# Marksans Pharma Ltd.

November 13, 2026

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

**National Stock Exchange of India Limited**
Listing Department
Exchange Plaza, C-1, Block-G,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400051.
**Symbol: MARKSANS**

**Subject: Transcript of investor(s)/analyst(s) meet – Q2 FY27 Unaudited Financial Results**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed herewith transcript of the investor(s) / analyst(s) meet on Q2 FY27 Unaudited Financial Results held on November 05, 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**

H PANIGRAHI
Digitally signed by H PANIGRAHI
Date: 2026.11.13 14:11:30 +05'30'

Harshavardhan Panigrahi
**Company Secretary**

Encl: As above

# “Marksans Pharma Limited

# Q2 FY27 Earnings Conference Call”

# November 05, 2026

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

**MODERATOR:** **MR. VISHAL MANCHANDA – SYSTEMATIX INSTITUTIONAL EQUITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Marksans Pharma Q2 FY 2027 earnings conference call hosted by Systematix Institutional Equities 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 touch-tone phone. Please note that this conference is being recorded.

Now I hand the conference over to Mr. Vishal Manchanda from Systematix Institutional Equities Limited. Thank you. Over to you, Mr. Manchanda.

**Vishal Manchanda:** Thanks, Siddhant. On behalf of Systematix Institutional Equities, I welcome you to the Q2 FY 2027 earnings call of Marksans Pharma. We thank the Marksans Pharma management for giving us an opportunity to host the call. Today, we have with us the senior management of the company, represented by Mr. Mark Saldanha, Chairman and Managing Director, and Mr. Jitendra Sharma, Chief Financial Officer.

I will now hand over the call to the company management for opening remarks. Over to you, sir.

**Mark Saldanha:** Thank you, Vishal. Good afternoon, ladies and gentlemen. Thank you for joining us for Marksans Pharma Q2 and H1 FY 2027 earnings conference call. We appreciate your continued interest in the company and your support. I am pleased to share that we have delivered our strongest quarterly performance. Q2 was a record quarter for us, with revenue from operations reaching INR940 crores, representing a year-on-year growth of 30.5%.

More importantly, this growth was accompanied by strong improvement in profitability. EBITDA increased by 48.3% to INR214 crores, and our EBITDA margin expanded by 274 basis points to 22.8%. What is particularly encouraging is the breadth and quality of this performance. Our growth is not dependent on a single geography or acquisition. We have seen strong momentum across Europe, U.K., and continue to grow in North America. The increasing traction in Australia and New Zealand helped us to achieve these numbers.

Even excluding the contribution from QliniQ, our underlying business delivered a growth of approximately 25%. At the same time, we maintained healthy profitability despite higher freight and input costs. This gives us confidence that the investments we made in our portfolio, commercial capabilities, and geographic expansions are translating into sustainable growth.

Our performance also demonstrates the strength of our geographically diversified business model. North America continues to provide us with a large and resilient base, while U.K., Europe, and Australia and New Zealand are emerging as increasingly meaningful growth engines. The diversification provides us with multiple avenues of growth and reduces our dependency on a single market.

Let me begin with U.K. and Europe. We have seen a particularly strong performance. Revenue from this region increased by 65% to approximately INR405 crores. As many of you can recall, FY 2026 was a relatively subdued year for our U.K. business.

We used this period to work on fundamentals, strengthening our portfolio, preparing new product launches, and improving our market position. These efforts are now beginning to reflect in our performance. Even excluding the contribution from the acquisitions, our business in the region grew by 49% in Q2. Alongside the growth in our existing business, we are making progress on important strategic priorities: building our own commercial infrastructure in key European markets.

This will bring us closer to customers and give us better control over how we take our portfolio to the market. QliniQ in the Netherlands contributed approximately INR84 crores for the first half, while ABCnow and Marksans GmbH are strengthening our platform in Germany. These businesses are important building blocks of our European strategy, and over time, should increase the opportunity to introduce a wider portfolio and scale up our presence across the region.

Turning to North America, which remains our largest market and contributed 44.8% of the revenue, we recorded our highest ever quarterly revenue of INR421 crores, representing a growth of 8.7% year-on-year. This is an encouraging performance in the context of the economic environment in the U.S. market.

Our order book remains healthy and continues to build, giving us confidence that as we look ahead in the coming quarters, price erosion in our prescription products, although being in single digits, we are still looking extremely optimistic in the U.S. market. In Australia and New Zealand, revenue grew by 64% to approximately INR101 crores.

We are seeing good traction from the strategy we pursued to build a branded prescription business under Nova. Our Rx division is growing at a strong pace, and the growth we are now delivering in these markets is meaningfully ahead of the levels achieved in the previous year.

We are encouraged by this progress and remain positive about the opportunities ahead. Our Rest of World business remained impacted in the quarter by ongoing geopolitical disruptions in the Middle East and other regions, which affected the timing of certain shipments in the region. Importantly, this was largely an operational and timing-related impact rather than a change in underlying opportunities in these markets.

We continue to monitor the situation closely, and as conditions normalize, we expect shipment activities to recover progressively. As we look into the second half and beyond, our growth priorities remain clear. We will continue to deepen our presence in the existing markets, scale our newly established European platform, expand our product portfolio, and selectively enter markets where we see an attractive opportunity. Our healthy order book, expanding commercial capabilities, and strong financial position give us confidence in our ability to sustain profitable growth.

Importantly, we are pursuing these opportunities from a position of financial strength. Our strong cash generation and a net cash balance provide us the flexibility to continue to invest in our product pipeline and commercial capabilities while selectively evaluating acquisitions that

offer a compelling strategic and financial fit. We remain disciplined in capital allocation, focused on execution, and committed to creating sustainable long-term value.

With this, I hand over to Jitendra to take you through the financial performance.

**Jitendra Sharma:** Thank you, sir, and good afternoon, everyone. I will take you through the financial performance for the second quarter, followed by the first half performance. Starting with Q2, total income stood at INR958 crores, registering year-on-year growth of 29.2%. Revenue from operations was INR940 crores, up 30.5% year-on-year and 11.8% sequentially.

Looking at the geographic mix, North America contributed INR421 crores, representing 44.8% of the revenue. U.K. and Europe contributed INR405 crores, or 43%. Australia and New Zealand contributed INR101 crores, or 10.7%, while the Rest of the World contributed INR14 crores, or 1.5%. Gross profit increased year-on-year by 33.6% to INR550 crores, ahead of revenue growth. Gross margin improved by 135 basis points year-on-year to 58.5%. EBITDA increased year-on-year by 48.3%. Hello?

**Moderator:** Hello. There was some sort of disturbance from the line of Mr. CFO. Just a moment. Mr. Jitendra?

**Jitendra Sharma:** Yes.

**Moderator:** Can you please continue?

**Jitendra Sharma:** Yes, sure. Thank you. Gross profit increased year-on-year by 33.6% to INR550 crores, ahead of revenue growth. Gross margin improved by 135 basis points year-on-year to 58.5%. EBITDA increased year-on-year by 48.3% to INR214 crores, with EBITDA margin expanding by 274 basis points to 22.8%, ahead of our 20%-21% guidance range. During Q1, we benefited from consumption of lower-cost inventory.

However, we are now seeing an increase in inventory costs, resulting in gross margin moving to 58.5% from 59.1% in the previous quarter. Notably, freight costs have nearly doubled in the current environment. Higher freight contributed approximately INR20 crores to the sequential increase in other expenses. There has also been a slight increase in employee costs, of approximately INR8 crores, as we continue to strengthen our team and invest in the newer markets.

In addition, our German business incurred initial startup costs of a couple of crores as we prepare these operations for the next phase. Against this backdrop, delivering a record quarterly EBITDA and maintaining an EBITDA margin of 22.8% is particularly encouraging. It reflects the operating leverage in our business, an improving product and geography mix, and disciplined execution across our markets.

Profit before tax for the quarter was INR194 crores, up 45.1% year-on-year. Profit after tax increased by 44.8% to INR144 crores, with a net margin of 15%. Profit after tax declined sequentially to INR144 crores compared with INR159 crores in Q1, primarily due to higher depreciation and amortization following the commencement of amortization on acquisition-

related intangible assets, lower other income as currency movements stabilized, and a higher effective tax rate of 25.8%.

Moving to the first half performance, total income stood at INR1,825 crores, up 33.4%, while revenue from operations increased by 32.9% to INR1,781 crores. Gross margin improved by 137 basis points to 58.8%, supported in part by the lower average cost of inventory consumed, particularly during Q1. EBITDA grew by 74.7% to INR427 crores, with the margin expanding by 574 basis points to 24%. Profit after tax increased by 92.5% to INR303 crores, with a net margin of 16.6%.

The first half also benefited from the higher other income. Cash generation was another important highlight of the first half. Cash generated from operations was INR322 crores compared with INR75 crores in the corresponding period last year. Cash conversion, measured as operating cash flow as a percentage of EBITDA, improved to 75.2% from 30.7%.

After capital expenditure of INR46 crores, free cash flow stood at INR275 crores. We also continued to make progress in working capital management. The working capital cycle reduced to approximately 128 days in the first half of the year from 138 days in FY 2026. During H1, we deployed around INR95 crores towards acquisitions and paid a dividend of around INR41 crores.

Even after these outflows, our net cash position increased by INR135 crores during the period. As of September end, cash balance and current investments stood at INR1,124 crores. Our net cash position was therefore at INR1,095 crores, while net worth stood at INR3,367 crores. Our return ratios have also improved meaningfully. On a trailing 12-month basis, return on capital employed increased to 24.7% from 18.7%, while return on equity improved to 18.6% from 13.6%. For H1, R&D expenditure was 2.6% of revenue.

To conclude, the first half reflected strong growth in revenue and profitability, healthy cash conversion, and continued improvement in capital efficiency. Thank you. We will now be happy to take your questions.

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

**Ahmed Madha:** Yes, thanks for the opportunity, and congratulations on a very good set of numbers and execution. Firstly, on the U.S. side, if you look at the growth in constant currency terms, it is relatively low in the first half. How should one think about it in terms of being able to penetrate more volumes in the second half?

In general, how does the order book look? There were some comments on the consumer sentiment in U.S. How do you see the market and growth in the second half and in general for the U.S. business?

**Mark Saldanha:** Obviously, seasonality being number one. A substantial amount of our portfolio is seasonal, which is obviously tilted more towards the cold season. The cold season has yet to. It normally

comes in October, November, December, is the season. That said and done, obviously, when we talk of sentiments, we talk about the geopolitical scenarios where we talk of inflation, crude oil, everything of that stuff, having impact on affordability in the U.S.

Obviously, with costs going up, I think medicines are literally the last priority on everyone's mind. Obviously, food and gas become the top priority for everyone else. All this coupled with seasonality, I mean, we have grown to some extent, and we will continue growing in the U.S. market. We are quite optimistic on achieving our objectives. We still believe within the next three years, we should reach $300 million order book status with regards to the U.S. We are still very optimistic where U.S. is concerned.

**Ahmed Madha:** The overall run rate is now close to almost INR1,000 crores, probably next quarter or so you reach there. In terms of organic capacity expansion, how do you think about it? Obviously, we have a lot of cash available. Do we go into a major capex cycle next year or so?

**Mark Saldanha:** Again, like I've said, our outlook is more long-term than immediate. We do believe we are trending and we are working and trending towards achieving INR5,000 crores in the next three years and possibly doubling our revenue from where we were last year within the next five years, INR6,000 odd crores. We are working towards that, and that would need, obviously, infusion of capex in terms of manufacturing infrastructure to support that growth phase.

Today, you're right, we are trending at INR1,000 crores a quarter, very close to INR1,000 crores, but you can round it up to INR1,000 crores a quarter. That gives us some visibility on an INR4,000 crores mark. Today, we don't talk about INR4,000 crores. We are already planning for INR5,000 crores, and for that, we are looking at opportunities in terms of expanding our infrastructure. It may be adding on another manufacturing block or acquiring another plant. We are in active dialogue on both sides.

**Ahmed Madha:** Okay, got it. Thank you so much.

**Mark Saldanha:** Thank you.

**Moderator:** Thank you. The next question comes from the line of Arun from Unifi Capital. Please go ahead.

**Arun:** Sir, congratulations on your good set of numbers. Could you explain how revenue growth looks in the other regions, particularly the U.K.? With the U.K.'s low base from last year's price war ending from Q4, what growth do you expect there at the overall level? Can you brief on that?

**Mark Saldanha:** U.K. looks very promising, Arun, and I must say it has overcome the last year's slow revenue stream. We have introduced newer products, newer launches. Pretty much, like I've always said, you have got to just wait for the business model sometimes to unfold. We had a lot of products in the pipeline. We have a lot of products under filing, under registration, and under approval.

As and when these approvals do happen, and we are expecting quite a few approvals every quarter, they will unfold revenue streams, new revenue streams, new penetration of these molecules into the market. U.K. is looking promising, but also Europe, because we are now looking at Europe, both from a geography as well as from an expansion of our IPs that we have created. We are exhaustively looking at creating those infrastructures to market our products across Europe.

We are seeing some good results, although it is just the start. It has been a couple of months since we entered Europe, but it is looking extremely promising. If you ask me my outlook of U.K. and Europe, they will still continue to grow over the next couple of years and will be very important geographies to hit our objectives of INR6,000 crores.

**Arun:** Got it, sir. Historically, H2 PAT has been higher than H1. Given the importance of Q3 for our products, do you expect that trend to continue this year? Will H2 PAT be higher than H1, given that H1 has already benefited from the lower cost inventory and forex gains?

**Mark Saldanha:** It is a very good question, Arun. Like you rightly said, the H1, the first quarter obviously benefited from a lot of low-cost goods, while because of the crude oil and because of everything, the cost has gone up. While we keep depleting our stocks, we have to basically purchase new inventory. We believe we will be range-bound overall for the year.

Like I have always committed, I think our performance in revenue will keep growing, and I am quite confident of us hitting objectives. I think our EBITDA should be pretty much in the range of 21%-22%, whatever we performed this year, this quarter. I do see our overall EBITDA being in that same range. The PAT, with regards to PAT, I think besides provisions for different taxes and depreciation, I think our PAT will be pretty much in line with what is expected.

**Arun:** Got it. Thanks. That is it from my side.

**Moderator:** Thank you. The next question comes from the line of Saksham Tyagi from Desvelado Advisory. Please go ahead.

**Saksham Tyagi:** Okay. First of all, thanks for the opportunity, sir. My first question is that, in the investor presentation, you have mentioned Europe to be the key growth driver in the upcoming quarters. I just wanted an insight on that. How is it going to be the key growth driver in the upcoming quarters?

**Mark Saldanha:** Because it's got a very low base today, and we are working hard in basically generating revenue. These are all going to add to both our revenue streams, which were not factored in last year. Definitely, it is adding to being a growth driver presently. We are literally starting from zero where Europe is concerned.

**Saksham Tyagi:** Okay, sir.

**Mark Saldanha:** I do see Europe over the next three years shaping up very well, being a very prominent player, prominent contributor to our overall scheme of our objectives, like I mentioned to Arun previously.

**Saksham Tyagi:** So it might take up to three years to see the visible changes, right?

**Mark Saldanha:** Well, we are already seeing some changes. They may be small today, but they will grow every year, and we do see growth happening in ABCnow. We do see growth happening in QliniQ, our Netherlands company. Then we are looking at and exploring more M&As in Europe, and we do hope to conclude a couple of them down the line, hopefully within the next 12 months.

**Saksham Tyagi:** Okay, sir. Understood. My next question is on the expansion side. Since we are aiming to expand the Indian capacity to 16 billion units per annum, I just wanted to know how we are going to achieve that and how much time it is going to take?

**Mark Saldanha:** I think expansion will happen in two ways. One is within our facility, within our infrastructure that we have within the Teva plant, we are planning to add in a couple of blocks to expand dosage forms as well as some capacity, debottlenecking. We are also looking at expanding or acquiring a plant which will give us more of it and basically fuel more potential of revenue as well as volumes, which is needed.

We are basically in dialogue with two companies today, but nothing concrete. We are looking at basically expanding our manufacturing capabilities, hopefully, maybe for which we will probably need a year down the line or so. Immediate effect, but maybe a year and a half down the line.

**Saksham Tyagi:** Okay. Is there any expected timeline for that?

**Mark Saldanha:** I would probably put 12 months.

**Saksham Tyagi:** Okay, sir. Lastly, I wanted to know that since you have acquired 100% stake in Access Healthcare in Dubai, can you give some color on that, like how is it going and what would be the contribution? Also, I wanted to know if there are any acquisitions lined up in the UAE region.

**Mark Saldanha:** Presently, we are looking at the geopolitical scenario. There are no M&As or acquisitions planned in the Middle East. I think Access Healthcare is holding its own right now, taking into consideration all that it's been through for the full year. The war has impacted the Middle East, but we are still very profitable.

It's still generating enough cash, although the revenue is extremely small in the overall context of our turnover. But we are working, again, in this scenario, we are working on increasing our pipeline tenfold. So we are busy working on filing products and trying to grow that basket as early as possible.

**Saksham Tyagi:** Okay, sir. Understood. Thank you very much and all the best for the upcoming quarter.

**Moderator:** Thank you. The next question comes from the line of Meet Bhuva from Entigrity Ventures & Partnerships. Please go ahead.

**Meet Bhuva:** Yes. Hi. Congratulations on a good set of quarters. I have a couple of questions. First question is on the volume growth side. How was the volume for this quarter across the geographies?

**Mark Saldanha:** The volume will be strong. It depends from where, what volume are you talking about? Are you talking from the Indian point of view or are you talking from the global point of view?

**Meet Bhuva:** I am talking from the Indian point of view.

**Mark Saldanha:** Volume should be strong from all angles. But again, I think seasonality, we are waiting for a strong winter and we are hoping for that. But the third quarter is normally the stronger quarter for us. So we are hoping that we will see good volumes.

**Meet Bhuva:** Good.

**Jitendra Sharma:** See, the entire -- our entire growth, if you see the first half of the current year, our revenue has grown by 32.9%, and a substantial part of this has come through volume growth only.

**Meet Bhuva:** Okay. Got it. Could you please give the mix between Rx and OTC for this quarter and H1?

**Mark Saldanha:** Jitendra?

**Jitendra Sharma:** Yes, it was broadly very much similar. I think between 70% and 75%, around 75% OTC and the 25% will be Rx.

**Meet Bhuva:** Okay. Got it. Thank you so much.

**Jitendra Sharma:** Thank you.

**Moderator:** Thank you. The next question comes from the line of Sandeep M from MoneyGrow Asset. Please go ahead.

**Sandeep M:** Yes. Good evening. Thanks for the opportunity. So given the substantial cash balance on the books, is management considering any kind of share buyback program or any acquisition? So I just want to know more about the capital allocation. Thank you.

**Mark Saldanha:** Sandeep, we are allocating a decent amount of capital on two fronts. One is obviously capex, and the second one is M&As. We have been in dialogue with companies, and we continue to be in dialogue with companies. We are looking at growth being fueled in Europe. We do look at a couple more M&As that may come across Europe.

But again, the size may differ. Some may be small, some may be larger in size, but we look for opportunities to grow, and that's where the funds are kept so that we can consummate those M&As. But till then, we are now looking at acquiring facilities in India, for which we would probably need a decent amount of cash to be plowed out there on those fronts.

Buyback is always an option, and we have discussed this, and we will continue evaluating as and when we feel if nothing else is happening, that could be a possibility also.

**Sandeep M:** Okay. Thank you. That's it, sir. Thank you.

**Moderator:** A reminder to all the participants that you may press star and one to ask a question. The next question comes from the line of Harshal from ASK Wealth Advisors. Please go ahead.

**Harshal:** Congratulations on a good set of numbers, sir, and thanks for the opportunity. Sir, actually, in the initial part, I missed your comments on the U.S. market. I just wanted to know how do you look at the U.S. markets, especially in the context that we've got a mid-single-digit price erosion going around, which I believe could be the case going ahead also.

But overall, with respect to growth prospects, outlook, how should it be for the second half and probably FY 2028 as we go in? Do we have any launches, like any number of launches lined up, and maybe any comment on this from your side would be helpful?

**Mark Saldanha:** We are filing every year, we are filing ANDAs. We have about, I'm hoping within this next year, within the next couple of months, till March, we should be filing another five or six ANDAs. This is a nonstop process, right? We continue to go down that road. We are increasing our product portfolio in all directions. We are quite optimistic on the U.S. market.

I know geopolitically, it was a bit of a mess from all that was created, but there is some silver lining. We are hoping for good news. We are hoping for corrective actions to be taken. The midterm elections have just concluded, so I'm quite confident that the U.S. market will still be a growth driver. I don't think we have to evaluate it on a quarter-on-quarter basis.

I think we have to look at it from a medium-term to long-term because a lot of investments are going in terms of filings. If you ask me my visibility for the next three years, I think we are still moving towards a $300 million order book status over the next three years.

**Harshal:** Okay. You're trying to say a $300 million order book kind of over the next two to three years. Is that correct? If I have heard it correctly?

**Mark Saldanha:** Yes, three years. Within the next three years, I do believe our order book will increase from $225 million to $300 million.

**Harshal:** Okay. So it will be from $225 million to $300 million, is it? Okay. That's there. Sir, I just also wanted to have your views on the ROW markets wherein the geopolitical issues and all are there. You did allude to in your initial comments also that you're monitoring the situation, but is there any view that you would want to share, like the run rate should be as it is in first half or any meaningful or any slight improvements you would be envisaging over there?

**Mark Saldanha:** I see improvement. I still see us doing quite well for the emerging markets. The first half was a bit of a struggle because it affected transportation, it affected vessels, which were obviously all stuck in the Red Sea, and everything, there was chaos related to logistics and supply chain. I

think that is slowly easing up, and I do see a better movement happening even in this month, in the last month.

So, I do see us making up for some lost ground. Obviously, we can't make up for six months, but we are making up for lost ground. I do believe that we'll be on track, hopefully by the end of this year, and come back to what we had envisaged for these markets. We still are focusing on our filings, our product registration in these markets.

From our outlook, I mean, these are small bumps that one has to overcome because of situations which are beyond our control. But I think we don't look at it in quarters, like I mentioned. We look at it more from a long-term point of view.

**Harshal:** Right. Got your point. So, about INR25 odd crores run rate per quarter is something that we could expect towards the end date of FY 2027 for the ROW markets? Safe to say that or no?

**Mark Saldanha:** It's difficult looking at. Again, we are all hoping for a better. If you had asked me this question maybe a quarter back, I never thought the war would last this long. I was hoping that the war would be over before the election because of the pressure of the election, but who knows? It didn't happen, so maybe I don't have a crystal ball to predict on geopolitical scenarios. But if things ease up, then I would say, yes, I mean, very close to INR25 crores, maybe INR20 crores-INR25 crores is doable.

**Harshal:** Right. Got that. Okay, sir. Thank you, and all the best. If there is anything, I'll come up for a follow-up. Thank you.

**Mark Saldanha:** Thank you.

**Moderator:** Thank you. The next question comes from the line of Mihir Damania from Fident AMC. Please go ahead.

**Mihir Damania:** Hi. Thanks for taking my question. My first question is, you alluded that you are looking at manufacturing assets in India. I wanted to get a bit more color on what exactly you are kind of looking at. Historically, you've been very strong in oral solids.

Are we looking at similar assets which can give us a lot more capacity, or are we looking at different modalities, like probably going into injectables or maybe a backward integration kind of an asset which can help us control costs better? Just wanted a bit more there because you alluded that this might require a substantial amount of investment versus all your other acquisitions in the past.

**Mark Saldanha:** Yes, I mean, for us, presently, whatever, we are looking at different dosage forms, not injectables, but we are looking at expanding dosage forms where we believe we foresee some constraints in terms of capacity, maybe two years down the line. And tablets and solid oral could be a part of it also. So definitely, whatever we do, there is always solid oral around it. But yes, we are looking right now at expanding manufacturing capabilities.

**Mihir Damania:** Nothing on backward integration, no? You're not looking at API?

**Mark Saldanha:** No, backward integration as on date, looking at what is happening globally, we are not getting into that right now.

**Mihir Damania:** Oh, got it. My second question was on the depreciation bit. Just wanted to get a bit more color because sequentially there has been almost like an INR6 crores-INR7 crores depreciation increase while your gross block has not been. I understand that it is because of some intangible accounting, but I wanted to understand whether this is the run rate to kind of take further, because on an INR100 crores kind of an acquisition, an INR6 crores quarterly depreciation increase seems slightly high. If you could give a bit more color on what depreciation we can kind of expect going ahead, that would be very helpful.

**Jitendra Sharma:** Yes, Mihir. We have changed our accounting treatment for depreciation on intangible assets from this quarter. Earlier, we were just testing it for impairment, and we were taking indefinite useful life for arriving at the impairment decision. From this quarter, we basically are treating intangible assets as having a finite useful life, and we have started depreciating it over a period of 10 years.

The reason for the increase in this figure was, we have also started providing for depreciation on acquired intangible assets from QliniQ and ABCnow. This impact has come largely from the acquired intangible assets also during this year.

**Mihir Damania:** Fair to assume that this will be the going run rate for the next couple of quarters?

**Mark Saldanha:** Yes.

**Moderator:** Thank you. A reminder to all the participants that you may press star and one to ask a question. The next question comes from the line of Akshit Shetty from Manjit Kothari Family Office. Please go ahead.

**Akshit Shetty:** Yes. Congratulations on the strong performance, and thank you for taking my question. My first question is on U.S. OTC. In the second quarter of FY 2027 presentation, you mentioned your ambition to double U.S. store brand OTC revenue, supported by an expanding product pipeline.

One interesting trend is that U.S. store brands are increasingly competing on product quality and innovation, rather than just price. In this changing environment, how is Marksans strengthening its position with large retailers beyond being a cost-competitive manufacturer? Do you see opportunity to become a strategic product development and a supply chain partner for these retailers?

**Mark Saldanha:** Yes, Akshit, we are, and we are already with some of the retailers, we are already positioned there, where we talk of launching first to market or we talk of innovations. We always have dialogues with them on innovations, and quite a few of our retailers look to us for those directions.

**Akshit Shetty:** Okay, got it. I have one more question regarding the European region. In this same presentation, you highlighted the contribution from QliniQ in the Netherlands and the

consolidation of ABCnow in Germany. With this expanded European presence, could you explain how you plan to use this local distribution platform to introduce Marksans' existing products and future launches across multiple European markets? Do you see this creating a meaningful new growth channel beyond the existing U.K. business over, say, next three to five years?

**Mark Saldanha:** Yes. The answer in one word is yes, number one. Number two is, these deals of ours are more centric on the country or the geography that we've acquired them on. When you talk of QliniQ, it is Netherlands, you talk of ABCnow, it's Germany. These markets do not represent the whole of Europe, but it does represent that country, and that's where our inorganic growth strategies of M&As will continue in other countries in Europe.

They will add a significant growth, both tangibly and intangibly, in what we do in Europe as well as what we do in that particular country. Both countries have quite a lot of potential, and Germany is a big market also.

**Akshit Shetty:** Okay, got it. Thank you for answering both my questions here. Thank you.

**Mark Saldanha:** Thank you.

**Moderator:** Thank you. The next question comes from the line of Pranav Gupta from Value Advisors. Please go ahead.

**Pranav Gupta:** Hi, thanks for the opportunity. I have a couple of questions. Firstly, Australia grew 64% year-on-year. Just wanted to understand how much of it came from the Nova division, and how do we see the next few quarters shaping up?

**Mark Saldanha:** Well, Australia, 100% comes from Nova. We do not market anywhere else. Nova is a subsidiary, and it is a front end, so we market all our products through them. We see Australia growing over the next three years to a $100 million subsidiary.

**Pranav Gupta:** Noted. Just to follow up, is our Europe target of the top line of about INR1,000 crores in five years still valid?

**Mark Saldanha:** Yes.

**Pranav Gupta:** All right. Thank you.

**Moderator:** Thank you. The next question comes from the line of Tanvi from Mira Capital. Please go ahead.

**Tanvi:** Firstly, congratulations on a great set of numbers, sir. I have a couple of questions. Firstly, I wanted to know, is the INR4,000 crores revenue target in about two years still on track?

**Mark Saldanha:** I think next year we should touch INR4,000 crores. I mean, we are trending right now very close to INR1,000 crores a quarter, so I think very comfortably we can say that next year we will hit INR4,000 crores.

**Tanvi:** Okay. Thank you. Secondly, I wanted to ask, since the U.K. market has grown significantly after a flat year of FY 2026, is it sustainable?

**Mark Saldanha:** Yes, it is sustainable, and because of the product pipelines, and we can see visibility on approvals coming in, I do believe it is sustainable. It will show growth. I mean, it is not going to double its revenue overnight, but it will grow significantly well.

**Tanvi:** Okay. Thank you. Lastly, I just wanted to ask, what is the dividend policy for FY 2027 given the net cash position currently?

**Mark Saldanha:** We have to now evaluate that. We had a lot of things on our plate right now. We have not given a thought on that.

**Jitendra Sharma:** Historically, like, 1/3 of our free cash flow generation, we have been distributing as dividend. Broadly, it will be in line with that.

**Tanvi:** Okay. Thank you so much for taking my questions.

**Moderator:** Thank you. A reminder to all the participants that you may press star and one to ask a question. The next question comes from the line of Arun from Unifi Capital. Please go ahead.

**Arun:** Thanks for the opportunity again, sir. A question on API costs. We have been seeing reports of API prices, especially paracetamol and ibuprofen, being at elevated levels. Have prices peaked or started to cool, or are they still elevated? Given Q2 gross margins of 58.5%, what should be the margin that we should expect for Q3 and Q4? Closer to 58% or to the usual guidance of 55%-56%?

**Mark Saldanha:** I will probably maintain it at 55%-56% again. Arun, these things can change very rapidly. If the crude prices come down, you will see it going down. If the war goes from bad to worse, then obviously, all projections go for a toss. But we are quite optimistic on the outlook, and this is very prevalent to what is happening in the midterm elections. We do see things cooling down a bit, and if you have seen the last couple of days, the crude has improved a bit. I do see that prices should cool down maybe in the next 30 days or so.

**Arun:** Got it, sir. If prices fall, would it quickly reach our gross margin, or the retailers would ask for price cuts? How does it usually happen, sir?

**Mark Saldanha:** Retailers will not ask for a price cut, but our gross margin will increase, obviously, or will come back to its historic numbers if we see raw material prices coming down. Obviously, if raw material prices go up, then, like I said, everything, all calculations have to be recalculated. We are looking at it more from a positive angle, and we are working towards achieving our objectives because we know this is literally a short term.

It's not sustainable. I mean, like I said earlier in the call, I was actually hoping that the war would have ended before the midterm elections. It didn't, but I had a strong feeling that it should have for whatever political reasons. That said and done, we're still hoping that it will end soon.

**Arun:** Got it, sir. One last question. I see that our lease liabilities have gone up by INR120 crores. Is it due to consolidations of the acquisition, or we have taken a new lease?

**Jitendra Sharma:** Yes, we have taken a new lease in U.K., and it has come from that geography.

**Arun:** Okay, got it. Thank you, sir. Thank you.

**Jitendra Sharma:** Thank you.

**Moderator:** Thank you. The next question comes from the line of Mr. Vishal Manchanda from Systematix Institutional Equities Limited. Please go ahead. Mr. Manchanda, please go ahead. Mr. Manchanda, please, can you go ahead and unmute yourself?

**Vishal Manchanda:** Sorry, I was on mute. I wanted to understand if you can break up your organic growth between existing products and new launches for the year. Also, if you have seen any price increase or decrease in our base portfolio.

**Mark Saldanha:** Vishal, it just depends on geographies again. If you look at U.S., a substantial amount of our growth will come from organic only, and a small portion will come from inorganic. But if you look at U.K., a decent amount will come from new launches, and obviously, in Europe, a substantial amount will come again from new launches. Australia will also be fueled by new launches that would come. This is over and above what we are doing. We are at a decent size. We are at a decent base. Definitely, in our strategy to hit new heights, new launches play a very important role.

**Vishal Manchanda:** But generally, if you could kind of give an indication as to what percentage of the growth usually is the new launches that contribute. If it is 20% of the growth that comes from new launches, 10%, some broad indication.

**Mark Saldanha:** In U.K., it will probably be 20%. But in Europe, it will probably be higher, maybe 50%-60%. In U.S., it will probably be 10%.

**Vishal Manchanda:** And the focus area for your new launches is oral dosages, or oral solid dosage, or you are trying to kind of get into new dosage forms?

**Mark Saldanha:** It is quite diversified, but we are not into injectables, so that is not the case. As on today, the maximum portfolio is obviously oral dosage as we speak. But we are diversifying slowly, but irrespective of the diversity that we are planning, it will still be the largest segment for us.

**Vishal Manchanda:** Okay. Are we witnessing any price increases in our base portfolio?

**Mark Saldanha:** Are you talking of finished product or...

**Vishal Manchanda:** The finished product. The finished products.

**Mark Saldanha:** No, we are not witnessing any of that.

**Vishal Manchanda:** Any changes in competitive intensity? Are you seeing the competitive intensity coming down? Your competitors, maybe they are facing cost challenges, and you are probably seeing competition coming down over years.

**Mark Saldanha:** Yes, we do see that, but every time we see something coming down, something goes up, right? We do not actually pay a lot of attention to all that because we basically grow on our strength and on our strategy. We have been growing very strategically in our portfolio as well as in our geographies that we have planned out, and we are seeing good results in what we are doing. But it is the nature of the beast.

You will always have competition. If we start looking at who is doing what, we tend to get bogged down on that. But when we are picking our product selections on what we have to do, then we obviously do our research as to see how many players are into that market. But beyond that, we do not bother about which companies are in competition.

**Vishal Manchanda:** With respect to our R&D efforts, have we identified any focus area, or we are targeting products? We are just kind of trying to target products where we do not have a presence in. Is that the way we are looking at new launches or specific areas you would have identified?

**Mark Saldanha:** R&D is focused mainly on new niche molecules, let me put it this way. As we grow, we get into a bit more complex molecules, which may involve Para IV challenges or first-to-market type of strategies. This is all a part and parcel of us evolving into more prominent players in those markets. Our R&D focus today is going into all development of niche molecules where the number of competitors, like you say, or players are less, or molecules which have more complexity in formulation. That is our focus point right now.

**Vishal Manchanda:** Is this largely focused around oral solids, or you have kind of put a team around?

**Mark Saldanha:** No, it is not only oral solids. It is on topicals, it is on liquids, it is on various other segments also.

**Vishal Manchanda:** Sorry?

**Mark Saldanha:** It is on topicals, liquids, it is on various other segments also.

**Vishal Manchanda:** Got it. All right. Do all your revenues come from your own manufacturing, or is there also a portion of contract manufacturing that you rely on?

**Mark Saldanha:** No, I mean, obviously we have plants all over, in the U.S. and U.K., and in India, most of it. I would say 98% of it or 99% of it comes from our own plants.

**Vishal Manchanda:** Okay. I think you highlighted in your presentation a few nasal sprays you launched in Australia. I think one nasal spray or two nasal sprays. Are these in-house manufactured or these are outsourced?

**Mark Saldanha:** No, they are not in-house, but will soon be in-house. As of today, they are not in-house.

**Vishal Manchanda:** Okay. With respect to the kind of, you are also looking to acquire manufacturing assets. Would this be any specific dosage form that you would be looking at, or again, it would be more oral solids-related manufacturing capacities?

**Mark Saldanha:** Yes. There are different dosage forms we are looking at, based on what we believe our capacity would basically fill up and fill up fast. But irrespective, whatever dosage forms we do get into, we will always ensure there is a solid oral block in and around that place. Because at the end of the day, no dosage form comes close to the solid oral dosage forms.

**Vishal Manchanda:** Understood. You highlighted, probably you are seeing some capacity constraints around oral solids. Did I interpret that correctly, or that is not the-

**Mark Saldanha:** No. So far, we are good for the next two years, two to three years. But you always want additional capacity.

**Vishal Manchanda:** Okay, sir. Thank you. Thank you. That is all from my side.

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

**Harshal:** Thanks for the follow-up, sir. I just missed out on one point, actually wanted to have your views. On the margins front, we have done a good 23% in Q2, and towards the end of full year, we had guided somewhere around 21% or something. But, sir, is there a possibility that we could kind of have something higher than 21% or 27%?

**Mark Saldanha:** There is always a possibility, but for that, you have got to call the president and call off the war.

**Harshal:** Okay.

**Mark Saldanha:** It is as simple as that.

**Harshal:** Okay. Got it, sir. Got it. Thank you.

**Mark Saldanha:** Okay. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of the question-and-answer session. I now hand the conference over to management for closing comments.

**Mark Saldanha:** Thank you, everyone, for spending your time, valuable time, and attending this conference call. I want to wish you a good evening and be safe. Thank you very much.

**Moderator:** Thank you. On behalf of Marksans Pharma and Systematix Institutional Equities Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.