

Relying on
Strength.
Building on
Strategy.



Contents



+ 2

Ajanta Pharma
at a Glance



+ 4

Letter to
Stakeholders



+ 6

Corporate Overview
6 Strength and Strategy
12 Our Businesses
18 Our Enablers



+ 20

Performance
Review

20 Financial Highlights
22 ESG
23 Corporate Information



+ 24

Statutory
Reports

24 Management Discussion and Analysis
32 Directors' Report
53 Report on Corporate Governance
74 Business Responsibility and
Sustainability Report



+ 107

Financial
Statements

108 Consolidated
176 Standalone



+ 239

Notice



More information at www.ajantapharma.com

Relying on Strength. Building on Strategy.



► Packaging line for tablets

As a formidable force in the Branded Generics segment across multiple markets worldwide, we strategise to grow faster than the market. We achieve this by penetrating deeper into our chosen therapies, while constantly realigning our focus on geographies that promise higher potential.

Our ability to leverage market insights to develop differentiated products and establish successful brands globally summarises our strengths and market position. While we continue to capitalise on our strengths, we remain powered by a strong strategic framework that helps us propel growth and stay ahead of the curve.

Highlights of the year

₹ 3,743 cr.
Revenue

₹ 783 cr.
EBITDA

₹ 588 cr.
PAT



Ajanta Pharma at a Glance

Renowned Branded Generics Pharma Company

We are a well-diversified pharma Company, with a strong presence in chronic-focused Branded Generics businesses across India, Africa, and Asia. Our success is fuelled by our strategy to launch differentiated products for the first time in the markets, which has consistently enabled us to outgrow the market. We take pride in our front-end model, which leverages our network of skilled medical representatives to drive sales growth. We remain committed to bringing innovative products into our focused therapeutic areas.



Vision

Be a niche player in the global pharma space and to enhance value for all stakeholders



Mission

To serve global healthcare needs through Empathy, Innovation, and Technology



► Guwahati Plant, Assam

73%
Branded
Generics

500+
Products

30+
Countries

7,700+
Ajantaites
Worldwide

Shareholding Highlights (as on 31 March 2023)

66%
Promoters

25%
Institutional

9%
Indian Public

Letter to Stakeholders

Creating a Differentiated Branded Generics Portfolio

Dear Stakeholders,

You would be pleased to know that Ajanta was conferred two prestigious recognitions during the year – each confirming our best practices in business and people.

The first one was from the world-renowned consulting firm, Deloitte, who conferred us with the “Best Managed Companies for 2022” award. It was a result of a rigorous evaluation process, with benchmarking against the best of the Indian companies.

Our second prestigious recognition was getting into the elite league of people-friendly companies i.e. “Great Place to Work”. It was very satisfying to get the recognition from Great Place to Work Institute which validated our people practices against the best globally.

For the last decade-and-a-half, we, at Ajanta have been standing tall, backed by our resilience, vision, and future readiness. Our strong suit has been our ability to build formidable brands across markets. We attribute this to our excellence in market intelligence, in addition to our adherence to ‘go-to-market’. Our growth story is powered by our exemplary R&D capabilities and the best-in-class manufacturing infrastructure.

Having leveraged our strengths, while capitalising on growth opportunities, we have steadily expanded our business into three verticals. The first vertical is that of Branded Generics business where we are now enhancing our focus across India, Asia, and Africa. While the second vertical of the US Generics business is battling some headwinds at the moment, the third vertical of the antimalarial Institutional business remains unpredictable.

Despite these stumbling blocks, we continue to stand strong on the back of our fortified foundation of the Branded Generics business. During FY 2023, we significantly enhanced capital allocation to this business with accelerated product filing and enhanced ground presence, and we will continue to do so in the upcoming year. We are confident that this business segment will continue to grow consistently over the years.

This higher operating expenditure came at a time when raw material and freight costs touched record highs. The price erosion in the US made the situation worse and this brought our profit margins down to the lowest level in the last decade.

We are optimistic to scale up our margins in the upcoming years by enhancing the contribution of Branded Generics business, coupled with normalisation of freight costs. This will also add surety, scalability, and sustainability to the business.

Segment Review

Our Branded Generics business stood at 73% of the revenue in FY 2023, attributed to 32% in India, 26% in Asia, and 15% in Africa. This was the result of our robust product pipeline and excellent execution of the strategy across markets.

Generics business in the US contributed 22% of the total revenue in FY 2023 with a growth of 19%. Our growth accelerated due to favourable conditions brought on by an intense flu season, during which our oral suspension medication played a crucial role in saving numerous children's lives. Driven by a sense of humanitarian urgency, we stretched our resources to safeguard these young lives, even though the significant logistical costs associated with this effort had a substantial impact on our profit margins.

Our Institutional business in Africa posted a de-growth of 5% due to lower demand from the sponsors.

Financial Highlights

Revenue from operations grew by 12% to ₹ 3,743 cr., displaying robust performance. Our EBITDA margin fell to 21% in FY 2023 due to the reasons mentioned earlier. Our net profit for the year fell by 16% to ₹ 588 cr.

Our balance sheet position remains pristine with ₹ 841 cr. as cash and liquid investments. We generated a free cash flow of ₹ 463 cr. in the year, up from ₹ 453 cr. in the previous financial year. We remain prudent in our capital allocation by returning excess cash generated in the business to shareholders.



Rajesh M. Agrawal
Joint Managing Director

Yogesh M. Agrawal
Managing Director

As a responsible corporate, we have well-defined Environmental, Social and Governance (ESG) policies, under which we continue to implement various sustainability initiatives. We have been enhancing our utilisation of solar energy, maintaining water neutrality and following a zero-discharge policy at our facilities.

For us, our human capital is the most invaluable asset. We continue to strive to upskill our employees and ensure that they are well-equipped to achieve their professional goals and aspirations while staying aligned with our Company's objectives.

We take this opportunity to express our deepest appreciation to all our employees and their families for their inspiring contribution in our journey. We also thank you for your continuing trust, support, and commitment to Ajanta.

Warm regards,

Yogesh M. Agrawal
Managing Director

Rajesh M. Agrawal
Joint Managing Director

Strength and Strategy

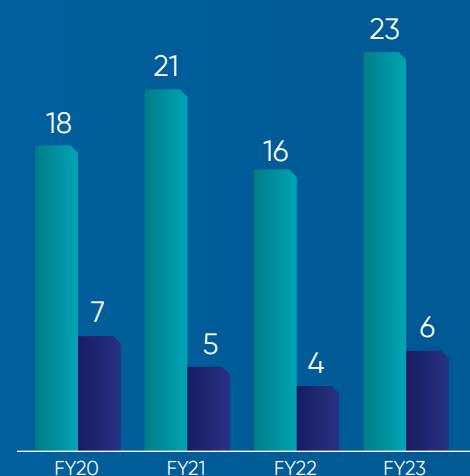
Growing with Plan and Purpose

Our deepening market penetration and our diverse suite of 500+ brands provide us with a unique competitive edge. Our objective is to grow faster than the market through our strategy of launching first-to-market products. Our well-defined strategy execution includes the robust ground presence and consistent product launches in chosen therapeutic areas.

Our strong R&D capabilities, coupled with state-of-the-art manufacturing facilities, propel growth and enable the translation of our strategies into action.

Total number of launches and First-to-market products

(No.)



■ Total launches ■ First-to-market



► Ajanta Research Centre, Mumbai

First-To-Market

Almost 50% of our Branded Generics product basket consists of products which were launched for first time in that market ahead of the competition. We have been doing this year after year for patient convenience and compliance, by providing products with differentiated delivery systems or combinations. This strategy allows us to grow faster than the market.

Alcarex (Alcaftadine) is an apt example of this. Before Ajanta launched this product, it would take patients about 15 minutes to get relief from the available products. With the launch of the US FDA-approved Alcaftadine in India, patients could get relief in just 3 minutes. Moreover, the effect of a dose lasts for 24 hours. This naturally improved patient compliance and convenience. Our consistent launch of such products has helped us achieve the second position in the Indian Ophthalmology market.

Similarly, a patient who has suffered a heart attack has to generally take more than 10 medicines a day. It naturally makes compliance for patients difficult. Ajanta's Rosutor Gold is a combination of three molecules: Rosuvastatin, Aspirin, and Clopidogrel. While statin helps in lowering cholesterol levels, the other two work on resolving clots in arteries.

Distinctive Strategy of Launching Novel Products

Strength and Strategy

Strategy Driving Commendable Results

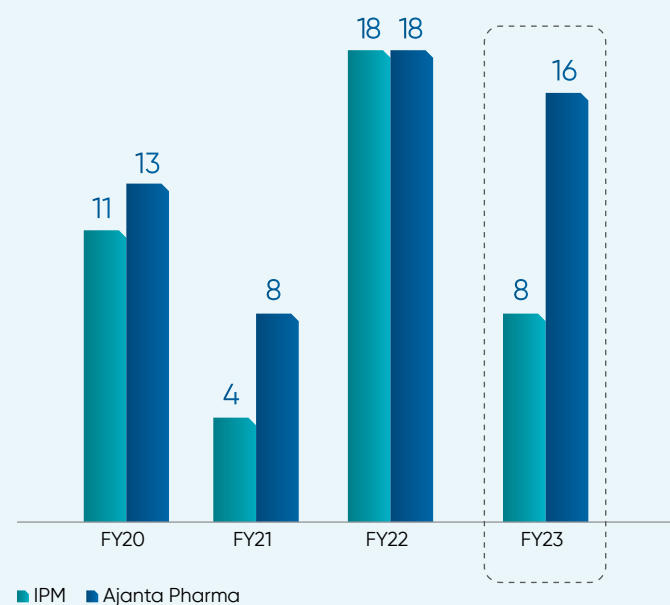
Over 73% of Ajanta's consolidated revenue comes from Branded Generics business, spread across 30 countries, including India, the rest of Asia, and Africa.

We have built brands across geographies seamlessly, deploying field forces in all the markets we are present in.

Ajanta Outperforming Indian Pharmaceutical Market (IPM)

(%)

Growth **2x** of the market



■ IPM ■ Ajanta Pharma

Source: IQVIA March MAT 2023



INCREASING CAPITAL ALLOCATION TO BRANDED GENERICS

We are relying on our strengths to build on our strategic objective to grow faster than the markets in every country we are present in. For this purpose, we enhanced our capital allocation to Branded Generics business of India, the rest of Asia, and Africa. Our strategic intent is reflected in our efforts during FY 2023 to increase our product filings by three times and enhance team size by 50% in the rest of Asia and Africa markets. We will continue to work on this approach to achieve our growth in the coming years.

As we achieve formidable positions in many markets, our strategy now entails enhancing focus on select countries from our geographical presence, which promises high growth potential. These territories offer a large Branded Generics pharma market size, but our presence there is still small. We plan to ramp up our presence in these markets and add value to the patients' choices through our differentiated product portfolio.

Our strategic intent also encompasses enhancing the productivity of our existing 4,500+ field team spread across India and ROW markets by enabling them with more digital tools and helping them get the most out of the growing portfolio.

Building Brands Through Inherent Forte

We leverage the strength of our field force at the ground level across our Branded Generics markets to build lasting brands. We are focused on imparting training to our field force to enhance their skill set so that they can connect more effectively to our customers.

We communicate unique advantages over existing treatment options to medical professionals for our differentiated products. Our continuous medical education programmes conducted for doctors help them stay abreast with the latest developments in their therapeutic fields. This way we continue to enhance the understanding of our customers which enables us to add more value to them. It also helps us build strong brand recall.

Through market intelligence, we can identify treatment gaps in our focused therapies.

Our success record in building formidable brands in different parts of the world reaffirms the effectiveness of our strategy. Our progress is backed by innovation and driven by our efficient 'Go-to-Market' approach, which involves a comprehensive and well-designed plan to introduce new products in the market. These planned launches enable us to exploit the full potential of our products.



4,500+
Current ground presence

CUSTOMER OUTREACH PROGRAMMES



Strength and Strategy

Deep Presence in Chosen Therapeutic Areas

Our strategy involves deeper penetration into promising therapies by enhancing our product basket and creating segment-specific teams in each of our markets. This empowers us to widen our reach of medical professionals and patients across our markets, leading to a faster scale-up of our business.

The strategy to focus on niche products has helped us build a strong product portfolio that gives us a track record of outgrowing the market. Moreover, our portfolio has a deep presence in different areas such as Cardiac, Ophthal, Diabetes, Derma, Antimalarial, Pain Management etc. with a higher focus on chronic therapies across the markets. This has helped us build a basket of strong brands that provide surety, scalability and sustainability to our business.



Cardiology



Ophthalmology



Dermatology



Pain Management



Antimalarial



Gastroenterology



Antihistamine



Respiratory

► Ajanta Research Centre, Mumbai



Annual Report 2022-23



Leading Brands

Indian

International



Relying on Strength. Building on Strategy.

Our Businesses

Branded Generics – India

India is our largest market, contributing 32% to our consolidated revenue. Our sales in India grew by 20% to ₹ 1,174 cr. in FY 2023.

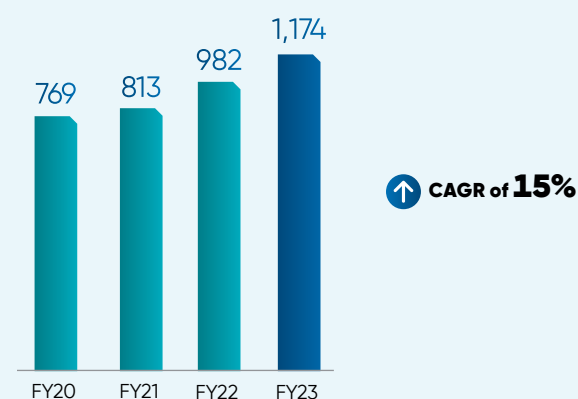
Even in all our therapeutic segments, our growth was much higher than the segment growth. As per IQVIA MAT March 2023, Cardiology contributed 40%, Ophthalmology contributed 31%, and Dermatology contributed 21%, of our India business, with the remaining 8% coming from Pain Management.

In the covered market, we stood much better as the 4th largest with a 27th rank in the overall IPM. It is heartening that in all therapeutic segments, our ranking in the covered market is among the top 10. We rank second in both Ophthalmology and Dermatology and 10th in the covered markets of Cardiology and Pain Management.

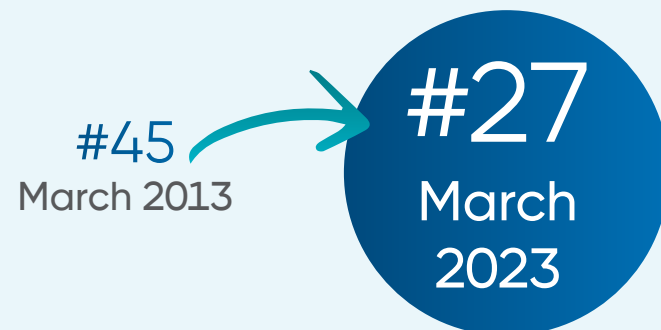
We launched 23 new products in FY 2023 with six first-to-market products. Without any increase in MR strength of 2,800, we have maintained consistent growth in our business during the last 4 years. This has given us continued improvement in MR productivity over this period. Our performance has come on the back of new product launches as well as market share gain. It gives us the conviction to rely on our strength of Branded Generics while building on our strategy to grow faster than the market.

Track Record of Revenue Growth

(₹ cr.)



India Ranking







4th
Rank in
covered market

2,800+
MRs

65%
Chronic sales

250,000+
Doctors covered

Focused presence in key therapy areas

				
Therapy	Cardiology	Ophthalmology	Dermatology	Pain Management
Brand	METXL	Softdrops	Melacare	Feburic
Molecule	Metoprolol and Combinations	Carboxymethylcellulose	Hydroquinone and Combinations	Febuxostat
Brand rank	#1	#3	#2	#2
Market share	15%	5%	16%	20%

CVM
RANK

#10

#2

#2

#10

9

₹ 25 cr.+ Brands
(Mar-23)

23

New launches
in FY 2023

58%

MAT contribution
from Top 10
brands (Mar-23)

7

Brands ranked
among the
top 5 in their
respective
molecule
segments



Ajanta got into the Asia Book of Records for conducting the largest CPR training campaign

Our Businesses

Branded Generics – Asia

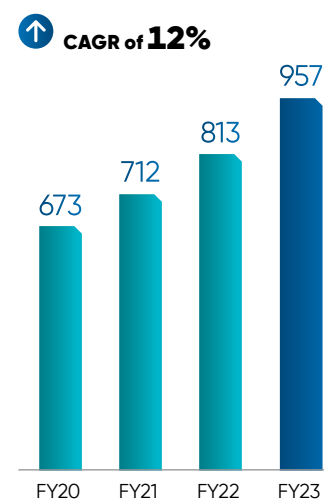
The Branded Generics business in Asia contributed 26% in total sales during the year. Our exports to these markets were ₹ 957 cr. against ₹ 813 cr., a growth of 18% in FY 2023.



We launched 38 new products during the financial year across these geographies, while staying steady on our growth momentum. Indeed, our growth trajectory is not merely incidental but a direct result of our unwavering commitment to robust product introduction and the adept orchestration of our well-thought-out strategies on a global scale. In Asia, our Branded Generics business is spread over 10 countries in the Middle East, South-East Asia, and Central Asia.

Revenue

(₹ cr.)



OVERVIEW

- Branded Generics presence in 10 countries
- The Philippines and the Middle East are the key markets
- Therapy presence across various areas such as cardiac, diabetes, ophthal, pain management, antibiotics, gastro, antihistamines, and respiratory

Map not to scale

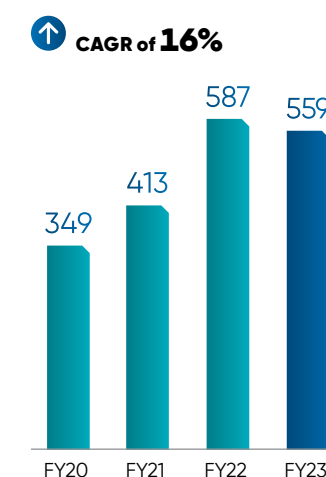
Branded Generics – Africa

Our business is spread over 20 countries in Africa. In FY 2023, sales stood at ₹ 559 cr. against ₹ 587 cr., down 5%. This dip was mainly due to two factors: the Indian Rupee's appreciation against the Euro for a significant duration of the year and the logistics challenges we experienced during the last quarter.



Revenue

(₹ cr.)



OVERVIEW

- Spread over 20 countries across Africa
- Therapy presence across areas such as cardiac, diabetes, ophthal, pain management, antibiotics, gastro, antihistamines, and respiratory

Map not to scale

Our Businesses

The US Generics

This business contributed 22% of the total revenue of FY 2023. In this period, sales were ₹ 828 cr. against ₹ 696 cr., posting a 19% growth. However, there was severe price erosion during the year, though now it is stabilising in the mid-to-high-single digits. During the year, we filed five Abbreviated New Drug Applications (ANDAs) and also received four final and one tentative approval. We now have 21 ANDAs awaiting approval from US FDA.



NEW PRODUCT APPROVALS EXPECTED TO PICK UP

46
Final ANDA approvals

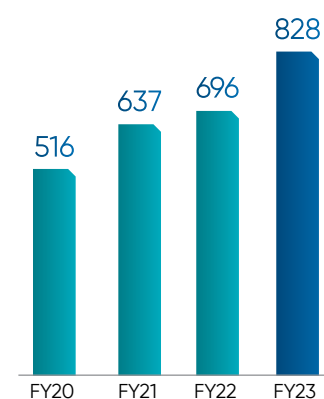
3
Tentative approvals

21
Pending approvals

Revenue

(₹ cr.)

↑ CAGR of 17%



OVERVIEW

40
Products on shelf

- The strategy of selective play in the market with the launch of limited-competition products
- Expecting accelerated flow of ANDA approvals in the upcoming year
- One new launch in FY 2023. Plan to launch around 5-6 products in FY 2024

Africa Institutional

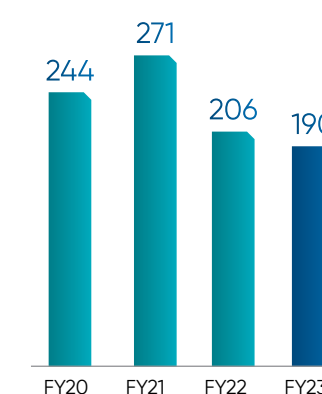
This business constitutes only antimalarial products and contributed 5% of the total revenue. In FY 2023, sales were ₹ 190 cr. against ₹ 206 cr., down 8%. As mentioned earlier, Institutional business remains unpredictable and depends on the procurement time, schedule and funds' availability with the agencies.



Revenue

(₹ cr.)

↓ CAGR of (8)%



OVERVIEW

1 Billion+
Patients treated

The 1st Generics Company to obtain WHO pre-qualification for the antimalarial product Artemether + Lumefantrine Tabs.