"Ajanta Pharma Limited Q3 FY 2026 Earnings Conference Call"

January 30, 2026

MANAGEMENT: **MR. YOGESH AGRAWAL – MANAGING DIRECTOR – AJANTA PHARMA LIMITED**
MR. RAJESH AGRAWAL – JOINT MANAGING DIRECTOR – AJANTA PHARMA LIMITED
MR. ARVIND AGRAWAL – CHIEF FINANCIAL OFFICER – AJANTA PHARMA LIMITED
MR. RAJEEV AGARWAL – VICE PRESIDENT, FINANCE AND INVESTOR RELATIONS – AJANTA PHARMA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Ajanta Pharma Q3 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 this conference, please signal an operator by pressing star, and then zero on your touch-tone 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's earnings call. With me today, 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 results by now. For the overall business performance, we have now completed the third quarter and first 9 months of the current financial year on a strong note. For the quarter, our revenue from the operations grew by 20% and our margins remained resilient despite higher investments in operating expenses.

All our businesses are shaping broadly in line with our plans and we remain confident about sustaining this growth momentum going forward. This trend is also reflected in our returns. As of December 2025, our return on capital employed stands at 34% and return on net worth stands at 26%, reinforcing our position among the best performing companies in the industry.

Let me take you through the different business verticals. I will start with the branded generic business in Asia and Africa, which contributed 40% of total revenue. We continue to invest heavily in people, products and market expansions to ensure long-term consistent growth. I'll give you the overview of Asia first.

During the quarter, Asia branded generic business sales stood at Rs. 288 crores compared to Rs. 316 crores last year, reflecting a degrowth of 9%. For the 9-month period, sales stood at Rs. 902 crores compared to Rs. 888 crores last year, registering a growth of 2%. Asia performance was modestly below our internal plan, driven by softer-than-anticipated performance in the few markets.

We remain confident that the business will return to its normal growth trajectory over the coming quarters. During the 9 months, we launched 13 new products, largely in chronic therapies, which strengthens the long-term quality and sustainability of the Asia business.

Now we move to Africa. During the quarter, Africa branded business sales stood at Rs. 230 crores compared to Rs. 173 crores last year, registering an impressive growth of 33%. For the 9-month period, sales stood at Rs. 679 crores compared to Rs. 617 crores last year, reflecting a growth of 10%. During the quarter, we launched 1 new product taking the total number of launches to 7 during the 9 months of the year.

At the beginning of the year, our internal plan envisaged double-digit growth from Asia while Africa was expected to deliver modest mid-single digit growth. Over the course of the year, the performance mix evolved differently. Africa delivered stronger-than-anticipated performance surpassing our initial plan for both the quarter and the 9-month period. Asia, on the other hand, remained modestly below our original plan due to softer traction in certain markets. Overall, our branded generic business continues to remain in line with our guidance, and we are confident of continued healthy performance over the coming quarters.

Let us talk about other 2 verticals of international business now. U.S. generics. As guided earlier, the U.S. generics business delivered an excellent performance. During the quarter, U.S. generics business sales stood at Rs. 399 crores compared to Rs. 263 crores last year, registering an impressive growth of 52%.

For the 9-month period, sales stood at Rs. 1,052 crores compared to Rs. 723 crores last year, reflecting robust growth of 46%. The strong performance was driven by 8 new product launches over the last 12 months, supported by consistent execution and strong customer relationships. The U.S. generics business contributed 26% of the company's total revenue during the 9-month period. We continue to remain a preferred partner for the distributors and customers due to a reliable supply, quality standards and committed execution.

Moving to Africa institution. During the quarter, Africa institution business sales stood at Rs. 41 crores compared to Rs. 33 crores last year, registering an excellent growth of 22%. For the 9-month period, sales stood at Rs. 111 crores compared to Rs. 118 crores, reflecting a moderate degrowth of 6%.

The institution business contributed approximately 3% of the company's total revenue during the 9-month period. We expect modest growth for the full year with Q4 performance anticipated to be stronger than the first 9 months.

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

Rajesh Agrawal: Thank you. Good afternoon, everyone. I will now take you through the India business performance. We have completed current quarter and 9 months on a strong growth for the India business. In current year, India business contributed 31% to the company's total revenue, supported by the launch of 16 new products, including one first time in the country.

During the current quarter, sales stood at Rs. 409 crores compared to Rs. 345 crores in the same quarter of the previous year, registering an excellent growth of 19%. In 9 months of the year, sales stood at Rs. 1,250 crores compared to Rs. 1,083 crores in the previous year, registering a healthy growth of 15%.

Our India business also includes revenue from the trade generics segment which contributed Rs. 48 crores in Q3 against Rs. 43 crores, a growth of 10%; and in the first 9 months, Rs. 139 crores against Rs. 130 crores, a growth of 7%.

I will now take you through Ajanta's performance as per IQVIA MAT December 2025. We continue to outperform the Indian pharmaceutical market by 28% as per IQVIA MAT December 2025, with Ajanta delivering an impressive growth of 11% compared to IPM's 9%.

We continue to exceed volume growth by 47% to IPM and new launches by 59%. This positive trend is evident across most therapeutic segments in which we operate, where our growth has consistently outpaced the segment growth. We remain confident of sustaining this momentum in the coming quarters. In the covered market, we are fifth largest in IPM and among top 10 in all our therapeutic segments as per IQVIA MAT December 2025.

Cardiologic contributed 36%, followed by ophthalmology, 30%; dermatology, 24%, with the remaining 10% coming from pain in India branded sales. You may observe that the growth in cardiology segment as per IQVIA is slower than IPM, but our internal growth numbers indicate growth in line with the IPM. This appears to be due to some anomaly in the IQVIA data, and we are in touch with them to resolve the same.

The new therapy of gynaecology is taking good shape and is expected to contribute meaningfully to the revenue in the coming years. I am pleased to share that during the quarter, we added 150 medical representatives across our existing therapy areas, taking the total additions for the current year to 300.

With this, our overall MR strength now stands at 3,750 MRs. The newly onboarded teams are being integrated swiftly with a strong focus on accelerating productivity and driving effective field execution.

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

Arvind Agrawal: Thank you, and good afternoon to all. Before we 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.

Total revenue in the third quarter stood at Rs. 1,375 crores compared to Rs. 1,146 crores last year, registering a healthy growth of 20%. For the 9-month period, revenue stood at Rs. 4,031 crores compared to Rs. 3,478 crores last year, reflecting a growth of 16%.

As you may have observed, our diversified business segments have consistently helped us maintain growth momentum over the years despite temporary softness in some markets, which is a normal part of business. Growth during the year so far has been mainly driven by the India branded business and the U.S. generic segment.

Gross margin stood at 79% for the quarter and 78% for the 9-month period. For the full year FY '26, we expect gross margin to remain around 78% plus or minus 1%.

Personnel costs for the quarter stood at Rs. 331 crores compared to Rs. 265 crores last year, reflecting an increase of 25%. For the 9-month period, personnel costs were Rs. 950 crores compared to Rs. 810 crores last year, reflecting an increase of 17%. The increase was mainly due to medical representative additions across brand and generic businesses over the last 12 months. During the quarter, the Government of India's new labour code became applicable. Based on our initial assessment, an additional provision of Rs. 7 crores has been made towards liabilities arising from the new code.

Other expenses for the quarter stood at Rs. 376 crores compared to Rs. 302 crores last year, reflecting an increase of 24%. For the 9-month period, other expenses stood at Rs. 1,140 crores compared to Rs. 918 crores also reflecting an increase of 24%. These expenses represent our continued strategic investment in products, brand and people across our branded generic portfolio. We expect other expenses to broadly remain in line with trends seen during the current quarter.

R&D spend, which is included within personnel and other expenses remained at around 5% of the total revenue and is expected to continue at similar levels. R&D expenditure for the quarter stood at Rs. 63 crores compared to Rs. 53 crores last year. For the 9-month period, R&D spend stood at Rs. 182 crores compared to Rs. 161 crores last year.

EBITDA for the quarter stood at Rs. 382 crores compared to Rs. 321 crores last year, reflecting a growth of 19%. For the 9-month period, EBITDA stood at Rs. 1,061 crores compared to Rs. 962 crores last year, registering a growth of 10%. EBITDA margin stood at 28% for the quarter and 26% for the 9-month period. Excluding the impact of mark-to-market foreign exchange movement, EBITDA margins remained in line with our guidance of 27% plus or minus 1% for the 9-month period. Mark-to-market forex loss recorded under other expenses stood at Rs. 61 crores during the 9 months, while forex gain under other income stood at Rs. 53 crores.

Excluding this impact, EBITDA margin for the 9-month period would have been around 28%. There were no mark-to-market losses during the quarter. We remain confident of maintaining EBITDA margin of 27% plus or minus 1% for the remaining period and for the full year.

Profit after tax for the quarter stood at Rs. 274 crores compared to Rs. 233 crores last year, reflecting a growth of 18%. For the 9-month period, PAT stood at Rs. 789 crores compared to Rs. 695 crores last year, reflecting a growth of 14%. PAT margin remained stable at 20% for both the quarter and the 9-month period.

The effective tax rate for the 9-month period stood at 23% and is expected to remain in a similar rate for the full year.

Capital expenditure during the 9-month period stood at Rs. 235 crores and is expected to be in line with our full year guidance of around Rs. 300 crores.

With this, we now open the floor for questions and answers.

Moderator: Our first question comes from the line of Tushar Manudhane from Motilal Oswal.

Tushar Manudhane: Sir, firstly, some clarification on the growth guidance which you gave for full year '26, if you could just repeat?

Arvind Agrawal: It is in line with what we said, mid-teens growth for the whole year.

Tushar Manudhane: Understood. And sir, secondly, on gross margins, which has seen significant improvement for the quarter and wherein you've seen geographies like U.S. growing at a much higher rate. So if you could just explain this improvement in gross margin and sustainability of gross margin?

Arvind Agrawal: I think what I just mentioned, I think you should consider 78% plus/minus 1%. Some variations keep on happening quarter-to-quarter. But overall, I think we are very confident that we should be able to maintain it at about 78% plus/minus 1%.

Yogesh Agrawal: And for the U.S. business, we have launched 8 products in the last 12 months which we are now seeing the full year benefit of that. Plus, we have seen the increase in the market share for some few products. And also, we have one seasonal product for the flu, where basically the season starts in the December, January. So that also aided growth for the current quarter. The combination of all these three aspects, it has resulted into a very robust growth of the U.S. business.

Tushar Manudhane: Got it sir. So now that the launch benefit has been sort of reflected entirely and we end FY '26 on a very strong note as far as U.S. business is concerned, given the pace of launches, if you could guide may not be in terms of exact numbers per se, but how do you think about FY '27 for U.S. geography?

Yogesh Agrawal: It should be good only, but I think it will be a bit early to give the guidance from that. I think let's do that in the next quarter when we have all our plans closer and then we'll have more concrete numbers in terms of our budgets, which are finalized. But overall, I think the growth probably will not be in the similar line of what we have seen in current year. But I think we should be able to post double-digit growth for sure.

Tushar Manudhane: And just lastly on this, how much would have been the constant currency growth for U.S. business?

Yogesh Agrawal: Come again?

Tushar Manudhane: Sir, how much of the constant currency growth for U.S. business for 3Q 9 months, FY '26?

Yogesh Agrawal: I think I don't have that figure right now. Yes, I will share it later. We've seen some dollar movement. Our growth is, of course, for the volume growth is far bigger than the currency rupee appreciation.

Tushar Manudhane: Got it. That's it from my side. I will join back in queue.

Moderator: Thank you. Our next question is from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.

Abdulkader Puranwala: Sir, first on the India growth of close to 19%. Sir, you mentioned the cardiology portfolio has grown in line with the pharma market growth or the like-to-like basis growth. But what exactly has driven this outperformance, if you could highlight?

Rajesh Agrawal: No, I think it's mostly a little bit of seasonal also for us in some sense. But at the same time, we have had some very good activities and very good customer connect. That has happened. Like I said, our gynaecology has done much better than what we were expecting. Dermatology, as you would have seen, we have gained two ranks. So we outperformed the market by nearly 2x the growth rate. So these are the segments that have contributed better than what we were expecting.

Abdulkader Puranwala: Understood. And so would the 150 reps that you have added this quarter, and I believe in international geography as well. So where exactly are the MRs getting deployed and any new product you're launching either on the GLP side, in India and overseas with your recent partnership? And should we think of this addition in that way or that will be over and above what you have done recently?

Rajesh Agrawal: Number of reps, what we have added in domestic are across these 4 therapeutic segments, and that is basically pan-Indian. So in that sense, there is no new division or new therapy launch. These are basically just to increase the coverage wherever our productivity was higher. We felt that we need to cover more effectively. So that is what it is.

For GLP, we will be launching in India under our own trademark, and we hope to be in the first wave of the product launches that will happen in the month of March. So that will naturally be factored into the growth plans of next year, which will start from April to next March. So that is what it is. I don't know if you have or do you have any other question on this ?

Abdulkader Puranwala: Yes. So with regards to GLP, then your overseas partnership with Biocon, if you could shed some light as to how the arrangement is?

Yogesh Agrawal: So the arrangement will be that they will be supplying the finished product. They have the finished products. They have all the required data, which they have filed in all the emerging markets and we have tied up with them for 26 countries where 23 is exclusive tie-up with us. Three countries semi-exclusive, which means semi-exclusive is they can come back on their own or they can give to one more.

So at the most, they can give one more company other than Ajanta. So we are looking to start filing the dossiers from Q1 in all our markets. And from 12 months onwards, we should start getting the approvals in various countries. So we are starting, we are looking, if all going well, from like I think 27-28, the revenues for the GLP-1 should start coming in. So it's fairly straightforward. They will give us the product. We will take and commercialize it in the 26 countries where we have a very strong ground presence through our field force and promo plans.

Arvind Agrawal: Yes, and it will be in our brand name.

Abdulkader Puranwala: So sir, fair to assume that this would be like a profit-sharing agreement or you would be paying some upfront fee, something like that, yes?

Yogesh Agrawal: There is some confidentiality agreements which we have in place. So I'm not able to give the exact details. But it's a combination of all what we have just mentioned. It is going to be transfer price and there'll be some arrangement on some kind of mechanism on some profit share, things like that yes.

Abdulkader Puranwala: Understood. And sir, last one, if I may, just a bookkeeping question. On the depreciation expense, so that has been ranging a little higher as compared to what we have done last year. So what exactly is the reason for that?

Arvind Agrawal: Basically, we commenced one more manufacturing facility at Pithampur for the liquid line, which we announced last quarter. So that particular depreciation has already come in, in this particular quarter. So because of that, the depreciation is increasing.

Abdulkader Puranwala: Got it, sir. Thank you.

Moderator: Thank you. Our next question is from the line of Aman Kumar Singh, an Individual Investor. Please go ahead.

Aman Kumar Singh: Yes, good evening. I have 2 questions to ask. One is about the dividend payouts in terms of percentages of PAT, we have maintained both payout in terms of dividend and buyback in last 4, 5 years in a range between 60% to 80%. This year, we have given a payout of about 44%. Do we expect the similar kind of a payout from the trend what we have seen in the past?

Arvind Agrawal: I think it is still not decided because there is one more quarter, which is going to be there. So we need to take a call in the meeting. But as we mentioned, you must have seen the article on that, we are increasing our thrust on the acquisition. So if that happens, and in that case, maybe Board will advise accordingly. So I think we need to wait till quarter 4 for the decision of the Board.

Aman Kumar Singh: Yes. And another question is that we are nearing becoming a $500 million turnover company what is our road map or a plan to go from $500 million to $1 billion company? Please elaborate on this?

Yogesh Agrawal: The plans are, it's an everyday progress which is being made. In the existing markets, we are continuously, as you have seen in the last 2, 3 years, increasing the field. We are increasing the therapeutic segments. In India, we have launched 2 new therapeutic segments. Internationally, we have got into the psychiatry portfolio.

The idea is to increase the new therapeutic segments. Internationally, we are looking to add at least one new therapeutic segment next year. So the idea is to increase our field presence in various markets, add new therapeutic segments. And we are also looking to expand into the new territories, possibly into the Latin America, which is probably, I think we're going to take a serious look at it. So there will be some new geographies also, which will get added in the coming time.

So with all this, I think we are expecting and hoping the growth momentum to continue in the coming years. It was there in the press also that we are actively looking for the acquisition also.

And as it was there in the news that we have Rs. 1,000 crores plus for that. So all those possibilities also do exist. Let us see if and when they materialize.

Aman Kumar Singh: Yes. And one last question I have is, like there was also a news article regarding -- although it was denied by the company that there can be an acquisition of non-related business from Ajanta Pharma. So I hope that the denial is firm, and we are still only focusing ourselves on the pharmaceutical business?

Arvind Agrawal: Absolutely. We are very clear about this. You must have seen that later on, the clarification also came that it is by one of the promoters family office, not by Ajanta Pharma. Ajanta Pharma remains only in Pharma business, and we will continue to do this business only.

Aman Kumar Singh: Okay. Thank you, sir.

Moderator: Thank you. Our next question comes from the line of Kashish Thakur from Elara Capital. Please go ahead.

Kashish Thakur: Sir, just 2 questions related to India business, we have shown quite good numbers. Just wanted to understand the breakup of the India growth, like in the terms of volume growth, price and new products?

Rajesh Agrawal: Yes, sure. I will share that with you in a second. So volume growth, IPM is at 2.1%. This is the composition of 8.9% IPM growth and Ajanta has grown at 3.1% as per IQVIA. So we are 1.5x faster than the IPM in the volume.

And for the new products, IPM has shown a contribution of 2.5% in the growth and Ajanta has shown 3.9%. So again, nearly 1.5x the IPM growth rate in the contribution towards our 11.4% growth.

Kashish Thakur: Understood. And sir, what has to be the PCPM plus, although we've been adding around 150 during this quarter as well. So I wanted to know that?

Rajesh Agrawal: PCPM for the quarter, I'm not able to hear clearly, sorry.

Kashish Thakur: Yes, PCPM for the quarter?

Arvind Agrawal: For the quarter, it will not be there. But I think for the PCPM, if you want, for 9 months period, we are at about Rs. 3.6 lakhs per month.

Kashish Thakur: Understood, sir. Thank you.

Moderator: Thank you. Our next question is a follow-up from Tushar Manudhane from Motilal Oswal. Please go ahead.

Tushar Manudhane: Sir, just on this GLP Semaglutide for Asia, Africa, while at least in India, it seems it's going to be a competitive market even in the first wave of market permission. If you could just provide certain insights on the Asia, Africa focused geography, how do you see the competition shaping up post-patent expiry in these markets where we have sort of tied up exclusively with Biocon?

Yogesh Agrawal: We believe that there will be more aggressive competition in India, which could be in the range of what 10, 12, 15 to 20 plus. But in our markets, we believe it will not be as aggressive. We are expecting it should remain around 4 to 6, depending on which companies get approval, what kind of, what time point, but it will not be high competition intensity in the emerging markets should not be as high as what we are going to see in India.

Tushar Manudhane: And subsequently, given this low competition, but from a pricing point of view, given your experience with the earlier products in, let's say, India, Asia, Africa, how do you see the pricing playing out given where per capita income, given the demand? Any color you can throw or it's too early to ask, whichever?

Yogesh Agrawal: I can give you a general sense. As you know, the DNA of Ajanta operate at an acceptable margin. We are not interested to sell the product without the margin threshold, which is good enough for us. So overall, the margin should be good only, decent only. And as I said, the pricing is also a factor of how much competition you will be having in the market.

And since we are not expecting as aggressive competition as we are going to see in India, we believe the pricing should remain pretty decent, and we are expecting some good margins. Overall, I think that's the broader color which I can give you.

Tushar Manudhane: And would it require additional marketing in MRs or marketing spend or this product will get funneled to existing?

Yogesh Agrawal: Exactly. It will go through the existing in all our markets, we already have CVD presence, cardio diabetes presence is there in all our markets wherever we are going, we've tied up. And that's precisely the reason for us to go because it really complements our presence in this segment.

And the second is the weight loss. So both these segments, so our existing team will be able to handle this product. In fact, we'll be able to capitalize on this product better because we already have the relationships with the doctors in the field in this specialty.

Moderator: Our next question comes from the line of Dheeresh from WhiteOak. Please go ahead.

Dheeresh: Yes. Thank you, sir. Sir, I don't know if you already answered this. For 9 months, Asia is quite muted. So if you can just explain that, sir?

Yogesh Agrawal: No particular reason, I can say. I mean, we started the year, as I said in my opening comments, hoping that Asia will probably post a double-digit growth. But somehow we've seen some low traction in certain countries. Because of that, our growth has been slightly below what we would have liked it to be. But I think we are very confident structurally, fundamentally, there's nothing wrong.

I think we are hoping that Q4 onwards itself, we will start seeing the revival and we will start posting some good growth. So also, there was some exports which got delayed I think.

Dheeresh: Is it like [inaudible 0:33:38] secondary thing?

Yogesh Agrawal: That also a little bit. There were some exports which got delayed shipments from the Q3, which will get pushed over to the Q4. So had that supplies also come in, the Q3 would have looked better than what it is right now. So that also effect we will see in the Q4, the Q3 spill over into Q4, and then we should be able to catch up.

Dheeresh: Understood. And Arvind ji, did not see any forex loss in other expense. I was surprised by that because of a hedge book, should have had mark-to-market loss, right?

Arvind Agrawal: Fortunately, everything got booked into the second quarter. And fortunately, the closing of quarter 3 was lower than the quarter 2. So because of that, there was no loss at all during this quarter.

Dheeresh: That was the case for USD, but euro was lower only, right?

Arvind Agrawal: Euro was there but we got some benefit in euro also.

Dheeresh: Okay, very nice. And sir, last question. This Biocon partnership is also for India? It's not for India, but for emerging markets?

Arvind Agrawal: No, it's only for Emerging markets.

Dheeresh: Okay. So sir, there the responsibility for approval is for the regulatory approval is on us or is it Biocon?

Arvind Agrawal: It is on us. Biocon will only provide the dossier, but the responsibility in terms of approval is ours.

Dheeresh: There is a process called COPP route. So we are following that or we are going through individual -- or we are going through a COPP route, sir?

Yogesh Agrawal: No. COPP route is applicable for Europe. No, I think it is not there in the emerging markets except there are a few countries in Africa, which have this mutual recognition, but mostly it is individual countries only.

Moderator: Our next question is from the line of Umesh Laddha from Nirmal Bang. Please go ahead.

Umesh Laddha: So sir, if you see that in last 9 months, our US business is almost 50 percentage up. So is it that the only newer products are contributing for this 50% growth? Or it is the older products also which have started to grow in volume terms?

Yogesh Agrawal: Yes. As I mentioned, older products also we have increased the market share in some of the important products, and that also is one of the factor besides the new products.

Umesh Laddha: So like will it be fair to assume that the older products would have grown by almost like 15% and then the rest is only the new launches, roughly?

Yogesh Agrawal: Difficult to give you exact granular details as much. But I can say that it's a combination of both, new products as well as the existing products, both. And as I mentioned in the Q3, the small bump up also happened because of the flu seasonal product, which we have, which sells typically in December, Jan, Feb. So it starts November, December, Jan, Feb, 3, 4 months when we have the sales for that product.

Umesh Laddha: Got it. And sir, just wanted to note that in which on therapeutic segments, are we majorly present in US, if that's okay?

Arvind Agrawal: US as such, there is no focus on therapeutic segment. It is the opportunity which we really look at the individual product opportunity. So therapeutic segment is not much, but CNS is there. And mostly, it is oral solids.

Moderator: The next question is from the line of Dhruv Maheshwari from Perpetuity Ventures LLP. Please go ahead.

Dhruv Maheshwari: Hi, sir. I just have one quick question. If you can provide a guidance on how should we look at the impact of labour costs on staff Labour Codes on the staff cost going forward?

Arvind Agrawal: We have already provided for it. So we have provided Rs. 7 crores of fees in the employee cost on account of the new Labour Code regulation. So there will be an additional liability on account of gratuity and pay, which has already been provided in this quarter.

Moderator: The next question is from the line of Foram Parekh from Bank of Baroda Capital Markets. Please go ahead.

Foram Parekh: My first question is on the Asia business. We have seen softness due to softer traction in certain markets. So could you name the markets where we are seeing softer traction?

Yogesh Agrawal: Unfortunately, we don't give such granular details of the country-wise or things like that. But yes, I think that's all about as much as we can.

Foram Parekh: Okay. So could you just give us a guidance like for FY '26, what are we guiding for full year for Asia branded and Africa branded?

Yogesh Agrawal: So, I think Asia, we should be able to post mid-single-digit to high-single-digit.

Foram Parekh: For FY '26?

Yogesh Agrawal: For the FY '26 for the Asia.

Foram Parekh: Okay.

Yogesh Agrawal: And for Africa, we should probably post the low-double-digit, I think.

Foram Parekh: Okay. And can we give guidance for FY '27 as well?

Yogesh Agrawal: It's too early. I think let's wait for the next quarter.

Foram Parekh: Okay. My second question is on the India business. We mentioned that gynecology is picking up well. So if you can give us some more color, like how big is the therapy now? Or how much does it contribute to the India business? Some color there?

Rajesh Agrawal: The contribution is insignificant, primary reason being it's a very new therapy to have any meaningful contribution to the entire India business, which will take some years. What is very important and encouraging is the fact that we are getting good acceptance from the gynecologists.

Our brands have been picked up well in an otherwise highly competitive segment. We are able to make a good inroad for ourselves. And we are fairly confident that in the next 2 to 3 years, it should become an important and a prominent therapy just the way we have developed the other 4 therapies. So I think that's what's more important.

Foram Parekh: Okay, that's helpful. And we mentioned that we will be participating in the GLP first wave. So the guidance for FY'27 will also include the GLP accountability. So could you just -- I mean, give us the number, like what guidance should we look at for FY'27 India business?

Rajesh Agrawal: Again, it's still in the works. We would rather focus on the current quarter or last quarter. I think we'll come out with the guidance in the Q4 earnings call. I think that will be more firm and better in that sense. But yes, we will be in the first wave of GLP launches. And that brand, that product will be included in the growth plans for the next year.

Foram Parekh: And lastly, if you can just help us understand the TAM that you're looking at for Asia market for the GLP products? Would it be like -- would some geographies have like $1 billion kind of market? Or would it be lower? How should we look at it? And likewise for Africa as well?

Yogesh Agrawal: It will not be to that level, our African markets are not comparable to Europe or US.

Foram Parekh: But Asia?

Yogesh Agrawal: So, yes, Asia can do better than Africa, but not in the tune of billions of dollars. I think currently, yes, it's very difficult to put a number on it. But it's a growing segment, you know that it's every year is growing exponentially -- we've never seen a launch of a product like this in the longest time. Already globally, it's become, I think, what, $35 billion, $40 billion and $25 billion, each $50 billion and it's still growing at 25%, 30%. So I'll hesitate to put any number on the market size of these products. It's still -- it's evolving.

Foram Parekh: Sure no problem. That’s helpful. Thank you.

Moderator: Our next question comes from the line of Kunal Randeria from Axis Capital.

Kunal Randeria: Sir, I'm quite not able to wrap my head around this 19% domestic growth. So I appreciate you trying to give a bit more color. Is it because since the net organic is largely new, is there some channel filling happening here? Or is there some recovery in cardiac which led to higher primary sales? Because there is a fair bit of discrepancy between what you actually reported and what the IPM numbers suggested?

Arvind Agrawal: Yes, you are right. Because see, ultimately, this 19% neither it is a channel filling nor it is something which is a bump up. It is something which is normal sales. What happens is that every quarter, there is some traction, which comes into some of the segments, and that is what is happening in this quarter.

There is absolutely nothing really abnormal in this case. And as you see, every year, this quarter is a very good quarter. And next quarter will be a little lower because as you must have seen, over last 4, 5 years, our last quarter is always low. So that is what is going to happen, but I think it's in the normal course. There is no channel filling or there is no abnormal thing at all.

Kunal Randeria: So no particular therapy you would like to announce?

Rajesh Agrawal: The IPM is recording Ajanta growth at 14.8% for Q3. So IPM, IQVIA, I'm sorry. IQVIA is showing a near 15% growth for Ajanta. So this is all pure secondary groups that they are reflecting. As against that, our internal growth is 19%.

Kunal Randeria: No particular therapy, right? I mean all therapies are starting to do well, right? I have done well?

Yogesh Agrawal: Yes. In the 15% that they are reporting, cardiology is lesser than what we are actually recording internally, right? So if you add that back to 15%, it will come up to 19% or 18% or whatever the number may be. So it's essentially exactly the same what we are actually posting...

Kunal Randeria: And sir, just one more clarification. Sir, you mentioned that you have been having some sales force in our export businesses. Is it in the existing markets? Or is it still some new frontier like LATAM or Anglo Africa that you're targeting?

Yogesh Agrawal: Not able to understand. In the existing countries only.

Kunal Randeria: And sir, can you give us some guidance on how much the expansion is yet to take place in the next couple of years?

Yogesh Agrawal: Expansion in terms of what?

Kunal Randeria: Sales force, sir.

Yogesh Agrawal: Next few years is a very long outlook to give. I think I will restrict to the current year. I think let's talk about next year in the next quarter con call.

Kunal Randeria: Sure. Thank you.

Moderator: Thank you at this time. We have no further questions, ladies and gentlemen. I would now like to hand the conference over to Mr. Yogesh Agrawal for closing comments. Over to you, sir.

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

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