"Ajanta Pharma Limited
Q4 FY 2026 Earnings Conference Call"
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Moderator: Ladies and gentlemen, good day, and welcome to Ajanta Pharma Q4 FY 2026 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero 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 afternoon, everyone, and welcome to Ajanta Pharma's earnings call. With me, I have Mr. Rajesh Agrawal, our Joint Managing Director; Mr. Arvind Agrawal, our CFO; Mr. Rajeev Agarwal, our VP, Finance and Investor Relations.

I hope all of you have received the financial results by now. I will take you with our overall business performance first. It is a pleasure to share that Ajanta has achieved several important milestones in FY 2026, with revenue surpassing Rs. 5,000 crores and net profit crossing Rs. 1,000 crores. This marks a significant step forward in our growth journey. The year reflects strong well-rounded performance across all areas of business, reinforcing the strength of our strategy and execution.

Our revenue from operations grew by 21%, while margins grew by 18%, reflecting strong operating performance alongside continued investments to support future growth. All our businesses are progressing in line with our plan, giving us confidence in sustaining this growth momentum in the coming periods. This strength is also evident in our returns. As of March 2026, return on capital employed stood at 33% and return on net worth at 25%, underscoring our position among the best performing companies in the industry.

Now moving on to the business details. Let me take you through our key business verticals, starting with the Branded Generics business in Asia and Africa, which contributed 38% to total revenue. We continue to invest consistently in people, portfolio expansion and market development to support sustainable long-term growth.

Let's move to Asia. During the quarter, the Asia Branded Generics business recorded sales of Rs. 274 crores compared to Rs. 303 crores in the same period, reflecting a decline of 10%. For the full year, sales stood at Rs. 1,175 crores versus Rs. 1,191 crores last year, a marginal decline of 1%. While we had expected a recovery in Q4, geopolitical developments in the Middle East led to significant supply chain disruptions, impacting dispatches during the quarter.

For the full year, the performance remained below our internal expectations, largely due to logistic challenges. We remain confident that the business will regain its growth momentum in coming quarters. During the year, we launched 15 new products, primarily in chronic therapies, further strengthening the quality and sustainability of Asia business.

Let's move to Africa. During the quarter, the Africa Branded Generic business delivered strong performance with sales of Rs. 182 crores compared to Rs. 133 crores last year, registering a growth of 37%. For the full year, sales stood at Rs. 861 crores versus Rs. 750 crores last year, reflecting a growth of 15%. During the quarter, we introduced 1 new product, taking the total launches for the year to 8, supporting continued expansion in the region. Overall, our Branded Generics business continues to progress in line with our guidance and we remain confident of delivering healthy performance in the coming quarters.

Let us move to another 2 verticals with our International business. U.S. Generics. As indicated, the U.S. Generic business delivered an excellent performance. During the quarter, sales stood at Rs. 505 crores compared to Rs. 325 crores in the same period, reflecting a strong growth of 56%. For the full year, sales reached Rs. 1,557 crores versus Rs. 1,047 crores last year, registering a robust growth of 49%. This performance was driven by 8 new launches over the past 15 months, supported by consistent execution and strong customer relationship.

On the back of this momentum, the contribution of the U.S. Generics business to total revenue increased to 29% during the financial year. We continue to be a preferred partner for distributors and customers, anchored in reliable supply, strong quality standards and disciplined execution.

We now move to Africa Institution. During the quarter, the Africa Institutional business reported sales of Rs. 48 crores compared to Rs. 28 crores last year, delivering a growth of 71%. For the full year, sales stood at Rs. 160 crores versus Rs. 147 crores, reflecting a growth of 9%. The Institutional business contributed around 3% to the company's total revenue during the financial year. At the start of the year, we had anticipated a softer performance. However, improved order flow in the second half supported a steady performance for the full year.

Now I invite Mr. Rajesh Agrawal, our Joint Managing Director. Thank you, and over to you.

Rajesh Agrawal: Thank you. Good afternoon to all of you. I will take you through the performance of our India business. We have concluded both the fourth quarter and the financial year on a strong note. I am glad to inform you that Ajanta is now among the top 25 companies in the Indian pharmaceutical market as per IQVIA MAT March 2026. Our ranking has improved to rank 24th against rank 26th last year.

During the year, the India business contributed 30% to the company's total revenue, supported by the launch of 26 new products, including five first-time launches in the country. During the just concluded financial year, our revenue reached at Rs. 1,654 crores versus Rs. 1,452 crores in the previous year, registering a healthy growth of 14%.

In the fourth quarter, our sales stood at Rs. 404 crores compared to Rs. 369 crores in the same quarter last year, reflecting a growth of 9%. Our India business includes revenue from trade generics segment, which contributed Rs. 49 crores in Q4 for both years. For the full year, trade generics recorded sales of Rs. 188 crores compared to Rs. 179 crores last year.

Let me now take you through Ajanta's performance as per IQVIA MAT March 2026. We continue to outperform the IPM by a healthy margin with Ajanta delivering growth of 13% compared to the IPM growth of 10%. We also continue to lead in volume growth and new product introductions relative to the market.

This momentum is visible across most of our key therapeutic segments, where our growth consistently exceeds the segment growth. The data variance in IQVIA for our cardiac portfolio continues for this quarter, and we are hopeful to get this resolved over time. We remain confident of sustaining our growth trajectory in the coming quarters.

In the covered market, we rank among the top 5 companies in the IPM and feature within the top 10 across all our core therapeutic segments. Cardiology contributed 36% to the India branded sales, followed by ophthalmology at 31% and dermatology at 23%, with the remaining 10% coming from the pain segment. Our new therapy in gynaecology is progressing well and is expected to contribute meaningfully to our future growth. During the year, we added around 300 medical representatives across our therapeutic areas, taking our total field force to approximately 3,750 MRs. The newly onboarded teams are being integrated with a clear focus on productivity and effective field execution.

With this, I invite Mr. Arvind Agrawal, our CFO, to take you through the financial performance of the company. Thank you, and over to you, Arvindji.

Arvind Agrawal: Thank you, and good afternoon to all. Before I begin, I would like to mention that during this call, we may make certain forward-looking statements. These statements are based on management's current expectations and are subject to risks and uncertainties that may cause actual results to differ materially. The company does not undertake any obligation to update these statements publicly.

I will now take you through the consolidated financial performance on a year-on-year basis. Coming to revenue. Total revenue for the fourth quarter stood at Rs. 1,422 crores compared to Rs. 1,170 crores last year, reflecting a healthy growth of 21%. For the full year, revenue reached Rs. 5,453 crores versus Rs. 4,648 crores last year, registering a robust growth of 17%. Our diversified business model continues to support consistent growth even as certain markets experienced temporary variations, which are part of normal business cycle.

Coming to the gross margins. Gross margins stood at 79% for the quarter and 78% for the full year. We expect gross margins to remain around 77% with a variation of plus or minus 1% in the coming year. Personnel costs for the quarter stood at Rs. 341 crores compared to Rs. 280 crores last year, reflecting an increase of 22%. For the full year, personnel cost stood at Rs. 1,291 crores versus Rs. 1,090 crores last year, an increase of 18%.

This increase was partially contributed by the addition of medical representatives across our Branded Generics businesses. Also, during the year, the Government of India's new Labour Code became applicable, and based on our assessment, an additional provision of Rs. 9 crores has been made towards related liabilities.

Coming to other expenses. Other expenses for the quarter stood at Rs. 443 crores compared to Rs. 310 crores last year, reflecting an increase of 43%. This includes a mark-to-market hedge loss of Rs. 42 crores. Excluding this, the increase was 29%. For the full year, other expenses stood at Rs. 1,583 crores versus Rs. 1,228 crores last year, an increase of 13%. This includes a mark-to-market hedge loss of Rs. 103 crores.

Excluding this, the increase was 21%. The hedge loss was on account of depreciation of the INR against the U.S. dollar and euro during the year. The increase in expenses reflects our continued strategic investment in product, brand and people across the Branded Generics portfolio. We expect other expenses to remain broadly aligned with current trend.

Coming to the R&D. R&D spend included within personnel and other expenses remained at 5% of total revenue and is expected to continue at similar levels. R&D expenditure for the quarter stood at Rs. 70 crores compared to Rs. 63 crores last year. And for the full year, it stood at Rs. 252 crores versus Rs. 224 crores last year.

EBITDA for the quarter stood at Rs. 333 crores compared to Rs. 297 crores last year, reflecting a growth of 12%. For the full year, EBITDA stood at Rs. 1,395 crores versus Rs. 1,260 crores last year, registering a growth of 11%. EBITDA margin stood at 23% for the quarter and 26% for the full year. Excluding the impact of mark-to-market foreign exchange movement, EBITDA margins remain aligned with our guidance of around 27% for the full year.

The mark-to-market forex loss recorded under other expenses stood at Rs. 103 crores, while forex gain and other income stood at Rs. 97 crores. We remain confident of maintaining EBITDA margin of 27% with a variation of plus or minus 1% in the coming year as well while making further investment in developing our market.

Profit after tax for the quarter stood at Rs. 267 crores compared to Rs. 225 crores last year, reflecting a growth of 18%. For the full year, PAT stood at Rs. 1,056 crores versus Rs. 920 crores last year, reflecting a growth of 15%. PAT margin remained steady at 19% for both the quarters and the full year.

Coming to the tax rate, the effective tax rate for the year stood at 23%. It is expected to increase in the coming year as one of our manufacturing facilities transition out of the exemption period.

Capital expenditure for the full year stood at Rs. 330 crores, in line with our guidance. As we embark upon new capex cycle to meet our continued growth requirements. We expect capex to increase to around Rs. 400 crores in the FY 2027, which includes Rs. 150 crores of maintenance and balance for new capacity expansion.

Working capital -- trade receivables stood at 125 days compared to 94 days last year, reflecting the shift from factoring to working capital loans, enabling better interest efficiency. This remains neutral to the P&L, supported by corresponding investment income. Inventory levels improved to 63 days from 72 days last year, reflecting continued focus on enhancing working capital efficiency.

With this, we now open the floor for question and answer. Thank you.

Moderator: Thank you very much. Your first question comes from the line of Sidharth Negandhi from CWC. Please go ahead.

Sidharth Negandhi: Hi. Thanks for the opportunity and congrats on a good set of numbers. Just wanted -- question one, if you can share your PCPM in the domestic business? Second, if you could give some color in terms of how are you looking at the generic semaglutide opportunity? Primarily from what I understand, you're looking at this outside India. And what's the update on that? Yes, that's the two questions.

Rajesh Agrawal: For the second part, generics, you are referring to the generics in the domestic market, the trade generics?

Sidharth Negandhi: Generic semaglutide in -- outside of India is what...

Rajesh Agrawal: Okay. I will hand it back -- hand that over to...

Yogesh Agrawal: Yes, outside of India, we are going to start our filing this quarter. And normally, the approvals takes somewhere between 1.5 years to 2 years. So as and when we keep getting the approvals in various markets, we will keep launching. So yes, I think it is work in progress. We'll see as the filing happens and what approvals we get and we'll keep launching them.

Sidharth Negandhi: Got it. And I'm assuming India is not as much of a focus market for semaglutide? Or is that not the case?

Rajesh Agrawal: India is also a focus market for us, and we are in the race for sure. It's too early to comment on how it will pan out, but we are definitely one of the contenders. And on the productivity, the PCPM for the last full year has worked out to 3.7 lacs per man per month.

But keep in mind that this is also after the addition of 300 more representatives that we have made in the current year and maybe a couple of 500+ more last year which are yet to come to this level. So we have been keeping on incrementally adding to our field strength. So therefore, it may seem what it looks like right now.

Sidharth Negandhi: Got it. That's helpful. If you could just give me a sense of -- given that -- given the significant additions to the field force, for the mature field force, what's the average PCPM and how much is that higher by? Maybe that gives a sense of how that steady-state PCPM then looks like?

Arvind Agrawal: I think Rs. 4 lakh to Rs. 4.5 lakh of which is the steady-state PCPM we are looking for.

Sidharth Negandhi: Got it. Thank you.

Arvind Agrawal: Okay. Thank you.

Moderator: Thank you. Your next question comes from the line of Avnish Burman from Vaikarya. Please go ahead.

Avnish Burman: Hi. Good evening. Thanks for taking my question. Sir, just your comments on the impact on the business because of the ongoing Middle East conflict. And you can -- I mean, it will be great if you can divide it into how you are managing the cost in your domestic business versus the international business?

Yogesh Agrawal: I didn't get your question. How are we managing what?

Avnish Burman: The increase in costs that you would have experienced because of the Middle East conflict, the increase in cost of either raw material or utilities.

Yogesh Agrawal: Yes. So the freight have increased, both air and sea across geographies. It is not only restricted to the Middle East supply, but the freights have increased in general for the air and sea. Since last quarter was only one quarter we saw the impact, we will come to know for the next full year how the cost will sit because it's still an evolving landscape where how long this war continues and whether it will settle and after that what will be the cooling off. So I think that is yet to be seen. And we are seeing the increase in the RM-PM cost also.

But since last quarter, we had inventory with us, we did not see the impact of the same in the quarter. And maybe coming quarter also, it may not be as impacted because there were some inventories and some old orders given. But I think if the war continues, I think going forward, a quarter after, probably we should start seeing some increase in the cost of the goods also, RM-PM cost as well as the freight cost.

Avnish Burman: Okay. So the freight and the insurance cost increase that you are witnessing right now, are you able to pass it on to your customers or are you partly absorbing it in your P&L?

Yogesh Agrawal: It is absorbed by us in our P&L.

Avnish Burman: Okay. And just last question. Let's say the war -- I mean, the conflict lasts for longer than your inventory. Then in that case, the RM-PM cost that is increasing, will that also will be borne by the marketing company like yourself or is it like passed on to the entire supply chain like the CMO partners and the customers? How does it happen?

Yogesh Agrawal: No, it is absorbed by us only. It is absorbed by the manufacturing companies.

Avnish Burman: Okay. Great. That was my question. Thank you so much.

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

Tushar Manudhane: Thanks for the opportunity. Firstly on the EBITDA margin guidance, with FY26 we have ended with 27.7% EBITDA margin. Maybe Q4 is relatively weaker quarters additionally. Just trying to understand why the EBITDA margin guidance is lower at 27% for FY27. That's my first question. Given that we have decent growth across the geographies?

Arvind Agrawal: Yes, that is sure. The growth will definitely be there. But however, as you know, we are investing quite a bit on the market in terms of product range especially in terms of the MR addition across the markets. All that investment is going on. So that investment also is something which is charged to P&L. We are also proposing to increase the filing across the markets. So that also will increase the R&D cost a little bit. So all these things will definitely impact the profitability. So we are currently looking at all these aspects and then giving you the guidance of 27%.

Tushar Manudhane: Sir, how many MRs we intend to add in India for FY27?

Arvind Agrawal: I think about 5% to 6% is something we are looking at.

Rajesh Agrawal: In the range of 250 to 300 MRs

Yogesh Agrawal: There is some disturbance on the line. I'm not able to hear.

Moderator: That is -- I'm sorry to interrupt. This is the moderator. Tushar, sir, if you can self-mute the line when the management is answering the question because there's a lot of background noise coming from your line.

Tushar Manudhane: Sure.

Rajesh Agrawal: Yes. So we are looking at an addition of 250 to 300. This is a very broad ballpark working. Of course, it will keep unfolding every quarter. This is to optimize the coverage as we go along.

Tushar Manudhane: This is for India market. For Asia, Africa market also do we intend to add MRs?

Arvind Agrawal: Yes, we are intending to add MRs even in Asia and Africa also, again, 5% to 6%. So you can imagine about 130-150 people will be added here as well.

Tushar Manudhane: And now the -- this is -- sorry. Coming back to India market MRs, this would be largely spread out across the therapies or this is more for a specific therapy as far as FY27 MR addition is concerned?

Rajesh Agrawal: Across all therapies, all teams.

Tushar Manudhane: Got it. And just lastly, how much would have been the inventory days for U.S. market?

Yogesh Agrawal: We don't give out such breakup of the inventories market-wise.

Tushar Manudhane: Sir, broadly, not specific. But in general, how much inventory we carry for U.S. market?

Yogesh Agrawal: Oh, that way. Normally, we carry about 3 months inventory, yes.

Tushar Manudhane: Okay. So effectively -- which is where we are concerned that Q1 presumably can be still okay in terms of execution, but this Middle East issue might -- given that we are already sitting in May, so what kind of sort of visibility we have as far as 2Q -- or maybe like the second quarter onwards availability of material both in terms of raw material as well as availability of finished goods for U.S. market or for other geographies, if you can share your thoughts?

Yogesh Agrawal: So guidance which we have given is considering all those factors, considering what are the prevailing rates of RM-PM and if they will continue going forward, the freight rate what are prevalent currently, they are going forward. So those are factored in into the guidance which we've given of 27% EBITDA. So any change positive or negative in that will have the corresponding impact on the guidance number in coming quarters.

Tushar Manudhane: Understood. And just on the revenue growth, so what -- maybe I missed the guidance on the revenue growth for FY '27.

Yogesh Agrawal: Revenue -- yes, go ahead. Yes.

Arvind Agrawal: No go ahead, sir.

Yogesh Agrawal: No, overall for the company, we are looking at the guidance of, CFO, do you have the figure?

Arvind Agrawal: High teen figures, high teen growth, sir.

Yogesh Agrawal: High teens, high teens, yes.

Arvind Agrawal: Yes.

Tushar Manudhane: 16% to 18%, right?

Arvind Agrawal: Yes. Tushar, high teens is absolutely we are really looking at.

Moderator: The next question comes from the line of Abdulkader Puranwala from ICICI Securities.

Abdulkader Puranwala: Sir, my first question is pertaining to your India business. So this quarter as compared to the first 9 months, we have seen some bit of a slowdown in the India business, where the growth has been 9.5%. So if you could help us understand any market-leading factors or we expect to bounce back from this current growth level in the coming quarters ahead?

Rajesh Agrawal: If you look at the annualized performance, we have recorded 14% growth, which is significantly higher than the IPM growth rate as well as the covered market and the sub segment growth rate. This 1 quarter has been an aberration due to inexplicable kind of reasons.

However, if I correlate that with the SMSRC prescription data as well as the IMS secondary data, they are all very positive. So in interim period, they will all fall in line. I don't see this to be any cause of concern.

Abdulkader Puranwala: Understood, sir. And sir, secondly, on the Asia business, where I heard your commentary that the performance was not in line with our expectation. So any sense on what is the kind of standard inventory into the system? And by, say, the first half or second half, we should be back to delivering at least some sort of growth into this business?

Yogesh Agrawal: Yes. So we have seen that logistics have been now streamlined. In a way -- when I say streamlined, earlier the inventory stocks which were on the high seas, they got stuck, they got localized at various places where they were in the transit and they were not moving. But at least now the logistics have been sorted out, just the time line has increased, the total transit time because it has to be routed at multiple ports and somewhere it has to be then hauled on the surface.

So you see slowly the logistic have been coming in place, just the transit time has increased. With this, we have not seen any demand challenge or the demand has not been impacted. It was more of a supply chain concern or issue. With that supply chain now getting streamlined, in fact, we are looking in the next year, our guidance for the Asia is in the high double digits. So we should be able to deliver a good performance.

Abdulkader Puranwala: Got it, sir. And sir, just one final one, if I may. So on your U.S. business. So again, a very still quarter on that front. But if you can guide us something on how the trajectory going ahead would be and how confident are we on achieving this over Rs. 500 crores of revenue what we have seen in this quarter and moving into FY '27?

Yogesh Agrawal: No, this whole year has been exceptionally strong on the back of various things which we have been giving the commentary in the earlier earnings calls of number of products we launched in last 15 months, the increase in market share of the products. And also this quarter is also elevated because we have one seasonal product, which is for the flu. And typically, we see the demand for that, purchase for that happens in this quarter, somewhere slightly in December, but most of it happens in this quarter, starting January.

So generally, the quarter is slightly elevated and this quarter also got slightly more elevated because of certain other factors which I just explained. So I think going forward for the next year, we are looking at a mid-single digit growth for the US business considering that for the whole year we have delivered an extremely robust growth of 49%. As the base is very high, on back of that, we are projecting to be a mid-single digit growth for the year.

Moderator: Your next question comes from the line of Bino Pathiparampil from Elara Capital.

Bino Pathiparampil: A couple of questions. One, how is the shipments to Middle East happening? Is it happening normally, or has it spiked?

Yogesh Agrawal: I just answered that a minute back, but I'll repeat. Earlier when the conflict started, the shipment was stranded at whichever place they were. But now they were rerouted. And baring the air shipments when the conflict is on. But otherwise, we've seen that the sea shipments have kind of resumed. And it's taking longer to reach because they have to be rerouted from different ports, somewhere it has to be hauled to the surface. So overall, the supply chain –issue, the supplies, the logistics have settled. It is just taking longer and cost has gone up significantly.

Bino Pathiparampil: Got it. Second, your revenue guidance of high teen, does it take into account the high depreciation in INR?

Rajesh Agrawal: Sorry, the last part was not audible. Including account what?

Bino Pathiparampil: Take into account the depreciation in INR.

Rajesh Agrawal: Depreciation in INR.

Yogesh Agrawal: Yes, yes. So it is considered on the current exchange rate, whatever is the period.

Bino Pathiparampil: Current exchange. Got it. Okay. And if I heard correctly, the raw material cost increases that are currently there, that has been built into your EBITDA margin guidance of 27%.

Yogesh Agrawal: Correct.

Bino Pathiparampil: Okay. Got it.

Yogesh Agrawal: Cost of RM-PM as well as the freight, both are in-built in the guidance which we have given, increased cost on the freight.

Moderator: The next question comes from the line of Rohan from Envision Capital.

Rohan: So sir, this question was in regards to the USFDA inspection that happened in our Paithan plant. So just wanted to understand what is the kind of impact this can have in our plans going forward and for the supply that we are doing today?

Yogesh Agrawal: No. So the 483 as we have informed on the stock exchange, we have got 5 observations for our Paithan facility. There are some procedural or some other kind of things which we have to comply, meeting to the FDA requirement. So we are moving forward to submit our response to the FDA as per the prescribed timeline. And yes, that is the thing on the 483.

Rohan: So sir, just wanted to understand, will this impact any of our filings that we've planned to launch or any of our existing products? I mean just wanted to understand on that side.

Yogesh Agrawal: No, no. The impact can be seen only if there is any elevated concerns. So there are no impact on the filings also. We continue business as normal.

Moderator: Thank you. The next question comes from the line of Udhayaprakash from Value Research. Please go ahead.

Udhayaprakash: Yes. So I just have a couple of questions from my side. The first one being, you have been pretty consistent in terms of new product launches in the recent year. So if you could give a round breakup on, let's say, over the last 2 years, what is the revenue generated by these new product launches?

Rajesh Agrawal: Okay. That figure we don't have it at hand at this moment. I would advise you to e-mail it to the Investor Relations team. Then we'll come back to you. However, what I can share with you is last 12 months, the breakup composition of the, 13% growth which Ajanta has registered as per IQVIA now across 2026. So our new product contribution within that is 4.7% out of 13% as against the industry, which stands at 2.8% out of 10%. So our new product contribution is significantly higher compared to the industry new product contribution for that growth.

Udhayaprakash: Just to know the overall growth prospects and everything, are we highly dependent on consumption of new product launches? I get that new products have to be launched, but let's say we go behind or due to some kind of issue, we are not able to follow up on the target that we have set for new product launches. Will that have a material impact on revenue? Or existing products or older products will continue to grow at the same pace as they did when they were launched?

Rajesh Agrawal: Yes. So interesting question. They are totally disconnected from one another. Our base volume growth is also much higher, 30% higher than the industry volume growth, right? So which means my legacy brands, my larger brands such as MET XL, Cinod, ATORFIT range, Triple combinations and all of those are growing at a very healthy pace. So while I deliver exceptionally well on the new products, I'm also able to build better than the industry in terms of the existing and the older brands. So they are not interlinked as such in best of my experience.

Udhayaprakash: Okay. And for the last question, I just want to get a picture of the promoter pledged shares. If we look at the number, over the last 1 year, it has risen a bit. And I get that we pledged shares to avail loan facility and everything. But since we generate adequate cash flow, we do not require much of loan also. So what is the thought process? Or is it for personal reason or is it purely for company loan facility. I just want to get a brief or overall picture on why shares have been pledged and why has it been increasing for the last 1 year?

Arvind Agrawal: Yes, I'll tell you. See as far as Ajanta Pharma's promoters are concerned, there are 4 brothers who are owning the shares. Out of that, 2 brothers, Mr. Rajesh Agarwal and Yogesh Agarwal, both of them are in the helm of Ajanta Pharma. And there are 2 other brothers who are developing their own business. So for their new businesses, they are pledging the shares and borrowing for that. So it's nothing to do with Ajanta Pharma borrowing at all.

Udhayaprakash: Okay. And if I can.

Arvind Agrawal: Yes. Sorry?

Udhayaprakash: Yes, yes, it's okay. Please go ahead.

Arvind Agrawal: Yogesh and Rajesh Agrawal, they don't have any pledge at all. So there is 0 pledge from their side. It's only the other 2 brothers who are developing their new businesses, so they have pledged the shares to borrow the money.

Udhayaprakash: Okay. If I could just squeeze in one last question. You had given a very strong guidance for Asia business for the next year. I just want to know what is the basis for the guidance in the sense that are you expecting growth in any particular geography? Or is it any therapeutic area or any new product launches that you are anticipating? I just want to get the overall guidance. I know that you cannot go into specifics, but let's see?

Arvind Agrawal: Yes. I think it is basically on the back of the low performance last year because Asia has de-grown minus 1% in the last year. So naturally, that lower performance was basically again because of the logistic issues which are there in Middle East. So I hope we should be able to really recover that and should be able to grow in high double-digits.

Udhayaprakash: Okay thank you that's it from my side.

Moderator: Thank you. The next follow-up question comes from Tushar Manudhane from Motilal Oswal. Please go ahead.

Tushar Manudhane: Sir, just on the guidance again, where U.S. probably would slow down in FY27, India doing better than IPM, but IPM itself probably would grow at 8% to 10%. So effectively Asia, Africa would be the strong growth driver. So in Africa also what is it that -- if you can just -- we have already grown at 15% in Branded Generics for full year. So what kind of factors will drive much higher growth in Africa market? So that's my first question.

Yogesh Agrawal: Africa also we are looking at a high double-digit growth. Africa also we should be able to perform well.

Tushar Manudhane: Okay. And this is -- in a way semaglutide will actually contribute in any of the geographies, probably FY28 only?

Yogesh Agrawal: No, no, there is no semaglutide which is factored in there. This is from our existing business, addition of people which we've done over the 2 last years. Addition of people, just 125 which we have done here.. That may not contribute so much. But all the new people, products which we have launched over last year or 2 years, that is going to contribute to this growth.

Tushar Manudhane: And as far as capex is concerned, it's at the existing site, the growth capex?

Yogesh Agrawal: CFO, can you take that?

Arvind Agrawal: Yes. This will be on the existing site because we have the extra land available in the existing site. So capex will be there.

Yogesh Agrawal: So we are looking at about Rs. 150 crores of routine capex, maintenance capex, and Rs. 250 crores of capex for the capacity additions and expansions there.

Tushar Manudhane: Got it. And just lastly, how much effective tax rate for FY27?

Arvind Agrawal: We are expecting about 26% to 26.5%.

Tushar Manudhane: All right, sir. Thank you.

Yogesh Agrawal: Thank you.

Moderator: The next question comes from the line of Vamsi from ASK IM. Please go ahead.

Vamsi: Hi, sir. Thanks for the opportunity and congratulations on a good set of numbers. Sir, so we have guided for a mid-single-digit growth in the U.S. formulations business. So are there firstly any launches that you are scheduling for the next year? Or is it going to be that the existing base business itself is going to kind of continue at that rate? That is my first question.

Yogesh Agrawal: So there are launches which are planned. There are about 4 to 5 launches which will be planned. But they are all going to go towards the later second half of the year. So there will be some growth coming in from there also. But most part of first half will be existing products.

Vamsi: Understood, sir. Also, coming back to the semaglutide opportunity, so while the filings are happening currently as we speak, how do you envisage the launches to happen? And at what point could it reach a material scale? Maybe anywhere between Rs. 100 crores to Rs. 150 crores kind of a top line contribution?

Yogesh Agrawal: I think it will be 2 years by the time product will get commercialized in various markets. I think third year from today is when we should start seeing the revenues, and probably fourth year would be where we will have launched and we would have probably increased our penetration in the market and got some market share. So I think 3 to 4 years is the time when we should start seeing this kind of meaningful impact in the sales and profitability.

Vamsi: Understood, sir. Thank you and all the best.

Yogesh Agrawal: Thank you.

Moderator: Thank you. The next follow-up question comes from the line of Sidharth Negandhi from CWC. Please go ahead.

Sidharth Negandhi: Thanks for the opportunity. Just wanted to understand, you mentioned high double-digit growth for Africa, right, low double-digit for Asia, mid-single-digits for U.S. and assuming the same level as FY26 for Africa Institution. India growth works out to be high double digits, upwards of 20%. Even if I take the lower end of your high-single-digit guidance, which is 16% growth for the overall business.

So if you could just help us get some understanding of broadly what's the range at which you're looking to grow the India business? And considering the India business has higher margins that you mentioned earlier, despite that, what's the reason for margins coming in around 27%? Yes, that's my question.

Arvind Agrawal: So first of all, I think Asia, you are saying low double-digit. Actually, it is high double-digit again. So that's what we mentioned. And for India, we are talking about mid-teens growth.

Sidharth Negandhi: Yes. And then on the margins?

Arvind Agrawal: Yes. On the margins, I think we never said India is higher or other margins are lower. Actually, the margins are quite well spread and the entire Branded Generic business is almost at the same level. The only thing which is happening is that we are investing in the market simultaneously for the future growth.

So product registrations, people additions, etc, is continuously going on. So that is why and also we have factored in some amount of increase in the freight cost and the material price cost due to the war situation for at least about 2 to 3 months. So all that has been factored in. And on that basis, we have given you the margin guidance.

Moderator: Your next question comes from the line of Foram Parekh from BOB Capital.

Foram Parekh: My first question is on the receivable days. We see a significant jump in FY'26. So what is the reason for the spike? And how should we look at it? I mean, is 125 days the normal base that we should consider or can it come lower?

Arvind Agrawal: So I think this is mainly because of the higher sales at US As you are aware, the US outstandings are a little longer. And US sales were very, very high this year with 50% increase. So that is the contribution which has come in. And I think at this moment of time, I think we can consider this as a new normal now.

Foram Parekh: Okay. And my second question is on your strategic priorities that you have mentioned in the presentation, where one of the priorities is focus on digitalization. So just wanted to understand here, are we talking on the AI front?

And if yes, so just wanted to understand how this adoption of AI actually impact our P&L? And basically on the R&D side, does it increase our R&D expense or it lowers our R&D expense? If you can just throw some light there?

Yogesh Agrawal: No, we have embarked on the AI initiative and we are progressing well. We have formed a team in Ajanta Pharma and we have identified the areas. So yes, this is one of the priorities for us. But we've been on this journey for a while, not particularly AI. AI journey started, let's say, about last 3 months or so, 6 months or so.

But we have been on a journey of the digitalization in all our verticals, whether it is sales and marketing in India, sales and marketing in overseas markets, whether it is our facilities. So we have a heavy digitalization, which gives us a lot of rich data. And now our plan is to integrate that, take that data and apply a layer of AI on that and see how we benefit from all this data to make quicker decisions, sound decisions.

So that is going to be the the focus for the current year for how we are going to use the data and see how we can impact, how can we make use of that for the benefit and building more efficiencies. But I don't think on the R&D front there is any significant impact that will be there because of something like this, at least not in the near term.

Moderator: The next question comes from the line of Ankit Shah from CRAMC.

Ankit Shah: My question pertains to the US market. Are you seeing any stability in the pricing environment or any restocking demand because of the logistics disturbances in that market? Any comment on that?

Yogesh Agrawal: No, I think logistics to US is not impacted, just costs have gone up. So there is no supply chain disruption any which way. So the market in US continues normal. So whatever the earlier factors of price erosion and things like that, they continue, which is the normal one. The war has no impact on the US business.

Moderator: Your next question comes from the line of Yogesh Soni from Haitong Securities.

Yogesh Soni: One question. I just wanted clarification on if the US business margins have improved and whether they have reached nearer to our corporate level margins?

Yogesh Agrawal: We don't give out the vertical-wise margins. So I think I'm sorry, I will not able to share those granular details.

Yogesh Soni: Okay. One more question. If you could just help me understand how much is the chronic share in the combined Asia and Africa branded generics market? Because for the past few quarters, we have been focusing on growing our chronic therapy areas in these markets. So if you could help me with the numbers?

Yogesh Agrawal: I think combined figures, we may not have that right now.

Yogesh Soni: If you could broadly help me understand, I mean, how is the revenue split between chronic and acute in these 2 markets combined?

Arvind Agrawal: Broadly I think we can say that some markets are chronic with 80%, some markets are with 30%. But overall, if you take, I think it will be 50% chronic at this point of time. And we will stick with this portfolio consistently going forward.

Yogesh Soni: Understood. And sir, on the India business, it's been now 1.5 years since we have entered into gynaec and nephro therapies. So if you could help us understand how the performance has been in these 2 new therapy areas? And how are we planning to grow these 2 therapies over the next 2 years?

Rajesh Agrawal: I had a short reference in the opening comment also. On the gynaecology, the progress has been very encouraging. We have been received very well in the segment itself by the key opinion leaders in that sense. So we are progressing very well in gynaecology, better than what we were expecting internally.

I see that to be contributing meaningfully in the coming 2 to 3 years. So that is as far as gynaec is concerned. We will also strengthen within gynaecology by way of adding more MRs in the coming year.

Nephrology, as we said, was a smaller task force, if you recollect, when we entered the segment. It's a much more difficult segment to have a crack at. It will take some time, and we were prepared for that. But there are some positive signs, but it will take longer than what it is taking in the gynaecology segment.

Moderator: The next question comes from the line of Aditya Chheda from InCred Asset Management.

Aditya Chheda: Can you please break your India growth into price, volume and new product for FY'26?

Rajesh Agrawal: So overall, it has grown at 13.1% against IPM of 10%. And our growth breakup is as follows, 3.6% from the volume, price growth has contributed 4.8% and new product launches have contributed 4.7% to the total growth of Ajanta.

Moderator: The next question comes from the line of Niharika Agarwal from InCred.

Niharika Agarwal: So given your increasing exposure to US generics and Africa Institutional, both of which are tender-driven and competitive markets, how are you managing price erosion risk at the portfolio level?

Yogesh Agrawal: Can you come again with your question?

Niharika Agarwal: Yes. So I was saying given your increasing exposure to tender-driven and competitive markets, that is US Generics and Africa Institutional, how are you managing the price erosion risk at the portfolio level because both of them are highly competitive markets?

Yogesh Agrawal: Yes. No, we always build in the price erosion every year in the guidance which we give out. So the the forward-looking guidance for the next year also for each of these businesses we have given is considering those price erosions calculations as well.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Yogesh Agarwal for closing comments.

Yogesh Agrawal: Okay. Thank you, everyone. Thank you for joining this con call today. If there are any questions which got left unanswered, please reach out to our Investor Relations. Thank you for joining.

Arvind Agrawal: Thank you, everyone.

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