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Date: June 2, 2026

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**BSE Limited**  
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Mumbai 400 001  
**Scrip Code: 544578**

To,  
**National Stock Exchange of India Limited**  
Listing Department  
Exchange Plaza, 5<sup>th</sup> floor, Plot no. C/1, G Block  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051  
**NSE Symbol: RUBICON**

**ISIN - INE506V01022**

**Sub: Transcript of Earnings Call – Q4 FY 2025-26**

**Dear Sir/ Madam,**

Please find enclosed the transcript of the Company's Q4 FY 2025-26 earnings conference call held on May 29, 2026. The transcript is also available on the Company's website at <https://www.rubicon.co.in/investors>.

We request you to kindly take the above information on record.

Thanking you,




Yours faithfully,  
**For Rubicon Research Limited**  
*(Formerly known as Rubicon Research Private Limited)*

**Deepashree Tanksale**  
**Company Secretary**  
**M. No. A28132**

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**Rubicon Research Limited** (formerly known as **Rubicon Research Private Limited**) | CIN: L73100MH1999PLC119744

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“Rubicon Research Limited  
Q4 FY26 Earnings Conference Call”

May 29, 2026



**MANAGEMENT:** **MR. PARAG SANCHETI – CHIEF EXECUTIVE OFFICER – RUBICON RESEARCH LIMITED**  
**MR. NITIN JAJODIA – CHIEF FINANCIAL OFFICER – RUBICON RESEARCH LIMITED**  
**MR. SAGAR OAK – SENIOR VICE PRESIDENT, CORPORATE DEVELOPMENT & STRATEGY – RUBICON RESEARCH LIMITED**

**MODERATOR:** **MR. TUSHAR MANUDHANE – MOTILAL OSWAL FINANCIAL SERVICES**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY26 Earnings Conference call for Rubicon Research, hosted by Motilal Oswal Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Tushar Manudhane from Motilal Oswal Financial Services. Thank you, and over to you, sir.

**Tushar Manudhane:** Thanks, Sagar. On behalf of Motilal Oswal Financial Services, I welcome you all for the Q4 FY26 Results Earnings call of Rubicon Research Limited. From the management side, we have Mr. Parag Sancheti, CEO; Mr. Nitin Jajodia, CFO and Sagar Oak, Senior Vice President, Corporate Development & Strategy. Over to you, sir, for the opening comments.

**Parag Sancheti:** Hey, thanks, Tushar and thanks to all the participants for taking out time to attend this Earnings call. So, I will just start with the opening highlights for the Quarter 4. As we had mentioned in our earlier calls, we have seen a strong growth momentum. The revenue for Q4 FY26 was at 5,139 million, which was a year-on-year growth of 44% and the EBITDA was at INR1,213 million, again a healthy growth of 67%, followed by a 111% increase in PAT year-on-year.

If you see year-on-year and quarter-on-quarter, I think we have seen a strong growth trajectory. In the subsequent slides, I will take some of the highlights on each side of the business, but I will request Nitin to take us through the details of the profit and loss and the balance sheet.

**Nitin Jajodia:** Thanks, Parag. Hi, good evening everyone. I will take you through the key financial numbers for the quarter and for the year. So, all the figures are in INR million. So on the revenue front, our revenue for the quarter was INR5,140 million, a growth of 44% on a Y-o-Y basis. Even sequentially, numbers grew by close to 8%.

Gross profit was 3,330 million, a growth of 39% on a Y-o-Y basis and close to 7% growth versus sequentially. Our R&D expense for the quarter was 594 million versus 361 million in the previous year's Q4 and 523 million in the Quarter 3. So, this R&D expense translates into 11.6% R&D for Q4 versus 10.1% same quarter previous year and 11% for the previous quarter.

Our operating EBITDA for the quarter was 1,190 million versus 725 million in the same quarter previous year, a growth of 64%. EBITDA including other income was at 1,210 million, a growth of 67% on a Y-o-Y basis. PBT for the quarter was 987 million, a growth of 93% on a Y-o-Y basis and even sequential growth.

PAT for the quarter was 768 million, a growth of 112% on a Y-o-Y basis and also a sequential growth. On a full-year basis, our revenue for the financial year was 17,540 million, a healthy growth of 37%. Gross profit for the year was 11,660 million, a growth of 32%. Our R&D expense for the year was 1,935 million, 11% R&D versus 10.3% in the previous year. Our operating EBITDA for the year is 4,000 million versus 2,643 million in the previous year, a healthy growth of 52%.

EBITDA including other income was at INR4,080 million, a growth of 52% versus the previous year. PAT for the year was 2,467 million, a healthy growth of 84% versus the previous financial year. Now moving on to the next slide on the balance sheet. Our shareholder fund was 12,888 million, primarily driven by IPO proceeds during the year.

Borrowings were at 2,594 million, a reduction versus the previous year on account of repayment of debt. Our fixed asset as on March 31, 2026, was 5,726 million, an increase versus the previous year primarily driven by the acquisition of the Pithampur facility and additional capex.

Our net working capital was at 6,163 million, translating into a working capital days of 126 days versus 137 days of the previous year. If you look at the working capital on the inventory, as we have been saying in our earlier earnings call as well, for us inventory is fuel for growth and this inventory needs to be seen in light of our strong growth trajectory.

And despite this higher inventory, our ROACE improved to 36%. I would like to add one more point: this ROACW of 36% is after the Pithampur acquisition of INR149 crores, which is yet to be commercialized. Now moving on to the next slide on the cash flow statement. Our net cash flow from operating activities for the quarter was 655 million.

One point to be noted here: if you look at out of our total tax payout for the year, INR501 million was for this quarter. So, despite this tax outflow, the net cash flow from operations was pretty healthy at 655 million. The cash flow for the entire year is at 2,050 million. Our cash flow in investing activities of 4,097 million is primarily driven by the Pithampur acquisition, fixed deposits out of IPO proceeds, capex of INR800 crores and other inorganic outflow. So, with this, I will hand over to Parag. Sorry, on the previous slide, the capex was INR800 million, not INR800 crores. Sorry.

**Parag Sancheti:**

Thanks, Nitin, for giving the summary of the financials. So, just some commentary on the Q4 performance. So, if you look at the revenue, I think it has as we had mentioned in the earlier quarters, the strong trajectory of growth continues both in terms of revenue and EBITDA. If you look at the revenue, it is fairly broad-based from established products and new launches.

And also from a concentration perspective, the top 5 products account for 39% of revenue, again in line with our previous quarters, and the top 10 account for 57% of revenue, again clearly reflecting no concentration risk and in line with our earlier quarters. The pricing broadly has remained stable for us with the mix of the portfolio and the kind of products and the mix of specialty we have had; we have seen stability in the pricing.

If we look at the coming quarters, we see a strong revenue visibility. So we continue to see the same growth momentum in the coming quarters. Coming to the next part of cash flow, as again you have seen over the previous quarters, we have had strong cash flow generation from operations and that has continued in the same line in this quarter also.

From an FDA approval standpoint, in complete FY26, we received 12 product approvals. And a new metric, which is the number of products under filing, we have disclosed. This metrics of the number of products which are under review with the FDA, we will be disclosing as we go ahead once a year.

The current number stands at 24 products which are under FDA review, which again signals a very robust pipeline for growth as we move into the next year. And the commercialization rate, which again is a validation of our portfolio selection and execution, is strong at 92% of the approved products, though the base of products has kept on increasing.

If we look at the specialty portfolio, it contributed this quarter around 33% of the gross profit for the quarter. The specialty portfolio is underpinned with a very strong pipeline, and that pipeline continues to grow, and we successfully launch various products on that. In line with what we have done even as an unlisted company, the board has recommended a dividend of 150%, which amounts to INR1.5 per share. This amounts to a 10.0% payout ratio.

We can move to the next slide. Coming to gross margins, I will go into the specifics, but first I wanted to kind of give a philosophical understanding on how we look at gross margins and we look at capex because those are correlated areas in the way we are looking at. So, philosophically, our preference has always been, and we will continue to do that, is that capex is a lagging. We will only incur capex once we see a sustained or long-term demand coming through. We will never be in a situation where we are going to do capex and then look to fill it with revenues or fill it with demand. So, if this is a philosophy we want to continue to follow as an organization, when this happens, what we have seen, and we have seen in the last quarter also,

I did mention that we had anticipated a certain demand, but we have been experiencing demand even higher than what we had envisaged. That means we now don't want to lose the customer or the product sales, so we are ending up outsourcing more of our manufacturing in the short term to ensure that we are catering to this demand.

In the long run, obviously, when we see this kind of sustained demand, we will go ahead and incur capex to ensure that we are able to get this produced internally and again go back to or improve our gross margins. So, in light of that, you know, we have seen a slightly slight decline in gross margins, which is because of our own manufacturing, internal manufacturing constraint and we had an increased reliance on the outsourced manufacturing.

So, now if you look at going ahead, the revenue traction as we stand, as I mentioned earlier, is looking very, very strong. So, we do expect a greater reliance on outsourced manufacturing for at least a couple of more quarters. And we hope, and you know, I will give an update also on the Pithampur facility and it coming online, but as of now, at least we feel the sustained demand and increased demand we will have to cater to it through outsourced manufacturing.

Coming to now, I think Pithampur, it is on track as per our plan. We have already the site has been qualified, we have done all the prerequisites which we need to do before the US FDA comes, we have even filed products which ensures that we are now waiting for an inspection date from the FDA.

So, our initial indication that we were expecting a ramp-up in Q1 of CY27, calendar year 2027, still stays intact. And obviously, the gross margins, once we are able to get more internal manufacturing, will ensure that it is back on track. But having said that, I still want to reiterate that the EBITDA range would still remain in the 22% to 23% range.

So, for the current quarter, it is at 23.1%, so which has risen slightly on a sequential basis. So, this is I think broadly our commentary around gross margin, capex, and how do we see it going ahead. We can move to the next slide. Sagar I request you to just take the audience through the R&D spends and the productivity and our thinking on how it is moving.

**Sagar Oak:**

Sure, thanks, Parag. Good evening everyone. We spoke in the last quarterly call about how we look at R&D spends and the impact that they have on our revenue growth. As you can see, R&D expenses for Q4 were at about 11.6% of operating revenues. R&D spend for our business is a lead indicator of future revenue, and it is a metric that, you know, we have presented last quarter and we wanted to present that as an update this quarter as well.

Quick call out that in the last earnings call, we presented R&D productivity for the fiscal '23 to '26 period at 5.7x, which was based on an extrapolation of the nine months fiscal '26 revenue. We have now updated that with actuals, and that number has increased slightly to 5.9x. But just to recap the construct of R&D productivity in the way that we have laid it out is that our growth is driven by our investments in building the pipeline, which flow through the P&L via the R&D spend.

Considering our approach to ramping up revenues on a measured basis, we typically compared the revenues between over a three-year period. So, to start with, fiscal '24 versus fiscal '21, where we had incremental revenue generated of 5,399 million. And if we look at, you know, the products that would have come into the commercial portfolio up to say in that incremental period.

Typically you would see R&D spend would have been incurred over a nine-quarters period from fiscal '20, fiscal '21, and first quarter of fiscal year 2022. So, if we compare that R&D spend of 1.65 billion with the incremental revenue three years later of 5.4 billion, that is an R&D productivity multiple of 3.3x our R&D spend.

And if we roll that forward to the next sort of block of three years, so if we compare fiscal '25 versus fiscal '22, where you had incremental revenues of 969 crores or 9.69 billion as compared to nine quarters R&D spend of 2.38 billion (2,379 million), that is a 4.1x R&D productivity.

And for the most recent three-year slot, which is FY26 over FY23, our revenue increase or the incremental revenue was 13.46 billion as against R&D spend of nine quarters of 2.26 billion. So, that is a 5.9x multiple on that R&D spend. So, this guides towards future growth. We had mentioned previously that for the nine quarters FY26, FY27, and Q1 of FY28, our targeted expected R&D spend is INR5 billion, INR500 crores. That remains high confidence; we are on track to achieve the R&D spend guidance for this nine-quarter cycle. And coupled with R&D productivity that provides strong visibility on our future growth. Parag, back to you.

**Moderator:** Parag sir?

**Parag Sancheti:** Hello? Can you hear me? Sorry there is some. Yeah, so I think one important update and again this is in line with building a strong organization attracting the best talent, the board has approved a proposal to create an ESOP pool, which obviously is subject to shareholders' approval. So, this definitely allows us as we go towards the next growth stage of the company, to attract and also retain great talent within the company. Also, just to factor in, the P&L impact of this has been factored in the EBITDA guidance. Sagar, you want to take the next slides?

**Sagar Oak:** Yeah, Parag, thank you. So, moving on to the next slide, I am on slide 13, and the acquisition of Arinna Lifesciences is something that we announced a few weeks ago. And this is really an extension of our strategy to build a global therapeutics platform around particularly CNS and chronic. We believe the Indian CNS market has room for growth, under-penetrated.

It strengthens our core strategy of building around the CNS platform, and the India market entry is more than anything else an extension of our go-to-market; it is not a shift in geography. It is an additional market for our pipeline for us to monetize and drive returns on our R&D spending.

What Arinna provides us is a starting point on commercial infrastructure with over 4,000 prescribers, established distribution network already in the market. It allows us faster penetration to bring our specialty products, drug-device combinations into the market, avoids sort of the time and cost of building something from scratch. In terms of deal contours, this was an enterprise value of INR200 crores on a cash and debt-free basis.

We acquired an 85% stake in the company. The approximate price per share, I think, is there, INR158.53. The deal value was about INR176 crores. And here we have partnered with Arinna's Founder, Mr. Vivek Seth, who continues as the Managing Director of the company with a very strong track record in the CNS space.

He has over 30 years of experience; he has previously built a CNS franchise of over INR600 crores in sales in the Indian market. So, he and his team come with a wealth of experience. And for us again, if you look at our M&A history, I think we have focused on M&A that focuses on capability and not just on building scale.

So, here again, while this is a growth bet, the economics, the size of investment are aligned with our approach that centres around the ROCE where, you know, we start off with a platform and

then build on it. For the next few quarters, we intend to lay sort of the foundation of growth, set the growth trajectory for this business and we are confident of beating IPM growth in fiscal year 2028.

So, we will work on sort of getting these growth drivers in place and then sort of start focusing also on driving profitability higher. So, for the impact of these phases at least for, you know, has been factored into our EBITDA guidance that we have provided earlier. I am moving now to the next slide.

And I think what this really encapsulates is the approach that we bring with the combination of Rubicon and Arinna and how Arinna gets repositioned as now a science-backed company from previously where it was largely a sales and marketing company. I think the combined Rubicon-Arinna platform brings a meaningful offering to the Indian market in terms of robust pipeline, commercialization knowledge and experience, Differentiated products and we hope to bring sort of investment to the table with Arinna which over the last few years they wouldn't have made by themselves.

And some parallels if I may draw to the way that we went about building our business in the US when we entered 10 years ago, we were a relatively small company in the US market. Since then, I think our US business has scaled up sizeably as we have noted there. Comparatively, I think as we enter the Indian market with Arinna, we have a much more a much larger, a more robust platform and balance sheet, synergistic therapy focus, very close alignment between the therapy focus of both entities. So, that sort of summarizes on the Arinna acquisition. And I think with that, we have reached the end of the quarterly presentation piece. I can hand it back to the moderator and we can take up questions and answers.

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. Your first question comes from Sidharth Negandhi with Chanakya Wealth Creation. Please go ahead. Sidharth sir, your line is unmuted please proceed with your question.

**Sidharth Negandhi:** Hi, thanks for the opportunity. I had three questions. One, like-for-like, is it fair to assume that there have been two old products that have discontinued because you have received three approvals but your portfolio of active products has increased quarter-on-quarter by one, and therefore I am assuming there are two products, older ones or whatever, that have been discontinued?

If you could give me an understanding of the like-for-like growth accounting for those two discontinued products? That's one. Second is how should we think of your M&A strategy, right? Is it therapy-forward or geography-forward, you know, given the Arinna acquisition? How should we think of that? And the third question is if you could give us an update on the Fluticasone launch and on your market shares for calendar year 2025. You have an FY25 update, but if you could give a calendar year '25 update, that would be helpful? Thank you.

**Nitin Jajodia:** Hi Sidharth. On your first question, we have discontinued one product. I don't know why you are getting two. And to answer your third question on Fluticasone, as we stated in our earlier call as well, as an organization, we will stay away from talking about any specific product. And as Parag mentioned in his statement that our growth has been a broad-based growth, our existing

portfolio has grown as well as the new launches have also grown. And yeah, so I will keep it at that level.

**Sagar Oak:**

And I will take the question on M&A strategy if I may. To your point, Sidharth, yes, I think we are, as I said, the focus is on therapeutics, the focus is on sort of the therapy area. So, as I said earlier, what Arinna does is it adds a market to that focus. So, I wouldn't say it is a shift in strategy; I think we continue to execute on that journey of CNS, and so it adds one more avenue to monetize our portfolio and pipeline. So, yes, more therapeutic focus than geographic focus.

**Parag Sancheti:**

So, just to add to what Sagar said, Sidharth, I think it's a clearly where we are saying is it's a therapeutic focus which is there. And obviously, we feel India is a major one of the major growing markets from a CNS perspective, and hence we have to decide in every market that what should be the go-to-market.

Do we go directly, do we go via business partners, do we tie up, do a joint venture? Since India is a major market, we definitely feel our direct presence will definitely help in building the business, and we want to definitely build it in a differentiated way. So, having our own go-to-market is very important for us.

**Sidharth Negandhi:**

Got it. And if you could give me an update on your market shares for calendar year 2025, that would be helpful. And just a follow-up on that M&A strategy, right? Now given this, Arinna, I mean, as an asset, right, INR10 crores of EBITDA on a INR72 crores top line, INR10 crores EBITDA.

If I look at it in terms of capital allocation, INR10 crores EBITDA on INR200 crores of equity value, right, so roughly 5.0% ROCE for what you are doing, phenomenally higher than that. And their own EBITDA margins seem to be somewhere in the range of 15.0%, which for a chronic company would tend to be on the lower side. So, how should we think of the synergies and the margins on Arinna and return ratios on Arinna going forward?

**Parag Sancheti:**

So, Siddharth, I will just add one thing. I think, Siddharth, you have to see it again as we have done if you see our history of M&A, right, we have done M&A from a strategic standpoint, right, where we can add value to the business and grow the business multifold times from where we take it from.

So, you should think from Arinna as a platform which allows Rubicon to enter the CNS market, which is our therapeutic focus, and then grow the business from there. So, those metrics as Sagar mentioned in his presentation have to be seen with what we do along with the business, and the second Slide on Arinna actually presented the same. Sagar, you want to add?

**Sagar Oak:**

Yes, thanks, Parag. And I think, yes, absolutely, just building on from what Parag said. I think if you look at our M&A history, I think, we have done a number of acquisitions, where we have created a foothold, and then we have been able to add value to, what it is that we acquired, whether it is Impopharma Canada, which was coming out of bankruptcy when we bought it.

And, we have sort of turned that into the cornerstone of our nasal and inhalation products business, or manufacturing site that we acquired, four or five years ago, which was again under-utilized and so on and that today it significantly grown and expanded. And I think the approach has really been to get a little bit of a head start with getting that foothold or getting that toehold and then building up on that.

So, I think if you, earlier on what we said, was that, over the next few quarters we are going to be getting all of those growth essentials, growth ingredients in place. And I think that's really when you will start seeing numbers getting meaningful. With respect to current Arinna numbers, I don't think, we have I think their numbers are not yet published for last year.

**Nitin Jajodia:**

So, yeah, again, but Sagar basically we are not looking at Arinna from a current scale, revenue, or EBITDA perspective. I think as you rightly mentioned, it's the foothold in India for our CNS portfolio, so it's an additional GTM, additional market for us.

**Sagar Oak:** Yes, absolutely. And, if I go back, Siddharth, to your point on ROCE, I think going back to our very first acquisition, that was probably negative ROCE when we when we acquired it.

**Sidharth Negandhi:** Great, thank you thank you for your responses and sorry I forgot, but congratulations on a great set of numbers and all the best for FY2027.

**Sagar Oak:** Thank you, thank you Siddharth.

**Moderator:** The next question comes from Harsh Kundnani with Aionios Alpha. Please go ahead.

**Harsh Kundnani:** Hi Parag and team, congrats on a great set of numbers. Just a couple of questions. Just a double-click on the demand that you were talking about, Parag. Is it driven in certain therapy areas or is it across the board? And just back-calculation suggests that in the last couple of quarters, a lot of the growth is coming from the top five products that we have, so anything to call out there? That's the first one. The second one is that, once Pithampur, Pithampur is a large site and how much time will it take to ramp up Pithampur and once that kicks in, how should one look at gross margins?

**Parag Sancheti:** Yes, so Harsh, coming back to I think the question you asked, the first question, sorry, was on – sorry can you just lead on the first question again sorry.

**Harsh Kundnani:** Yes, on the demand side you said that, the demand is pretty strong. So just wanted to understand?

**Parag Sancheti:** Yes, so Harsh, demand has been very broad-based, and I don't think there is a single product or two products. We have seen business across products which have been in the market for a few years, and we have seen product demand for even products we have launched. So, I can't say that, we are seeing it in certain therapy, are we looking at in certain areas or looking at recency effect of any one launches.

So, that I can confirm to you that demand has been broad-based across the portfolio. So, I think the second question you had was on, I think the percentage. If you just see the top five, I think was in this quarter is 39% versus the earlier quarters have been 34%, 30%, 35%. So, broadly if you look at the top five, it's been in the same range of that, 30% to 40% range which is there.

So, I didn't specifically understand that question, but again to reconfirm, the demand has been quite broad-based across the portfolio. The last question was on the Pithampur one, so regarding the Pithampur facility, I think it's -- so it's a large facility but also it has -- facility has different capabilities.

So, the inspection which we have triggered is for the general block, which we have -- I would say enough demand to fill it up completely as we stand today. So, we will go as per our plan because, from a quality and standpoint also we want to ramp it up carefully. So, as soon as we get approval done, we have tech-transferred enough products for them to start manufacturing those products and reach a decent capacity utilization within 12 to 18 months. And regarding the other capabilities, those also, other blocks which are there, we are working on those also, but the main block, which is the general block, we should see a decent capacity utilization in the next 12 to 18 months post the inspection.

- Harsh Kundnani:** Understood, this is helpful. Thanks a lot, guys.
- Parag Sancheti:** Yes.
- Moderator:** Thank you. Your next question comes from the line of Prajay with Wealthyvia. Please go ahead.
- Prajay:** Hello, am I audible?
- Moderator:** Sir, you are sounding slightly muffled.
- Prajay:** Okay, is it better now?
- Moderator:** This is slightly better, sir, but still if you are using any other mode, maybe request to use handset, please.
- Prajay:** Just a second. Yes, is it better now?
- Moderator:** Yes, sir, please go ahead.
- Prajay:** Yes, so just wanted to understand that in the previous call, you had indicated that, there was around 25% to 30% of inventory that was being laid down for some upcoming launches. So, just want to understand how much of this inventory is tied to the product, which we are going to expect in this coming 12 months or like versus for a longer period down this pipeline.
- Nitin Jajodia:** So, on this, if you look at our inventory, okay, which has grown versus the previous year and overall, in the working capital of 127 days, inventory is slightly on a higher side. As I mentioned

that this inventory needs to be seen in conjunction with our higher growth rate, which is a combination of growth in our existing product as well as expected new launches.

Whereas as Parag mentioned, we have 24 products which are filed with US FDA under review, and these products will get launched in the I would say in the next one, one and a half year. So, keeping that in mind, a fair share of inventory is towards new launches, which is a combination of whether finished goods, raw material, packing material given the high lead time, etc.

**Prajay:** Okay. And one more thing that, like I just want to understand that the top five and top ten have been gradually getting concentrated on your product concentration. So, is it because of some temporary launches that we are currently we are planning for or like there are some products which have disproportionately grown?

**Nitin Jajodia:** So, as we mentioned, our concentration of top five and top ten product has been range-bound and there is no reliance on I would say any one or two product or one or two hero product.

**Prajay:** Okay, but then this is a very like this gradual implementation is only just a temporary basis on like for some launches or for other reasons, right?

**Nitin Jajodia:** Sorry, I did not get your question. Your voice is not very clear.

**Prajay:** Okay, is it audible is it better now? Hello?

**Nitin Jajodia:** Yes, it is better.

**Prajay:** So, I just want to understand that the increase that has happened, though it's in the in the range itself, like just want to understand that whether it is only just a temporary basis there has been a spike or it's like in future also it can be in the similar range, like it can go to 39%?

**Nitin Jajodia:** So, we are saying that this 35% to 39% is a certain range, so this top five, ten product will be in that range only.

**Parag Sancheti:** So, just to reiterate what Nitin is saying, if you say it's 35%, then it went to 30%, then 34%, then 39%. So, it's you can't pin it down and because also this is done at a point of time. So, exactly so it's been in that as I said, it will be in a range-bound way.

**Prajay:** Okay, sure, yes. Thank you.

**Moderator:** Thank you. Your next question comes from the line of Nishant Maheshwari with Grow Wealth. Please go ahead.

**Nishant Maheshwari:** Hello, am I audible?

**Parag Sancheti:** Yes.

**Nishant Maheshwari:** So first of all, congratulations for the fantastic set of numbers. My question is related with R&D point. How much projected R&D are we allocating in terms of sales this year and what will be the bifurcation of this R&D with the various segments? I mean the different lines of medicine where the company is operating like for example digestive or say that what you say that other like painkillers or something like. So, is there any bifurcation for this R&D?

**Sagar Oak:** Nishant, thanks, thanks for the question. I think as we said, we guided an R&D spend of INR5 billion or INR500 crores, which is over nine quarters of fiscal '26 plus '27 and Q1 of '28. If you see, we have in fiscal '26 our R&D spend was just under INR194 crores, so INR1,935 million.

So, I think for the remaining five quarters, you can take the remaining sort of INR300 crores plus. And again, as I said, fairly high confidence of getting to those numbers. In terms of a breakout of the pipeline of the spend, Nishant, we don't provide that. I think we don't, as we had said earlier, we stop short of talking about the pipeline in detail.

**Nitin Jajodia:** And just to add to that, if you also look at the slide number 17 on the company overview, how as an organization our portfolio is evolving towards specialty, drug-device combination, and that has also resulted into our R&D productivity growing.

So, directionally, our quality of R&D work and I would say the portfolio choices, portfolio selection is moving in that direction and that's why R&D productivity is where it is today. Apart from this, the therapy-wise or further breakup of R&D we will not be able to share. And that's not the way we also track internally.

**Sagar Oak:** Yes, and just to add to what Nitin said, right, I mean if you look at the color of the portfolio, the color of the book, and if you go back to FY21, '22 versus that, you know, moving to '24, '25, '26, I think Nishant, what's fundamentally changed is the color of the book or the quality of the portfolio and pipeline.

**Nishant Maheshwari:** That is one thing which we got fascinated with the company, I mean. Hello?

**Parag Sancheti:** Yes, thanks for the compliment.

**Nishant Maheshwari:** Sir, one last question. When we are looking into the books of accounts, we are seeing that the company is able to manage its cost of material consumed. But after this all Iran-Israel and Iran war, so the cost of purchase material, I mean the purchase material cost has increased,

I mean not significantly, but there is an increase in the cost. So, whether it is due to the shortage of material which resulted in this increase in the cost and in the current quarter, do we see the same thing repeating again and it will be costing in our portfolio because since we are outsourcing the material?

**Nitin Jajodia:** So, so Nishant, as we've explained that our gross margin has been primarily driven by higher reliance on the outsourced manufacturing. And as far as your point around the impact of war is concerned, what we would like to reiterate that in the current geopolitical scenario.

- Nishant Maheshwari:** In general, every prices have increased. I mean, everywhere we have seen there has been an increase in price, whether there is API or intermediate material, everything has increased. So, it must be on our books also. It might be a small percentage-wise or a large percentage-wise, we don't know about that, but there must be an impact on our material procurement cost?
- Parag Sancheti:** Yes, so Nishant, I think just a simple two-line answer would be yes, obviously the costs have gone up because crude oil is a very basic commodity across board. But just want to reiterate that we maintain our EBITDA guidance of 22% to 23% even for the coming quarters.
- Nishant Maheshwari:** Okay. So, that means we will pass on the cost to the extent or we will maintain this EBITDA, I mean?
- Parag Sancheti:** We will maintain the EBITDA, let's keep it that way, you know.
- Nishant Maheshwari:** Okay, sure, yes. Thank you, sir. Thank you so much.
- Moderator:** Thank you. Your next question comes from the line of Ritika with Value Quest. Please go ahead.
- Ritika:** Hi, sir. Few questions. Firstly, out of these pending filings of 24 products under review, could you give us some color on what kind of complexity are these for in terms of what part of these drugs are probably NDA, 505(b)(2) or nasal, which you mentioned increasingly R&D is going into all of these? So, I know you don't comment product-specific, but any broad color would be very helpful?
- Parag Sancheti:** So, Ritika, I think, yeah, so again the first statement we would give is we don't comment on product-specific, therapy focus, all that. But considering what Nitin said, you know, we've been focusing on different areas and those areas get reflected into the filings we do. So, if you look at specialty, you look at drug-device combinations, you look at other products, they all are factored in in the filings will be kind of representative of that.
- Ritika:** Sure. Also, Pithampur up till now, how many filings would we have done for that facility?
- Parag Sancheti:** So, Ritika, we don't specifically comment, but the as I mentioned that now we are awaiting inspection, so filing has been done from FDA standpoint to come and visit our site. So, again we don't want to guide any number, you know, what number of but having said that, I've also in to earlier question mentioned that we would reach a decent capacity utilization post the inspection within 12 to 18 months.
- Ritika:** Sure. Last question would be what are what is our capex guidance for the next two years?
- Nitin Jajodia:** So, on the Capex guidance, Ritika, I put it in two parts. One is that for the next couple of year, we are projecting a capex of a close to INR300 crores across various sites. And also linking to your previous question on the Pithampur, that facility as Parag mentioned will get ramped up in the coming year. So, with this, I think we'll have enough capacity to take care of the strong demand which we are seeing for the next few years.

And second part, while I've given you numbers, on the second part, Ritika, as we've stated in our business, R&D investment and R&D productivity is a lead indicator of growth versus capex. And also reiterating what Parag mentioned, our philosophy as an organization within our preference is to have capex lagging the demand versus capex leading demand. So, that that philosophy and that operating principle will continue.

**Ritika:** Sure, thank you so much and all the best.

**Nitin Jajodia:** Thanks, Ritika.

**Moderator:** Thank you. Our next question comes from the line of Tushar Manudhane. Please go ahead.

**Tushar Manudhane:** Yeah, thanks for the opportunity. So, first again on R&D productivity, with number going to almost 5.90 for FY 2026 and which has scaled up as highlighted in the opening remarks, but is it like safe to assume that at least we'll be able to make it up to 5.00-plus sort of a productivity for the subsequent R&D spend?

**Parag Sancheti:** Yeah. So, Tushar, I think that would be five and five plus would be a fair assumption. Obviously, our endeavor is to keep on improving and the kind of portfolio shift which we are seeing or the investments we are making, definitely we feel confident that will be beating that. But yeah, from an assumption perspective that could be a good point to consider.

**Tushar Manudhane:** Got it, sir. And secondly on the net working capital days, while, you know, the inventory build-up is considering the subsequent demand for the product, but still the overall net working capitals have been very efficiently managed and reduced to 126. Trying to understand subsequently in terms of the demand for the products, how much further scope to reduce the net working capital days or like this is the sort of range which one should, you know, think of?

**Nitin Jajodia:** So, Tushar, I would say that this is the kind of range you can assume.

**Tushar Manudhane:** Got it, sir. And just lastly on the compliance perspective, like given the strong track record from the U. S. FDA compliance perspective and at the same time Pithampur site when it was acquired was at, you know, sort of already compliant, any sort of learnings you would like to share where sort of from the Pithampur side we would have implemented at the existing sites or from existing sites we would have implemented at Pithampur site?

**Parag Sancheti:** So, Tushar, the reverse was not possible because Pithampur was not a operational site, means there were very few people and they were not producing anything, so there was no cross-way we could have learned anything from there. I think from our own site's perspective, we keep on imparting the best practices across we completely we keep on taking the best practices and moving it to other sites.

So, this is what we have even continued in case of Pithampur. The most important aspect, Tushar, is to build a culture right from the start, and that's again which was great thing in in

Pithampur that we were almost recruiting or we were building the team as per the culture we want and setting up the systems as, you know, we have used in our other sites.

So, we continue to do that across the sites we either build it or we acquire. Even in this quarter, which we had disclosed to the stock exchange, I want to reiterate, we had a surprise inspection at our Canadian facility and that inspection went without any observations. So, again it highlights the compliance culture or the quality culture we have built within the system.

**Tushar Manudhane:** Great, sir. I mean, building a compliance culture at a greenfield facility is one aspect, but consistently building up the site to a to bring it up to U. S. FDA compliance, the Satara site and now Pithampur, so that's really a commendable task. So, that's on the compliance side. Just lastly as far as EBITDA margin guidance is considered, while considering the comments in the earlier Q&A, so just to sort of clarification, EBITDA margin guidance is considering the ESOP expenses, Arinna -related expenses, Pithampur-related expenses, as well as whatever the raw material logistics cost escalation that can come up due to the global political turmoil. Is that the safe assumption to make?

**Nitin Jajodia:** Yes, Tushar, you're right.

**Parag Sancheti:** Except, Tushar, any black swan event which we can't predict.

**Tushar Manudhane:** Sure, sir, that's really helpful. Thanks, thanks a lot for addressing my questions.

**Moderator:** Thank you, Tushar. Ladies and gentlemen, we take the last question from the line of Bhavesh Patia, an individual investor. Please go ahead.

**Bhavesh Patia:** Good evening, team. Thank you for the opportunity and firstly congratulations on a great set of results. So, my question is related to the finance cost. So, you raised around INR310 crores through the IPO and utilized around INR265 crores up to March 31, 2026. So, but I can see that there is a sequential increase in the finance cost. So, what is the reason? Could you throw some light on this?

**Nitin Jajodia:** Yes, Bhavish. So, this sequential increase in finance cost, I think it's a one is that while we've raised IPO proceeds and then we have we have repaid few of our debt, but still some debts are to be repaid. And the other thing is this finance cost also includes the cost on account of our factoring, receivable factoring, and even at our current level as our US receivable are at a I would say healthy level and then our factoring is pretty much under control and then whatever receivable can be factored, I think we factored one-third of that.

**Bhavesh Patia:** Okay, so going forward, will there be a reduction in the finance cost or because I can see that you have an unutilized amount of INR45 crores, so I believe that you will be utilizing it for a debt repayment, so the interest cost should come down in the upcoming quarters. Am I right?

**Nitin Jajodia:** Yeah, but also recently this Arinna acquisition, even that acquisition has been partly funded through debt. So, finance cost may not come down.

- Bhavesh Patia:** Okay, but for inorganic acquisition, so you all raised close to around INR161 crores and you still have an unutilized amount of INR100 crores. So, I believe that this INR100 crores will be utilized for the Arena acquisition and plus you have another INR75 crores of debt for the for the acquisition, right?
- Nitin Jajodia:** So, also as I mentioned, partly we have this Arinna acquisition partly we funded through debt, partly through this IPO proceed. At the same time, we're also keeping a also keeping a war chest for any interesting inorganic opportunity as we had stated in our RHP strategy document.
- Bhavesh Patia:** Okay, so have you identified any other companies, any other acquisitions to be made in FY 2027?
- Sagar Oak:** So, we can't comment on that. I think, you know, at when at the at an appropriate time when we've got to that level of certainty on any transaction, we would make the necessary intimations, but I wouldn't comment on that right now.
- Bhavesh Patia:** Understood, that was helpful. That's it from my side and all the best for the future quarters. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint, that was the last question. I now hand the conference over to the management for closing comments.
- Parag Sancheti:** Hey, thank you everyone for joining the conference call to and, you know, happy for the active participation by everyone who was involved in asking questions. Thank you.
- Moderator:** Thank you, Parag. On behalf of Motilal Oswal Financial Services, that concludes this conference. Thank you everyone for joining us and you may now disconnect your lines.