



Marksans Pharma Ltd.

November 21, 2025

BSE Limited

Corporate Relation Department
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001.
Scrip Code: 524404

National Stock Exchange of India Limited

Listing Department
Exchange Plaza, C-1, Block-G,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400051.
Symbol: MARKSANS

Subject: Transcript of investor(s)/analyst(s) meet – Q2 FY26 Unaudited Financial Results

Dear Sir/Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed herewith transcript of the investor(s) / analyst(s) meet on Q2 FY26 Unaudited Financial Results held on November 14, 2025 at 05:00 pm.

The above information is also available on the website of the Company under the link:
<https://www.marksanspharma.com/earnings-call-transcripts.html>

We request you to take the aforesaid on records.

Thanking you.

Yours faithfully,

For Marksans Pharma Limited

Harshavardhan Panigrahi
Company Secretary

Encl: As above

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“Marksans Pharma Limited Q2 FY'26 Earnings Conference Call”

November 14, 2025



MANAGEMENT: **MR. MARK SALDANHA - FOUNDER CHAIRMAN AND
MANAGING DIRECTOR, MARKSANS PHARMA LIMITED
MR. JITENDRA SHARMA - CHIEF FINANCIAL OFFICER,
MARKSANS PHARMA LIMITED**

MODERATOR: **MR. NITIN AGARWAL - DAM CAPITAL ADVISORS
LIMITED**



Moderator: Ladies and gentlemen, good day and welcome to the Marksans Pharma Q2 FY'26 Earning Conference Call hosted by DAM Capital Advisors Limited.

As a reminder, all the 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 '*' then '0' on your touchtone phone. Please note that this conference has been recorded.

I now hand the conference over to Mr. Nitin Agarwal. Thank you and over to you, sir.

Nitin Agarwal: Thank you. Good evening, everyone. A very warm welcome to Marksans Pharma's Limited Q2 FY'26 Post Results Earning Call hosted by DAM Capital Advisors Limited.

On the call today, we are representing Marksans Pharma Management, Mr. Mark Saldanha – Founder, Chairman and Managing Director, and Mr. Jitendra Sharma – Chief Financial Officer.

I will hand over a call to Mark to make the opening comments and we will open the floor for questions. Please go ahead, Mark.

Mark Saldanha: Thank you, Nitin. Welcome, everyone, and thank you for joining us on our H1 and Q2 FY'26 Earning Conference Call. We sincerely appreciate your interest and continued support for the Company.

I am pleased to share that the Q2 FY'26 has been a strong quarter for the Company, reflecting a healthy recovery from a softer Q1. The revenue grew 16% sequentially, driven by improved demand across key markets and improved operational execution. In the U.S., we delivered a robust performance despite micro headwinds. A strong order book moved into execution and new launches in digestive health and pain management helped meaningful traction. It's encouraging to see that the tariff-related uncertainties have now stabilized, indicating that the business sentiment is returning to normalcy. Price erosion for Rx products remains in low single digits, which gives us confidence in sustaining this momentum.

The UK business delivered stable results and saw improvement in demand. Even with the ongoing pricing pressure, during the quarter, our UK subsidiary Relonchem received three new marketing authorizations from U.K. MHRA. These approvals will strengthen our product portfolio and support growth in the coming quarters. Our goal to double U.K. revenues over the next 5 to 7 years remain firmly on track.

On profitability, EBITDA and PAT grew 44% and 70% quarter-on-quarter, supported by operating leverage and improved cost efficiencies. We also received several important milestones during the quarter. Our Unit 2 facility in Verna, Goa, which was first with the Teva Pharma, successfully completed a U.S. FDA inspection with zero form 483 observation,



reaffirming our strong compliance standards. Additionally, CARE rating upgraded our long-term credit rating to CARE AA- with a stable outlook underscoring our sound financial position.

As we enter the second half of FY'26, we do so with a strong momentum and renewed confidence. With improved demand, a robust product pipeline, and a sharper operational discipline, we are well positioned to sustain growth to the remaining part of this year. We remain steadfast in our commitment to quality, innovation, and sustainable growth, building the Company that we consistently create value for our shareholders. With this, I'd like to hand it over to Jitendra for a detailed update on the numbers.

Jitendra Sharma:

Thank you, sir. In Q2 of FY'26, our operating revenue stood at Rs. 720.4 crores, an increase of 12.2% year-on-year compared to Rs. 642 crore in the same quarter last year. The revenue from the U.S. and North America market stood at Rs. 387 crores, an increase of 27% on a year-on-year basis, supported by new product launches across the digestive and pain management segments. U.K. and EU formulation recorded revenue of Rs. 245 crores. Australia and New Zealand market recorded revenue of Rs. 61.3 crores. The rest of the world revenue stood at Rs. 26.5 crores. The gross profit for the quarter grew to 7.4% year-on-year to Rs. 411.8 crores with a gross margin of 57.2% compared to 59.7% last year, primarily reflecting product mix and pricing pressure in the UK. We recorded EBITDA of Rs. 144.5 crore in Q2 FY'26. The EBITDA margin for the quarter stood at 20.1%, a decrease of 108 basis point year-on-year and increase of 391 basis point from the previous quarter. EBITDA margin improved sequentially due to operating leverage and improved cost efficiencies. Profit after tax was at Rs. 99.1 crores, an increase of 1.4% year-on-year. EPS for the quarter was Rs. 2.2.

Moving to H1 of FY'26 performance:

In H1 of FY'26, our operating revenue stood at Rs. 1,340.4 crore, an increase of 8.8% compared to Rs. 1,232.5 crore in the same period last year. The U.S. and North America market recorded revenue of Rs. 714.8 crore, up by 28.8% on a year-on-year basis and contributing 53% of our total revenue. U.K. and EU market revenues stood at Rs. 449 crore, contributing 34% of the revenue. Australia and New Zealand revenue recorded Rs. 118 crore of revenue. The rest of the world market recorded revenue of Rs. 58.2 crore. Contribution from these two markets stood at 9% and 4% respectively. The gross profit was at Rs. 770 crore, up 8.1% year-on-year. The gross margin of 57.4% slightly lowered by 35 basis points compared to last year. EBITDA for the period was at Rs. 244.6 crore. EBITDA margin stood at 18.2% compared to 21.4% in H1 of FY'25. The decline is primarily due to an increase in employee expenses due to the headcount additions at the facility acquired in Goa. Profit after tax was at Rs. 157.3 crore. EPS for first half was at Rs. 3.5.

In H1 FY'26, the cash generated from operation came in at Rs. 75.2 crore. The CAPEX during the period was at Rs. 73.2 crore. Our working capital cycle improved to 150 days as tariff-related disruptions eased and inventory normalizations began. We expect further improvement in the coming quarters. We spent Rs. 26.2 crore in R&D in H1 of FY'26 which amounted to 2% of the



consolidated revenue. We continue to remain debt-free and the cash balance stood at Rs. 666.5 crore as of 30 September of 2025.

With this, I would like to open the floor for questions-and-answers. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question comes from the line of Ahmed from Unifi Capital. Please go ahead.

Ahmed: Thanks for the opportunity. I have a few questions. To start with, currently, how does the U.S. orderbook looks like and how has been the offtake in the new season? And in a similar context, how do you see utilization trends for unit 2 moving? And a parallel question to this is, are the new product launches in the digestive in newer areas from the new site?

Mark Saldanha: Our orderbook right now stands at between \$225 to \$230 million, so that's quite strong. And our unit 2 is progressing. We are very close to Rs. 500 crores in terms of revenue based on our last two months statistics. The order book from unit 2 will basically now take momentum as the U.S. FDA and everything has been cleared. So it will grow in 2026. So we are expecting better growth in 2026 coming in. So basically, our product portfolio is strong. We are still very much in tune of hitting our objectives and commitment that we have given historically.

Ahmed: And for the U.K. business, how do you see the market conditions currently? Has there been any change in the pricing environment, the volume offtake? And how are the new product launches picking up in U.K.?

Mark Saldanha: So the U.K. obviously, we have had tremendous price erosion and pricing pressures in U.K. But with new product approvals coming into play, we are looking at a better tomorrow. We are very optimistic on our growth strategy of doubling our revenue in the next 5 to 7 years. So our product pipeline is very strong and healthy. And we have done a lot of filings. We are expecting approvals. And as you can see, every quarter, we are getting these approvals in place. These approvals are not so much topline drivers, but they are more bottom-line drivers. And with regards to season, obviously, this is the peak season in the Western markets, in Europe, as well as in the U.S. So we do see this quarter and the following quarter being much better than the first quarter.

Ahmed: And lastly, on the Europe side, how are we making progress in terms of organic and inorganic initiatives to build out business in Europe, if you can give some comments on that?

Mark Saldanha: So Europe, basically, we are looking at expanding our geographies. And we have been looking for M&As. But we have actually started our operations in Germany. We are focused on four countries in Europe, prima facie. And in 2026, we would get our operations started, either organically or inorganically in these four countries. Germany, we have not managed to close an acquisition. We have decided to enter the market through organic route. And our present office



setup is in progress. Our employees are being hired, as we speak. And we are looking at FY'26 starting operations in Germany.

Ahmed: I have a few more questions. I will jump back in the queue. Thank you so much.

Mark Saldanha: Thank you.

Moderator: Thank you. The next question comes from the line of Aditya Pal from MSA Capital Partners. Please go ahead.

Aditya Pal: Hi, thank you so much for giving me the opportunity. And congratulations on a great set of performance. Really wonderful that you have come back on a steady state again. Majority of my questions have been answered. Just wanted to do a bit deeper on Europe. So how are we thinking in terms of if you can enter those four countries? One, obviously, is Germany. Second is, when can we start seeing revenues coming from the European geography? And third is, the strategy remains the same where we will target the large customers and the business that we are doing with U.S. customers?

Mark Saldanha: Yes, the market is slightly different in Europe in each. And within Europe, each country has a different market. So we would have to tailor make our strategies based on the market dynamics. Germany, obviously, as everyone is aware of, is more tendering market. So there are a couple of European countries which follow the Germans' way of tendering. Then there are certain markets that are a little more branded and a little more diversified, like U.K. So we would be basically targeting four major countries in regions within Europe. And from there, we will be adopting a strategy based on the market dynamics. We would always leverage our low-cost manufacturing base. So our strategy will be in line with what we have historically done in the U.K. and in the U.S. So we are not deviating from that strategy. And we would be, like I said, we will be leveraging our facilities out of India, both our facilities out of India to service these markets. So we do see, from a revenue standpoint of view, obviously, we are starting. For example, Germany, we are organically starting. And our operations would be full flow in the 1st Quarter of '26. But you will see results probably in the second half of '26 coming from the German market and from the European market.

Aditya Pal: Understood. And sir, what I understand is that our current capacities can take up to, have a revenue capacity close to 4,000 odd crores. How are we thinking about adding new capacities? There's a land bank that we have with Teva, but Teva is where we can expand. And subsequently, we have in our other Goa plant as well. So if you can just touch base upon that thing of the plant expansion?

Mark Saldanha: So basically, our earlier plant in Goa we have a plot next door which we are looking at acquiring. We are strategically planning to expand our present infrastructure and in tablets in our old plant to 2.5x and our soft gels to about 3x from where we have. But this project we will undertake in 2026 from a CAPEX point of view. And we would have to spend a bit of CAPEX to look at us,



to take us beyond 4,000 crores, like you rightly said. Based on our capacity that we are sitting on, I think 4,000 crores is very much achievable. And beyond 4,000 crores, we would need to invest into infrastructure again. And either we acquire a facility, which is easier said than done, or we construct one. But the cheapest way would be to basically expand on the land banks, like you rightly said, and come up with blocks with shared infrastructure. This obviously helps us in operating leverage also. But more than anything, by just shifting capacity into these blocks, we can literally double if not triple our capacity from where we are. So we are hoping in somewhere in the end of 2026 to have a capacity of nearly 1.2 to 1.3 billion tablets coming out of our old plant. Right now it is at between 700 million and 800 million. So we are looking at 1.3 billion of tablets, and then we are looking at probably 3x the capacity of our soft gel being enhanced out there.

Aditya Pal: Just last question before I go back in the queue. Just wanted to understand from you now the capacity that we have. When we are negotiating or when we are discussing with existing and new customers in the U.S. does this discussion come up that if they are a bit hesitant to give us a large order, even though they want to shift it to a low-cost manufacturer in India?

Mark Saldanha: No, that question does not come. Because today we have ample capacity to see us through for at least 1 year to 2 years. Our Teva plant, I would say, is basically 30%, if not less utilized. So we have a huge scope of expanding our product portfolio. So I don't think if there is an opportunity they would consider us as prime manufacturers. They would look at us favorably. The last six months has been, as I've said in my previous earning call, the last six months, the uncertainty is revolving tariffs over the stumbling block. But now with clarity coming emerging out of there, I think sentiments are returning back.

Aditya Pal: Perfect. Wishing the team all the very best. Thank you so much.

Mark Saldanha: Thank you.

Moderator: Thank you. The next question comes from the line of Deepesh from Maanya Finance. Please go ahead.

Deepesh: Regarding the tariffs, what you mentioned, since there is a clarity on the US tariff, has it helped with the reduction of competition and pressure in the U.K. market also?

Mark Saldanha: It will take some time. See, clarity on U.S. tariff has come into play right now. And the sentiments globally will improve in due course of time. It has unnerved the global sentiments by itself. But a lot of companies like us looked at and are still focusing on different geographies for the reason of uncertainty in the US. Even today, in the first half of this call, we have been talking about other geographies like Europe and other market. But that drive from Indian companies to explore different geographies will remain there because of the economy and what the US is witnessing today. One is obviously tariffs, which we talked about. The second is obviously inflation and more into recession type of things that most of the companies try to avoid. But that



said and done, the U.S. is still a growth driver. We still have done well in this year and we will continue to do well. We still have a very aggressive outlook. I know last six months has been with a pinch of uncertainty. But now with clarity emerging, I think we will be back on track to hit our objectives. We are still targeting 300 million in a three years.

Deepesh: 300 million order book?

Mark Saldanha: Order book, yes.

Deepesh: And if you can give us a guidance?

Mark Saldanha: In couple of years, not right now, so not this year.

Deepesh: As in by FY'28?

Mark Saldanha: Yes, we are hopeful.

Deepesh: Can you give a guidance for, I mean, you mentioned that you're planning to get to around 3,000 crores of revenues by next year. But can you give a longer time guidance of where, what is your longer term targets?

Mark Saldanha: Obviously, if you ask, I mean, we have a business module that will take us to 5,000 crores, but it's not going to happen in the next two to three years. It will need a longer duration, maybe five to seven years, looking at that horizon.

Deepesh: Okay, so by FY'30, we should expect around 5,000 crores of revenues.

Mark Saldanha: That's fair to say.

Deepesh: Okay. Now, my question was around for the rest of the world business, especially in the MENA countries, having a lower base also, but we haven't really grown over there. Is there particular reason that, I mean, our focus is not right now on these countries and more on UK and more on US? I mean, it's a very small base.

Mark Saldanha: Yes, it is a small base and looking at the opportunities and drive right from inception, it's been more into the Western markets. So obviously, we do see an easier penetration. Our infrastructure is more positioned to service these markets. So resources, infrastructure, product pipelines are more focused into these huge markets that we are catering to. If you ask me while you're right, MENA is, I mean, has been a small base. It will keep growing for us. So we will continue to have our nominal growth, it will still be a relatively small percentage looking at the other market potentials and where we are in these markets and what we can do to take a leap in those markets. So I mean, I do see other markets going at a faster pace, including US, Europe being a fantastic market for us to look at growth. And let's not forget UK also, we have our strategy to double our



revenue from where we are. But what's easier said than done, a lot of approvals are needed and business has to take shape to take us to another level. And that's what we are working hard for.

Deepesh: Because you mentioned in your previous answer that you're looking at other markets also apart from US and UK. So will the MENA countries will be our focus or will Australia and New Zealand will be more focus point?

Mark Saldanha: See, Australia and New Zealand are all smaller markets. MENA will be a focus to grow if you're looking at that region from that angle. But if you look at the whole geography, I think our growth will come from our core markets that we are strong in. And besides the core markets, we are looking at the growth to come from Europe, which is still a virgin territory for us. So we do see these being, we are launching also Canada by 2026. So we do, it's a smaller market, but I think it will be at, we will be targeting such markets also, smaller markets. But I do see Europe being besides the countries that we are strong in today. I do see Europe taking shape in the next two to three years as a very prominent contributor to the revenue.

Deepesh: Specifically Germany?

Mark Saldanha: Germany and the rest of Europe. Obviously Germany is the largest market in Europe. So yes, Germany followed by four countries that we are focusing on.

Deepesh: Great. Thank you so much, Mark. All the very best.

Mark Saldanha: Thank you.

Moderator: Thank you. The next question comes from the line of Prolin Nandu from Edelweiss Public Alternatives. Please go ahead.

Prolin Nandu: Hi. Thank you for taking my question. Mark, I want you to elaborate a little bit on this uncertainty that you highlighted, right? While we understand that, maybe customers as well as companies like us have been slightly not sure as to how should we go about. But when you talk to customers, what are they saying in terms of if in case the worst case scenario were to play out, how do they engage with you or are there any alternative modes of mechanism which you guys are working on?

Mark Saldanha: When you say worst case scenario, this is regarding what context?

Prolin Nandu: No, you're talking about that still that tariff uncertainty is still there in the market, right, in a way. So, I just wanted to understand, just add a little bit more granularity on the same, right, in a way where we have to cater to an end market, right, in a way. So, where is that uncertainty? Which aspect of the business is that uncertainty there right now?



Mark Saldanha:

I must emphasize that that clarity has emerged. The uncertainty has diluted to a great level because the current administration has made it clear that pharma tariffs are not going to come, tariffs are not going to be put on pharmaceutical products. And even whatever investigation they are doing on that sector, they are not going to pursue it with regards to any pharmaceutical tariffs. So, I think the generic outline and the tariffs on the generic part of it, on the pharmaceutical part of it, I think that clarity has now come in the last one and a half months. So, I think people are now just beginning to realize that the risk is not there like what they assumed it was. You see, I mean, in the last three months, things took a back turn where India was hit with tariffs of 50%. And so, things were very, I mean, I can't stress more, were very uncertain in the last six months because while tariffs started in April, then things took from a back to worst turn where India was concerned. Now, things are shaping better for India because we have talks offers being introduced and probably a trade deal happening. But nevertheless, while the rest of the industries would probably have a better, far more impact on the tariffs, the pharmaceutical, we have relatively escaped the brunt of the tariffs and uncertainty whether pharma would come into the tariffs because there was a lot of talk two months back. I think that has been put to rest and clarity has emerged that pharma will not come into the tariffs. So, if you had asked me a month and a half back, two months back, my answer would have been, I would probably be answering you differently. But today, I have the confidence to say that that has been put to rest. So, when clients do approach us, some of them are very well educated with what is going on. Some are not updated with that fact. We do emphasize on the fact and we are seeing a better traction than what we were seeing maybe a month back. That said, there are a few plans which are printed that whether the administration will change their mind tomorrow, which is always the case, it's been happening all the time. But I don't see tariffs coming into play now. I think the worst is behind us where that is concerned.

Prolin Nandu:

Thank you so much, Mark, for that. And second question would be just on your working capital, So, while we had some inventory issues and UK related issues in Q1, even in Q2, our working capital days are close to 150, which is higher than our average of let's say 125 to 130 days. So, do we expect that? I mean, nothing has changed fundamentally in the business, which will entail a higher working capital, right? We should get back to 125 to 130 days.

Mark Saldanha:

We should. But we consciously built up because of this uncertainty of tariffs. So, we consciously took a call of being very heavy on our inventory, on our stock holdings, so that in case things go south, we at least have enough of inventory to sustain till we take proactive actions to meet the new world or the new requirement, you can say it. So, we did increase a lot of our inventories and that's where the working capital did increase to a great extent. It will take time. It may take us a few months to come down to that level because we were sitting on nearly five to six months of stock. So, I think we should see better days, but it's not going to happen like in a month's time or two months.

Prolin Nandu:

But let's say, for example, Q1 FY'27 onwards, the normal run rate should resume, right? Is that a great assumption?

- Jitendra Sharma:** Yeah, I think so. Definitely. Now, it has started coming down already. So, if you see the levels from Q1 to Q2, already the trend has started showing. So, I think in next two to three quarters, it should come back to 120-130 days.
- Prolin Nandu:** Thank you so much, team. That's it from my side, all the very best.
- Mark Saldanha:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Nitin Agrawal from DAM Capital Advisors. Please go ahead.
- Nitin Agrawal:** Thanks for taking the question. Mark, on the UK business now, I think you've seen Q1 and the recovery in Q2 gone by. I mean, what are your thoughts really speaking on what happened in Q1 and are you clearing things now, this was sort of one of which happened and then we should be and Q2 is a more normalized base for us to think about UK as we go forward?
- Mark Saldanha:** Yes, Nitin, a fair question. Q1 was a one-off, you can put it that way. Q2, we are back on schedule, like you said, and Q3 will be better than Q2. I can tell you that for certain. Again, Q4 will be more seasonal, where you can't compare it compared to Q3. But we are back on track and moving forward with all these new approvals coming in place. Our foundation is getting only stronger, so it's not getting weaker. So we are going to make progress. This is just a gestation time when we consolidate, we stabilize, and then we move on onwards. So Q1 has been historically for various reasons, difficult to pinpoint, but for various reasons, sudden from season to global uncertainties, to geopolitical issues, Q1 was a challenge. But now, like you see, Q2 is better and I do believe Q3 will be better than Q2 for UK. And there on, I think we will see a better 2026 than 2025 for UK. So our growth trajectory, we are still very confident on the UK market, and we are still very bullish in our growth pattern.
- Nitin Agrawal:** And secondly Mark, on the UK itself, so when you talk about some of the relatively higher value product driving growth in the UK going forward, when do you see some of such launches starting to have like a more meaningful impact on the UK business and the overall probability for the business for us?
- Mark Saldanha:** Are you looking at the second half of '26?
- Nitin Agrawal:** This is calendar '26.
- Mark Saldanha:** Financially year, you could say.
- Nitin Agrawal:** In Q3 and Q4, are you starting seeing the newer approvals begin to impact on?

- Mark Saldanha:** So we are looking at Q3 of 26. Q1 is again going to be a bad season, right? So it's difficult to say that Q1 is going to, because that's April, May, June, which is like literally probably the worst months in the pharma industry.
- Nitin Agrawal:** Okay. And when you say that you're going to be doing both value added products, high margin products in the UK, what is the nature of these products? In general, as a quantitative thing?
- Mark Saldanha:** You're talking about the nature of the products?
- Nitin Agrawal:** I mean, what makes them high margin products? And are they limited competition products, different presentations and overrules?
- Mark Saldanha:** Yes, they are limited. It's a mix of everything, not only limited. There are very niche molecules, very limited competition, and they are more formulation driven complexities that are there in those molecules, which will probably give us that edge. But those molecules size, the market sizes are very small and niche, like I mentioned. But like I said, there are no players, either there are no players or there is only one player that we have to take on. So it does give us that leverage and to say that, okay, while the topline may not have a substantial difference, but the bottom-line will be seen. But when you go and when we are working on over 200 molecules, right? So when you start looking at a lot of product approvals coming in place, and every product contributing a small portion, it becomes a large portion eventually once these products unfold, once these revenues start unfolding of new molecules. So an individual product may not be a big market size in terms of the topline, but if when you talk of collectively 50-80 products, then that makes a lot of difference.
- Nitin Agrawal:** And if I can squeeze in the last one, on the US, now the growth in the US largely will be driven by what your current set of approvals, or it will be more driven by newer launches or newer approvals?
- Mark Saldanha:** Both. We are still filing products. We are getting approvals. The Teva approval, the USFDA approval is strengthening our foundation. Now we have two plans to service from a de-risk point of view. It is perfectly situated where we can produce products in either of our plants. So it does put us in a stronger position. Probably we will put a lot of our investors into have a better confidence that now all eggs are not in one basket. So yes, we are expecting approvals from the new plans also to come in in '26. So technically, it's a basket of newer products and obviously new accounts coming into it. We have been having our data with new accounts, but like I said, last six months has been with a lot of uncertainties, which people who are waiting and watching how things are unfolding, now I think a bit of clarity has emerged. So people are much more proactively discussing now.
- Nitin Agrawal:** Thank you so much.
- Mark Saldanha:** Thank you.



Moderator: Thank you. The next question comes from the line of Sudarshan from ASK Wealth Advisors. Please go ahead.

Sudarshan: Thank you for taking my questions and congrats on good set of numbers. My question is as strategy today when we are seeing US markets and what are the things going around and you talked about diversification in terms of geography, I see that we have also taken 100% stake to increase exposure to Dubai. Given that we have cash on books, and we are moving up the value chain in terms of product launches, your take on newer markets with existing products and getting new products into newer markets. How are we looking at it organically and also utilizing the cash on books too has any market presence in both these categories?

Mark Saldanha: So when you talk of new geographies, whether we like it or not pharmaceutical is all about investing first and seeing returns after a couple of years. So all these new markets, whether you look at organically or inorganically, inorganically, obviously you pay a higher valuation in what you acquire. But organically is also not very cheap. And when you talk of cash on books, in crores, it looks very big, but then you convert them into euros or in pounds or in dollars, they are not all that big. Then you talk of getting into a new continent or a new geography by itself. So we are looking at expanding our geographies into Canada, into Europe, into four different countries into Europe. So there will be a lot of investment from our side, both organically, and we are keeping a corpus that we are looking, as we talk, also, we are looking at smaller M&As across Europe to be concluded in '26. So we are aggressively pursuing that. So we do see that resources going for both organic as well as inorganic. And then let's not forget that once we see us trending towards 4,000 crores, we cannot sit and wait for us to hit 4,000 crores. So maybe once we cross 3,000 crores, we will probably have to start looking at infrastructure in terms of manufacturing capabilities to take us to the next level, maybe 5,000 odd crores. So we have to plan at least one to two years in advance. And that's what I mentioned Pharmaceutical is such an industry where you invest today to see returns probably up to two to three years.

Sudarshan: Sure. And two things on the cost. If I look at the cost, I think the other costs we have done fairly very good job in terms of curtailing the cost. If I am looking at almost five to six quarters, irrespective of the topline, we are able to manage the cost around that between that 155 to 160 odd crores. One is, of course, I understand as Teva facility keeps ramping up, you get operating leverage and therefore that's fixed. But even as an absolute cost, can you talk a little bit more about what initiatives you have taken, which is yielding to the additional margins apart from the Teva operating leverage? And the second is if I take a little bit longer term vision as you move towards the 5,000 crores, today, we are between 19% to 20% margin. Clearly, incrementally, we are looking at higher value products and operating leverage coming in. So how do we see the margin trajectory as we touch that 3,000 crores to 5,000 crores?

Mark Saldanha: The operating leverage will get better only when we grow up. But at the same time, you're right. The operating cost does go up and you talk of newer markets, when you talk of newer infrastructure, it does temporarily go up till the leverage starts kicking in. It does not stop unless you believe that, oh, well, we have now conquered the world and we are now going to grow



from an infrastructure point of view or job-ready point of view. And now we just consolidate and grow on sale. So as long as the company is aiming to have a robust growth plan in place of doubling or working towards doubling the revenue, you will always see that while operating leverage kicks in, the cost also will go up. But then again, once we stabilize that country, it will again, operating leverage will kick in in that country. In terms of when we talk of Germany, we are starting an organic operation out there. So we will have to invest into people, into filings, into infrastructure. And then obviously, you'll probably see returns coming in when revenue starts coming in. So on one side, you'll have the Teva plant, like you said, operating leverage kicking. On the other side, you'll have the cost going up because we are expanding new territories. It would have obviously made a lot sense if we acquired a company and you have already operating leverage there and you can just grow from there. But when you talk of organic growth plans, definitely initial investments are a little higher, especially where cost is concerned. When you talk of new infrastructure starting from ground zero, then operating leverage takes a bit longer because initial years is all about construction costs, people being deployed, production yet have to start, or commercialized, or approvals yet have to come. So we do have that chicken and egg situation. But that said and done, I do believe that our margins will be sustainable and will grow slightly with obviously our revenue growing up and operating leverage. It's not going double because that's what we are aiming for. But you will see an upward trend with the revenue increasing.

Sudarshan: Sure. Thanks a lot.

Mark Saldanha: Thank you.

Moderator: Thank you. The next question comes from the line of Nirali Shah from Ashika Stock Service Limited. Please go ahead.

Nirali Shah: Thank you for the opportunity. I just wanted to know on the capacity, you indicated that the old plant is currently at around 700 million tablets, and we are expecting it to move to around 1.2 to 1.3 billion. Then there's a plan to scale this to three times of the current level. So based on this, any quantifying the CAPEX that will be required for us to get to 3x of the tablet capacity and the phasing of this CAPEX over FY'27, FY'28?

Mark Saldanha: So we need to clarify that. So our present capacity of our old plant is at 700 million-800 million tablets a month. That's our present capacity. We are not utilizing that capacity today. So we have not hit that volume. But when I was talking of new plot, and I was talking of expansion over there, it will also free a bit of more space for us to expand our tablets. We do see once we put in that CAPEX our capacity going up from 700 million to 800 million to 1.3 billion tablets. So that will be a substantial growth in our capacity from a tablet point of view. But our soft gel will double, if not triple our capacity by doing this within the same CAPEX because it will again free space. So that will again give us a substantial drive. But we are going to put in the CAPEX somewhere in 2026. We are budgeting about 100 crores onto that CAPEX, that we will basically move forward once all the straight deals of India and everything is put in place. And we are very



clear that our sales trends are moving towards optimizing our present infrastructure. So once we see that happening, probably a year before that, we will start investing into CAPEX to make sure that we can take the next leap. So today, as of today, we do have capacity in a Teva plant. We are utilizing only about 30% of our capacity. We do have some capacity, not a great capacity, but we do have some capacity in our old plant. But then if we have to grow from a 4,000 crores to 5,000 crores, then we will need this new infrastructure in place. So when we see ourselves trending towards 4,000 crores, then we will say that it's time to invest to take us to a 5,000 crores. We will not need any new approvals per se, because it's in the same plant. But yes, the infrastructure time taken will probably be six to eight months once we do decide to go down that road.

Nirali Shah: That would be when you are inching upwards of above 4,000.

Mark Saldanha: When we are trending towards that, when we are trending, we are very close to trending towards that.

Nirali Shah: Got it. And the second one is on the EBITDA margin. So we have bounced back to 20% in this quarter. And we have indicated Q3 will be on a similar line as Q2. So on a full year, say, FY'26, can we expect margins to settle at around 19% to 20% band?

Mark Saldanha: Yes, it's very, very reasonable and fair to assume that. And it may be slightly better, but try to assume that, yes.

Nirali Shah: North of 20%.?

Mark Saldanha: Yes, North of 20%. But I mean, from a safe point of view, 19% to 20%, this is very reasonable.

Nirali Shah: Got it. Thank you.

Moderator: Thank you. The next question comes from the line of Sriram, an individual investor. Please go ahead.

Sriram: Thank you for the opportunity. So what is the size of the US private level OTC market? And what is our current market share?

Mark Saldanha: The size would be a couple of billion dollars, because you have the largest player, which is Perrigo, which is probably doing around \$1.8 to \$2 billion in the private label. Then you have PLD which is doing about \$700 million, LNK doing about \$400 million. So we are running amongst the top four players in the US market, but we are still far away from the leader. So the size will be way above a couple of billion dollars.

- Sriram:** Okay. So considering a large opportunity size in the US, I mean, and with the way our US business is growing, is it reasonable to assume that the US could account for, let's say, 75% of our total business in the next four to five years?
- Mark Saldanha:** There is a chance, because we are growing rapidly in other markets and we are focusing on other geographies. It is not that you can displace anyone overnight. So it's a process by itself. It's not that you can, these are players, these are manufacturers and companies that have been there even before I created this company. So they have been there for the last 40-45 years. So it's difficult to, in private label, they are what we call the Glaxo, Novartis type of thing, right? So they are pioneers in this industry. So it's difficult to displace them fully, but taking market share, definitely. So from a growth driver point of view, I do see US being one of our largest growth drivers. But that said and done, our focus is there on other geographies and other geographies will also contribute maybe at a slow pace, but it will contribute decently to our overall number.
- Sriram:** So but the rate of growth, which is historical growth rate for us is about 20% plus. So can we expect that to continue over the next 4-5 years? So in four years, can you double the US business revenue?
- Mark Saldanha:** Well, if you ask me my frank opinion, I would love to say yes. Geopolitical issues are the ones that make me pause a bit. But otherwise, if you had asked me a year back, I would have said yes. Today, I would say, well, 300 is more realistic. But I mean, our aim is to go beyond that.
- Sriram:** Okay, and so lastly could you broadly explain the cost difference between us and competitors like Perrigo?
- Mark Saldanha:** Obviously, they don't get into those details. But we are basically, we have a huge portfolio, they have a huge portfolio. We are a reliable partner for most of the retailers to partner with. Perrigo has its own strengths. We have different strengths. We do leverage low cost manufacturing based out of India. Perrigo are predominantly US manufacturer. So they don't play on that, made in USA part of it. But besides that, I think both have different strengths. And what goes in Perrigo's advantage is they are 50 years of assistance into the US and being pioneered in this industry.
- Sriram:** And like, could you just put some broad number to that difference? Let's say average cost difference would be 20% or 15%?
- Mark Saldanha:** No, I can't put those numbers out there.
- Sriram:** Okay. Thank you so much, sir. All the best.
- Mark Saldanha:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Prolin Nandu from Edelweiss Public Alternatives. Please go ahead.

- Prolin Nandu:** Thank you again for giving me the opportunity. See, my question is sometime during last quarter or after the last quarter, we had a thought that maybe the delivery mechanism in US needs to be changed, our capacity we need to expand, we need to think about near showing. All those discussion are no more on the table. As we stand today, obviously, things can change, right? But as we stand today, it's fairly certain that we won't be expanding our capacity in US or thinking about adding new facility in US or anything on your showing. Is that assumption correct?
- Mark Saldanha:** Nandu, you're right, it's correct. And last six months, this uncertainty has made us pause our outlook and whether we should invest in India or in US based on what the balance will play. Now with a bit of clarity coming into play, we are back to our original plan of investing more into infrastructure where we are strong and where we have the bandwidth and capabilities of leveraging low cost manufacturing base. So we are back on that platform. But we had paused all our plans because we didn't know whether we should invest in India or in the US infrastructure point of view, all depending on the outcome of the tariffs. But nevertheless, that's up the table, you're right. And we are back to what we originally had planned.
- Prolin Nandu:** Great. Thank you so much. And all the very best.
- Mark Saldanha:** Thank you.
- Moderator:** Thank you. That was the last question for today's conference. I would now like to hand the conference over to management for closing comments.
- Mark Saldanha:** I would like to thank each and one of you all. I know it's late evening. And thank you for the interest and support for the Company. And I wish you have a great evening and be safe. Thank you very much.
- Moderator:** Thank you. The pending questions would be taken offline. This brings the conference call to an end. On behalf of DAM Capital Advisors, we thank you for joining us and you may now disconnect your lines. Thank you.