for the opportunity. Just a follow-up from the earlier participants. So this year also, our receivable days will almost remain at the high level only, right? Whatever is at the current stage?

**R. K. Baheti:** I am not clear. Are you talking about the inventory?

**Rashmi Shetty:** Inventory days and the receivable days also.

**R. K. Baheti:** So, inventory days, as I said, going forward will taper down and in terms of days it will go down because A, my business will grow, so my denominator will be higher, and inventory will come down from these levels. So, the impact on inventory days would be higher. Receivable we have been for a long time, we have been around between 70 and 80 days, this has gone up slightly on account of last quarter sales and some new launches, while the collection days is little higher for the new launches, that would also go back to about 75 days or so in the next few quarters.

**Rashmi Shetty:** Okay. And sir, your short-term borrowings have also shot up. Is it because of the same reason of working capital requirements which has gone up?

**R. K. Baheti:** Absolutely. You are spot on.

**Rashmi Shetty:** Okay, and will it reduce in FY'26 or it will remain at that level only?

**R. K. Baheti:** I hope to reduce the borrowings out of the cash flow which I generated from the release of working capital and the profit I make.

**Rashmi Shetty:** Okay, got it sir. And just from the quarter perspective, so what we are seeing that despite a very decent sales growth, we are still seeing that gross margins are pretty low during the quarter. So if you can call out the reasons behind it and how should we see gross margins for the entire year of FY'26?

**R. K. Baheti:** I won't call it pretty low. Yes, they have fallen from a high of 73%-74% to about 70% plus. But if you have been attending my calls in past few quarters, I have always said that we are happy or rather we know that it will come down to 70%. So, Rashmi, it is largely because of product mix. In a quarter when you have a high volume product where the realization is lower or margins are lower, the impact will be on gross margin. But we are not concerned as the volume is building and as the new product chips in. We are okay, we should be okay with it.

**Rashmi Shetty:** So we should assume like you whatever for the full year whatever is the current gross margin within that range only we will be able to maintain next year also?

**R. K. Baheti:** No, I won't say that because too early for me to say that because you have large number of launches

**Pranav Amin:** Actually, Mr. Baheti what he had said earlier, is that margins of around 70% is what we find acceptable and I think this is what we will look at strive at being around for that. So even last year we had a few quarters where it was a little higher because of some one-time opportunities. But by and large, our internal target is about 70% because all the new launches and the price erosion and the higher volumes that we are pushing.

**Rashmi Shetty:** Okay. Why I am trying to understand this is that, from last three years our operating margin is at 15%. We are doing a flat EBITDA margin from last three years. So what is the scope that in FY'26, there could be some operating leverage and everything would play out and we would be able to see a good 100 basis point or you more than that improvement in the EBITDA margin? If you can give some comments on that.

**Pranav Amin:** Yes, sure. So, actually, in terms of this also, I think a couple of quarters back, I had given a call and what are the levers, at that time we were at about sub 15%. How do we go back up to like 18%-19%-20% kind of EBITDA levels? And I didn't give a timeframe, but how that will happen is, we have these three new facilities, four new facilities, out of it two of them are relatively newer injectables. As we get more capacity utilization in those facilities, as we start getting more volumes out of those facilities, that will automatically give a lot of operating leverage because these are not fully utilized right now. So that's creating a drag on the EBITDA. Number two is the R&D also. We have optimized R&D spend being from the high of 14%, we come down to about 8- 9%. So that is the second area where we will get operating leverage. So with all this in place, we will see EBITDA margins going up over the next couple of quarters and next couple of years.

**Rashmi Shetty:** Okay. And R&D expenses, can you guide in the absolute term like what you have guided earlier in FY'25?

**Pranav Amin:** Yes. I for FY'26, I would say R&D, we have done about 522 this year. Our guidance was 550. Next year again, we'd look at about 600 to 650, depends on how the project goes.

**Rashmi Shetty:** Okay. Thank you. That's it from my side.

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

**Rashmi Shetty:** Yes, thank you for the follow up. Sir, on the U.S. segment, despite we have seen a strong growth on YOY basis, but quarter-on-quarter there is a dip despite we have done four product launches. So the reason behind that, are we seeing any pricing pressure still in the base business level, if you can explain that and on the pricing pressure for the entire year also?

**Pranav Amin:** Yes, so the pricing pressure remains in the U.S. market and it's still there, product to product if you look at it. One of the reasons why this is lower and actually you to put into perspective is that quarter-on-quarter, in my opinion, the volume growth in the U.S. would be far higher while the revenue growth is 20%.The reason is because last year we had a few one-time buy opportunities, there were some products in shortage. And that really gave like a little bit of an outlier kind of a performance. That is one of the reasons.

**Rashmi Shetty:** You mean last quarter we had some one-time opportunity, right?

**Pranav Amin:** Last, Q3 we had some, not much. Q4, I am talking about more. For the last year, but Q3 also we had some. So that was just a quarter-on-quarter shift. Because what happens when you have a new product launch, sometimes the buyer takes a lot of the quantity right on day one. They take a couple of months' supply. So that's what happened to us in Q3. So we had a little higher supply in Q3 of some new launches.

**Rashmi Shetty:** Okay. And last, you already gave the guidance that FY'25 will be showing a double-digit growth in the U.S., which you have already achieved it. Now in FY'25, you have already lined up more than 15 product launches in FY'26, which has been highlighted in the presentation. Should we still continue low teens growth or mid-teens growth in FY'26 also?

**Pranav Amin:** Yes, to be honest, for all the businesses, if you see the way it's going, I expect the U.S. business to grow on mid to high teens, it should grow for FY'26 depending on how the launches pick up and what kind of erosion, which I don't know, but I expect that from what we are seeing, a mid-teen, like a 15%-odd should be a good growth for the U.S. market. The ROW business will continue between 12%, 15%, somewhere around there, growth and the API should be about 10% or so.

**Rashmi Shetty:** And India business also, we will be able to see, we will come back to that 8% to 10% growth or still we might see some struggle in anti-infective segment, antibiotic segment, and it would be a single digit growth only?

**Shaunak Amin:** For India business, we are quite positive to get a double-digit growth for the whole year. There might be some quarter-to-quarter where ability based on onset of monsoon, but ex of that, we are quite confident that we have a plan in place to drive a 10% plus growth.

**Rashmi Shetty:** Okay. sir. Thank you so much. That's it for my side.

**Shaunak Amin:** Thanks.

**Moderator:** Thank you. The next question comes from the line of Bharat from Equirus Securities. Please go ahead.

**Bharat:** Yes, sir. Thanks for the opportunity. I just wanted to pick your mind what exactly is happening in domestic market largely in the anti-infective side, the growth is not picking up since last two years and how do you see moving forward for FY'26?

**Shaunak Amin:** Yes, so are you talking about us or are you talking about the industry in general?

**Bharat:** For Alembic as well as for the industry, if you could give some...

**Shaunak Amin:** Yes, the answer is in... If you go back, take this number back to 2020-23 onwards, there was a significant ramp up in the antibiotic base. what you are seeing right now is more of a moderation of the base effect that's coming into it. At some point, it needs to balance out. We are quite hopeful that both the markets should start growing from this point on.

**Bharat:** And according to you, is Jan Aushadhi or genericization is something which affects anti-infective at all?

**Shaunak Amin:** No, not really. The IMS data doesn't say that.

**Bharat:** And on the U.S. market, so we have around 15 launches for FY'26. How many you are considering it to be high value and going to be less competition for FY'26 at least?

**Pranav Amin:** It's tough to say on those launches. I'd say about 20%, 30% could be interesting opportunities. It depends on how many people launch. Yes, about 20%-30% should be interesting.

**Bharat:** And does FY'26 include bosutinib as well, that is Bosulif?

**Pranav Amin:** Bosutinib, it may be there. We have a technical issue, so it may come, I am not committing to that as yet.

**Bharat:** And how about Adempas, that is Riociguat?

**Pranav Amin:** So, Riociguat, we are not there on day one. So, Nilesh, you have the data with you?

**Nilesh Wadhwa:** Sorry, for which product?

**Pranav Amin:** Riociguat, Adempas. We will get back to you offline.

**Bharat:** But you are looking to be a sizable product for you?

**Pranav Amin:** Which one?

**Nilesh Wadhwa:** Sorry, can you repeat the question?

**Bharat:** Is it going to be a sizable product for us, Adempas?

**Nilesh Wadhwa:** Decent size.

**Bharat:** Right. And on injectables, we have not seen some exclusive or big launches coming through. When will be the time when we will start seeing those niche ones or the complex ones start accruing for us?

**Pranav Amin:** I think it is still going to be, you know, it's a new area for us. That is something we are trying to do, attempting to do. Hopefully, let us say next year or so, we will see some limited competition, interesting ones coming up.

**Bharat:** Next year, it's FY'26, right?

**Pranav Amin:** FY'27 now. I would say toward end of ‘26, early ‘27.

**Bharat:** That's great. Thanks a lot. I will get back in the queue.

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

**Tushar Manudhane:** Thanks for the opportunity. So, just on the API side, so at the industry level, are you seeing the inventory getting normalized and which is where now we are sort of seeing the revival in growth? That is first question.

**Pranav Amin:** Yes, so on the API side, it was not the question of inventory per se. It was just pricing pressure and erosion. We lost out some business because of lot of pricing pressure. Chinese are back in the market and even through India. So a lot of pricing pressure. That is one of the reasons we lost out. We made it up by existing relationships and some of the older products that we had and some new ones. So that is what compensated for it.

**Tushar Manudhane:** Got you. As far as the Indian business is concerned, we have been pretty stable in terms of number of MRs. So, is it safe to assume that it's going to be the number like 5,500 for FY'26 as well? Or do we intend to add any more MRs?

**Shaunak Amin:** It's pretty much the same. There might be some incremental balancing, but no major expansion is expected. Maybe there might be a hundred odd people we will add. That's it.

**Tushar Manudhane:** Got it. And maybe I missed the remarks or maybe I heard it wrongly but anything you commented in the opening for the peptides as a product category?

**R. K. Baheti:** I talked about the peptide block manufacturing block is part of CAPEX. We will be doing some filings and then it will take some time for products to go to the market.

**Tushar Manudhane:** Okay. That is it from me.

**Moderator:** Thank you. The next question comes from the line of Damayanti Kerai from HSBC Bank. Please go ahead.

**Damayanti Kerai:** Hi, a clarification on R&D outlook for FY'26. So Pranav, you mentioned Rs. 600 crores to Rs. 650 crores. So first, can you explain where the majority of spend is going? And then I understood earlier that your intention is to keep your R&D somewhere 500 to 550 level, but this seems higher than what you earlier spoke about, if you can also talk about it please?

**Pranav Amin:** Yes, so I have said at the start of the year that we will do R&D about 550, we have ended up about 522 or so. And next year, as I said, 600 to 650 depends on how the product goes. Amongst that, I would say about 30%, yes, about 30%-35% would be towards peptides and complex injectables. If you add complex ophthalmic also, about 40% would be towards complex products and peptides, rest would be the API and OSD R&D. And in terms of filings, we will say roughly half would be on, almost half, about 45% of the new filings would be on injectables. So rest would be OSD and a little bit on Derma and Ophthalmic.

**Damayanti Kerai:** Okay. And I think you mentioned about this peptide opportunity etc. And then you have peptide blocks coming in. So is it more to address the semaglutide sort of opportunity which is coming up or like what is...?

**Pranav Amin:** I will be honest. Yes. So we attempted a couple of peptides, not just the GLP ones. GLP is one class, but there's a couple of other peptides that we have in our pipeline as well. I said in the call earlier that semaglutide we are a little late for the U.S. launch. We don't have the day one, but we will be there in some of the ROW markets, whereas Tirzepatide is the one we hope to be there on day one.

**Damayanti Kerai:** Day one in the U.S. for Tirzepatide?

**Pranav Amin:** Yes, the filing still has to happen. It's still time, NCE-1 appointed date hasn't happened. But yes, we would like to be there on day one in all markets.

**Damayanti Kerai:** Okay, thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. R. K. Baheti for the closing comments.

**R. K. Baheti:** Thank you all for joining the call. It's a pleasure, as always, talking to all of you. If anybody has any follow-up questions, you can always reach out to me or Ajay on a mail or phone call and we will be happy to respond. I look forward to seeing you again next quarter. Thank you all. Good evening.

**Moderator:** Thank you sir. Ladies and gentlemen, on behalf of Alembic Pharmaceuticals Limited that concludes this conference. You may now disconnect your lines.