Date: 09th February, 2026

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| Bandra (East) | Mumbai – 400 001 |
| Mumbai – 400 051 | ***Stock Code : 532612*** |
| ***Stock Code : INDOCO*** | |

Dear Sir/Madam,

**Subject: Transcript of Earnings Conference Call on Unaudited Standalone and Consolidated Financial Results for the Quarter and Nine Months Ended 31st December, 2025**

Pursuant to the Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, please find enclosed the transcript of Earnings Conference Call held on 03rd February, 2026 at 03:30 p.m. (IST) in respect of Unaudited Standalone and Consolidated Financial Results for the Quarter and Nine Months Ended 31st December, 2025. The Earnings Conference Call concluded at 04:28 p.m. (IST) on 03rd February, 2026.

You are requested to kindly take the same on record.

**Thanking you,**
**Yours faithfully,**
**For Indoco Remedies Limited**

RAMANATHAN HARIHARAN
Digitally signed by RAMANATHAN HARIHARAN
Date: 2026.02.09 17:50:12 +05'30'

INDOCO REMEDIES LIMITED MUMBAI-98

**Ramanathan Hariharan**
**Company Secretary & Head- Legal**

# "Indoco Remedies Limited

# Q3 FY '26 Earnings Conference Call"

# February 03, 2026

**MANAGEMENT:** **MS. ADITI PANANDIKAR – MANAGING DIRECTOR – INDOCO REMEDIES LIMITED**
**MR. SUNDEEP V. BAMBOLKAR – JOINT MANAGING DIRECTOR – INDOCO REMEDIES LIMITED**
**MR. PRAMOD GHORPADE – CHIEF FINANCIAL OFFICER – INDOCO REMEDIES LIMITED**

**MODERATOR:** **MR. UMESH LADDHA – NIRMAL BANG INSTITUTIONAL EQUITIES**

**Moderator:** Ladies and gentlemen, good day, and welcome to Indoco Remedies Limited Q3 FY '26 Earnings Conference Call hosted by Nirmal Bang Equities Institutional. 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 touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Umesh Laddha from Nirmal Bang Equities Institutional. Thank you, and over to you, sir.

**Umesh Laddha:** So good afternoon, everyone. I am Umesh Laddha from Nirmal Bang Institutional Equities. It gives me immense pleasure to hold 3Q FY '26 Indoco Remedies Limited con-call. From the management, we have Ms. Aditi Panandikar, Managing Director; Mr. Sundeep Bambolkar, Joint MD; and Mr. Pramod Ghorpade, CFO. Now I pass it over to the management for their opening remarks.

**Pramod Ghorpade:** Thank you, Umesh. Good afternoon, everyone. Thank you for joining this call today. Let me draw your attention to the fact that on this call our discussion will include certain forward-looking statements, which are projections or estimates about our future events. These estimates reflect the management's current expectation of the future performance of the company.

Please note that these estimates involve several risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied. Indoco does not undertake any obligation to publicly update any forward-looking statement, whether as a result of new confirmation, future events or otherwise.

Now I will request our Managing Director, Ms. Aditi Panandikar, for her opening comments. Over to you, madam.

**Aditi Panandikar:** Yes. Thank you, Pramod. Good afternoon, everybody, and thank you for logging in into our Q3 FY '26 earnings call. I'm happy to share that Q3 Indoco has delivered a better performance, especially when it comes to our exports divisions as well as our APIs. I'm also happy to see the subsidiaries like FPP in U.S. and Warren Remedies which is involved largely in the OTC business do better.

For this quarter, there are certain highlights I would like to talk about. In our OTC business in India, we have as a strategy of application extension and brand extension launched 2 products, Sensodent DSP and Sensodent DPC. One is a daily sensitivity protection toothpaste and is an addition to our sensitivity product basket. And the other is a daily Procare toothpaste, which is actually our entry into clean toothpaste segment in the OTC area.

In the domestic business, this month -- this quarter, our domestic business has been a bit flat. This is largely because of our acute therapies, which have shown challenges. However, this is largely due to the unpredictable nature of acute in the primary sales. However, happy to share that secondary sales as well as prescription response is all intact.

In fact, we are happy to share that on a MAT basis in IQVIA, we have jumped 1 rank and are now ranked 21st in the prescription audit with a total of 10.86 crores prescriptions, and we have jumped over Pfizer, and that is a matter of great pride for us. We have also fairly succeeded with our new introductions in India and the total new introductions to sales is now at 6.5% of India revenues.

Happy to share that Patalganga site of APIs has also received the EIR for USFDA audit where we had Zero 483s. I'm also happy to note performance in emerging markets, where not only have we done well in the sales -- primary sales from Indoco, but I'm particularly happy to see the growth in secondaries on the ground.

Also glad to share that Indoco has received the most preferred Workplace Award for '25-'26 by Marksmen Daily at Mumbai. These are some of the highlights from my side. I now hand over to Pramod to share the financial highlights with you.

**Pramod Ghorpade:** Thank you, madam. So I'll share some financial highlights for this quarter. Standalone net revenues of the company for the third quarter financial year 2025-'26 are at INR3,896 million compared to INR3,649 million for the same quarter last year and INR4,293 million for the immediately preceding quarter, that is Q2 financial year '25-'26, at 6.8% and negative 9% growth, respectively.

Consolidated net revenues of the company for the third quarter financial year 2025-'26 are at INR4,343 million compared to INR4,025 million for the same quarter last year and INR4,718 million for the immediately preceding quarter, that is Q2 financial year '26 at 7.9% positive and 7.9% negative, respectively. Standalone EBITDA to net sales for the quarter is at 6.6% at INR259 million compared to 5.5% at INR201 million same quarter last year.

And for the immediately preceding quarter, Q2 financial year '25-'26, EBITDA is at -- was 12.4% at INR534 million. Consolidated EBITDA to sales for the quarter is 7.3% at INR315 million compared to 3% at INR120 million same quarter last year. And for the immediately preceding quarter Q2, EBITDA was 9.2% at INR431 million. Domestic Formulation business. Revenues from Domestic Formulation business for the quarter are INR2,142 million as compared to INR2,241 million same quarter last year.

Major therapeutic segments like vitamins, anti-diabetes, anti-infectives and respiratory performed well during the quarter as compared to the same quarter last year. On the International business front, revenues from International Formulation business grew by 26.2% at INR1,356 million compared to INR1,074 million same quarter last year. Revenues from regulatory markets for the quarter grew by 25.9% at INR861 million as against INR684 million same quarter last year.

Revenues from U.S. business for the quarter grew by 21.6% at INR341 million as compared to INR280 million same quarter last year. Revenues from Europe for the quarter grew by 36.9% at INR485 million as against INR354 million same quarter last year. Revenues from [Inaudible 00:07:48] market for the quarter are INR35 million as against INR49 million same quarter last year.

Revenues from emerging markets for the quarter grew by 26.8% at INR495 million as against INR390 million same quarter last year. Revenues from API business for the quarter grew by 24% at INR344 million as compared to INR278 million same quarter last year. Revenues from AnaCipher, CRO and Indoco Analytical Solutions for the quarter are INR54 million as against INR56 million same quarter last year.

That's all about the financial highlights for the third quarter. I now request participants to put forward their questions. Thank you.

**Moderator:** The first question is from the line of Pratik Kothari from Unique PMS.

**Pratik Kothari:** Ma'am first on Europe. So last quarter, we had some issues and there were some approval challenges, which kind of got resolved and you were expecting some growth to come in, but it has actually gone down. So any updates, if any, on Europe specifically?

**Aditi Panandikar:** Yes. So we had said that there are some approvals coming in. I have to say that between customer and us, there has been some delays. So some of that has got pushed forward by 1 quarter. That's it.

**Pratik Kothari:** So are they in place now or still some to go?

**Aditi Panandikar:** Almost. 90% work done. I mean it has not happened in the first month of this quarter but expecting it to turn now. So we should at least get 1, 1.5 months of manufacturing.

**Pratik Kothari:** Correct. Ma'am second on other expense. Again, our expectation was to kind of curtail it at INR150 crores, INR160 crores at a consol level. We have been -- for last 3, 4 quarters, we have been doing INR170 crores. So anything we can do to control that?

**Aditi Panandikar:** I think this quarter, we have controlled at a consolidated level Pramod.

**Pramod Ghorpade:** Yes.

**Pratik Kothari:** Still INR169 crores?

**Aditi Panandikar:** INR169 crores. Yes, Pramod.

**Pramod Ghorpade:** So that includes certain onetime cost, nonrecurring cost which we expect not to repeat. So there are certain remediation costs, which was pending, then there was a cost associated to certain penalties.

**Aditi Panandikar:** Because of the site being under remediation, there are certain products we've not been able to supply. There are some penalties against orders which was confirmed. So there are many such things. But otherwise, we are confident to keep it at INR150 crores on a consolidated basis.

**Pratik Kothari:** Can we quantify this nonrecurring onetime for the quarter.

**Aditi Panandikar:** Around INR8 crores to INR9 crores.

**Pratik Kothari:** And anything on FDA for our Goa Plant II?

**Aditi Panandikar:** Waiting. We are waiting.

**Moderator:** The next question is from the line of Kenil Mehta from Boring AMC.

**Kenil Mehta:** Any reason this quarter became a hugely profitable business for us during the quarter?

**Aditi Panandikar:** So as you know, we acquired FPP in June of '23 and we started with a very small portfolio which they had largely involving traded products. Over the last couple of years, we have built the portfolio through our products which we supply through FPP. Of course, the basket has both solid orals as well as sterile.

You know we are having certain challenges with sterile products supplied to FPP, but our solids have started doing really very well. So in addition to steriles, which are being supplied from sites that is Plant II, which is not very significant. But I did mention last time we have started sourcing from other sites also. So that is better.

We are also doing much better on the traded business at FPP and the solids that are being supplied to FPP from Indoco has also increased. So net-net, this has -- and we have also got some good orders in the front end. This has helped FPP do much better. And I'm confident going forward, it will do better.

**Kenil Mehta:** And I would like to know about our new introduction portfolios across our India business. And when should we see our growth going above the market, IPM market…

**Aditi Panandikar:** As you know, we have got a portfolio which is pretty much acute skewed. And although at a doctor level, we say it is subchronic because we do get support from the mass specialty, we are still not with many of the super specialty doctors. And for the India business at Indoco, our strategy has been very clear to go from acute to subchronic to go from GPs to mass specialty and to move from -- because Indoco is a company which gets more than 60% of its revenues from Tier 3 down -- Tier 2 down.

So we are -- we have taken several measures strategically to improve performance in the metros. So as all of these build in, you will see us doing better than the IPM. However, having said that, if you have been studying the IPM carefully, you will see that this year, the acute has been under a lot of stress. And for this quarter, the current quarter, there has been some upside on respiratory. But otherwise, acute has been under a lot of stress. And what has really grown is cardio and diabeto.

So compared to the covered market, we are not lagging too much. In fact, on a MAT basis for December, we are at par or better than our covered market. And it is only when you compare with IPM because then you have to look at the anti-obesity products and all the other things that are going on.

But to your question about when can we beat market estimates, like I just told you, for India, our strategies revolve around generation of more prescriptions from the doctors. And here, we are very confident we are on the right track. So I feel sure that going forward, we will be able to do IPM levels or better.

**Kenil Mehta:** But the market is growing due to cardiac and diabetics, but we have very less share if you compare, we have seen degrowth over the last 3 years in that segment only. So any particular reason we are not focusing or are we?

**Aditi Panandikar:** It is a very -- cardio-diabeto is a very tough segment for and already has a lot of competition. At Indoco, we focus more on those therapies, which allow us to have a higher prescriber base than a lot of prescription for a doctor, which is what a super specialty does. However, we are increasingly focused on consulting physicians, increasingly focused on pediatricians, gynecologists.

In fact, our gynec prescriptions -- gynec business has grown by almost 15% this year on a Y-o-Y basis. Synergy, which is a division which is having an agenda towards metro centricity and carries one of our big products, Karvol Plus on a Q-o-Q basis also has grown by 26.8%.

So these are some healthy signs. About -- we do have some very good products in diabetology, but not the latest molecules. We have Glychek, Glychek-M, and that is reasonably doing well. But we continue to focus more on the mass specialty.

**Kenil Mehta:** Understood. And ma'am, we have seen the API being ramped up over the last few quarters. Going forward, as we ramp up the intended block 2 should we expect increase in gross profit margins across boards as we have seen over the last 3 quarters from 68% to 73% on consol basis.

**Aditi Panandikar:** Our largest -- I'm sorry -- yes, did you -- were you saying something more?

**Kenil Mehta:** No, no.

**Aditi Panandikar:** Okay. So our largest site for APIs is the Patalganga site from where the finished APIs largely come out. We also have a small Kilo manufacturing site where the top line is not very significant. We do manufacture some of our starting material at a very old site, which supports the Patalganga site.

In addition to that, the site at Auric, which is under the WRPL, Warren Remedies has also started making KSMs and starting material for our API products, which is then consumed at Patalganga. So this has helped us free more capacity at Patalganga for finished API, and that is what is showing here.

Going forward also, we plan to continue to do this. In addition to bringing capacity at Patalganga for finished API, I feel very confident that the finished API block at Auric site in Aurangabad, which is part of the Warren Remedies Group, which is now ready and is taking validation batches of products.

As soon as US FDA comes down and qualifies it or EU comes down and qualifies it, we will be able to sell in those markets and then we should see further improvement in margin. But as such, we manage our API business very well. As you know, the API sales that you see is what we sell outside. In addition to that, about 40% of this -- additional to this is supplied internally to in-house formulations at Indoco.

**Kenil Mehta:** Understood. So ma'am, going forward, should we expect API business also to touch the INR200 crores run rate yearly?

**Aditi Panandikar:** Of course. It is at INR200 crores if you consider what is internally transferred.

**Kenil Mehta:** Okay. Understood. No, I was talking from the outside point of view as we are ramping up from INR25 crores base to INR40 crores-INR45 crores.

**Aditi Panandikar:** Yes. Next year, I'm very confident. As I told you, this year, the Auric will concentrate more on validation, and we will be restricted to what we can make at Patalganga. But I'm sure that in another 8 to 10 months, we will start getting high revenues from Auric site also and then we can really ramp up our API business.

**Kenil Mehta:** And ma'am, should we expect some blockbuster drug launch approvals for us as we have got a few in the past and they are near expiring one such as Apixaban where we are first to file along with 2, 3 others?

**Aditi Panandikar:** There are several coming up for patent expiry or where the date has been sort of where we have settled with innovators and they are all in FPPs portfolio for the next year. So we keep our fingers crossed and stay very positive for these to help us ramp up FPP sales in the next year.

**Moderator:** The next question is from the line of Ankit Gupta from Bamboo Capital.

**Ankit Gupta:** Ma'am, if you can tell us how much were the European sales for the 9 months? And what is your anticipation for the full year FY '26?

**Aditi Panandikar:** So, Europe, for 9 months -- for Q3 Europe has done around INR49 crores. And I think INR171 crores we have done as of now.

**Pramod Ghorpade:** INR167 crores.

**Aditi Panandikar:** INR167 crores we have done on YTD basis.

**Ankit Gupta:** How much was it last year?

**Aditi Panandikar:** Equivalent it was. And however, last year, if you remember well, we had major challenges due to the MMP execution because of which the fourth quarter for Europe was extremely poor. This year, in fact, like I mentioned earlier, many of the issues with Phase II of MMP which allowed our -- wherein we have got approval from our customers to now manufacture at the higher batches.

And in the new sites are all coming in, we expect the fourth quarter to be much better for Europe. And net-net, I would not like to give you a number at this stage but let us surprise you in a pleasant way.

**Ankit Gupta:** Sure. And ma'am, we were also very -- you're also -- like for the coming few years, you are pretty bullish on the European business and expected this to scale to a significant number. So if not for -- the coming quarter, FY '27, if you can let us know how much scale do we expect in the European business?

**Aditi Panandikar:** So there are -- see, it is -- these are the businesses which are based on generics. And in addition to the base business, which is set to grow at double-digit I'm very confident the new products which will also come in and which have much better market opportunity as well as margins and will be made in the plants, which have been now optimized.

I'm not just looking at top line growth, but we should look at Europe over the next few years as growing at 20% plus in revenues. But more importantly, we should be watching the margins to improve on that business.

**Ankit Gupta:** So -- but let's say, do we aspire to reach like INR400 crores, INR500 crores of revenue in Europe, let's say, if not next year, I think it will be challenge, but FY '28 or '29, like should we be looking at?

**Aditi Panandikar:** Yes, yes. We can expect that. We can.

**Ankit Gupta:** Okay. '28 to '29?

**Aditi Panandikar:** Yes.

**Ankit Gupta:** And on the Warren Remedies, if you can guide us how has been the performance for the quarter and 9 months and next year, how do you see the performance, especially on the profitability in breakeven level?

**Aditi Panandikar:** Yes. So Warren Remedies have grown by more than 43% this quarter. And I think for YTD basis, it is in 38%. This is largely due to the success we are seeing with our brands in the OTC and OTX segments. If you recall, we had the products like Sensodent-KF, which made a switch from pure Rx to OTX first and then to OTC. Thereafter, we have products like Kidodent which are doing exceedingly well in the OTX segment.

And as I mentioned, this quarter, we also Q3 that is we launched 2 new products directly into OTC, one to add further into our sensitivity basket and the other to actually provide a superior toothpaste, which is made in-house in our R&D and which can now feature in Frank OTC in the general toothpaste market of high-end products.

Looking at all this and the new launches that we have planned in the coming months, I feel very confident that the toothpaste business and the Oral Care business in Warren Remedies will go from strength to strength.

Coming to the API business, as I mentioned earlier, this year will be a year of -- I think '26-'27 will be a year of consolidation for API, although there will be lot of validation of products at this site, which, of course, it took a formulation team trigger for international audit.

We may not be able to supply to the reg market too much this year. So we are proposing or forecasting a muted top line for API in Warren Remedies, but I feel very confident for the subsidiary to do well overall.

**Ankit Gupta:** Sure. But should we expect breakeven next year at EBITDA level or given the API performance it will be difficult?

**Aditi Panandikar:** So there are two challenges to breaking even. One, of course, is the investments in API and the opex and RMPM cost of the validation batches taken for API. But we should not forget that to expect a breakeven on an OTC business in the second year is very tough because we have now really started ramping up our spend on advertising. So which is why when it comes to -- I said when it comes to European business, stay bullish on the margin. I would say when it comes to Warren Remedies, let them breathe and grow sales.

**Moderator:** The next question is from the line of Maulik Varia from B&K Securities.

**Maulik Varia:** Just wanted to understand, we have seen a gross margin improvement of around 300 bps sequentially. So what has driven this growth? And how much sustainable is this going ahead?

**Aditi Panandikar:** Yes. So you must have seen that both our subsidiaries have started doing better. These were both fledgling businesses earlier and were giving a drain on the business. So that has improved. In addition to which COGS at even IRL level have improved. This is -- this shows a much better shift in the portfolio, much better shift in the quality of business that we are getting.

Growth in prescription, jumping a rank in the prescription audit all indicate that if the demand part of the business is better managed, it's not always about top line. It's also the quality of business. And I think all of this is resulting in much better control and giving us a much better margin.

**Maulik Varia:** Okay. Okay. Thank you. And ma'am, you were just mentioning to a participant. So what are we expecting from the FPP portfolio in FY '27? And how many product approvals are we expecting or maybe filing? Some indication or understanding about FPP for FY '27-'28 would be helpful ma'am?

**Aditi Panandikar:** Okay. '27-'28. So that's a bit far. We have right now visibility for '26-'27, where there is expectation that at least five new products should be launched out of our own portfolio. They will come at various times in the year, so it will be difficult to quantify that. And -- but they are extremely exciting. You must have heard of the lacosamide oral suspension, which got approved recently.

We also have a couple of other products where we have an opportunity to be early and have received the player approval to ship product. That is likely to also help us. But I would be little cautious because the moment I say something to you guys, you expect the next month to do well.

But US business is not like this. There is transfer of product first, then there are orders in the market, then you sell them and you know very well what happens in US for the collection. So -- but we are building a very strong business, and I'm very happy to say that.

**Maulik Varia:** Okay. okay. And any therapies where you would be able to guide these five new products which you were expecting in FY '27, which therapies are these or any addressable market size for these?

**Aditi Panandikar:** No, market size, I will not comment. But therapies, I tell you broadly, we have always stuck to two or three therapies for our international markets, especially US. We participate in cardiology, diabetology, and CNS definitely because of Allopurinol which is such a big product in our basket we also look at that therapy and antigout that is. In addition to which, of course, the ophthalmic product basket is great for us. Then in the traded products at FPP, we have got some interesting products even in the Onco segment.

**Moderator:** The next question is from the line of Pratik Kothari from Unique PMS.

**Pratik Kothari:** Ma'am on the two lines that we were allowed to restart in Goa for the US sterile, does it contribute anything meaningfully? Or I mean, everything from there comes in after the whole plan gets approved?

**Aditi Panandikar:** Well, nothing meaningful yet. I'll be very honest. In fact, we have started getting small amounts of sales from sterile, but it's still largely from outsourced, but we have begun.

**Pratik Kothari:** Right. I mean until the audit happens, can this become meaningful, the two lines that we are allowed to do?

**Aditi Panandikar:** Yes. We have seen some upside in the present quarter. I'm hoping we'll be able to keep that run rate. If that happens, Q4, you will see some meaningful contribution.

**Pratik Kothari:** Correct. And we did some sale and leaseback again this quarter. Can you quantify what that amount was?

**Aditi Panandikar:** No, this was in the last quarter.

**Pratik Kothari:** The loss came this quarter, if I am…

**Aditi Panandikar:** Loss has come this quarter.

**Pramod Ghorpade:** No, no.

**Pratik Kothari:** In the exceptional items?

**Pramod Ghorpade:** No. There is a lease payment towards that, but the transaction happened in the last quarter in the month of August.

**Aditi Panandikar:** What is the exceptional item you're talking about?

**Pratik Kothari:** This loss amounting to INR2 crores on sale and lease back of fixed non-current assets.

**Aditi Panandikar:** Is it? It might be a small…

**Pratik Kothari:** 7B -- note 7B.

**Aditi Panandikar:** Note 7B. We'll look at it meanwhile let us check what you are saying.

**Pratik Kothari:** Fair enough. My second question was just on that. Did we do it again?

**Pramod Ghorpade:** Yes. So there is one exceptional item apart from that is about the provision for the labor.

**Aditi Panandikar:** Provision for the new Labour Code.

**Pratik Kothari:** Yes, that's INR7 crores -- yes, that's about INR7 crores?

**Aditi Panandikar:** It's INR7 crores, right.

**Pratik Kothari:** I'm talking about 7B which is INR2 crores loss on sale and lease back?

**Pramod Ghorpade:** Yes. So basically, those are old transactions, not the recent.

**Aditi Panandikar:** Not the recent one. We had done this earlier.

**Pramod Ghorpade:** About 15, 16 years back. That is the transaction which is settled in this particular quarter.

**Moderator:** The next question is from the line of Dhwanil Desai from Turtle Capital.

**Dhwanil Desai:** Ma'am my first question is on India formulation business. I think last few quarters on the acute side have been in a way slightly challenging and we have been stuck in that range despite new product introduction, etcetera, etcetera. So how should we look at this business from a slightly, let's say, 2-year perspective because the acute nature of the business and product mix is not going to change, right, so?

**Aditi Panandikar:** Well, it's not going to change drastically. But yes, we are building more and more of the sub-chronic portfolio. We are also focusing on getting acute from mass specialists whose practice is not very seasonal. So typically, if you get anti-infectives from a general practitioner, it is much dependent on the footfall. But if you get an anti-infective from a pediatrician, that is not the thing.

This year, somehow on anti-infectives across the board, also because of the AMR resistance issues and all those things. And I mean, we have just had an SMSRC presentation a few days back. Post-COVID, somehow the acute has not settled. We don't know what is happening.

But of late, there is indication that things are back on a very kind of a path where you can ignore the COVID -- pre-COVID, post-COVID years. And now again, things are beginning to continue. So I'm hoping that will bring back some predictability. This year, for example, the summer never really came. The rain was prolonged and winter is expected to be severe. So let us see.

All these things are different kind of ways of -- we see it when we compare our prescription growth, we get an exact pulse of the secondary demand. I'll just give you an example. Our product Cyclopam last year, which grew by 30% at primary, prescriptions have grown by 16%. Now this year, it is 15% down in primary, but prescriptions continue to grow.

So prescriptions for us are a real indication of the real consumption, and that is not slowing down. Sometimes market sentiment, buying behavior, voice in the field cause these kind of blips in primary push or hold back and that is what results in quarter-to-quarter kind of a change. I feel going forward, we must discuss India business more on a YTD or a MAT basis that is far more healthy.

**Dhwanil Desai:** Okay. So again, kind of putting it down more succinctly, so is it fair or realistic to assume that given whatever portfolio that we have and the seasonality of the nature of the acute business, is it fair that we can grow this business at 15%, let's say, over a longer horizon, maybe 2, 3 years? Is that a fair assumption or is that too much to ask given the maturity of our products?

**Aditi Panandikar:** So given that new introductions are 6% of our top line, while the mature products will continue to dominate in the shorter run, soon the new introductions will start playing up and making their presence felt. So I do feel confident for a double-digit. I'm not so confident about the 15%.

But there are -- even when it comes to our legacy products, many of them have -- there is a lot of leverage we can achieve through reach. There are many geographies where we are skewed. So there's a lot to do. It is just not as easy in India to translate, but we are working very hard on it. I'm hoping some of this will show results and we'll be able to surprise you.

**Dhwanil Desai:** Got it, ma'am. Very helpful. Ma'am, on the US side, I think you said that we have a very good product slate for next year given the filings that we have done and approvals that are in the pipeline. So how should we look at, let's say, from the resolution of the US FDA issue till the commercialization steps, the timeline, what is going to capture on those opportunities? And for that to happen around what timeline the US FDA has to get resolved for us to capitalize on those opportunities?

**Aditi Panandikar:** Okay. So thank you for that question because it also allows me to explain. Today, we have two sites for formulations, which make product for US. One is Goa Plant I and the other is Goa Plant II. The site which is under US FDA cloud for warning letter is only Goa Plant II. Goa Plant 1 in fact, is solid oral site and many of the new launches are from the solid oral sites as well.

In addition, in order to support the challenges we might have to supply products from Goa II, we have leased up supply at second sources. So I expect that while we may not get full advantage if US FDA coming down gets delayed, unlike historically, when business came to a complete halt, this time that will not happen. So in that manner, US FDA coming down and US revenues at FPP going up may not be directly linked. I hope that answers your question.

**Dhwanil Desai:** Yes, very clear ma'am. So I think last question. I think US also was INR300 crores plus for us at some point in time and same was for Europe. So how do we see the trajectory of us going back to those kind of numbers in both these markets? What are the things which have to fall in place, where you think are more confident or have more visibility? Some qualitative thoughts on that would be very helpful.

**Aditi Panandikar:** Yes, I love it when you people ask qualitative questions. So thank you for that. So there is definite visibility on us getting back there. Just to quickly go back on your INR300 crores, INR300 crores kind of numbers. The last time we did INR300 crores in US, almost INR30 crores to INR40 crores would have been revenues for milestone payments collected from Teva or some kind of upfront coverage of R&D costs.

This time around when we do these sales, they are almost all coming from commercial sales. So you have to remember that. Number two, qualitatively, why we feel we should do it? As I told you, the Goa I site, which supplies both to Europe and US, but currently is making Allopurinol and Glimepiride just two products for US, but is waiting for all those product approvals and all those products from player to be transferred.

That gives me confidence that going forward, Plant I will start contributing for solid orals US. Plant II, while we continue to struggle with US FDA coming down and clearing us and restarting business in time, there is a lot of demand for the products that have been filed from Plant II and already are in the market.

Having said that, yes, there is going to be a challenge because competitors have had a field day when we could not supply. But we will be working very hard and especially with -- since we will have feet on ground with FPP, I feel confident we will be able to get there soon.

Qualitatively, the margins on this business is what I would focus more on as we have spent considerable amount of time, energy and money to bring all our plants to a level that when we get these numbers next, we should be doing far better in margin than when we were doing it earlier. I hope this answers your question.

**Dhwanil Desai:** Yes, ma'am on Europe?

**Aditi Panandikar:** Yes, Europe, as I said, we had our major buyer who also started with us incidentally in 2003 to whom we supply paracetamol for UK and some of the other products. They continue to keep one of their delivery on label with a small site of ours, which has a lot of pending orders, but we can't deliver.

And we are trying to transfer it to the site which has undergone MMP and we can take much larger batches. And we feel very confident this quarter, all of that should end. So next year, we'll be able to start with a clean slate and have no constraints in supply. So Europe number being down is also a function of us not being able to supply that product.

**Dhwanil Desai:** Okay. okay. Just one more question, if I'm allowed if that is fine. Is that okay?

**Aditi Panandikar:** I am okay, unless somebody waits.

**Dhwanil Desai:** Okay, okay. So I think we used to do that 18% kind of a margin and from whatever that you are seeing qualitatively the US business will have far higher margins and domestic business anyway are good margin businesses, which the growth will come back there. So -- and Europe also you said the margin should improve. So there is a visibility of going back to 18%, 19% kind of a margin, you know, leave aside the timeline. Is that a fair assumption?

**Aditi Panandikar:** Of course, it is. Why would we work otherwise? And I'll just correct you on that 19, 20. 19, 20, we did in a COVID year when we had no expenses on India. Otherwise, we were having a fairly good run rate of 16%, 17%, sometimes 18%. I feel in the next couple of years, we would be stabilizing at around 13, 14. And a couple of years after that, we should be able to pitch for much better margin.

**Moderator:** The next question is from the line of Rohit from iThought PMS.

**Rohit:** I think a lot of questions have been answered. Just in terms of the balance sheet, ma'am, so like where are we right now? And are we at peak debt? And what is the thought process of coming down from here?

**Aditi Panandikar:** So our total debt right now sits at around INR900 crores. INR700 crores in the main business and INR220 crores in WRPL. We have been paying back as and when things get due, and we feel pretty confident to be able to do that. But yes, of course, we would explore any and every possibility we can to reduce or lower the debt.

On one part, we are very careful about no further capital expenditure. We are controlling opex. And I think going forward, therefore, there is a lot of work being done also on the inventory side. And all of this, I think, should help us. But anyway, Pramod, would you like to add something?

**Pramod Ghorpade:** Yes, sure. So this 920-odd number, which includes short-term as well as long-term, while long-term is at the range of 590, and we have another repayment which is scheduled in this quarter 4, which is to the extent of 28, and we are very confident to generate revenue or cash margins to fund the repayment as well as the interest component.

So with that, we'll have at the year-end about close to about 550 or 555, that is the number for long-term. And then next 2 years, we have a significant amount of repayment at around about 135 to 140 per annum. And we have worked out forecast estimates, and we are very confident to generate that much cash internally.

As madam mentioned, that is purely based on one is about the overall growth in various markets. Second is about the efficiencies, which will bring us another reduction in overall cost of operation. And thirdly, basically, the reduced interest cost, these three components, we are very confident to fund the repayment and interest.

And as madam mentioned, we don't require much capex as such because we have invested in most of the businesses now, including our R&D. So overall capex will go down substantially during the next 2 to 3 years.

**Rohit:** And what would be the maintenance capex that we have for our business?

**Pramod Ghorpade:** Around 35, 40 max per annum would be the maintenance capex required.

**Rohit:** Okay.

**Pramod Ghorpade:** Which will include certain energy saving projects also, which we have planned, which will further bring in the cost reduction for the energy cost.

**Moderator:** The next question is from the line of VP Rajesh from Banyan Capital Advisors.

**VP Rajesh:** Most of my questions have been answered. But just on the debt side, given the repayment schedule that you outlined right now, so by fiscal '27, could we assume that your debt will be around, let's say, INR750 crores to INR800 crores?

**Pramod Ghorpade:** Yes. So Mr. Rajesh, we could not hear you completely, but if I understand your question, your debt level for the next year. So currently, we are at 590 that is the long-term. While the short-term, as you know, based on the overall business, short-term may remain more or less same. But long-term, we have the repayment plan, which I explained just now. So next year, by this -- your question, I think, for next year, '27-'28, right?

**VP Rajesh:** By the end of March '27.

**Aditi Panandikar:** Okay, March '27. So that is '26-'27.

**Pramod Ghorpade:** Go ahead.

**VP Rajesh:** Yes, so I was just trying to understand that since you will repay about INR160 crores or so of debt between now and March '27, is it fair to assume that your overall debt, total debt, consolidated debt will go down from INR920 crores to, let's say, INR775 crores or INR800 crores?

**Pramod Ghorpade:** Correct.

**Aditi Panandikar:** Correct.

**VP Rajesh:** Okay. And in terms of the business this quarter, it sounded from your comments that it has been more of a supply issue because of US FDA and other reasons. So can you quantify what is the revenue that you had to let go because of that reason, right? Because we actually paid about INR8 crores of penalties on that as well?

**Aditi Panandikar:** Okay. So I think there are two questions here. One is about revenue and the other is about penalties. So on penalties, etcetera, and remediation onetime costs, we have around INR8 crores to INR9 crores.

On sale that might have not come in because of pushing forward due to customer approvals or validation, regulatory, it happens all the time. There was some last minute change in MHRA guidance and some labeling has to be corrected. All that is not very meaningful, but that is a continuous cycle. So if it spills it comes into the next quarter.

**VP Rajesh:** My understanding is that you are getting the products made outside and then supplying them to the customers?

**Aditi Panandikar:** That is right. Correct, correct.

**VP Rajesh:** So there is some margin that is being lost there. Then secondly, you know, you were talking about because of this US FDA there are certain products that and commitments you had. For which, against which you faced the penalty.

**Aditi Panandikar:** Right. That's right.

**VP Rajesh:** So I am trying to put these two things together to understand what...

**Aditi Panandikar:** Yes, they are different cases. The penalties are on historically unsupplied product. As you know, even for us to create second site, it takes its own time. You have to register, you do tech transfer, you take batches, you do stability, then you file, then you get approved. So it's a longer process, which has now culminated -- but historically, there have been gaps in time span when we could not supply.

I hope that answers your question. I think you were also asking about margins, so safe to say that we are outsourcing from third parties, which also have economies on scale on certain products. And we feel confident to spread our product basket like that, where we continue to have supply from some people and some products will be made in-house.

**VP Rajesh:** Right. So what was the margin loss because of that? If you can quantify in terms of crores of rupees?

**Aditi Panandikar:** There is no margin loss, but yes, there are onetime costs associated with technology transfer. But they are against product supply over a long period of time. So, I think we can roughly quantify that on an annual basis we would have spent around INR20 crores?

**Pramod Ghorpade:** Yes, yes.

**Aditi Panandikar:** Yes. So, all the costs we might have incurred on doing this technology transfer would be close to INR20 crores. So that is an additional cost. But it gives us a surety of second line of supply and where we do not have to worry about penalties in future. Does that answer your question?

**VP Rajesh:** Yes. I'm just going to rephrase to make sure I understood this. That INR20 crores is what you have paid in the current financial year for the onetime cost to transfer it to somebody else's site. And then on top of that, this quarter itself you have paid INR9 crores in remediation and on penalties, right?

**Aditi Panandikar:** Right, right. Correct.

**VP Rajesh:** Okay. And do we have a number? What is the total cost of remediation and penalties for the 9 months?

**Pramod Ghorpade:** So on a quarterly basis, we used to have remediation in the range of INR4.5 crores to INR5 crores. Now in the last quarter, it is slightly reduced.

**Aditi Panandikar:** When we talk of remediation, it is over and above all these product-related costs. That is for consulting charges, etcetera.

**VP Rajesh:** Okay. Right. So that's what I was trying to understand.

**Aditi Panandikar:** Yes. I get your point.

**VP Rajesh:** So, INR20 crores, let's say 4 and 4, 8, and plus this 9, 17 plus 20, roughly about INR35 crores, INR40 crores in this financial year is sort of onetime cost, which would not have been there had you had your US FDA approval. Is that the right...

**Aditi Panandikar:** True.

**Moderator:** The next question is from the line of Madhav from Shastra Capital.

**Madhav:** On the OTC business, how much we made in this quarter madam?

**Aditi Panandikar:** I think this quarter, we would have done, I know on YTD basis we have done 94. INR34 crores this quarter.

**Madhav:** So on the OTC business, assuming that the same run rate is going to be continued. So I think what will be next year assumption for the OTC business madam?

**Aditi Panandikar:** I have not -- can you repeat that? I couldn't hear you properly.

**Madhav:** Considering that the OTC now every quarter, we are making close to around INR30 crores, INR32 crores we are making.

**Aditi Panandikar:** Yes.

**Madhav:** And I think INR130 crores during the current financial year. And for the next financial year, what is the expectation for the next financial year for the OTC business?

**Aditi Panandikar:** You know, people in our brotherhood would have told me I should not be giving forward-looking projections. But safe to say that with the amount of energy we are putting in consumer marketing, in advertising, this number should go up safely by at least 30%.

**Madhav:** Yes, because we are good to see that you are giving some brand extensions also. So I think the business should go better in the next year as well.

**Aditi Panandikar:** Yes, yes. If there are no further questions…

**Moderator:** No, ma'am.

**Aditi Panandikar:** Okay. Thank you. Thank you all for logging in today, and thank you for the very interesting questions. Wish you a good week ahead. Thank you.

**Pramod Ghorpade:** Thank you so much.

**Moderator:** Thank you. On behalf of Nirmal Bang Institutional Equities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.