



Marksans Pharma Ltd.

June 03, 2026

BSE Limited

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Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001.
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Bandra (East), Mumbai – 400051.
Symbol: MARKSANS

Subject: Transcript of investor(s)/analyst(s) meet – Q4 FY26 Audited 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 Q4 FY26 Audited Financial Results held on May 27, 2026 at 04:00 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
Q4 FY26 Earnings Conference Call”

May 27, 2026



**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



Moderator: Ladies and gentlemen, good day and welcome to the Marksans Pharma Limited Q4 FY26 Earnings Conference Call hosted by DAM Capital. 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, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Nitin Agarwal: Thank you, Ebin. Hi, good afternoon, good evening, everyone. And a very warm welcome to Marksans Pharma's Q4 FY26 Post Results Earnings Call hosted by DAM Capital Advisors Limited. On the call today, we have representing Marksans Pharma management are Mr. Mark Saldanha, Founder, Chairman, and Managing Director; and Mr. Jitendra Sharma, Chief Financial Officer.

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

Mark Saldanha: Thank you, Nitin. Welcome, everyone and thank you for joining us for our Q4 and FY26 Earning Conference Call. We sincerely appreciate your interest and continued support for the company. Over the last several years, we have been consciously building a diversified global health care company with multiple growth drivers across regulated markets. FY26 marks an important milestone in that journey. During the year, we crossed INR3,000 crores in net income for the first time and delivered our highest ever profitability.

More importantly, we strengthened the quality of business through geographical diversification, portfolio expansion, improved margins, and strong cash generation. We expanded our international footprint through new market entries in Germany, Canada, Ireland, while also strengthening our presence in Australia through our entry into branded prescription generics.

Talking about regional growth, starting with North America, this remains our largest and fastest-growing market. Revenue for FY26 reached INR1,533 crores, reflecting a growth of 24% year-on-year. Over the last 4 years, the revenue in this market has increased from INR635 crores to INR1,533 crores, demonstrating the scalability of our operating model and the strength of our customer relationship.

During the year, we launched 112 SKUs and currently have 51 additional products in the pipeline. In U.K., the business saw a clear recovery of trajectory during the second half of the year. While FY26 revenue were marginally impacted by pricing pressure during the early part of the year, however, the Q4 performance was encouraging with revenue reaching an all-time quarterly high of INR308 crores, representing a growth of 12.3% year-on-year.



We currently have 18 product new product approvals, 30 products under review, 24 products awaiting approvals. Our next 4 years, we intend to file over 200 products in the U.K. market, increasing and creating a strong medium-term visibility.

Europe represents the next important phase of our growth strategy. Australia was another important highlight during the year. Our Q4 revenue reached INR123 crores, reflecting a strong growth both sequentially and on a year-on-year basis.

More importantly, through Nova Pharma, we have entered the prescription segment for the first time and launched 11 branded generic products. Having built a deep OTC capabilities over the last 2 decades, this expansion meaningfully increases our addressable opportunities in Australian market and create an additional long-term growth driver for the business.

Coming to profitability. FY26 saw a strong improvement across all key operating metrics. Gross margin improved to 56.7%, while EBITDA margin expanded to 20.4%. The Q4 margin was particularly strong at 22.8%. This improvement was driven by better product mix, operating leverage, softened raw material cost during the second half and continued focus on execution efficiencies across the market.

At the same time, we remain mindful of the near-term external headwinds. We expect obviously some inflationary pressure on raw materials costs during Q1 FY27 due to the ongoing geopolitical and supply chain disruption. Our balance sheet continues to remain a significant strength for the company.

We closed FY26 with a cash and cash equivalent of approximately INR990 crores. This provides us with a substantial flexibility and invest behind future growth opportunities while maintaining disciplined capital allocation approach. In line with our commitment to create a long-term shareholder value, the Board has recommended a final dividend of INR0.90 per equity share, representing a 90% payout on face value for FY26.

Overall, we believe the company is entering the next phase of growth from the position of considerable strength. We will continue to build the diversified global company, expand into new regulated markets, strengthen our product pipeline, improve profitability, and maintain a very robust balance sheet. More importantly, we believe in creating a business that is scalable, resilient, and positioned to deliver sustainable long-term value for all our stakeholders.

With this, I hand it over to Jitendra.

Jitendra Sharma:

Thank you, sir. In Q4 of FY26, our operating revenue stood at INR856 crores, an increase of 20.8% year-on-year compared to INR708 crores in the same quarter last year. Revenue from the U.S. and North America markets stood at INR406 crores, an increase of 23.6% on a Y-o-Y basis, reflecting sustained demand momentum and strong execution in the U.S. market.

U.K. and EU formulation business recorded revenue of INR308 crores, an increase of 12.3% year-on-year, marking the highest ever quarterly revenue. Q4 momentum was driven by multiple new product launches and improved order flow. Australia and New Zealand market revenue



stood at INR123 crores, delivering 61.3% Y-o-Y growth. The rest of the world's revenue stood at INR19 crores.

Gross profit for the quarter grew by 21.5% year-on-year to INR465 crores with a gross margin of 54.4%, an expansion of 27 bps on a Y-o-Y basis. We recorded EBITDA of INR195 crores in Q4 of FY26, up 54% on a Y-o-Y basis.

EBITDA margin expanded by 491 basis points on a Y-o-Y basis to 22.8%, reflecting strong operating leverage as revenue scaled up and cost control measures. Profit after tax stood at INR149 crores, an increase of 64.3% on a Y-o-Y basis. EPS for the quarter was INR3.3.

Moving to FY26 performance. Our operating revenue stood at INR2,951 crores compared to INR2,623 crores in the same period last year, an increase of 12.5% on a Y-o-Y basis. The U.S. and North America market recorded revenue of INR1,533 crores, up by 24% on a Y-o-Y basis and contributed 52% of our total operating revenue.

U.K. and EU market revenue stood at INR1,015 crores, contributing 34.4% of the revenue. Australia and New Zealand market recorded revenue of INR303 crores. The rest of the world market recorded revenue of INR99 crores. Contribution from these 2 markets stood at 10.3% and 3.4%, respectively.

The gross profit was at INR1,674 crores, up 13.2% on a Y-o-Y basis. Gross margin expanded 32 basis points on a Y-o-Y and stood at 56.7%. EBITDA for the period was INR601 crores, with the EBITDA margin at 20.4%. Profit after tax was at INR420 crores. EPS for FY26 was INR9.2.

In FY26, cash generated from operation amounted to INR458 crores with the capex during the period being INR131 crores, primarily for the new facility and ongoing maintenance capex. With the major capex cycle now complete, free cash flow generation continues to improve steadily. We delivered a free cash flow of INR328 crores during the FY26.

Our working capital remained at 138 days. We invested INR89 crores in R&D in FY26, which amounts to 3% of our consolidated revenue. We continue to remain debt free and the cash balance stood at INR990 crores as of 31st March 2026.

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

Moderator: Thank you very much. Our first question comes from the line of Ahmed Madha with Unifi Capital. Please go ahead.

Ahmed Madha: Yes. Thanks for the opportunity. Just to understand your comments on the raw material cost inflation, how should one look at the margins coming through? You spoke about the impact in Q1. But I'm assuming there will be some contractual pass-through with a typical lag or something. If you can elaborate a bit, how should one think about the price hikes and gross margins in near term?

Mark Saldanha: Yes. So we are witnessing obviously, raw materials which directly or indirectly have petroleum-related ingredients or intermediates involved in that. So we are seeing a price escalation of over



20% to 30% on these raw materials. That said and done, we are presently having decent amount of inventory of raw materials. But obviously, our hope is that this war comes to an end as soon as possible.

And it's not only us, it's, I guess, a global wish list, or everyone is hoping for the same thing. But if it does come to an end, then obviously, we see a correction of petroleum-related ingredients or products and prices correcting or softening back to their original levels.

But today, we do see a slightly higher level of raw materials cost and that's where we are not seeing a big impact. But if we do run out of material, then we would have to buy it at a higher cost. And I've mentioned that so that a bit of awareness comes into play out there.

Ahmed Madha: Sure. But on your conversation with your customers, how is that going through? Because it's -- I mean, obviously, everyone is hoping for the things to settle down. But if not, how will be your contracts being renegotiated? And secondly, are you seeing raw material cost inflation in the APIs, paracetamol, ibuprofen, those sort of APIs or the solvent costs, where will you see a major problem?

Mark Saldanha: Yes, I think directly, indirectly, they all have some petroleum-related products, either solvents or something going into them. So technically, the cost, even on commoditized molecules have gone up. I don't see any raw material which has not gone up per se. With regards to renegotiating our contracts with our end customers, that's always an option open.

But because there is no clarity, we would like to wait and watch because if tomorrow, things do correct, the overall market will correct dramatically. And the last thing we need is to press a panic today because we are sitting on inventory of a lot of products. So I think everyone is waiting and watching.

And if you had asked me 30 days back, I would have said the war would probably come to an end sometime back but it is still going on. And every day, it's like tomorrow, right? But I do believe that everyone is hopeful that it will come to an end. And I don't think it benefits anyone, including the U.S. for continuing what's happening today.

Ahmed Madha: Sure. And will it be fair to assume we have inventory through Q1 or Q2 as well?

Mark Saldanha: We have inventory for Q1 to a great extent. Obviously, while we talk of raw material prices going up, we are also helped a bit on the forex part of it. So we do have some cover because, obviously, foreign currencies have gone up. So some leverage is there to absorb that cost rise.

Ahmed Madha: Sure. And on the logistics side, last time when the Red Sea crisis happened, we had 1%, 2% margin impact?

Mark Saldanha: But now it is still around the same, about 2%. But again, if this keeps dragging, I don't have a crystal ball. But right now, the logistics per se is very prone to price changes depending on circumstances. And if this comes to a stop, it will go back to its historic lows. But right now, it is creeping up, but nothing to be alarmed of.



- Ahmed Madha:** Sure. The other question was on the Teva unit. How has been the utilization rate in Q4? And any comments on the new product launches in U.S.?
- Mark Saldanha:** Yes. New product launch is happening every quarter, but it is getting better. And you can see the results are a reflection of our strategy that we did in Teva, the -- our consolidated number itself is a reflection of the decision that we took to get into that facility and invest resources. So obviously, it is playing out very well as per expectation. We still have a potential of maybe 40% to 50% of growth coming from there and we are working towards that.
- Ahmed Madha:** Sure. Thank you so much. I will come back in queue.
- Moderator:** Thank you. Our next question is from the line of Maitri Sheth with Choice Institutional Equities. Please go ahead.
- Maitri Sheth:** Just 2 questions that I have. One is on the revenue guidance. So given the current macro situation, are we still on track to achieve the INR4,000 crores revenue by FY28? And second is on the pipeline. What sort of pipeline launches have we planned in North America and Europe for FY27? That's all.
- Mark Saldanha:** Yes. So to give some color and guidance, yes, I mean, our target is still there for INR4,000 crores in the next 2 years. We have come up with our business strategy and our business module. We have come up with a road map to double our revenue in the next 3 to 5 years. So yes, I mean, INR4,000 crores within the next 2 years is very much on the plate right now.
- And with regards to pipeline, our pipeline keeps growing because obviously, it's a never-ending pipeline. We keep developing products because that fuels a bit of our growth. That's a part of our growth strategy. So we've got a healthy pipeline, and we do see 2026 - '27 pipeline increasing by, like I mentioned, about 50-odd products in the U.S.
- And in other geographies, it's much larger than what is there in the U.S. So we are keeping in tune based on requirements of the market and finding the niche products into the respective markets so that we can be differentiated at all given times. So we do have a 3- to 5-year horizon. Obviously, whatever we invest today or file today, you'll see results only in end of '27 or early '28 because it takes about a year or so to get approved.
- Maitri Sheth:** Okay. Thank you so much.
- Moderator:** Thank you. Our next question is from the line of Adityapal with MSA. Please go ahead.
- Adityapal:** Hello. Am I audible?
- Mark Saldanha:** Yes.
- Adityapal:** Yes. Thank you so much for the opportunity. Great set of results. Last time you had said that INR3,000 crores would be missed but you completely exceeded the guidance. So congratulations on that. The last part of my question has been answered.



But I just wanted to touch upon -- a couple of years back, we had signed a CMO contract with a domestic API manufacturer. And will that come into play to protect us from our gross margins get affected because of the API crisis?

Mark Saldanha:

Not to a great extent because what's driving the prices up are the intermediates. It is ultimately the intermediates that are driving the prices up. We are keeping a tap of every intermediate also that goes into API, right, we have more sights on our licenses. So we have that flexibility to play around.

But at any given time, at least on that raw material, we sit on a good 5 to 6 months of inventory at all given time. So we are sitting on inventory, which we don't feel may impact us if the war is called off tomorrow.

Adityapal:

Understood. Understood. The other part was, you mentioned on the currency impact, which is benefiting. So definitely on the revenue side, yes., But on the raw material side also yuan and other raw materials, which are predominantly denominated in either USD or yuan, they're also strengthening against the INR. So are we facing impact on that?

Because it will be a dual thing, right? Your overall USD or yuan denominated price is also going up and then the currency is also strengthening against INR. So we'll be facing the raw material impact on that as well?

Mark Saldanha:

Yes, you are right. Import will get a bit more expensive, but the value chain of getting into finished product and shipping it out is always higher than only the actives. And hence, the overall dollar benefit is much better and it does leverage that increase in raw material price. I mean it does absorb a decent amount of the raw material price.

Adityapal:

Understood. Understood. Just last question. I'll merge my 2 questions. So one is when you were answering to the previous participant on passing on prices. So what I largely understand that these are fixed -- the OTC side of business is largely fixed 2-year contracts until where they don't really invoke a clause and everything comes back to the table because last time when the tariff situation happened, you said that if we invoke the force majeure, then the entire contract is back into the renegotiation table.

And the other thing is on the -- on the decision of passing on the price. The other thing is on the freight. So freights have also -- the prices have close to 2.5 or tripled what we saw during the Red Sea. And the Red Sea impact -- the Red Sea crisis had impacted us. So are we seeing that same -- the quantum of impact the same or a bit lower?

Mark Saldanha:

No, it is much lower than the Red Sea. It is very low compared to the Red Sea, if you're taking that as a comparison. Because out here, see, the vessels are free -- are moving freely except for the Strait of Hormuz, right? And those are more oil tankers related and all the stuff. So it is not the containers that are getting clogged up.



So I think although the transit time has increased slightly marginally, but vessels are flowing freely from other routes. So the impact on freight barring the fuel and the fuel cost has not gone up to that level due to scarcity of containers or stoppage of shipping line.

Adityapal:

Understood. Understood. And on the OTC contracts?

Mark Saldanha:

The OTC contracts, see, while it is for a longer duration, you're right on that. But historically, if you look at it, during COVID times, we went through that and we were successful in revising our prices without actually triggering of any force majeure. The problem that we have in this situation right now, if I go to the buyer, everyone expects the war to end tomorrow, at least as for the President of the United States says, like the deal is imminent.

So that's where the lack of clarity to some extent and hopes that it will end tomorrow is something that no one is panicking and no one believes that this will drag on because I don't think anyone can afford it to drag on, no country can afford it to drag on. And everyone is globally is impacted by it.

So I believe that there will be some outcome. But obviously, we always expect it to be earlier the better. And that's where we don't want to go for something where tomorrow, the crude comes down or prices come down and then the buyer comes to us and says, okay, let's revise your prices or we have got cheaper cost of goods from somewhere else.

So right now, everyone is waiting and watching. And if it does prolong or if it does go into full blown out war, then obviously, we would have to have a different discussion with the buyers at that time. But it's possible to go and we look into this because everyone knows this is like a force majeure. It's beyond our control.

Moderator:

Our next question is from the line of Rajat G with Fortune.

Rajat G.:

Yes. Topnotch results, sir. My query is more with respect to 7 to 8 years long-term. So I think back in Q2, you had mentioned expanding on current land banks to achieve INR9,000 crores to INR10,000 crores capacity. So by which FY should we achieve this roughly \$1 billion capacity? And what should be the approximate cost? Because I'm looking at road map for us to reach a \$1 billion revenue by FY34.

Mark Saldanha:

That's a good outlook. But see, I mentioned in the previous call that we have a road map and a business model to double our revenue in the next 3 to 5 years. And we are quite optimistically working towards those objectives. We have different geographies, our focus is into. But in terms of infrastructure, we still have spare capacity.

And as and when we believe it is the time to expand our capacity through land banks or through acquiring new plants, we are already looking out and we're already planning for that stage. So I think we may be a bit early but we are still working on that.

Rajat G.:

Okay, sir. And just one more question. With this -- respect to this, do we have any impact because of Trump Rx? Like this Time-Cap Labs, does it have any partnership with Amazon Pharmacy?



- Mark Saldanha:** This Rx is not something new. It's a very old Mark Cuban's Rx. So there's nothing new out there and we are not impacted with this.
- Moderator:** Our next question comes from the line of Viraj Mahadevia with Moneygrow Asset.
- Viraj Mahadevia:** Congratulations on a good Q4. Can we take Q4 as a exit run rate for FY27, i.e., could you replicate this level of revenues and profits for the full year?
- Mark Saldanha:** So, Viraj if you look at our historic trend over the last couple of years, the first quarter is normally where -- always because of seasonalities, right, first quarter is always on the lower side. The second quarter is better than the first quarter. Third quarter is actually a peak and then the fourth quarter, obviously, is stronger but not as strong as the third quarter.
- But obviously, this time it's a little bit different but it is historically, that's how it goes. Depending on how long the season, the winter season actually prolongs, so that's where the fourth quarter remains.
- But historically, the first quarter -- so we -- I've always stressed in all my calls because of our business model, the way that -- we cannot look at it on a quarter-to-quarter basis. But on a year-to-year basis, we definitely are very optimistic of growth and hitting our objectives.
- Viraj Mahadevia:** Great. Secondly, sir, can you update on the Teva facility? What is the utilization there? Is it -- has it fully ramped up? Is there still a lot of capacity room? Are you adding more lines?
- Mark Saldanha:** So we are at very close to 50% of our capacity today, maybe shying away from the 50% but very close to that. We still have a huge scope of utilization out there. So we're optimistic on that. We are planning some capex, but within the facility because it's huge. But that is to launch different dosage forms or something which is not already there in the plant.
- So we are working. It's a part and parcel of our pipeline products that may need different dosage forms to be launched. So for that, obviously, we need to have machinery or capex involved to ensure that we get those products into our pipeline.
- Viraj Mahadevia:** Understood. And on the INR990 crores of net cash, any plans to deploy it? Any suitable acquisition candidates? I think we've been on the lookout. You publicly said -- for the better part of the last 2 years.
- Viraj Mahadevia:** And if not, any plans to distribute it to shareholders?
- Mark Saldanha:** Yes. So basically, obviously, we have declared dividends. But prima facie, the reason we were -- we are in active dialogue, 2 targets. And as a matter of fact, one target, we are doing due diligence. The other one has not started yet.
- So I'm more optimistic that, yes, 2027 will see some M&A transactions happening. And that's where we have kept the corpus because why? When we look at INR990 crores and we feel in terms of absolute rupee value, it is big. But if you look at it from a dollar

- Viraj Mahadevia:** Acquisition, you lead that much, yes.
- Mark Saldanha:** Yes. I mean you spend \$50 million, \$60 million and you wonder where the money is gone, you know.
- Viraj Mahadevia:** Correct. And would these targets be in Europe, U.S., any particular therapy, manufacturing, front-end licenses? Just a little bit of flavor around what these potential targets look like?
- Mark Saldanha:** So these targets are a mixed basket. Obviously, we are looking at platforms. We are looking at different geographies. So my focus is always to diversify in different geographies. That said and done, if a target does come up, come across in the geography that we are very strong in, we will obviously explore and take it to another level.
- But for us, we've been always very conservative to make sure that whatever we acquire is value, basically return on investment and creates value for the shareholders. So we are very conservative in the valuation. We don't go for some high-ticket deals and throw money at it.
- Viraj Mahadevia:** Absolutely, fully aware of that. Yes.
- Mark Saldanha:** But we are looking at it, and we are optimistic that 2027 will see some activity out there.
- Moderator:** Our next question is from the line of Nishita Shanklesha with Sapphire Capital.
- Nishita Shanklesha:** I just had 2 questions. One is that you mentioned that our margins could be impacted due to the RM prices, raw material price inflation we see. So like for the full year FY27, can we -- still the EBITDA margins in the same range of 20%, 21%? Or do we expect them to be lower?
- Mark Saldanha:** No, I think it will be the same.
- Nishita Shanklesha:** Okay. And if you can give some guidance on the top-line level, can we see the growth of 18%, 20%? Or is it -- what range can we expect the growth to be in?
- Mark Saldanha:** I mean conservatively because I always like to be that way but between 15% to 20%.
- Moderator:** Our next question is from the line of Manav with Funrise Capital.
- Manav:** Congratulations for a good set of numbers. My first question would be that you've entered the Europe market organically. So do you still plan to look at any possible opportunities for M&A in the region?
- Mark Saldanha:** Yes. We've organically entered only into Germany. Europe is a cluster of different countries and different zones like you have North Europe, you have the Nordics, you have Eastern Europe. So it's a cluster of many countries and many cultures and many different -- each country has its own modus operandi or the sales that happen. So yes, we are exploring, obviously, to expand our footprint and become prominent players in Europe per se, not only in Germany. So we are looking at different countries within Europe also.



- Manav:** Got it. And sir, my second question would be, when will we see some revenue contribution from new markets like Germany, Ireland and Canada?
- Mark Saldanha:** So Canada, products are in the filing and we should see a small part of it trickle in towards the end of the financial year. But Europe, we are expecting it to be earlier than expected. I mean within this year, we are expecting maybe second half for it to see some results.
- Moderator:** Our next question comes from the line of Kamal, an Individual Investor.
- Kamal:** Yes. Thanks, sir, and your team for a great set of numbers. My simple question is, what is operational capacity available out of 26 billion units as of now?
- Mark Saldanha:** Are you asking for the capacity -- utilization capacity?
- Kamal:** Yes. Right now, you have total capacity of 26 billion units. And even though 8 billion for Goa plant for with Teva we might be expandable. So what is right now operational capacity available?
- Mark Saldanha:** That's slightly below 50% for the Teva plant.
- Kamal:** No, no. That's not. Let me restate. Out of 26 billion, are we -- we have about 18 billion units per year already available, operational capacity?
- Mark Saldanha:** About -- yes, different facilities. You're talking of all 3 facilities put together?
- Kamal:** Yes, yes, yes.
- Mark Saldanha:** Yes. So we are at 13 billion to 14 billion.
- Kamal:** Okay, okay.
- Mark Saldanha:** 50%. You can say, like I said, around 50% to 55%.
- Kamal:** Okay. And -- or what about the OrbiMed, which strategically get into the company 4 years back and some stake they have sold, what is their plan, either their objective has been achieved or what's -- some color on it, sir?
- Mark Saldanha:** Well, I can't speak for them. But I think they see the strength of the company and they are quite happy with the progress and the road map that we have in place. So I can't speak beyond that on the outlook, but I'm sure they are happy with our strategy.
- Kamal:** Okay. R&D spending is 3%. What is the outlook for next 3 to 5 years for R&D expenses? How much of that...
- Mark Saldanha:** We'd like to keep it at that.



- Kamal:** Okay keep it at that. It will continue like that. Last question is, do we have any land bank outside Goa? I think few years back, some news are there, in Nagpur, we have some land bank, etc, for new facility or something. Is it right or it is...
- Mark Saldanha:** Outside Goa presently, we don't have anything.
- Kamal:** Okay.
- Moderator:** Our next question is from the line of Ahmed Madha with Unifi Capital.
- Ahmed Madha:** Two questions. Firstly, on Australia geography, leaving out the seasonality in the cough, cold season, what sort of growth rate can we sustain with all the new launches we have done? Obviously, Q4 was very strong. But moving forward, what sort of growth rate one can assume? And what sort of scale...
- Mark Saldanha:** Like in the previous calls that I mentioned, we have a business model to see us -- a road map to see us to \$100 million. I think we've reached halfway mark out here. But I'm very optimistic and very confident that within the next 3 years, we should hit those objectives of hitting our first milestone of \$100 million.
- Ahmed Madha:** Okay. Sure. And in terms of the new geographies, EU markets and Canada, can you give some sense of what progress you have made in the Canada market? You spoke about the European region in the call earlier.
- Mark Saldanha:** The Canadian market, a lot of products are under filing right now. We see approvals trickling in somewhere towards the latter part of this financial year. And parallelly, we are creating -- it will be an organic setup but we are creating an organic setup of the operations but we still have time to create that because product approvals are not there.
- So we don't want to set up to be sitting idle out there. But we do see revenue generation. One has to understand that Canada is relatively a smaller market than any of our countries, any of the geographies we are into. But it's a part of our strategy of expanding our footprints into different geographies and that's where Canada comes into play.
- Moderator:** Our next question comes from the line of Mihir Damania with Fident Asset Management Company.
- Mihir Damania:** Yes. Just one question from my side. Considering that we have a decent roadway for growth in Australia and New Zealand of around AUD100 million or so. My understanding is that we still currently only hold around 60% in the entity, the Australia, New Zealand entity. And considering you also added INR1,000 crores cash in the books, why not just buy the outright 40% or is there some constraints in that?
- Mark Saldanha:** Well, the management is running that, right? So the other 40% is working hard and growing the company and helping us achieve our objectives. So we are happy with that.



Mihir Damania: Do we not have like a call option or any decisions of just increasing the stake, monetizing some of it?

Mark Saldanha: No, we don't have that. And again, I do believe we can grow a lot as partners, than individually. So the management is very capable of basically driving growth moving forward. So I think so far, we are happy with what we see.

Mihir Damania: Okay. And while currently, let's say, sitting right now closer to INR3,000 crores odd, we've done a very good job of scaling this company into a U.S. and a developed market generic company. But if you look at after a particular scale, a lot of other companies are moving into -- some are moving into CDMO, some are moving into biologics, but we are still currently still focusing on oral solids, painkillers, like generic products.

Do you see any merits in diversifying maybe 3 to 5 years down the line into other adjacency? Or do you think there's still runway for growth at least for the next 3 to 5 years before you kind of pivot to something different?

Mark Saldanha: So every geography, every country we operate different. So we don't have a thumb rule. If you look at our portfolio in U.K., it is more tilted into Rx than into OTC and our revenue is much more split. But every country that we operate, we basically have a very diversified and balanced portfolio. So as time goes by, we will basically cover every stone.

I mean, we ensure no stone is left unturned. But I do believe INR3,000 crores is just a tip of the iceberg and we have a lot of potential of growth based on our strategy that we are executing as on today. So we've achieved a great milestone, but we've still got a long way to go.

Moderator: Our next question comes from the line of Jugal Shah, an Individual Investor.

Jugal Shah: Congratulations on the great set of numbers. I've been an investor for the last 5 to 7 years. So last couple of quarters were challenging. So good to see this quarter and especially the dividend which you have provided, which is, again, very welcome.

I have 2 questions. One, Mark, is on the working capital cycle. I do see that increasing year-over-year. So just wanted to have an understanding like what is the comfort level? And do we see it going down?

Mark Saldanha: So Jugal, basically, last year, we were hit with the uncertainties of tariffs. If you look at the whole of the past year, there was a huge amount of uncertainties and it went on. There was a lot of chaos prevailing. So it was a conscious decision for us to ensure before our products -- nobody knew what will happen tomorrow, so before our products get into any tariff zone, we decided to go heavy on inventory, both finished product as well as raw materials.

So I mean, it was better safe than sorry and our Board and everyone, we discussed and we decided let's just secure ourselves as much as we could produce or whatever material we could keep on store.



Now if you look at it retrospect, this year, we have different challenges and that's related to fuel. But it is helping us in terms of what we did last year. So we have -- we are not panicking that the prices are going up because we are sitting on whatever we built last year. So we are depleting some of that inventory that we built. But again ideal case scenario, we would love to go a bit lighter.

But geopolitically, we don't know what comes next. So we have to just keep a track of that and be one step ahead if possible. I'm least concerned about the working cycle today because we are -- it is basically helping us out in what we are doing today.

Jugal Shah: Okay, good to know. Thanks, Mark. The last question which I have Mark is, from now onwards to the next 2 to 3 years, whatever guidance you have given, where would you see the highest amount of revenue in terms of percentage, if you could just give a broader idea in terms of a price, like U.S., EU, Australia, New Zealand?

Mark Saldanha: So I do see -- eventually, if you look at 3 to 5 years, obviously, U.S. will be a growth driver always. But at the same time, I would put a lot of stress -- I would put a lot of weightage on Europe. Our U.K. is also growing nicely.

And obviously, I've already given a guidance for Australia. So I'm quite confident on Australia part of it. So all our geographies will grow, but the new geographies that come into play will be Europe, and then we're working hard to ensure that would be within one of our allied subsidiaries, which are doing decent milestones out there.

Jugal Shah: Is it safe to assume the pricing power would be higher in U.S. compared to other geographies?

Mark Saldanha: Pricing power?

Jugal Shah: I mean, sorry, in terms of margin. My bad, in terms of margin.

Mark Saldanha: In terms of margin, obviously, U.S. is very competitive. So it's a huge market. So a lot of pricing pressure comes out there. But I do believe Europe is relatively better. And then again, U.K. is also doing fantastically well depending on the product basket mix that we offer. So it's quite evenly distributed from all angles.

Moderator: Thank you. We have no further questions, ladies and gentlemen. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Mark Saldanha: Thank you, everyone, for the continued support and interest. And please be safe and take care and have a great evening. Thank you.

Jitendra Sharma: Thank you.

Moderator: Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.