Query received from Dhruv Bajaj dhruvbajaj184@gmail.com
No. of Shares held: 80 shares
Date: 06.03.2025

Sl No.	Query	Management response
	TOPIC – RANITIDINE	
1)	As per my reading, Ranitidine was removed from the essential drugs list, so is the drug banned in countries like the USA & Europe?	Removal from essential drugs list has nothing to do with ban. It is related to list of few drugs for price and supply monitoring by Government of India. Currently there is no sale in US but there are sales in India, Latin America, Asia, CIS, China. Current studies have not conclusively proven that Ranitidine directly causes cancer in humans. NDMA, a known carcinogen, consumed at levels exceeding the acceptable daily limit (0.096 mcg), is associated with cancer risks. It is prevalent in common foods and water. It is safe drug in the market for many decades. Our volumes on Ranitidine have been stable for last few years. Our Ranitidine sales are currently 45%. Our sales other than Ranitidine are increasing YoY and will ensure any adverse impact is taken care off, though we don't foresee any issue in the future. Further, we have no comments on the strategy of other companies. For the FY 2022 there were other campaigns of other customers along with ranitidine, which contributed to the top line. For other Financial years, Quantities of Ranitidine are intact except between October 2019 to September 2020.
2)	What is our sales mix between Ranitidine & non-Ranitidine-based products in our revenues, & the geographical mix of Ranitidine?	
3)	What's your take on the recent controversy surrounding Ranitidine & are we gearing ourselves for any potential ban in the Indian market?	
4)	Are our manufacturing facilities fungible to shift from Ranitidine to a lesser impurities-based drug like Famotidine which we are already producing? Or are they not substitutable in nature & any potential ban will hit our topline?	
5)	We have repeatedly mentioned in the past that Ranitidine has lower margins hence any adverse impact in that biz will hit our topline more the bottom line, however, as per my discussion with (employee name) from your team, we have done some strong backward integration in Ranitidine leading to higher margins. Therefore, do we believe that this 15 % OPM% is sustainable or will they revert to a mean of 8-12%?	
6)	Players like Strides Pharma exited the market because of the withdrawal of Ranitidine in 2020, however, we have scaled up our business post-2022, so what has led to this stark performance & why have other players not adopted the same strategy Vs completely withdrawing the industry? Has the consolidation in the industry led to higher margins?	

7)	As per the credit rating reports, the share of ranitidine in our revenues has increased substantially in the past 2 years post the resolution of the NDMA controversy, however, if I look at the consolidated numbers from Fy19 till FY24, our bottom line has remained flat throughout the period..\So can you please share what allowed us to maintain the topline during the FY19-22 period of the NDMA issue & why have our topline not expanded substantially post FY23 since the resolution of the issue?	However, the increase and decrease of revenues are due to variance in price realisation of Ranitidine in line with raw material prices. We are anticipating the sustainability of operating margin at 12 – 15%.
8)	Is it a fair assessment that our standalone facilities are running at near full capacity utilisations & incremental sales growth from FY26 will come from the subsidiary? Or do we have plans to debottleneck/incur new capex in the standalone business?	Capacity utilisation is up to 70% and there is scope for another 15 to 20% depending upon product mapping and there is revenue and profitability increase expected from SMS Lifesciences India Limited as well. Also Subsidiary will contribute to increase of revenues/profitability in the next 2-4 years as well.
Mahi Drugs (Material Subsidiary)		
9)	In my previous conversation with (employee name), he mentioned the reason behind the losses in the subsidiary was the maintenance shutdown in Q2 & one can expect a ramp-up of operations in Q3, however, the same hasn't materialized. So what might be the reasons behind this?	It is conveyed that the facility is utilised for validation batches and their clearances but not for maintenance. Q3 Mahi Drugs has reported reasonable sales and have eliminations which did not reflected in consolidation.
10)	Congratulations, on receiving the USFDA approvals for the subsidiary. Can you please give some information regarding the drugs that we will be targeting from this entity & the target market for our APIs/intermediates?	Thank you so much for your kind words on the successful USFDA. We have 2-3 products awaiting approval in this year and commercialization of 3-4 APIS/Intermediates is targeted every year.
11)	By when can we expect the proper ramp-up of Mahi drugs given the recent regulatory approvals? Do we already have some API fillings in that subsidiary which we can immediately commercialise in FY26?	We are anticipating promising years from FY 2026-27.
12)	What is the internal targets for the subsidiary in the coming years & the capital	Targeting to achieve about 100 crores sales in the next 3-4

	allocation policy going forward?	years.
13)	Our last credit rating report came in FY24, what is the reason behind the lack of any new credit ratings for the company? & can we expect an updated rating in the coming quarters?	Credit rating availed and it is available in public domain.
14)	Given the receipt of USFDA approval & the recent name change, do we plan to release investor presentations or press releases explaining our quarterly results, if not quarterly conference calls?	We are considering the feasibility of investor presentation at appropriate time.
15)	What is the contribution of the top 3 drugs in our total revenues & what is the guidance for coming years directionally given the new molecules potentially to be launched in the subsidiary?	We are targeting 10-15% growth for the next few years.
16)	What will be the incremental capex requirements in the subsidiary in the coming 2-3 years, or is the existing block sufficient to meet our growth aspirations for next 2-3 years? & would we continue to do the backward integration work for our partner in the subsidiary or will it focus entirely on exporting API's?	We will add two new API lines (one in this year and one in next year). We will be exporting from Mahi Drugs apart from backward integration for the parent company. In coming years the consolidated revenues will increase.

Cautionary Statement:

This response may be "forward-looking statements" within applicable securities laws and regulations. Actual results could differ from those expressed or implied.

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