



Marksans Pharma Ltd.

August 19, 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 – Q1FY2026 Financial performance and Strategy update

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 the transcript of the investor(s) / analyst(s) meet for Q1FY2026 financial performance and strategy update held on August 13, 2025.

The above information is also available on the website of the Company i.e. <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

Marksans Pharma Ltd.

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**“Marksans Pharma Limited
Q1 FY '26 Earnings Conference Call”
August 13, 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



Moderator: Ladies and gentlemen, good day, and welcome to the Marksans Pharma Q1 FY '26 Earnings Conference Call hosted by DAM Capital Advisors Limited. 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 this conference is being recorded.

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

Nitin Agarwal: Thank you. Good afternoon, everyone, and a very warm welcome to Marksans Pharma's Q1 FY '26 Earnings Call hosted by DAM Capital Advisors Limited. On the call today, we have representing Marksans Pharma management, Mr. Mark Saldanha, Founder, Chairman and Managing Director; and Mr. Jitendra Sharma, Chief Financial Officer.

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

Mark Saldanha: Thank you, Nitin. Welcome, everyone, and thank you for joining us for our Q1 FY '26 earnings conference call. We sincerely appreciate your interest and continued support for the company. Reflecting on Q1 FY'26, the quarter was seasonally soft, driven primarily by seasonal contraction in demand across our key markets in the U.S. and U.K. In U.K. specifically, we experienced high single-digit price erosion in a few products. We responded proactively and launched 4 high-margin liquid products in the U.K. These launches are a part of our conscious effort to strengthen our portfolio and insulate us better for pricing pressure.

We already are witnessing early signs of demand recovery in Q2. We believe the momentum will strengthen as the year progresses. Our profitability was impacted by a few non-recurring factors, including integration-related expenses, a one-time provision in the emerging market division and foreign exchange volatility. These are transitional in nature and do not detract anything from the fundamental trajectory of our business.

Strategically, we accelerated shipments to the U.S. ahead of the anticipated tariff implications, helping us derisk certain potential disruptions and secure supply continuity for our customers. This front-loading impact -- impacted the working capital cycle, which stood at 159 days for the quarter.

We are pleased to report that the newly -- facility in Goa is structurally near ready. We are now focused on enhancing operational efficiencies and scaling capacity to support multi-dosage manufacturing forms of tablet, capsules, liquid, creams, ointments and more.

On regulatory front, we have received an EIR from the U.S. FDA for the inspection conducted at our subsidiary, Time-Cap Laboratories. We also continue to make good progress on our product pipeline. During the quarter, we have received 3 regulatory approvals from the U.S. FDA and U.K. MHRA and successfully launched 4 high-margin products in the U.K. These are all in line with our strategy of building a more diversified and margin-accretive portfolio.



Our strategy focus remains consistent to emerge as a trusted, reliable partner in global consumer health care space. This has been driven through our strategic 5 pillars of; OTC expansion, strengthening our product pipeline, capacity augmentation, strategic front-end acquisition and delivering sustainable and responsible growth.

Looking ahead, we remain steadfast in our commitment to deliver a superior long-term value to all our stakeholders. Driven by strong operational execution, a robust product pipeline and enhanced capacity offered by our new facility in Goa, we are confident in our ability to navigate any challenges that may arise in the coming quarters through disciplined execution and strategic agility. With this, I'd like to turn it over to Jitendra for an update on the financials.

Jitendra Sharma:

Thank you, sir. In Q1 of FY '26, our operating revenue stood at INR620 crores, an increase of 5% year-on-year compared to INR590.6 crores in the same quarter last year. Revenue from the U.S. and North America market stood at INR327.6 crores, an increase of 30.6% on a year-on-year basis, driven mainly by growth from new product launches in digestive, pain management segments.

U.K. and EU Formulation recorded revenue of INR203.8 crores. Australia and New Zealand market recorded revenue of INR57 crores. The rest of the world revenue grew to INR31.6 crores. Gross profit was at INR358.2 crores, up 8.9% year-on-year. Gross margin expanded by 209 basis points from 55.7% to 57.8% in Q1 of FY '26. Gross margin improved due to liquidation of high-cost inventories and benefits from softening input costs.

We recorded EBITDA of INR100.1 crores in Q1 of FY '26. The EBITDA margin for the quarter stood at 16.1%, a decrease of 560 basis points from last year. This decline is due to an increase in employee expenses from the additional recruitment of the new facility, along with onetime expected credit loss provision for the emerging market division of INR10.48 crores.

Additionally, softer demand during the quarter resulted in lower-than-expected operating leverage. Profit after tax was at INR58.2 crores, a decrease of 34.7% year-on-year. The decline in net profit was due to EBITDA impact and a mark-to-market forex loss of INR6.2 crores. EPS for the quarter was INR1.3.

In Q1 FY '26, the cash from operations came in at INR48.7 crores. The capex during the period was INR37.8 crores. We spent INR12.1 crores in R&D in Q1, which amounts to 2% of the consolidated revenue. We continue to remain debt-free, and the cash balance stood at INR711 crores as of 30th June 2025.

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

Moderator:

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

Ahmed Madha:

My first question is on the U.K. business. Can you explain a little better in detail in terms of what led to 20% degrowth year-on-year apart from the points you mentioned. If you can explain it in a little elaborate manner, it will help. That's first question.



Second question, in terms of gross margins improvement, can you explain a little better what has led to the gross margin improvement? And how do we see on an annual basis in terms of gross margin trajectory? Thirdly, on the Teva facility, can you spell out the number of capacity utilization for Q1 compared to what it was in Q4? And how do you see the ramp-up of capacities?

Mark Saldanha:

Ahmed, thank you. So, addressing your U.K. concerns. So, basically, unlike historic numbers of U.K. for the past 2, 3 years, obviously, the U.K. numbers were subdued on 2 counts. One was obviously seasonality. The first quarter season is normally always the weakest compared to rest of the year.

Second is the price erosion that we have witnessed, which has been a bit abnormal due to possibly various circumstances. One, again, having a cascading impact, which spills down from the tariff situation in the U.S. where uncertainty of tariff has basically slowed down demand in the U.S., thereby companies having a relook and refocus into different geographies for getting their revenues. So, we have witnessed a heavy pricing erosions happening in the U.K. and basically, pricing being thrown from probably the top 20 Indian companies out here, and again, to generate revenue and sales.

Unlike the U.S., the U.K., our portfolio is 60% OTC and 40% Rx. And as you always know, the Rx is highly volatile in terms of demand and supply. And presently, there is oversupply and less demand, which factors in from the global scenario stemmed from the tariff situations. So, we are seeing price erosions happening, which was abnormal, which basically U.K. has never seen to this level.

And this, coupled with the seasonality factor being the summer season and being quite warm, obviously, this was -- this had both coupled into the results that we are seeing today. That said and done, the second quarter will be better than the first quarter and the third quarter will be better than the second quarter and so on. So, we are optimistic on displaying better numbers in the coming quarters. But yes, the first quarter was below expectation from U.K., and that is, I think, pretty much out of anyone's control right now.

The Teva facility that we spoke of, the Teva facility, we are now trending at very close to INR500 crores. I think in the Q1, we were trending more towards INR400 crores. So, there has been a better utilization from the Teva facility in the Q1 compared to the Q4. The gross margin increase is again the lowering of raw material cost. Initially, we were holding higher material inventory cost, which once depleted, the lower cost came into play, resulting in a better gross margin onto the product portfolios that we saw.

Ahmed Madha:

Got it. I have 2 follow-up questions. Based on pricing pressure, are you suggesting a high competition intensity in the U.K. business? And secondly, is it that we are sitting with some inventory in the U.K. warehouse?

Mark Saldanha:

So, inventory, we always sit with inventory. But from a competition point of view, no, I don't see more competitors coming in, but I do see a lot of desperate selling happening. And this -- I believe this could be, like I mentioned, a cascading effect where companies have decided to refocus their attention into different geographies due to the uncertainties of the global tariffs that



are going on. And in that desperation, since U.S. was not yielding that results, companies tended to offload or get revenue in other markets, which have resulted in heavy price erosion happening out there.

Ahmed Madha:

Got it. From that perspective, for a U.S. business, I think we were mentioning around \$200 million order book. So how is that order book shaping up? And are there any change in timeline of execution of the order book, which we had mentioned earlier?

Mark Saldanha:

No. So, our order book stands at \$220 million today. Out of that, nearly \$45 million to \$50 million of that the execution will start in the month of October, November, December, based on the approvals and everything of that stuff. So, obviously, a substantial amount of \$40 million to \$50 million you will not see a full year of revenue arising in the year.

But that said and done, U.S. will grow. Our contracts are in place. We do not have any pricing volatility that you experience in U.K. and that prima facie is because 90% of our business in U.S. is OTC and 10% is Rx. So, the volatility is very restricted more towards Rx than into OTC per se.

So, our contracts are intact. So far, we've been fortunate that pharmaceutical is still exempted from the tariffs. So, we do not see an impact. But uncertainty is definitely never a good thing because any new contracts, any more awards, all the buyers are waiting to see whether there will be a tariff implication or no.

And since every now and then the timelines of tariffs are changing, well, it was supposed to be in July, it was supposed to be in 1st of August, 8th of August. So, everyone says, wait, we'll wait and watch because the last thing they want is to award more contracts and then after 2 months, come back -- and us coming back and saying, "Well, now the tariffs have come and now the price has changed," and we have to reinvent the cycle and come up with a new contract.

So, that uncertainty, that visibility will come more when tariffs outplay itself, but it has dragged for the last 3 months because of no clarity of tariffs. While India has been slapped with a 50% tariff, we are fortunate that pharmaceutical has not been impacted on those tariffs.

We are seeing essential items, whether it's groceries or other essential items, cost going up. So, consumers tend to basically be more reserved and careful in their spending because, obviously, they have to allocate resources to essentials more than to commodities or luxury.

So, even you have restaurants that are now facing downturn of people because people would need to spend more on groceries than on eating outside and the same way for medicinal, instead of buying 100 count, they'd probably settle for a 24 count.

So, when you see something of this tariffs outplaying, although we may not be directly impacted, indirectly, it has some impact -- headline impact on the demand situation in the market. And it has then a cascading impact globally because then companies tend to look at different geographies to compensate their revenue drop.



Ahmed Madha: Yes. My last question on the gross margin front again. So, if I look at in the context of lower input cost and you have already kept inventory in U.S. -- front-loaded inventory. So, is it fair to assume that we will have a similar gross margin as Q1 for the balance quarters or you would like to give a broad range?

Mark Saldanha: No, I think our gross margins will continue to be healthy. We are optimizing our U.S. operations in terms of our U.S. facility, we import -- we manufacture products and a lot of raw materials are imported from China, which basically has tariffs right now. So, we are paying a 20% tariffs on raw materials. So, basically, U.S. has become more expensive to manufacture in U.S. than in India. And hence, we are -- we always explore to leverage low-cost base whichever way it is potential

So, we are working on the product mix to avoid that tariff implications on raw materials originating out of China. That will take another couple of months. So, definitely from the third quarter, you will see better bottom lines also coming from the U.S. Overall U.S., if you compare year-on-year first -- obviously, you can never compare the first quarter to the third or fourth quarter because those are the strongest peak season.

I've always said, our business does not revolve around quarter, it revolves year-on-year basis, so -- because seasonal impacts cannot be ignored on a quarter-on-quarter basis. But if you look at it on a year-on-year basis, U.S. did grow by 30% over last year.

Moderator: The next question comes from the line of Sudarshan Padmanabhan with ASK NDPMS.

Sudarshan P.: Sir, just going a little deeper on the price erosion in the U.K. You mentioned that 40% of the business is Rx. And if I see the press release, it talks about high single-digit erosion. I mean the magnitude either on a Q-on-Q basis or even if I assume that there is seasonality, the year-on-year, I'm basically seeing a INR50 crores drop. But if I assume that 50% of the 40% sales or 45% sales in U.K., the number seems to be very different. Is there anything else that is basically driving a little bit more drop than probably one would have expected even assuming this price erosion?

Mark Saldanha: No. So, I said there are 2 counts. One is obviously the -- when you look at it from the season point of view, there is a lull season and obviously, 40% and then coupled with price erosion happening. The price erosion happens on Rx, it can happen dramatically where all of a sudden, quite a few products do not -- would not be viable because of the price erosion.

So, revenue would drop accordingly and so will your margins drop proportionately. So, profitable products will become not so profitable because of price erosion and revenue dropping means we decided not to probably sell half a dozen or more products because of the pricing pressures that are happening. So, it has to be looked overall, one is obviously the season was warmer and was worse than the previous year season. But the previous year season didn't have pricing pressures and global phenomenons like tariffs; while out here, uncertainties and tariffs led to a much bigger cascading impact in U.K. than in the U.S. or anywhere else.



- Sudarshan P.:** Sure, sir. And the 4 products that we have launched now should basically kind of bridge the gap between what happened last year and probably what we saw in the first quarter as we progressively move forward. So, I mean, if you can share more on what are these products? I mean, how big they can be in terms of bridging the gap?
- Mark Saldanha:** They are quite decent. So, technically, obviously, bridging the gap, when you say bridging the gap, obviously, a quarter is over. So, the first quarter is over. But if you look at our second quarter, the numbers will be much better than the first quarter and the third will be better than the second quarter. And the fourth will be between the second and the third quarter. That's how the seasonality outplays in U.K.
- But, definitely, I think the first quarter is a one-off scenario, not in comparison to quarter-on-quarter basis, but in comparison to historic numbers. Definitely, the quarter was subdued in U.K. but these new products will add more towards the bottom line than the top line. So, you will see better profitability arising because these are more high-value products and not high-volume products per se. So, you will see a better profitability arising in the second quarter, much better arising in the third quarter compared to the first quarter, and thereby recovering to some extent.
- Sudarshan P.:** Sure, sir. And with respect to Australia and New Zealand, I mean, that was primarily inventory and that should get back, right, from the second quarter?
- Mark Saldanha:** Yes. That should come back. And see, Australia has been reversed in the first quarter. It is winter out there while we have a summer. So, if you look at their last quarter, a lot of their winter sales, most of the retailers, they lift stocks before the winter, in the Q4, they lift up their stocks before the winter season starts. They don't wait for the season to start and then do sales. So, most of the retailers, if you look at their Q4 number was higher than the Q1 number. And that resulted in a bit of a lull where Q1 is concerned.
- Sudarshan P.:** Sir, one final question is, when we look at the glass half full rather than glass half empty, the gross margin expansion is quite favorable for the raw material prices coming down, the mix is improving, etc. And this would kind of move forward. So, I mean, if I'm structurally looking at your margins, I mean, where we were probably towards 20% to high teens. And, I mean, just fast forwarding beyond these issues that you are seeing and the moment we reach a certain scale as some of the products picks up, should our margin profile be much, much better than what we were, say, a year ago?
- Mark Saldanha:** See, I would love to be optimistic, but the global scenario is such where pricing pressure is there in certain markets. I mean U.K. itself constitutes 40%-plus, 40% to 45% of our revenue. So, we cannot ignore a market of that size having pricing pressure. So, from EBITDA margin point of view, we will improve quarter-on-quarter. But year-on-year, I think it will be more flattish, somewhere around there.
- Moderator:** The next question comes from the line of Aditya Pal with MSA Capital Partners.
- Aditya Pal:** Yes. Sir, just wanted to double-click on your response to the previous participant's question that our U.K. market has a 60-40 split in favor of OTC. When we talk about U.S. margins and pricing



pressure not being there because of the favorable OTC mix, how are we going towards making the OTC mix higher in the U.K. market? Because as I believe that would protect our margins and would help us at least not face pricing pressures from the competition?

Mark Saldanha:

That is going to be difficult in U.K. because historically, obviously, U.K. in most of the countries, we adopted different strategies to get a strong foothold and create a presence in the market. U.K., we had a very balanced portfolio of 50% OTC, 50% Rx, and we bought over 300-plus market authorizations, both put together. U.S., obviously, we have a smaller portfolio compared to U.K. But U.S., we had to basically adopt a different strategy.

We were a very late entrant into the U.S. So, we looked at the window of opportunity and created a niche and identity for ourselves. Coming back to U.K., Rx is a very important portfolio, and we are increasing our product portfolio in Rx to much more complex molecules and much more niche molecules, which are more value drivers than volume drivers.

So, if you look at our portfolio, maybe 1 year down the line or 1.5 years down the line, our portfolio will be much more robust and profitable because of the Rx portfolio. That said and done, the inherent challenges of Rx will always remain, but we have to just grow out of that. The historic products of Rx will definitely be more volatile, and the newer molecules will be much more profitable. So, I guess we have to just stay one step ahead of the curve.

This phenomenon that we are witnessing, one has to understand, is probably never seen before. In the U.S., when you talk of tariffs, the tariffs have been probably the worst since the Great Depression 1929. So, technically, the tariffs are even worse than the Great Depression of 1929, so no one could foresee that. So, these are cascading impacts that are happening globally.

But we would recover a lot of lost ground. Our business model is still intact. We are still focusing on new product approvals and launches. And we will grow stronger, and we'll come out of this phase.

Aditya Pal:

Got it. So, just a couple of quarters back, not even a couple, last year in '25, Q1, we had said that the target for '26 is that we will reach a revenue of INR3,000 crores. And listening to your response to the previous participant that the margins would be low. So is it fair to say that we would not touch INR3,000 crores, but be closer to INR3,000 crores this year because of the entire tariff scenario uncertainty and because of that, the cascading problems in other existing markets.

Mark Saldanha:

I think you've summarized it well. We should be very close to INR3,000 crores or maybe shy away from INR3,000 crores. But again, in the overall picture, we will still grow over the last year. But yes, from a INR3,000 crores, we may be shy of that.

Aditya Pal:

Understood. Sir, a more strategic question. So, how are we thinking in terms of diversifying our revenues because for the last couple of quarters, we have been talking about acquisition but not being able to find one. Does it not make sense to start at least expanding in the European market organically?



Mark Saldanha: Well, organically, it's a very diversified market. But we are looking at now launching organically in Germany. But it's a medium- to long-term objective when you start organically. Inorganically helps a better stronghold and foothold faster, and we can use it as a launching pad. But that would have been ideal case scenario. But that said and done, we are looking at an organic exploration into these markets.

Focus is going on, on various fronts, not only Europe, but also looking at India as a market. And let's not ignore that we have to safeguard our position, market share in the U.S., too, and we will do what is needed. If tariffs do not play as per our expectation, we'll have to do what is needed to ensure we basically continue our growth path and definitely try to retain market share that we have worked so hard for.

Aditya Pal: Understood. So just last question. So, now obviously, there are no tariffs on pharmaceutical products in the U.S. but say, in a case where tariffs on pharmaceutical products come, are there safeguard measures in our contracts where at least some part of the tariffs can be passed on to the customer?

Mark Saldanha: Yes. I mean, see, the tariffs work as a force majeure. So, technically, all our customers are aware that if tariffs do come and it is something which is abnormal. If it is a small amount, it's okay. But if it is abnormally high, then we would have to go back to the customer and and put it forth. Obviously, we are optimistic, and we are hopeful that our government reaches to some understanding with the U.S. government so that the impact is minimized to whatever level.

But that said and done, we are working on different strategies if the tariffs are high and it is not only going to the retailer and asking them for price increase because we have secured contracts till 2027. And the minute you go and ask them for a price revision, you are opening that contract up. That's something which is a double-edged sword, always.

But that said and done, all the retailers are understandable. They all have the same fear of tariffs, and they're all hoping that the tariffs don't come into play. Because if it does come into play, it's not going to be a surprise to them if you go back and tell them now price has to be adjusted because of the tariffs.

Moderator: The next question comes from the line of Maitri Sheth with Choice Institutional Equities.

Maitri Sheth: I just have one question. Most of my other questions have already been answered. On the Europe and U.K. business, now that we are seeing some pricing pressures and uncertainty, can we expect a continued mid-double-digit growth, mid-teens growth? Or should we look at it like a high single digit or low double-digit growth going forward?

Mark Saldanha: Sorry, which market -- are you talking of the -- as a company or you're talking of U.K. by itself?

Maitri Sheth: For the company. For the company, for our U.K. and Europe region.

Mark Saldanha: For the U.K. market, you're talking of? So, I believe it will be flattish.

Moderator: The next question comes from the line of Deepesh Sancheti with Maanya Finance.



- Deepesh Sancheti:** Just wanted to understand how will the India-U.K. FTA work for us in the long term?
- Mark Saldanha:** Sorry?
- Jitendra Sharma:** The trade agreement.
- Mark Saldanha:** No, that's 0 impact. That's 0 impact.
- Deepesh Sancheti:** Zero impact? Okay. And this quarter, we saw a lot of selling from OrbiMed, whom we had given the shares on preferential. Have they discussed with the management about an exit strategy? And are they still on our Board?
- Mark Saldanha:** They are still on our Board. They have not discussed anything where that is concerned. It was their call maybe for tariff reasons or whatever, we don't know. But they have not discussed this with us.
- Deepesh Sancheti:** Okay. And how much of the profit was actually impacted by one-off -- sorry, you were saying something, I'm sorry.
- Mark Saldanha:** I didn't say anything.
- Deepesh Sancheti:** Okay. How much of the profit this quarter was impacted due to onetime expenses? I mean you mentioned about the ECL provisions and other things, but how much of this is onetime and how much can be recurring?
- Jitendra Sharma:** Deepesh, this is Jitendra here. So, like -- as we have stated in the presentation, so there were 2 items. One was the ECL provision, which we have made in receivables of INR10.48 crores. And there was one mark-to-market provision of INR6.2 crores, which we have made, and this has come from the forward contracts, which we have taken for GBP exports to U.K.
- So, in U.K., the last year, GBP was at INR105, and we have done some forward selling of GBP for up to INR109, INR110 levels. But this year, GBP has outperformed, and it is hovering around INR117, INR118 right now. So, there is some mark-to-market, which has come in the June numbers.
- So, these are the 2 items, which are kind of one-offs, which we had in this quarter. And we don't expect -- see, our receivables are pretty clean. Most of the receivables are from subsidiary companies only and top customers. So, this is the only item which we had coming from our emerging market division. So, broadly, we don't see any more sticky receivable in our books.
- Deepesh Sancheti:** You also mentioned about the higher employee costs due to new hires in the acquired facilities. Will that be recurring?
- Jitendra Sharma:** No, if you compare year-on-year number. But now, of course, in terms of the hiring, we are not having any more additional hirings. So, the employee costs and other expenses, which you are seeing in this quarter, we don't see these 2 items going up any further from here.



- Moderator:** The next question comes from the line of Meet Rachchh with Equirus PMS.
- Meet Rachchh:** My question is again on the margins. So, in this quarter, if we exclude the impact of ECL provision, we had roughly 17.8% margin. And in one of the earlier answers, you mentioned that Q-o-Q margins will improve from here on. So, just wanted to understand that margins for remaining 3 quarters would be higher than current 17.8%? And second, is 20% plus margin doable in FY'27?
- Jitendra Sharma:** See, it is a bit difficult right now to give a margin guidance. Definitely, our objective here is to see; number one, to ensure how can we sustain our margins, which we had till last year. So that's the priority right now for us. Definitely, the pricing pressure in U.K. has softened the margin a bit. So, I think we should be somewhere between last year margin and the 17% what you are calculating. So, we should be somewhere in between that.
- Meet Rachchh:** For FY '27 as well?
- Jitendra Sharma:** No, this is for current year. For FY '27, again, it's a bit early to give any guidance.
- Moderator:** The next question comes from the line of Ahmed Madha from Unifi Capital.
- Ahmed Madha:** Just to understand a scenario where there is adverse tariff. In that case, do we get benefit by having manufacturing capacity in U.S. through Time-Caps? Is it meaningful? And as of now, how much of our manufacturing is happening in U.S. and how much is happening in India and maybe some in U.K. also?
- Mark Saldanha:** So, from a revenue standpoint of view, about 35%, 40% around is manufactured in U.S. The rest is manufactured in India. So, from today -- as on today, India is more viable because a few of the items which we manufacture in the U.S. are imported -- raw materials imported from China where we pay tariffs.
- But just answering your question, will we benefit having a platform in the U.S. Of course, we will benefit to some extent. And again, depending on what the tariffs are going to -- the quantum of tariff is a universal question. What is the tariff or what amount of tariff? Is it single digits, double digits. To what level is it going to go to. That is uncertain. And based on that, when that unfolds, then I think when that unfolds, then we have to take concrete steps to retain our position and grow based on our objectives, what growth plans we have for the U.S.
- But today, it does not make sense for us to panic because literally, I don't think anyone knows what's going to happen tomorrow. And based on that, we have to wait and watch as to how things unfold, because if tomorrow, India does strike a better deal, and we are very optimistic on that, then taking panic steps may backfire big time on us.
- So, whether we have to expand our facility out there, whether we have to continue with what we are doing, whether we have to leverage low-cost manufacturing from India. So, these uncertainties are the ones that are most unpredictable and difficult to answer. And I guess the



market is -- I mean, we don't have a crystal ball. So, the market is basically wait and watch -- watching on what will unfold tomorrow.

Jitendra Sharma: See, I would like to add here that our balance sheet is pretty strong. And in case if there is need to do additional investments in U.S., we definitely will not shy away from doing that. So, that way, we are very well equipped and geared. And depending on the circumstances need, we will take the next steps.

Ahmed Madha: My question was from the perspective of, do we have a hedge in terms of having capacity in U.S. My question was from that standpoint?

Mark Saldanha: Yes. So, we have capacity in U.S., but it cannot compensate because we have a very diversified portfolio out here in India that we service in U.S., starting from Rx to different dosage forms. U.S., it's only a solid oral dosage form that we have. So technically, while we may benefit from a part of it, we would not be able to benefit fully from it.

Moderator: The next question comes from the line of Deepak Rao with KNR Securities.

Deepak Rao: Sir, I just wanted to ask how much is the revenue contribution from Teva facility currently? And what kind of growth do we expect in FY '26?

Mark Saldanha: So, like I answered in the last quarter, we were trending more towards INR400-odd crores. This quarter, we are trending more towards INR500 crores. So, technically, I would say we have another 40% utilization that we can do. Our aim is to go towards INR800-odd crores from the facility. So, we have potential of growth. And again, this is happening month-on-month basis, we are inching forward on that.

Deepak Rao: Got it, sir. Sir, one more question I have from my end is Australia and New Zealand. Just wanted to check how this market is expected to perform in the coming quarter?

Mark Saldanha: It will be flattish in terms of what it's historically done. It will show a nominal growth. But technically, it's difficult to talk about quarter-on-quarter, but year-on-year, we will definitely show a better number than the previous year.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing remarks.

Mark Saldanha: I thank you all for your continued interest and support for our company. I wish you a very good evening and a safe day. Thank you.

Jitendra Sharma: Thank you.

Moderator: Thank you. On behalf of Marksans Pharma, that concludes today's conference. Thank you for joining us, and you may now disconnect your lines.