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August 18, 2025

To,
The Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E),Mumbai – 400 051

Symbol: AKUMS

To,
The Listing Department
BSE Limited
Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001

Scrip Code: 544222

Sub: **Transcript of Earnings/Analysts Conference Call held for un-audited financial results for Q1 of FY26**

Respected Sir/Madam,

Pursuant to the Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) 2015, please find enclosed herewith the transcript of earnings/analyst conference call held on Monday, August 11, 2025 at 12:00 PM (IST) on un-audited financial results for Q1 of FY26.

The said transcript be also available on the Company's website https://www.akums.in/investors/investors-meet/.

This is for your kind information and record.

Thanking You

For **Akums Drugs and Pharmaceuticals Limited**

Dharamvir Malik
Digitally signed by Dharamvir Malik
Date: 2025.08.18 18:12:44 +05'30'

Dharamvir Malik
Company Secretary & Compliance Officer

Encl: as above

“Akums Drugs & Pharmaceuticals Limited Q1FY26 Earnings Conference Call”

August 11, 2025

MANAGEMENT: **MR. SANJEEV JAIN – MANAGING DIRECTOR, AKUMS DRUGS AND PHARMACEUTICALS LIMITED**
MR. SANDEEP JAIN – MANAGING DIRECTOR, AKUMS DRUGS AND PHARMACEUTICALS LIMITED
MR. SUMEET SOOD – CHIEF FINANCIAL OFFICER, AKUMS DRUGS AND PHARMACEUTICALS LIMITED
MR. SAHIL MAHESHWARI – GENERAL MANAGER (STRATEGY) AKUMS DRUGS AND PHARMACEUTICALS LIMITED
MR. ANKIT JAIN – HEAD (INVESTOR RELATIONS), AKUMS DRUGS AND PHARMACEUTICALS LIMITED

MODERATOR: **MR. PRASHANT NAIR – AMBIT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Akums Drugs & Pharmaceuticals Limited Q1FY26 Earnings Conference Call, hosted by Ambit Capital Private Limited.

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, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prashant Nair from Ambit Capital Private Limited. Thank you. And over to you, sir.

Prashant Nair: Thank you, Anushka. Good afternoon, everyone, and welcome to the Q1FY26 Earnings Call for Akums Drugs & Pharmaceuticals.

From the Management, we have with us today, Mr. Sanjeev Jain – Managing Director, Mr. Sandeep Jain – Managing Director, Mr. Sumeet Sood – CFO, Mr. Sahil Maheshwari – Head (Strategy), and Mr. Ankit Jain, who handles Investor Relations.

I now hand over the call to Ankit to take it forward. Over to you, Ankit.

Ankit Jain: Thank you, Prashant, for the introduction. Good afternoon, everyone. Welcome to Akums' Q1FY26 Earnings Call. I am Ankit.

Let me draw your attention to the fact that on this call, our discussion might include certain forward-looking statements, which are predictions or projections of future events. Our business faces several risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied in such statements. At Akums, we do not undertake any obligation to publicly update any forward-looking statements, whether as a result of new confirmation, future events or otherwise.

Having said that, I hope you have all gone through our Investor Presentation and Financial Results that we posted on Friday. I would now like to hand it over to our Managing Director, Mr. Sandeep Jain, to discuss our performance. Thank you.

Sandeep Jain: Thank you, Ankitji. And welcome everyone to our Q1FY26 Earnings Call. This date marks just over one year since we began our journey as a listed company. We continue to work towards strengthening the organization with a focus on long-term growth.

I will commence with a brief review of the industry environment before sharing a perspective on the business. The Q1FY26 continued to see tepid volume growth with industry volume growth of below 0.40% and IPM growth being driven largely by price growth.

The weakness seen in API pricing also continues. On an average, the API prices have declined 10% to 12% in the last 12 months. However, Akums continues to forge ahead and maintain its leadership position in the domestic CDMO industry. Despite the headwinds and long-term growth perspectives remaining intact in Q1, Akums reported growth in both revenues and profitability.

R&D remains the backbone of the company. We achieved the milestone of cumulative 1,000 DCGI approvals for this group in Q1FY26. During the quarter, we received 27 DCGI approvals. This is a significant improvement as compared to the 31 approvals we received during the entire last year.

DCGI approvals are new formulations, launches in India, which help to improve our product mix and offer better margins. As the competition is limited, during the year we received DCGI approvals for Trelagliptin tablet, Relugolix tablet, Dapagliflozin plus Linagliptin plus Metformin tablets, Naftifine cream, including others.

We were also granted one patent this quarter for our niche formulation of tablets, in tablets of Doxylamine and Pyridoxine for the management of nausea and vomiting during pregnancy. Additionally, we filed 24 new patents this quarter in our CDMO business. We further commercialized triple-layered tablets for the first time this quarter, a novel formulation to improve patients' compliance.

We continue to take steps to become a global CDMO. We received approvals of our first European Dossier approval for Rivaroxaban, USD 15 billion plus market globally. We also filed our first dossier in Switzerland for Dapagliflozin plus combination.

We received the ANVISA Brazil approval for our injectable plant 3 and GMP Russia for our hormone plant 4. The progress of our European contract remains on track. This includes product development, scale-up, plant upgradation. The European GMP audit for the plant is expected this quarter. We will begin commercial supplies from April '27.

As informed during the last call, Akums has received €100 million as part consideration for the European contract this quarter. Consequently, our cash surplus stands at around Rs. 1,518 crores. The strong liquidity position provides a robust foundation for Akums to strategically scale up its business operations through both organic growth initiatives and inorganic opportunities.

Our recent CAPEX on newer facilities have started to ramp up. We are gaining traction on our dedicated Penem facility as well as our second dedicated injectable facility. Our Baddi facility will commence commercial supplies of liquid this quarter in H2. We will commercialize oncology products from this site. And Q1 next year, we will start steroidal block.

We strengthened our leadership team this quarter with addition of senior executives in IT, finance. We are also taking multiple digitalization initiatives across HR, R&D, quality, and other functions.

Coming to quarter, while CDMO volumes grew faster than the market, they were modest at 1% driven by continued slowdown in the overall industry. Overall, CDMO revenues grew by 4% despite a 2.5% impact of lower API prices. The growth was led by better product mix, a testament of our strong R&D offerings, operating margins remaining healthy at 14.7%. We continue to aggressively work on turning around our API business. The API losses reduced by 50% compared to Q1 last year.

We are on track to file 3 CEP dossier over the next 12 to 15 months. The CEP filing for Cefuroxime Axetil is on track. Validation has been completed for the CEP filing. Cefuroxime Axetil's validation has also been completed for Brazil filing.

During the quarter, we mark our entry in the Nigerian market and Cephalosporin APIs with Cephalosporin API.

Our domestic branded formulation, despite the weaker growth in the quarter, is expected to continue the healthy growth trend backed by an attractive portfolio focused on chronic treatments across gynaecology and cardio-diabetics. We continue to invest in enhancing field-force productivity and expand these two specialists, in keeping with our growth aspirations.

In the international branded business, we continue to build capabilities across our focus market. We received 20 new dossier approvals this quarter. This is a focus segment for this group.

The consolidation in the trade generic segment continues as we are making prudent efforts to bring down the losses.

Let me turn my attention to our performance now:

We saw overall incoming growth at 2.5% during the quarter, year-on-year. Revenue growth in CDMO came in at 4% year-on-year, resulting in revenue of Rs. 813 crore. Domestic branded formulation has shown 3.4% year-on-year growth to Rs. 107 crore. International branded formulation showed 3.8% year-on-year growth to Rs. 23 crore. Total EBIT improved 19% year-on-year, while operating EBIT improved 4% driven by better gross margins.

Looking ahead, we remain focused on strengthening our CDMO leadership, scaling high-value capabilities, and driving operational excellence backed by a strong pipeline and prudent capital allocation. We are well-positioned to deliver sustainable and profitable growth in the year ahead.

With that, I would like to hand over to our CFO, Mr. Sumeet Sood, for the discussion on financials. Shri Sumeet Soodji.

Sumeet Sood: Thank you, Sandeepji, for the detailed explanation of the business. Now, good afternoon, ladies and gentlemen. I will take you through the financial performance of the company and the highlights for 30th June.

Our total income stood at Rs. 1,051 crores, an increase of 2.4% year-on-year and a decrease of 2.1% quarter-on-quarter. During the quarter, we rationalized our presence in the API-entrained generic segment, leading to a reduction in revenue in these segments.

The reported EBITDA for the quarter was Rs. 156 crores, an increase of 19% year-on-year and 40% quarter-on-quarter. Margins stood at 14.8%, expanding 208 basis points from a year-on-year basis and 443 basis points on a quarter-on-quarter basis.

If we look at EBITDA without the other income, which is on account of interest income that the company had on the amount Sandeepji just mentioned, which was our net surplus, the EBITDA stood at Rs. 129 crore, an increase of 4% and a 37% growth, which is on quarter-on-quarter basis. So, the adjusted EBITDA margins were at 12.6% overall.

The adjusted PAT stood at Rs. 65 crores, an increase of 13% year-on-year and an increase of 48% quarter-on-quarter.

I will now take you to the segment-wise financial performance. And if you remember, we have broken this up into five segments. And that is where the CDMO, the branded formulation, exports, trade generic, and API.

The CDMO revenue stood at Rs. 813 crores, an increase of 4% year-on-year and a decrease of 3% quarter-on-quarter. Revenue remains modest due to the continued decline in API prices. EBITDA for the quarter for the CDMO business was Rs. 119 crore, a decrease of 1.4% year-on-year and an increase of 35% quarter-on-quarter. The company was able to maintain the EBITDA margins of 14.7%, driven by improved product mix.

Domestic branded formulation, if we look at the details, revenue stood at Rs. 107 crores, an increase of 3.4% year-on-year and 3.7% quarter-on-quarter. EBITDA for the quarter was Rs. 16 crores, an increase of 18% year-on-year and a decrease of 29% quarter-on-quarter. Overall, EBITDA margin for the year is expected to remain similar to last year at around 18%.

International branded formulation. The revenue stood at Rs. 35 crore, an increase of 2.4% year-on-year and a decrease of 12%. Despite the weaker growth, we continue to expect high teen growth in this segment for the full year. EBITDA for the quarter stood at Rs. 8 crores, an increase

of 8% year-on-year and a decrease of 8% quarter-on-quarter. EBITDA margins remain healthy at 23%.

The revenue for the API business stood at Rs. 45 crores, a decrease of 35% year-on-year and 10% quarter-on-quarter. As mentioned in the previous quarter, we are keeping our focus on only the few molecules with higher gross margins. EBITDA for the quarter stood at minus Rs. 6 crores compared to Rs. 12 crores in the last quarter. We continue to work on cost optimization.

Trade generic revenue stood at Rs. 23 crores, a decrease of 21% year-on-year and an increase of 4% quarter-on-quarter. As mentioned earlier, our focus is on rationalizing the underperforming units while retaining the profit-making ones. EBITDA for the quarter stood at Rs. 5 crores, negative, as we continue to take certain provisions in this segment. Our current exposure on inventory and receivables is at Rs. 54 crores. And our working capital investment is at Rs. 18 crores.

Our balance sheet is very healthy, as you would have all seen. We have a cash surplus of, as Sandeepji mentioned, of Rs. 1,518 crores. We had a positive free cash flow of Rs. 935 crores, which was partly on account of the money we received from the EU contract. Overall, the business continues to remain strong, supported by solid CDMO segment, a promising pipeline, and as I mentioned, the healthy financial position.

From our side, we conclude the financial highlights for the quarter. We would request to open the forum for question-and-answer session by the moderator. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Rehan Syed from Trinetra Asset Managers. Please proceed.

Rehan Syed: Good afternoon to the team and thank you for giving me the opportunity. Sir, I have just two clarifications or two questions from my end. First on the EU dossier approvals. Sir, you have mentioned receiving the first EU dossier approval for Rivaroxaban and filing a Dapagliflozin combination dossier in Switzerland. So, could you share the expected revenue potential from this launch over the next three years and how is commercialization pipeline looks beyond April 2026? This is my first question.

Sahil Maheshwari: So, should I go question by question or do you wish to shoot up the second one as well?

Rehan Syed: Can I add my second question also? So, my second question on the R&D side. On R&D, Akums has a diversified portfolio of innovative dosage forms. Which two of our three technologies do you expect to see the stronger customer adoption in the next 12 to 18 months going forward?

Sahil Maheshwari: So, on the European dosage, as we have a strong pipeline of over 4,000 molecules formulations in India, we have started building a pipeline for the European market. So, as we speak today, we have over 15 products which are in various phases of pipeline, right?

The first one, which was of Rivaroxaban, has got approval. Hopefully, this calendar itself, we should be able to commence the commercial supplies of that order as well, right? This is, as you know, we don't still have a field force in Europe, right? This is still based upon large companies or large distributors or players who participate into regional or national tenders to get us the order, right?

So, I cannot really put down a number of what will be the overall size, but Rivaroxaban, which is Xarelto, is a large molecule globally, right? So, we expect it to continue. Dapagliflozin, again, serves a large market in the diabetes segment. And its combination along with Metformin is something we have filed and will get approval soon.

Similarly, we have multiple products in tablets, hormones, liquids, which are under various phases of development and will get filed subsequently.

So, as you would understand from our initiative, that Europe, across our own brands and across CDMO, is a key focus for the group over the next five years. Right. So, that is there. And apart from Europe, we have also received the ANVISA approval for Brazil, as well as the GMP approval from Russia. So, these are the additional geographies we are targeting.

On the R&D technologies, which you said, so honestly, this is on the molecule and not necessarily on the technologies. So, while we have technologies which are almost 20-25 technologies, which we have in-house, which help us to get the product faster to the market. So, these are our platform technologies, right? And help us build dosage forms. So, for example, this year we commercialized the triple-layer tablets, right?

So, as you would remember from our annual presentation of FY25, we really portrayed that our niche formulation, the share of our niche formulation is growing compared to the simple dosage forms, right? So, the whole idea of getting technologies in R&D is how can we share into the niche dosage forms, which helps us attract customers, retain customers and deliver a better margin profile.

Rehan Syed: Thank you for your clarification and good luck for your coming quarter.

Moderator: We take the next question from the line of Vivek Agrawal from Citigroup. Please proceed.

Vivek Agrawal: First question is related to CDMO business, right? So, the growth was again mutated around 4%, 5% kind of thing. So, how to look at full-year growth in this particular segment? And what are

the trends as far as the API pricing is concerned and the overall industry volumes are concerned, actually, if you can highlight?

Sahil Maheshwari: Vivek, hi. So, two things. I think one is you are talking on the pricing of the API. So, API pricing remains soft, right? So, what Sandeepji also mentioned, that what we did was we looked at our large buying APIs, the top 200 odd APIs, and saw what really is the trend. And what we saw was a double-digit decline in the last 12 months only. On top of it, add the decline which happened the year before. That remains soft.

On the full-year guidance for this CDMO business, we still have 9 months to work hard on this. I think one of the guidance which we initially gave was a mid-to-high single-digit growth in the top line in the CDMO business.

What we observed in the Q1 was 2.5% decline in our API pricing-led growth, right? So, while that growth is still achievable, I would rather say from mid-to-high, we would target a mid-single-digit growth as of now.

Vivek Agrawal: And we have seen a marginally dip as far as the margins are concerned, right? 15.5% to around 14.7%. So, what has led to this?

Sahil Maheshwari: So, I think this is quarterly, I think blip. As we also mentioned earlier, this business is really looked at an annual level. So, a 14% to 15% margin is what we usually deliver in this business. That should be the zip code in which we operate.

Vivek Agrawal: Just one more question. As far as the volumes are concerned, next year we will see in India, right, launch of a generic Semaglutide by multiple players. So, how you are placed in this particular segment? Are you expecting any kind of volume pickup next year on account of this product launch, et cetera? You can throw some light.

Sahil Maheshwari: So, one is on Semaglutide. Semaglutide really is a value, not a volume-driven product, right? So, can Semaglutide really pull up the volumes in the market? No. Right. The volumes will still be driven by mass therapies. On our play in this segment, that is not really the core segment we are focusing on.

Vivek Agrawal: Thank you, Sir That's all from my side.

Moderator: The next question is from the line of Madhav from Fidelity. Please proceed.

Madhav: My first question was on the CDMO business margins. Given that API prices have been coming down, that obviously impacts the top-line growth for us, which you are saying could be mid-single-digit growth this year. But if API prices are lower, shouldn't the percent margins for us

start moving higher just mathematically? Is that the right way to think about the margin profile? And how that could play out?

Sahil Maheshwari: So, the margins that we get in this business are a cost plus on a percent basis, right? So, for example, if on a certain dosage form I make a 15% margin, that 15% stays, right? So, if the API prices move from 100 to, let's say, 90 today, my 15% would remain, right.

But that is not how the maths work at the factory, right? We have fixed expenses across power, fuel, manpower and so on, right? So, the constant effort is how do we increase our product mix wherein instead of 15%, can I have a product which commands 18% of margins so that my net margin improves? And secondly, around the cost reduction and optimization initiatives, which are an ongoing process across the group of how do we sustain our margins.

Madhav: Sir, your guidance for FY26 is how much?

Sahil Maheshwari: So, as I said earlier, replying to Vivek was, given the API prices, what we saw in Q1 declined by almost 2.5%. And it still looks very soft as we speak in August. They still continue to slide. So, we are targeting growth. Obviously, growth should come, but should be in single digits only.

Madhav: Then the second question was on the export business. So, in the presentation, when you have given international branded formulation of Rs. 35 crore, that is basically the export CDMO business or the export CDMO business is captured in the CDMO segment itself? Where does that revenue get captured today?

Sahil Maheshwari: Exports, so CDMO is anything we do in India or exports. So, the international branded is what we classify as a segment. So, branded is our brands.

Madhav: Correct. So, what we are doing as a CDMO in Europe today, that is part of the CDMO segment.

Sahil Maheshwari: Correct. We still have to recognize the revenue in that. So, we still, as I said, we still have to recognize. We recently received the first approval of Rivaroxaban. We still have to recognize revenues in it.

Madhav: And could you give some more sense around the business potential in Europe? And basically, could you explain a little bit about the business model as well? Like, are we sort of going into the large Indian generic companies who have presence in these countries and we sell via their front end? Or how does it work? And what is our competitive advantage in this market? Like, do we have a lower cost structure versus many Indian, large Indian generic companies operate in Europe today? So, do we have a lower cost structure or what is our sort of strength there?

Sahil Maheshwari: So, what we have identified are three levers wherein we can play in the European market, right? So, first is I still don't have a field on ground. And my core strength as a group always has remained manufacturing, right? So, our first lever is it is CDMO what we will do as a group largely in the European market. So, that is one business model.

The second is focusing on products and molecules where there is limited competitive intensity, right? So, as we said, we have received for Rivaroxaban. Dapagliflozin, which is a large anti-diab molecule. We have few products in pipeline across the hormonal range as well for which the EU GMP is expected over the next 6, 9 months. So, playing in markets where the competitive intensity is low, that is our second theory behind it.

And third is tapping clients not just in India but outside as well, right? So, one easy way out could be we tap Indian customers. But with the quality of products, the history of manufacturing services and we serve MNCs as well in India.

So, to your question, we are not just very go getting on the Indian players as well. We have our teams which regularly visit the European markets. And we are open to any sort of collaboration, whether with Indian or a European or an American player in Europe.

Madhav: But do we have a stronger cost structure to supply? Because the molecules you mentioned, like Dapagliflozin, etc., they are very large molecules. I am sure many generic companies would be targeting such opportunities in Europe.

Sahil Maheshwari: Obviously. So, this is all backed by a strong cost advantage that we drive.

Madhav: And just last question, if I can, on generic Semaglutide, which obviously could be more of an injectable kind of play. So, are you saying that when generic versions of this product get launched next year, are we planning to be in this product at all or we will not focus on this product? Just wanted to understand how we are positioned to this.

Sahil Maheshwari: So, no. So, this is not a core segment for us. So, the reason also I will say because this is a question which comes again and again. I think there are two reasons for it. One is that most of the Indian formulation players are doing it in-house only. So, the total addressable market for a CDMO gets squeezed down. That is one which limits my business case to set up a cartridge facility, maybe.

So, while we will see how this market moves and grows, if necessary, we will probably do one or two years down the line and then decide how do we capture this market. But as of today, this is not the priority one molecule for us.

Madhav: And if I can, just one more follow-up here. In the domestic CDMO business, which we have, of like Rs. 3,200 crores last year, how much of this was anti-diabetes therapy for us where we do the SGLT2s, DPP-4s kind of therapies?

Sahil Maheshwari: So, Madhav, honestly, so in our SAP, we tag brands and not even molecules, right? So, then it has to be tagged to therapy. So, while we don't do it, what we did during our IPO times, I can probably share that this completely reflects the IPM only. So, whether it is anti-infective, gyne, cardio, diabetes, it is largely within the plus minus 10% of a therapy which is there in the IPM.

Moderator: The next question is from the line of Avnish Burman from Vaikarya. Please proceed.

Avnish Burman: One is on the European filing. Sahil, if you can just explain how the MRP process works, if you can, the mutual recognition process. How does that work in that geography?

Sahil Maheshwari: Sorry, can you please repeat? I did not fully understand your question.

Avnish Burman: So, there is a MRP process there, mutual recognition process, where if you get approval from one member state, then you can use that to apply to various other member states.

Sahil Maheshwari: Yes. So, understood now. So, yes. So, that is there. So, once you get it, it is dependent on country to country. So, some countries, you have to have a local QP release, right? So, that is where you need a local pharmacist to do it. And other countries, they accept it, right? But it gets extremely swift and easy once you get approval from any of the countries which accept the EU GMP and the dossiers, right, including the non-EU states like Switzerland.

So, once we receive approval, everything falls on track. So, it is an additional. For some countries, it is €5,000 or €10,000 and so on. We just have to file the registration fees and it continues to that geography as well.

Avnish Burman: Is there a timeline that the regulatory authorities say that within these many days, I mean, they are liable to receive approval?

Sahil Maheshwari: Honestly, I don't know. Maybe we can check and get back to you.

Avnish Burman: No worries, no worries. Second question is that when you are filing in Europe, I just wanted to understand what model you are following. I mean, are you filing your own dossiers and then partnering with a distributor or you are partnering with a front-end pharma company? And between these two models, what is the basic difference?

Sahil Maheshwari: So, if you remember, two Board meetings back, we got approval to set up a subsidiary in Europe. We are already in the UK market, which is post-Brexit, out of the European Union and in Europe.

So, we will follow two models. One is where we do a co-development with the client, wherein the dossier will be owned by the clients. In certain geographies and in rest of the geographies, we will have the dossier. And for some dossiers, the MA will be exclusively held by us.

The current one which we received is with the partner model. But gradually as we proceed and will have a larger portfolio, the MAs in Europe will be held by us. We already have a company, Akums Healthcare UK, registered, wherein we will leverage to register the MAs and then tap the local large companies, distributors, tenders to scale up the product.

Avnish Burman: So, in the cases when the MA will be held by you, how will you market the product? Will you like give it to the distributor or like how do you plan to basically sell the product?

Sahil Maheshwari: So, there can be no one answer to this honestly. So, depending on the country, depending on the product type, depending on how much is the private label off take, maybe at the books or other pharmacy stores, this might differ. But the bottom line remains that we will have to maximize the uptake from that product.

Moderator: We take the next question from the line of Harsh Bhatia from Bandhan AMC. Please proceed.

Harsh Bhatia: Just one on the European market. Just wanted one clarification. I understand that there will be a co-development model, which you just mentioned, as well as a few molecules going forward, dossiers which will be on your own name. How would the pricing be decided? Because from what I could understand from your commentary, it was that these will be tender-based contracts, which is why you are not giving out a guidance. That's okay. But the pricing part will be linked to how the tenders pan out to that extent or it will broadly be a cost-plus model that we follow in retail market plus how would the margins for the European markets look like?

Sahil Maheshwari: Understood. So, as I said, this will be across private markets as well as tender markets. So, some countries like Germany, you have a strong tender system of procurement. You have clinical commissioning groups in UK which procure regionally for counties. And then you have rest of the markets wherein you have a large private market, right?

So, this will be a mix of whether it is, which channel it really goes through. The margins obviously will be better than the domestic CDMO margins that we currently generate. And yes, that is broadly around it. But this has to really show up as we build. So, if I now talk maybe three to five years down the line, what we target is to have at least 10 dossiers in the European market which we own and are sizable in nature.

Harsh Bhatia: So, depending on whether it is a private market or tender market, your pricing strategy slash cost plus model will keep on changing. That would be a fair assumption.

Sahil Maheshwari: So, Europe, what we have realized, honestly, is cost plus is a limited part of the model. Largely, it is a fixed pricing, whether it is a private market or a tender market, right? So, that is how the margins move. If you really track other players as well, introduction of a new player, or API pricing, it usually does not impact the output prices but usually impacts on the margins of the formulators, right? So, that is largely how the model moves in the European market.

Harsh Bhatia: And just one last clarification. The bigger contract that we have, which will start, I think, from CY28 or CY27 rather, that is also on a fixed cost model?

Sahil Maheshwari: Correct. So, that is a fixed cost CDMO model where the market authorization completely belonging to the client. So, we don't own the dossier as well. So, that is not the model we were talking earlier where we file it. That is a filing that will be done at the clients for their established brand which is currently being done. We are just a manufacturing, exclusive manufacturing partner out of India for that molecule. And that will begin from March '27.

Moderator: We take the next question from the line of Vivek Agrawal from Citigroup. Please proceed.

Vivek Agrawal: Thanks for the opportunity again. So, in domestic business, how to look out for the full-year growth, given that we have seen a subdued growth in this particular quarter? And any particular reason why your growth is just 3%, 4% in this particular quarter?

Sahil Maheshwari: So, you mean domestic CDMO, right, Vivek?

Vivek Agrawal: Yes, domestic branded formulations.

Sahil Maheshwari: Domestic branded formulations. Okay.

Vivek Agrawal: Yes.

Sahil Maheshwari: So, domestic branded formulations should track the IPM growth, Vivek. So, this was one quarter, I think the margins were better compared to last Q1. It was just one-off quarter. We see the growth coming back in 2Q, 3Q and the rest of the year. So, we should be tracking the IPM.

Vivek Agrawal: But what has impacted in this quarter?

Sahil Maheshwari: So, nothing. I think it is a usual reorganization. You have certain periods. I think not necessarily I can pin down to one reason, Vivek. It is growing, but that should come. If you also look at the price growth that we took was roughly 1%, 1.5% itself, which was way larger than the rest of the market, which takes a 5%, 6%. So, everything is in place. I think for the rest of the year, we should perform well. So, no significant concerns or deviations from the guidance earlier on this business.

Vivek Agrawal: But given the small ways, as well as I think the business makes large in favor of certain chronic segments, right, don't you think that this business should grow ahead of the industry, ahead of the IPM at least?

Sahil Maheshwari: That is the endeavor, Vivek. But we could not do it in this quarter. And for the rest of the quarters, we will have to certainly perform better than the market and hence track the IPM, right? So, the endeavor is for the rest three quarters, we grow faster than the IPM so that at least we are in line with the IPM as we close the year.

Vivek Agrawal: And just lastly, on API and trade generics, right, so how long you see the business can just turn EBITDA positive?

Sahil Maheshwari: I will take trade generics first because that is the consolidation year for that business, right. So, we, over the last few years, have experimented a few things, but we still believe this is a business which has a peak EBITDA potential, which is lower than the CDMO business. And the global initiatives we are taking, as well as the working capital required to run this business, are large. It is largely a non-differentiated business where price plays a major role in the uptake, right?

So, considering all these factors, we believe that this is not the right segment for us to stay invested in. And hence, trade generics, gradually we are bringing it down. We might retain one or two business units within this, but those should be profitable and no more bleeding. So, that is on trade generics this year.

API business, as we mentioned, we have some global aspirations. We are filing the European CEPs. We are also doing work in Africa and LATAM. Domestic cephalosporin prices continues to be a concern. This is driven by extensive price or margin erosion which players are resorting to, to gain in a market which has seen no volumes. We also did assessment of how our yields conversion norms are there, and we are pretty much in line with the market, right?

So, two things which will drive this business is one, global expansion. And secondly, how does the API prices gradually move up? That should be a positive point for this business. So, as of now, we are still aggressive and invested in this business as we speak in FY '26.

Vivek Agrawal: That is from my side.

Moderator: We take the next question from the line of Madhav from Fidelity. Please proceed.

Madhav: Just one more follow-up. The EU CDMO contract starts from April 2027. So, could you give from basically FY28, how much could be the annual revenue run rate from this contract for us? And do we expect it to sort of ramp up fully in the first year or it could take 2, 3 years before it fully ramps up?

Sahil Maheshwari: Sure, Madhav. So, this is an established product, so there should be no ramp-up phase. So, we should do at least Rs. 300 crores annually from this contract. And yes, April '27 is when we start commercial supplies.

Madhav: And the margins for this contract are similar to our existing CDMO business margins, or is it better than what we do, 14%, 15%?

Sahil Maheshwari: Similar margins.

Madhav: Similar margins, okay, sir. And the other European business, which we are targeting, where we have got one approval recently and filing some more, how big will this opportunity be for us in the next, let's say, two- or three-years' time? I mean, I am assuming it is close to sort of zero right now, just ramping up. So, any aspirations in terms of revenue next two, three years?

Sahil Maheshwari: So, I should say five years because European GMP approvals, dossier filings, scaling up to other countries takes time. So, let's take a 5-year horizon. So, from exports, how much should we do? So, if I could break it down, so Rs. 300 crores we will get from this contract.

There are a couple of other, not of this value, but there are a couple of other contracts that we are working towards. So, those should give me some value. There is already Rs. 150 crores run rate of other exports business that I do in other geographies. So, over the five years time, we should target maybe $100 million in exports.

Madhav: Okay, $100 million exports of CDMO, basically, right?

Sahil Maheshwari: So, I would say exports because international branded is also supplied 100% from this. So, entirety of formulation exports from the group.

Madhav: And that is already at like, let's say, $15 million, $20 million run rate, right? Like $15 million, you know, so, right, the formulation exports.

Sahil Maheshwari: So, we currently are at 15. Over five years, we should scale up to 100.

Madhav: And given we have balance sheet cash right now from the advance we have received, and in the PPT we did mention some inorganic opportunity which we can pursue. What could be the framework? I mean, what kind of acquisitions can we look at? Like, what fits the M&A framework for the company?

Sahil Maheshwari: So, we drill down on multiple things. I think what we have finally selected are two things which we will deploy our cash inorganically. One is if we can acquire a dosage form capability we

currently don't have. So, there are still few dosage forms which we don't have capabilities on and we are targeting them.

Secondly, if it could give me access to other markets, right? So, I have strong R&D, quality manufacturing and things. So, if I get any base wherein I can quickly come launch new products and expand to global markets, that is another thing which we are looking at in the inorganic side of it. And we are open whether we do it within India or maybe outside India.

Moderator: We take the next question from the line of Pranav Chawla from Ambit Capital Private Limited. Please proceed.

Pranav Chawla: Sir, I have one question. So, on GLPs you highlighted, you may not be part of it. We are not even targeting fill finish.

Sahil Maheshwari: For what?

Pranav Chawla: For GLP, Semaglutide opportunity in India.

Sahil Maheshwari: So, I said Semaglutide is something we are not targeting, right?

Pranav Chawla: That includes fill finish as well.

Sahil Maheshwari: That includes fill finish as well, right. So, we have the required R&D in place. We are on it. But how big we will do, which all dosage forms we will do, still not aggressive on that molecule given, as I said, most of the players are doing it in-house. And subsequently, with so many players entering the market, the prices might drop substantially compared to the innovator price.

Pranav Chawla: Also can you share an update over our Jammu expansion?

Sahil Maheshwari: Sure. So, Jammu, as I said, in earlier calls, we have to start the plant by March of 2027, right. So, we are tracking that timeline given our current CAPEX is already ongoing in Baddi plants as well as the utilization scope of ramp-up already exists in the Haridwar facility, right. So, towards the end of this year, we will start CAPEX and over the next 12-13 months, we will do the CAPEX and subsequently, March'27, we should be ready to go live from that facility.

Pranav Chawla: And one last question from my end. In the API business, if I see the numbers closely, we have been able to maintain our gross margins, EBITDA margins over there. So, how do we read this? Because EBITDA margins in business were almost 20% in the 1st Quarter of last year. And now we are almost stabilizing. We are at early teens number.

Sahil Maheshwari: Right. So, we did almost Rs. 44 crores, Rs. 45 crores of EBITDA loss in that business last year, if I remember it correctly, right. What we initially indicated was we will do an improvement of

Rs. 20 odd crores in EBITDA this year. That was the target, right. So, while it could have variability quarter-on-quarter, I think we would still track this number and we are targeting that we should do as per the guidance in this business.

Moderator: The next question is from the line of Dr. Neha Kharodia from Abakkus. Please proceed.

Neha Kharodia: So, good afternoon. And my questions are basically around two parts of our business, CDMO and the domestic branded formulation, which is 90% of our overall business. So, for CDMO, just wanted to understand for the domestic piece that is this understanding correct that one has to look at the growth in the volume for IPM and the other thing can be the API pricing scenario for us in that business?

Sahil Maheshwari: Correct. So, we do not get any benefits of the MRP, right? So, that is something which a marketing company governs. So for us, which are two important things is the volume growth in the overall sector as well as how the API prices move because since it is a cost plus, it is a major component of my cost.

Neha Kharodia: Understood. So when we say that we can grow in mid-to-high single-digit growth in this segment, what is the assumption that we are taking for the volume growth as well as the API? Are we expecting any improvement in the API pricing scenario?

Sahil Maheshwari: So, as of today, as I say, we have three levers, right? One is how my overall product mix improves, how my pricing of my product improves and how the volume improves. Pricing is dependent on the API prices, the input material, right? So, we saw minus 2.5% decline. So, that is on the decline.

The volumes which we grew by 1%, we expect some uptake in the rest of the three quarters. So, that should drive few percent points up. And product mix is something we are constantly working. So, if we really look at 2-3 quarters, that has given us an upside of 2% to 3%. So, that should continue and the product mix should contribute to the rest of the single-digit growth we are communicating.

Neha Kharodia: And this is the 2% to 3% kind of volume growth and 2% to 3% kind of benefit from the pricing. Is that understanding correct, sir? That will be product mix.

Sahil Maheshwari: From the product mix, the pricing should remain flat.

Neha Kharodia: And regarding the second part of that domestic branded formulation business, so as earlier participant had also asked, I mean, this business is quite small for us as of now. So, on the low base, why our growth was only, let's say, 3%? And just wanted to understand, can it not be also pricing-led? And are we focusing on any particular segment for the growth?

And secondly, on the margin part, if I look at the margin, the margins are similar to the CDMO business. So, intuitively, one feels that probably in the domestic branded formulation business, one can have a better margin in this business. So, how should one look at the margin for this particular segment going forward on a steady-state basis?

Sahil Maheshwari: So, you asked on margins and growth. So, margins, if we really look at the Quarter 1 last year, they were tracking around 12% to 13%, which have improved to 14% plus. As we move ahead in this business, the sales and the margin profile increases because a lot of fixed costs get leveraged, right. So, Q2, Q3 perform well, right?

So, as we speak, which was there, the CFO was also mentioning about in his opening remarks that the year should remain at an 18-odd percent EBITDA margin. So, this is certainly better than the CDMO domestic margins that we currently generate.

On the growth, as I said to the earlier participant, that this was one of quarters wherein we did not take price hikes, as well as the primary was lower, but we should catch up over the next nine months in this business.

Neha Kharodia: So, in the next nine months, we are expecting to be able to take some price hikes. Is that understanding correct?

Sahil Maheshwari: So, that will yet to be seen, honestly, how do we take price hikes? Because that will be our SQ to SQ driven. But as we move closer to H2, we should be able to better understand how the growth dynamics work in that business.

Neha Kharodia: But current environment, how is it looking? Do we feel that that can be possible or it looks difficult and it will be more of again volume and new launches driven?

Sahil Maheshwari: So, price growth honestly is in our hands only, which is as per the government norms of how do we grow. The DPCO portfolio for us is extremely limited. We largely have a non-DPCO price controlled chronic oriented portfolio, right? But as we scale up, almost half of the sales that we generate is from non-metros, which we also reflected in our Q4 presentation last year.

So, a lot of things on doctor perception, prescription uptake, your target pool, your current pricing in the market, so all those things play in before we really make our decision to hike the prices, right. So, that is the reason we still have to see how do we do in Q2 before we take a conscious call on it.

Neha Kharodia: So, just to understand it further, so there is a likelihood that our margins, if the growth does not come, can remain in the range of about 15%, 16% can be slightly lower than what we have

guided. And let's say, if we are able to take the price hike, then we can maybe deliver at the level that we are expecting already.

Sahil Maheshwari: I will just realign it. So, price hikes is a positive for this business. The business should continue at an 18% EBITDA margin.

Moderator: The next question is from the line of Jay Modi from EIML. Please proceed.

Jay Modi: Jay is out of the queue. He has been disconnected. So, as there are no further questions from the participants, I would now like to hand the conference over to Mr. Ankit Jain for closing comments. Over to you, sir.

Ankit Jain: Thank you, everyone, for attending the Q1 Earnings Call for Akums. If you have any remaining questions, you can reach out to the Investor Relations team. Thank you, and have a good day.

Sandeep Jain: Thank you very much.

Moderator: Thank you. On behalf of Ambit Capital Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your line.