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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
25th Floor, New Trading Ring,
Rotunda Building, Phiroze Jeejeebhoy
Towers, Dalal Street, Mumbai - 400 001

Scrip Code: 544222

Sub: Transcript of Investors/Analysts Conference Call held for un-audited financial results of Q4 FY 2025-26 and audited financial results for FY 2025-26.

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 investors/analyst conference call held on Monday, May 18, 2026 at 12:00 PM (IST) for un-audited financial results of Q4 FY 2025-26 and audited financial results for FY 2025-26.

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
Company Secretary & Compliance Officer

Encl: as above

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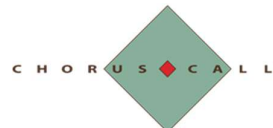
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“Akums Drugs & Pharmaceuticals Limited
Q4 FY26 Earnings Conference Call”

May 18, 2026



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

MODERATOR: **MR. ABDUL PURANWALA – ICICI SECURITIES**



Moderator: Ladies and gentlemen, good day, and welcome to the Akums Drugs & Pharmaceuticals' Q4 FY26 Results 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 call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Abdul Puranwala. Thank you, and over to you.

Abdul Puranwala: Yes. Thank you, operator. Good afternoon, everyone, and on behalf of ICICI Securities, I welcome you all to the Q4 FY26 earnings conference call of Akums Drugs & Pharmaceuticals Limited. Today on this call, we have with us the following members from the management team. Mr. Sandeep Jain, Managing Director; Mr. Sumeet Sood, CFO; Mr. Sahil Maheshwari, General Manager, Strategy; and Mr. Ankit Jain, Head of Investor Relations.

I now hand over the call to the management for their opening remarks, followed by which we will open the line for Q&A. Thank you, and over to you, Ankit.

Ankit Jain: Thank you, Abdul, for the introduction. Good afternoon, everyone, and welcome to Akums' Q4 and FY26 earnings call. I am Ankit Jain, and I head Investor Relations at Akums Drugs & Pharmaceuticals Limited. I will commence with our standard disclaimer that any discussion on today's call 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 obligations to publicly update any forward-looking statements, whether as a result of new confirmation or future events or otherwise. I hope you would have had an opportunity to review our investor presentation and financials that we posted on Thursday evening.

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. Namaskar, everyone, and thank you for joining us today for our Q4 and full year FY26 earnings call. During Q4 FY26, we maintained the business momentum of last quarter and ended FY26 on a strong note, despite a very challenging H1 FY26. The operating environment through the first half was adverse - characterized by sharp erosion in API prices and prolonged phase of low volume growth in the domestic market.

We, at Akums, managed to navigate the challenging phase due to the depth of our client relationship and quality of our manufacturing setup and at the same time, continue to invest for the future to ensure long-term sustainable growth.

Coming to operating performance for the quarter, CDMO once again delivered a healthy top line growth led by double-digit volume expansion. We believe this reflects a structural strength supported by growing customer preference for compliant manufacturers.



Our international CDMO journey continued to gather pace following the EU GMP accreditation of our Plant 2 received in January. We have commenced dossier filing and country-specific registrations across multiple European markets, in line with our stated plan to commence commercial supplies from Plant 2 in FY28. Supplies to Europe, which began in the early part of this fiscal, have continued to scale and along with the strong pipeline of 10 plus products for the European markets.

On the Zambia partnership, the project remains on track with commercial supplies of approximately \$25 million from our Indian facilities to Zambia expected to commence by the end of Q2 FY27 along with the project planning and erection of the local manufacturing facility.

While Akumentis, the domestic branded formulation business, reported modest revenue growth during the year, margins in the business expanded meaningfully validating the efficiency-focused strategy as we head into FY27. We expect this segment to grow at above IPM rates, driven by new launches, focus on brand building, and continued emphasis on field force productivity.

Our international branded formulation business had a tough year with muted growth due to market-specific disruption in our focus geographies. We expect this segment to return to growth as we are confident of the structural attractiveness of our chosen geographies.

In the API business, pricing pressure in the cephalosporin persisted through most of the year, resulting in continued losses. Our continued focus on cost optimization, portfolio rationalization, yield improvements, and the gradual shift towards higher margin non-cephalosporin products and regulated markets are expected to curtail losses for the coming year. The European audit of our API facility is expected in the upcoming quarter, which would unlock regulated market opportunities at improved realization.

The trade generics business turned a corner in this quarter. Going forward, we expect a stabilized though much smaller profit-oriented footprint going forward.

On the operational and digital infrastructure front, our SAP S/4HANA transformation initiated early this fiscal and progressing as per plan and will over time drive material improvements in efficiency, automation, and real-time analytics across functions. The Darwinbox implementation across our HR function is delivering tangible employee experience benefit.

We continue to invest steadily in capacity expansion, R&D, and modernization through the year. With capex broadly in line with our trend run rate, our newer facilities including the dedicated injectable plant, the Penem facility and the new plant in Baddi are all progressing through their respective ramp up curves with client audits and product approvals in advanced stages. As volumes build in over FY27 and FY28, these facilities will drive next leg of growth for the CDMO business.

The Board has also recommended final dividend for the year FY 2026 for INR1 per equity share and a special dividend of INR2 per equity share. We thank all the stakeholders for their continued trust and patience through what was the transitional year and we reiterate our commitment to creating sustainable long-term value for our shareholders.



I shall now request our CFO, Mr. Sumeet Sood to take you through the detailed financials for the quarter and the full year. Over to you Mr. Sumeet.

Sumeet Sood:

Thank you, sir. Thank you, Sandeepji. Good afternoon, everyone. I will take you through the financial highlights. Revenue for the fiscal year 2026 stood at INR4,359 crores as compared to INR4,170 crores in FY 2025, an increase of 5.8%.

Adjusted EBITDA stood at INR522 crores. This is the highest that we've seen over the recent past as compared to INR461 crores in the previous year, increasing by 13.3%. Adjusted EBITDA margin stood at 12% against 11.2% in FY 2025.

PAT stood at INR256 crores as compared to INR344 crores in FY 2025. Last year, there was a significant benefit of deferred tax asset that was created due to the restructuring of the group. This was INR106 crores.

I think important would be to look at the PBT, which probably would insulate the deferred tax asset. If we look at the PBT, we were at INR382 crores in FY 2026 compared to INR341 crores in FY 2025, an increase of 11.9%.

If we look at the quarterly performance, revenue stood at INR1,158 crores. This was 9.7% higher year-on-year and 0.1% lower quarter-on-quarter. Adjusted EBITDA stood at INR152 crores. This is 61.6 % higher year-on-year Q4 2025 was INR94 crores and 3.3% higher quarter-on-quarter Q3 2026 INR147 crores, driven by improved profitability in the CDMO segment and trade generics segment turning EBITDA positive. Adjusted EBITDA margins were 13.1% versus 8.9% in Q4 FY 2025 and 12.7% in Q3 of FY 2026.

The reported PAT for the quarter was INR81 crores compared to INR150 crores for quarter four FY 2025 and INR68 crores for Q3 FY 2026. As stated earlier, there was a significant deferred tax asset creation in Q4. Last year, if we look at the PBT for the quarter, then the PBT is INR121 crores in Q4 2026 compared to INR75 crores in Q4 2025.

If we go business wise, the five segments that we've given, if we look at the CDMO, the CDMO performance has been good. The revenue stood for the year at INR3,485 crores compared to INR3,208 crores in FY 2025, an increase of 8.6%. EBITDA for the full year stood at INR467 crores compared to INR454 crores last year, an increase of 2.9%.

Q4 revenue was at INR952 crores, a growth of 13.4% year-on-year and 4% quarter-on-quarter. EBITDA stood at INR137 crores improving 54.9% year-on-year and 9.1% quarter-on-quarter.

The segment sustained its strong growth momentum, while also benefiting from operating leverage driven by improved capacity utilization and ramp up of newer facilities.

Domestic branded formulations. FY 2026 revenue stood at INR446 crores compared to INR434 crores in FY 2025, an increase of 2.9%. EBITDA for the full year was INR90 crores compared to INR77 crores last year, an increase of 17%.



Q4 revenue stood at INR102 crores, decline of 1.5% year-on-year and 11.1% quarter-on-quarter. EBITDA stood at INR22 crores, similar to Q4 last year and declining 13.2% quarter-on-quarter.

International branded formulation. For FY 2026, revenue stood at INR143 crores, similar to last year, which was also INR143 crores. EBITDA for the full year stood at INR36 crores compared to INR28 crores last year, an increase of 32.3%.

For Q4 revenue was INR36 crores, a decline of 9.7% year-on-year and 28.5% quarter-on-quarter. EBITDA stood at INR10 crores, improving 14.7% year-on-year and declining 22.3% quarter-on-quarter.

For the trade generic business, the revenue stood for FY 2026 at INR100 crores compared to INR115 crores FY 2025, a decline of 13.2%. EBITDA for the full year stood negative of INR10 crores compared to a negative INR28 crores last year.

For Q4, the revenue was INR27 crores, a growth of 22.6% year-on-year and 10.2% quarter-on-quarter. EBITDA turned positive INR1.4 crores from a negative INR10 crores in Q4 2025 and a negative INR3 crores in Q3 FY 2026.

For the API business, in the current year, the revenue stood at INR184 crores compared to INR219 crores in FY 2025, a decline of 15.9%. EBITDA for the full year stood negative INR40 crores compared to negative INR44 crores last year.

For Q4, revenue stood at INR41 crores, a decline of 18.8% year-on-year and 24.9% quarter-on-quarter. EBITDA stood at negative INR12 crores compared to a negative INR6 crores in quarter four 2025 and a negative INR7 crores in Q3 FY 2026.

The company's operating cash flow stood healthy at INR1,181 crores compared to INR465 crores last year. This is majorly attributable to the European contract that was assigned to the company.

The free cash flow for FY 2026 stood at INR958 crores versus INR201 crores for FY 2025. We had a slight increase in the working capital days from 91 days to 105 days. This was largely due to the buildup of inventory, which was secured by advanced payments to creditors and we wanted to ensure the supply during the wartime.

The company continues to maintain a strong liquidity position and cash and cash equivalents stood at INR1,682 crores and a healthy balance sheet of the company. We are well-positioned to enter new fiscal year with positivity and confidence.

I now request the moderator to open the forum for question and answers. Thank you.

Moderator:

Thank you. We will now begin the question-and-answer session. We have the first question from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.

Sajal Kapoor:

Hi. Thank you for the opportunity. Hi team. A couple of questions. As your European and regulated market business ramps up, which specific internal capabilities currently least scalable? Is it regulatory filing throughput or quality systems or tech transfer? Is it leadership bandwidth



or manufacturing facility? Because the capability that is required to compete successfully in highly regulated markets are somewhat different compared to Indian market, right? So, that's one part of the question. And if you can also help in terms of what concrete investments are being made today to get to a level where we can pitch Akums as a high-quality regulated market-ready kind of a facility? Thank you.

Sahil Maheshwari:

So, Sajal, this is Sahil from Akums. On the first question, obviously, reg market play requires stringent capabilities compared to the domestic capabilities. A few points why we are -- we think we are capable to serve those markets is one is we already serve large Indian customers and MNCs Indians markets who themselves have a strict KRA sheet of how they operate. So, we have been serving MNCs for over 15 years now in India from the likes of all the large MNCs in India across their multiple products, be their regular established ones or the new DCGIs.

Also, we received our first European GMP approval way back in 2022. So, the capabilities -- we have been strengthening our capabilities. And as you rightly mentioned, these are across R&D, quality, production, regulatory, everywhere. So, these capabilities since we already serve the larger ones in India and were also European GMP. So, these are the capabilities which we think we have and as we go along, we'll further strengthen up those capabilities.

The Plant 3 also received -- Plant 3 also apart from European also received ANVISA approval this year. So, this, again, is a testament of our commitment towards regulated market. And we were also awarded the European CDMO contract, which was after a thorough review by the partner. So, it's a learning journey. We are on the way and rightly so, we'll have to strengthen capabilities as we go along.

Secondly, on the investments required, so this will be tied down to what projects in the future we get, or which capabilities with dosage forms we have to expand. But as we look today, we already have a European GMP approved facility for injectables. We already have a European GMP facility for oral liquids and an injectable facility, which is also ANVISA approved.

So, for most of the important dosage forms, which contribute to value and volume are already European GMP approved. And as we go along, we have plans for some additional plants to get European GMP approved over the next 18 months.

Sajal Kapoor:

Sure. No, that's helpful. Very thoughtful. Thank you. And on the gross margin side, if you see ever since the IPO listing, today, we are sitting at one of the highest or best ever gross margins this business has reported, which is very positive indeed.

Now, there are two kind of loops that are playing out in parallel for us as a business. One is the negative loop of what's happening in the Middle East, which is something external. Everyone is facing crude-linked inflation in solvents, etcetera. And we can only be backward integrated to a certain extent. We cannot start manufacturing KSMs and all the rest of it. So, there will be some negative pressure coming from that side of the negative loop.

In parallel, there is also a positive loop that will play out, which will be as we move from India into more complexity, more specialty regulated markets. We obviously expect to get a fair share



of the pricing power that should help our gross margins move up. But these two loops are kind of contradicting each other.

So, what I'm trying to understand here is what in your view is the net effect of one negative loop, which is a cyclical loop, hopefully, fingers crossed, this situation will hopefully change at some point. And the other one is much more structural loop, which is a positive loop, higher complexity, better specialty products and higher demanding markets giving us pricing power. So, what is the net effect on the gross margin in a nutshell?

Sahil Maheshwari:

So, I'll quickly address. So, as you rightly said, one is external, which is not really in our hands. But as a business model, it's a passthrough business model. So whatever is the cost of input material gets passed on as part of our CDMO contracts. And on top of it is our conversion and margins. So, while the uncertainty in the global environment creates a cyclical period of shortages, price hikes, but all of that gets passed through.

Secondly, what is internal to us is how we can ramp up our unique differentiated dosage forms, our product offerings, our capabilities. This is which we are constantly focusing on. If you look at really last three years, we have been investing over INR100 crores in our R&D, which is a result of which we can -- at a larger base as well, we can gradually move up our gross margins.

Sajal Kapoor:

No, that's helpful. And very finally, very quickly--

Moderator:

Sorry to interrupt Mr. Sajal. Request you to kindly come back in queue for follow-up questions.

Sajal Kapoor:

Yes, sure, no problem. Thank you.

Moderator:

Thank you. We have the next question from the line of Aditya Sarin from InCred Asset Management. Please go ahead.

Aditya Sarin:

Hi sir. So, last 2 quarters, the volume variance has been north of 25%. So, what is driving this? And what is your outlook on the same? And the price variance has been a negative 3.5% on an average in the last few quarters. With API prices rising 10% to 20% on an average, will this reverse going forward? And if prices sustain, can we deliver a double-digit growth in the CDMO business by virtue of the same?

Sahil Maheshwari:

Sure. So, as you rightly pointed out, over the last two quarters in the H2, the volume growth has been significant. What we have seen, as we also discussed this in Q3, this is primarily led from existing customers only. So, this is not new geographies or new customers. So, what we are seeing is increased demand for existing brands from the existing customers only.

So, honestly, what it is driving is still to be thought through and looked out, but because the overall IPM is still growing at 1%, 1.5%, but we think that this is a sustained growth because similar double-digit growth is also visible as we set in May for the Q1. So, that's on the volume growth.

Pricing-wise, API prices over the last full financial year were a bit soft. The whole of the year, the API prices crashed by about 20%, 25% as a basket.? Due to the current ongoing global



geopolitical situation, the API prices have slightly gone up, single high-digits, they have gone up as a basket. Will they come down sharply soon? That is still to be seen. But still, the prices remain lower than what they used to be in April of last year.

So, while the prices have still gone up, they are still lower than the April prices. So, the API softening still continues if we have to compare it 12 months prior to it. So, volume growth looks positive. I believe the APIs won't go down sooner from these levels. So, that's how we see the CDMO outlook from here.

Aditya Sarin:

Got it, sir. Next question was on the trade generic turning EBITDA positive. If you can share your outlook on how do you see the trade generic and API business for FY27 and beyond. And a question on the tax rate expected for FY27 and FY28?

Sahil Maheshwari:

I'll maybe address the business side first and Sumeet, you can chime in for the tax. On the trade generic, as you rightly said, we turned EBITDA positive. We, over the last couple of years, have really cut the business short and now it's EBITDA positive. We are only doing the business in pockets where it makes sense for the business.

This is expected to remain -- as we mentioned in the opening statement, this is expected to remain at similar levels of revenue with similar levels of EBITDA. So, this will not meaningfully contribute to the group's top line or profitability as we move along.

On the API, this was a year of miss, honestly. The API prices continue to remain low, and hence, our cost -- the COGS remain elevated, which resulted that our fixed overheads and our variable expense of manufacturing could not be fully utilized, and we could not be EBITDA positive.

The API prices have started to go up. We have also started to venture into exports in March of this year, we also started our European inspections. So, all of those CEPs have been filed as well.

So this year, we are hopeful we should do much better than what we delivered last year in API. And similar to a trade generics turnaround in 2026, we are hopeful we can do some significant turnaround in APIs this fiscal year. On the tax, Sumeet.

Sumeet Sood:

On the tax rate, if we were to look at some of the entities which are making losses, it does give an effective tax rate of 32%-odd. But going forward, we think 29% on an overall is something we can build into our business model. But right now, coming in at around 32%.

Aditya Sarin:

Got it, sir. Thanks.

Moderator:

Thank you. We have the next question from the line of Praveen Jayaraman from Avendus Spark. Please go ahead.

Praveen Jayaraman:

Thank you for the opportunity sir. Hope I'm audible.

Sahil Maheshwari:

Yes.

Praveen Jayaraman:

Sir, my question is on the model side. So, in CDMO for Q4 FY26, our margins have expanded to 14.4%, even though we had a product mix base which was adverse product mix of around



INR100 crores. Can you explain the model forward here, like I understand it is a cost plus margins, but whether it's a percentage margins or a margin fixed on an absolute basis.

My question stems out on the case where even though the base portfolio carries lower absolute conversion margin compared to the niche, how could this adverse mix improve our EBITDA margins this quarter? What am I missing here, sir, like on a sequential basis?

Sahil Maheshwari: Sure. So, if you really compare it with last Q4, you will see an aberration, but look at stand-alone any other quarter, whether it is quarter three, in general every quarter, you will see these are the regular margins. Q4 of 2025 was a year where we had a significant dip in EBITDA, driven again by the product portfolio and some year-end provisions as well. So, this essentially in Q4, we had less of those low margin products, and hence, this looks to be a regular quarter.

Praveen Jayaraman: Sir, so is it a percentage margins or absolute one like the model?

Sahil Maheshwari: This model is a percent margins on the input cost. So, the input cost then depending on the product type, the dosage form and so on, the percent margin is applied on top of it.

Praveen Jayaraman: Okay. Thank you. Sir, my second question is on Schedule M. So, now the deadline has passed and we heard like inspections would have started by now. So, like have we seen any visible improvement like we getting some volume growth or customers approaching us on this angle due to MSMEs Schedule M getting implemented?

Sahil Maheshwari: So, while this remains within the purview of the government, Schedule M and -- is being followed through. We'll have to look for how this gets rolled out and implemented. But obviously, even prior to Schedule M, the customers we serve are largely cost quality conscious customers.

Praveen Jayaraman: Sir, like my question stems from the point like we said that there were some pricing disruptions caused by MSME people on -- like due to the Schedule M. And as now it is being implemented, like still, are they doing this cost cutting to retain customers or with this getting implemented, we could expect those customers to come back to us?

Sahil Maheshwari: I will like to skip this question because honestly, we have no visibility on ground of how the government plans to roll this out.

Praveen Jayaraman: Okay, sir. Thanks. Sir, can I add one more question on the injectable side?

Sahil Maheshwari: Yes, it's okay.

Praveen Jayaraman: So, the new injectables facility, what would be the utilization? And what would be the contribution from this facility going ahead, sir?

Praveen Jayaraman: Okay. So my last question was on the injectables facility. So the new one, what was the utilization exit which we had? And what would be the contribution from this facility going ahead, sir?

Sahil Maheshwari: For the newer facility or overall injectables?



- Praveen Jayaraman:** New facility, sir.
- Sahil Maheshwari:** New facility, we are still ramping up. The utilization is in early teens. And we expect that this year, we will have a significant ramp-up in the injectable facility.
- Praveen Jayaraman:** Okay, sir. Thank you for answering all my questions. That's it from my side.
- Moderator:** Thank you. We have the next question from the line of Ankur Kumar from Alpha Capital. Please go ahead.
- Ankur Kumar:** Hello, sir. Thank you for taking my question. Sir, I wanted to understand in terms of CDMO, what kind of overall revenue growth are we expecting this year? Because you said API prices have improved, which will be a pass-through, but they are still lower than last year and volume growth, you said we will be expecting double-digits. So overall, what kind of revenue numbers and margins are we expecting?
- Sahil Maheshwari:** So as I said, we have visibility for 45 to 60 days of our revenue book. So what we said is in Q1, Q2, as we can see, we expect a double-digit volume growth, right? So while H2 still has to be seen through the pricing, as I also mentioned in my last, API prices are transiently high. Whether they stay at the current levels, go down, go further up, we still have to see as we go along. But this is what we can say for H1. And as we talk through in the next quarter, we can give more flavor on Q3 and Q4.
- Ankur Kumar:** And any color on the margin side, sir, we have seen improvement in Q4. So what kind of numbers can we expect?
- Sahil Maheshwari:** Similar margin profile what we currently have.
- Ankur Kumar:** Got it, sir. And sir, on API side, you said you expect this year to be much better in terms of reduction in losses. So can we expect it to -- EBITDA losses to reduce to trade generic levels or how should we think?
- Sahil Maheshwari:** So we -- while the losses will be sizably reduced is what we expect, we'll have to wait for at least a couple of quarters to think through whether we can turn monthly EBITDA positive or not, that's the goal and aspiration. On a full year basis, we might still see some losses.
- Ankur Kumar:** Got it, sir. And sir, on tax rate, you said 29%. So when do we expect to go to 25% type as a normal range?
- Sumeet Sood:** See, I think the way we look at it is when some of our entities continue to make losses. If the API business was to turn around, right, and the trade generic business was to turn around, we would be coming at the tax rate that you're seeing. Let's say, we have INR100 profit and we were to pay a 25% tax over there. But that INR25, if it is taken as a delta to an INR80 because of the losses, you'll see a higher percentage.
- So I think the way the taxes should come down is once most of our businesses come out at the normal rate. And while this number is looking also differential because of the deferred tax asset,



I think to answer your question broadly is the way I said that once all -- most of the businesses are PAT positive, we'll come at the normal rate.

Ankur Kumar:

Got it, sir. Sir, last question would be, we have good cash increase. We have good cash flow from operations also. So what is our plan? We gave only 18% dividend payout this year. So what is our plan on the cash usage?

Sahil Maheshwari:

So primarily, given -- we are extensively a growth-focused organization, the primary usage of the cash still remains in assessing organic or inorganic opportunities for growth. Dividend also was a way to reward the shareholders. So we expect that we'll soon utilize some parts of the cash for growth.

We are already in process of expanding our oral solid facility since you have seen we have almost 20% plus volume growth over two quarters, the quarter also looks good. And hence, we see that we now would need to ramp-up our oral solids facility as well.

So we are in process of ramping up. So that's where some part of the capex of this year will go. And also, we are actively evaluating our objectives around niche businesses that we can acquire inorganically, right? So this is where we expect the cash utilization to happen.

Ankur Kumar:

Sure, sir. Thank you and all the best.

Moderator:

Thank you. We have our next question from the line of Rohit Bahirwani from Naredi Investments -- sorry, from Vijit Global. Please go ahead.

Rohit Bahirwani:

Yes. Thank you for giving me the opportunity. My question is related to the execution of lease deal, which we have done for land in Haridwar. I wanted to know the purpose of this execution and expansion plans for this land in future?

Sahil Maheshwari:

So simply, if you really look at the history of Pure and Cure at Haridwar, we have gradually expanded our operations there by acquiring nearby land sites and so on. This is how we have grown historically across Haridwar. So, this is simply one of those activities we will need for expansion of our capacities as well as building utility support and so on.

Rohit Bahirwani:

Okay. Understood. And my second question is related to the European contract of EUR200 million, how much of this is expected from the first year? Will it be a EUR40 million commitment every year? Or there is some clause of initially the amount being lower and gradually the execution going up year-on-year?

Sahil Maheshwari:

So this is an established brand already marketed with predictable volumes being sold in the European market. So this is not a new launch to your question. So how we look at it, once we start the launch, whichever month or quarter it is, once we start, we will have almost EUR35 million on a MAT basis.

Rohit Bahirwani:

Okay. So initially, it will be EUR35 million and thereafter...

Sahil Maheshwari:

Broadly, this is how it is, EUR35 million for the next six years till 2032.



- Rohit Bahirwani:** Okay, okay. Understood. Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Aanchal Maheshwari from Naredi Investments. Please go ahead.
- Aanchal Maheshwari:** Yes. I had just one question on international branded business side. The revenues have seen a sharp decline, but the margins have improved to 28%. Is there a reason for that?
- Sahil Maheshwari:** So certainly, so what we are focusing on is a more -- we are investing into marketing. While the business is small, which honestly was not one of the best years for the exports business. And we are hopeful this business will be shaped well this year. Margin expansion has come from two reasons. One is we are focusing on marketing brands rather than just pure B2B play.
- It is more B2B2C, wherein we are doing the marketing, so seven, eight countries. We have our own field force, extensive field force. We have over 10 countries where we have our country managers. So that's there. Also, we got some benefits of the U.S. since it's USD, we got some benefits from the ForEx gain, which resulted in the gross margins to be up by over 3.5%, 4%.
- Aanchal Maheshwari:** Right. Right. Thank you. And just one more thing, sir. The domestic business does not seem to be doing well. How do we ensure that the domestic business delivers at par with IPM over the next few years?
- Sahil Maheshwari:** So, this year, if you really have seen through, we hardly took a price hike. So, what we thought through was more cautious approach on price growth, while the focus was on volume growth. So, in the future, what we think through is this year, we expect we should grow in line with the IPM, where the volume growth, price growth and the NII growth will all play a part, and we expect to be double-digit top line growth in the domestic formulation business.
- Aanchal Maheshwari:** Right. Thank you. Those were my questions. All the best.
- Moderator:** Thank you. We have our next question from the line of Avnish Tiwari from Vaikarya. Please go ahead.
- Avnish Tiwari:** Hi. Can you just repeat that -- in the CDMO business, you get a markup on bill of material. So when the API prices are going down, what does it do to your absolute amount of profits you make or percentage margins you report? And relatively when API prices are going up, then will you experience a reverse of that phenomenon?
- Sahil Maheshwari:** Yes, you answered it correctly. These are percent margins and hence, if the input materials go down, the absolute margins also go down.
- Avnish Tiwari:** Absolute profits go down. Okay.
- Sahil Maheshwari:** Correct.
- Avnish Tiwari:** And the second question I have is the trade generics side. You are a manufacturer of these drugs. Then why are you not making money? What's wrong with this industry structure that you should be the lowest cost producer of these drugs and directly selling to pharmacists through the



distributors? So what is it that this segment is having an issue in the industry structure, which is causing this phenomena?

Sahil Maheshwari: So this is honestly a question of how and where we deploy our capital. Trade generics, historically has been an area where you have elongated working capital cycles across inventory and receivables. And hence, we thought through -- at one point in time four, five years back '22, we did almost INR400-plus crores in our trade generics business. We scaled down simply because it had elongated working capital cycles and the margin profile was not what we expected this to return. And hence, it's a conscious call of capital reallocation.

Avnish Tiwari: Okay. Thank you.

Moderator: Thank you. We have our next question from the line of Deeya from Sapphire Capital. Please go ahead.

Deeya: Am I audible?

Moderator: Yes, we can hear you.

Deeya: So what was the capex for FY26? And how much are we going to spend in this year?

Sumeet Sood: So FY26, we did a capex of INR222 crores. And this year, we are targeting to keep our capex to INR300 crores. That's the target for our capex.

Deeya: All right, sir. And any top line target for the whole year FY27?

Sumeet Sood: No ma'am, we do not want to answer this question. We don't want to state future numbers.

Deeya: Okay, sir. Thank you.

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

Avnish Burman: Yes, hi. Good afternoon. Thanks for taking my question. Sir, I have a couple of questions. When we had a phase of API declines in the last year, it was kind of led by cepha crisis. And now when you -- please, correct that understanding if it's wrong. And now when you say that sequentially, there has been a little bit of bounce back, is it fair to assume that the bounce back is also led by cepha API prices?

Sahil Maheshwari: So in the API business or the CDMO business, the CDMO business you're talking about?

Avnish Burman: Yes. But I want a view on the cepha API crisis.

Sahil Maheshwari: Sure. So the -- if you see and analyze the data, not just cepha, most of the APIs over the last year have gone down as simple as paracetamol went down, metformin went down, anti-infectives went down. So all of those went up.



Rightly, the ones which suffered a significant decline in prices are the ones which picked up in this April post-war. So those numbers still have to come out because these are the numbers we are talking about till March. And likely, we'll have received order in February. So till the time, the impact on API prices was not seen.

Talking about Q1, across most of the APIs, whether it is cephalosporin, non-cephalosporin, chronic APIs and so on, whether imported domestically sourced, we have seen that the API prices in the basket have started to go up.

Avnish Burman: Okay. And just to clarify, I think this question was asked earlier. When the API prices are going up, then your absolute gross profit growth is higher than the volume growth. Is that a fair understanding?

Sahil Maheshwari: Since the margins are linked to a percent rightly so, right? So the factory operates at a non-formula linked fixed expenses, right, the labor, the unit manpower and so on. So one -- since the percent is on the gross input cost, as and when it fluctuates, it fluctuates my absolute margins.

Avnish Burman: Okay. The last question was on the volume growth. Of course, I mean, last couple of quarters have seen such a strong volume growth for like a very large player like yourself. And you mentioned that it's coming from existing customers, which means that you are gaining wallet share from your existing customers.

So I just wanted a little more color on how is that happening? I mean, are you gaining from, let's say, a little bit of the unorganized or less organized sector? Or are you gaining from other competitors, which are already compliant with schedule? And if yes, then why is that happening?

Sahil Maheshwari: So this is broad-based. I think there's some volume share gain from their in-house production. There is some volume gain share from what they used to manufacture it from other CDMOs, right? So while you have not done that analysis of what percent comes -- but this will also meaningfully change every month-on-month on quarter-to-quarter.

But what we are seeing is either new brands from in-house or other CDMOs or existing brands which are sold more -- which we already had are sold more into the channel. And hence, we get a better order book for it. So all of it is contributing. So since, as you rightly said, on a large base, such large volume growth, so most of the parameters will have to play out for this -- to sustain this.

Avnish Burman: Okay, thanks. This was helpful. Thanks.

Moderator: Thank you. We have the next question from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor: Yes. Namaskar, sir. Namaskar, sir, hope I'm audible. Sir, I'm new to this company and the sector, so pardon me for my question. Sir, if we take our mix of revenues and as alluded by you that we had pressure on the API segment and that getting negated with the current year. So if you could just give us some more understanding with the type of commissioning of orders, especially for



the -- I think Zambia nation, which you mentioned, how should the current year probably shaping up in terms of the different verticals, sir? I guess this summary on the same.

Sahil Maheshwari:

Sure. So CDMO, we have talked about extensively. At least for the H1, we see a strong volume growth and the API prices, I think, should remain at current levels. So that's how we look at the CDMO segment. The domestic marketing we talked about, we should be targeting an IPM level low single digit -- high single digit, low double-digit kind of growth in the domestic Akumentis.

For exports as well, while the last year was flat. This year, we expect to do a double-digit growth in that segment as well, and the margins should sustain -- the margin profile should sustain. On the trade generics, we have already turned positive. As we said, this will not meaningfully contribute to our top line and bottom line going forward and should not drain our P&L going ahead.

On the API segment, while we had a minus INR40 crores consistently for the last three years every year on our P&L, this year, we expect the losses to come down sharply. We expect that while the full year would still remain negative, this will be sizably lower and would have a significantly lower drag on our P&L.

So this is how the five business verticals will shape up. Apart from this, as you rightly said, one more element is on Zambia. Zambia will flow in into our CDMO revenues. So this will be, as we said, a \$25 million, which at today's rate will be INR230-odd crores addition to our top line, which we expect to deliver in Q2, Q3 sequentially as we roll out the orders and get confirmed purchase orders. And this will be slightly at a margin similar to CDMO business. So, this is how the overall year is somewhat we are thinking through. The European CDMO contract will kick in from the next fiscal.

Saket Kapoor:

Okay. And sir, then with the Zambia order, is it a multi-year contract that we'll be executing or a one-time exercise?

Sahil Maheshwari:

So this is for two years, \$25 million each FY27, FY28. In parallel, we have to commission the facility, whether it takes two years, 2.5 years, this is our internal target. So FY29 is somewhere we believe calendar year '29, we will start the revenues from the Zambian facility, which will gradually scale up in which we have a 51% equity share.

Saket Kapoor:

Okay. So this is different than the order which we are executing of \$25 million for the current year. I could not get this?

Sahil Maheshwari:

So the initial two years will cease. These supplies from the Indian facilities will cease after FY28. And once in FY29 or FY30, we have the plant cleared for commercial production, we will start ramping up that facility from -- and supply to Zambian government, local Zambian private market or neighboring nations from that facility. Zambia today is largely a \$200 million pharma market, and we expect to gain a sizable share within that market where the government itself procures over 80% of the products, which are largely imported.

Saket Kapoor:

Okay, sir. And what is the total investment that we have envisaged in the facility in the Zambian nation?



- Sahil Maheshwari:** Across building, across products, tech transfer facilities, machine land, everything, tangible, intangible. This is a \$45 million, which will be borne 51% by us.
- Saket Kapoor:** Right, sir. Thank you, sir. I'll join the queue. And all the best for the team.
- Sahil Maheshwari:** Thank you.
- Moderator:** Thank you. We have the next question from the line of Richa from Equitymaster. Please go ahead.
- Richa:** Thank you for the opportunity. Am I audible?
- Moderator:** Yes, we can hear you.
- Richa:** Yes. Sir, my question is on the European contract for which you have already received in advance. From what I understand, it's not based on cost plus basis, but it's a lump sum contract. So could you just give some insight on how the margins could play out in case there is an inflationary environment in the raw material side?
- Sahil Maheshwari:** Right, Richa. So while we are finalizing the contract, so this is an established product, established molecule over the last few decades now. So, we have already taken into our costing the inflationary patterns of that API and the input materials. At the current API prices, we are fairly confident this remains our comfort zone of the margins we are thinking through. And you are right, this is a fixed price contract till 2032.
- Richa:** So at current API prices, the margins that you expect more or less in line with the current CDMO is it expected to be higher?
- Sahil Maheshwari:** It should be similar or high teens. So this is what we expect.
- Richa:** Okay. And sir, apart from this European contract, what kind of international mix do you expect within the CDMO itself, let's say two to three years from now?
- Sahil Maheshwari:** Right. So similar efforts are being driven across oral solids, injectables, across niche products like hormones and anti-infectives, right? So we expect that over the next two, three years, we will have eight to 10 global customers for whom we will serve, whether large or small, that has still to be played out, but we expect within CDMO, we should have eight to 10 customers, which could be Indian players or European global players as well for whom we'll do CDMO services.
- Richa:** Okay. Okay, thank you, sir. Perfect.
- Moderator:** Thank you. We have the next question from the line of Abdul. Please go ahead.
- Abdul Puranwala:** Yes. Hi, I hope I'm audible. So thank you for the opportunity. So first question, just to follow-up on the previous participants, so about having a CDMO relation with eight to 10 overseas customers. So I mean Sahil, if you can talk about, what stage we are into in terms of discussion and what kind of an investment we will have to do to bring or you know, take that relationship ahead with those customers?



- Sahil Maheshwari:** So these are long-term contracts, right, and require sizable time investment as well. So as I heard you, right, you are talking future CDMO export customers, right?
- Abdul Puranwala:** Yes, yes.
- Sahil Maheshwari:** So, these require sizable investment in time, dossier clearances and so on. So, require two, three years until we ramp them up. So in terms of manufacturing capabilities, we are largely. So we are only taking our -- those facilities, which we have already constructed. So we are not thinking to a new facility and new dosage form and then take it up to the global level. We already have a new injectable facility, we already have a hormone facility in the continuation with the existing approvals.
- So that is there. So our pitch remains similar, an Indian manufacturer with capabilities across R&D, regulatory, quality, a track record of serving MNCs for over a decade now with cost conscious, quality conscious, manufacturing. So the pitch remains similar, and this is how we proceed. It could be across tech transfer from their existing manufacturing site or a completely new development, which in most of the cases we are helping our partners in our R&D centers only.
- Abdul Puranwala:** Got it. Got it. And one more, if I may. So on the GLP front, we have seen a good amount of traction getting developed towards the generic pharma companies. So are we also supplying GLP drugs either in an injectable or an oral solid dosage form to our customers?
- Sahil Maheshwari:** So obviously, we all recognize and acknowledge GLP is a large and a massive opportunity. As of now, we are still evaluating when to enter, at which states to enter, given if you also have read some news last week when we have been witnessing in the industry itself, the pricing still remains very volatile and going down south. So, since we first have to think through who will our API partners be, who -- what is the right stage of investment into any dosage form that required. So we'll enter the GLP market. We'll inform in our subsequent calls what is our strategy going forward.
- Abdul Puranwala:** All right. Got it. Thank you.
- Moderator:** We have the next question from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.
- Sajal Kapoor:** Thank you. Hello?
- Moderator:** Yes. Please go ahead with your question.
- Sajal Kapoor:** Yes, hi. Thank you. Thank you for the follow-up. So just a quick one really. Given the net cash on the balance sheet we have and the sustainable operating cash flow, there might have been many options on the table in terms of should we do X or Y in terms of both domestic and international expansion. Can you just help me out with one or two areas which the team evaluated and decided not to pursue, despite a strong cash position? Thank you.



Sahil Maheshwari:

Sure. Sure. So if I talk about inorganic growth per se, so we -- there are some dosage forms we still don't have. For example, Metered Dose Inhalers, we don't have. For example, we still don't have oncology injectables. And a few other dosage forms in small molecules. Within the large spaces, we are still not present into the large molecules. So, these are a few opportunities we evaluated. And obviously, we have to be cognizant of also the investment and the return expectation.

So, at times, it does not match up to our expected valuations or it does not match up to the plant standards or the product standards we wish for. And hence, these are the areas where some of the conversations drop. Also on organic front, we were also contemplating long back on the expansion of our oral solid, which I recently mentioned, we are kicking off now. So these are the decisions that you take as the business and the volumes progresses that which are the areas where we can invest.

Similarly, for example, in the Akumentis space as well, we can have options of brand or a portfolio acquisitions, as well. But the current valuations in the market for branded player are significantly higher than what we currently trade at, right. So all of those decisions come into play, and we and the team have been consciously evaluating a lot of opportunities. And hopefully, we should deploy some capital in the near future.

Sajal Kapoor:

Very helpful. Thank you. That's all I have. Thank you so much.

Moderator:

Thank you. We have the next question from the line of Nitesh from ChrysCapital. Please go ahead.

Nitesh:

Hi. Thank you for taking my question. Just with respect to our international CDMO contract, when I'm looking at FY28, so we will have around EUR70 million of revenue, right, from Zambia and the EU contract, which is around INR680 crores of top line. So is this the right way to say that export CDMO will be around 15-plus percent share in CDMO revenues in FY28?

Sahil Maheshwari:

Simply on the Excel looks a good number. Yes, so this is how we think through that next year, we should -- once we start, right, as I said, on a MAT basis, the European contract will give us EUR35 million. And the Zambia ones are FY driven. So we'll have FY \$25 million this time in '28 and FY27 and '28 each.

Nitesh:

So just a follow-up. These contracts will effectively have, assuming will have better margin just because of favorable FX movement. So do we see our CDMO margin, which has been in the 13% to 14% level improve to a 15%, 16% level?

Sahil Maheshwari:

We can think through that the base margins for the business once both of these contracts are in full swing will improve.

Nitesh:

Okay. Thank you.

Moderator:

Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Ankit Jain for any closing comments.



Ankit Jain:

Thank you, everyone, for attending the Q4 and FY26 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. Namaskar.

Moderator:

Thank you. On behalf of Akums Drugs & Pharmaceuticals, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

Note: This does not purport to be a verbatim account of the earnings call. It has been edited for readability and statements made in Hindi if any have been translated to English.