



Zeal & Innovation in **M**edicine

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BSE Limited, Corporate Relationship Department P. J. Towers, Dalal Street, Mumbai- 400 001 Company Code- 541400	National Stock Exchange of India Limited Listing Compliance Department Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 (Symbol - ZIMLAB)
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Dear Sir/Madam,

Sub: Transcript of Q3 & 9MFY26 Earnings Conference Call

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Earnings Conference call for Q3 & 9MFY26 held on Friday, 13th February, 2026. The same is available on the Website of the Company at:

<https://drive.google.com/file/d/15wTejRPdhyQCTETLEWLL-UIaujKxMZ5I/view?usp=sharing>

Request you to kindly take the same on your record.

Thanking you,

Yours faithfully,

For ZIM LABORATORIES LIMITED

(Piyush Nikhade)
Company Secretary and Compliance Officer
Membership No. A38972

ZIM LABORATORIES LIMITED

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Zim Laboratories Limited
Q3 & 9M FY26 Earnings Conference call

Event Date / Time: 13/02/2026, 10:00 Hrs.
Event Duration: 61 mins 32 secs

CORPORATE PARTICIPANTS:

Dr. Anwar Daud
Chairman and Managing Director

Mr. Zulfiqar Kamal
Director (Finance)

Mr. Shyam Mohan Patro
Chief Financial Officer

Mr. Zain Duad
Investor Relations

Ms. Deepika Sharma
GoIndia Advisors

Q&A PARTICIPANTS LIST:

- 1 **Madhur Rathi:** Counter Cyclical Investments
- 2 **Shreya Chatterjee:** Ageless Capital Finance
- 3 **Gautam Gupta:** Individual Investor
- 4 **Darshil Pandya:** Fintrest Capital
- 5 **Deepesh Sancheti:** Manya Finance
- 6 **Amit Bajpai:** Individual Investor
- 7 **Rohit Balakrishnan:** Ithought PMS
- 8 **Ashok Shah:** Eklavya invesco Family Office
- 9 **Maitri Shah:** Sapphire Capital
- 10 **Pujit Agarwal:** Individual Investor
- 11 **Prathna Paris:** Altis Financial Partners

Moderator

Good morning, ladies, and gentlemen, I am Akash, moderator for the conference call. Welcome to Zim Laboratories Limited Q3 and nine-month FY26 Earnings Conference Call. As a reminder, all participants will be in listen only mode, and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing, "*" and then "0" on your touch phone telephone. Please note this conference is recorded.

I would now like to hand over the floor to Ms. Deepika Sharma from GoIndia Advisors.

Deepika Sharma

Thank you, Akash. Good morning, everyone, and welcome to the Q3 and nine-month FY26 Earnings Call of Zim Laboratories Limited. We have on the call Dr. Anwar Daud, Chairman and Managing Director; Mr. Zulfiquar Kamal, Director of Finance, Mr. Shyam Mohan Patro, Chief Financial Officer, and Mr. Zain Daud, Investor Relations. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces. May I now request the management to take us through the financials and business outlook, subsequent to which we will open the floor for Q&A., thank you, and over to you, sir.

Anwar Daud

Thank you, Deepika. Good afternoon, everyone, this is Anwar Daud speaking. A warm welcome to all participants joining us for Zim Laboratories Limited Earnings Conference Call for the third quarter and nine months ended December 31, 2025. I hope you have had the opportunity to review our results and the accompanying presentation available on the exchanges.

Let me begin with an update on our EU-GMP remediation and CAPA implementation plan, which continues to remain our highest strategic priority. We have submitted the majority of CAPA responses and addressed most regulatory queries. Based on our ongoing engagement with the authorities, we understand that the audit is expected to be conducted during the first half of the upcoming financial year tentatively in the next quarter. In preparation, we are proactively undertaking all necessary steps to ensure full compliance with regulatory requirements and remain committed to maintaining the highest quality and compliance standards. We recognize that EU-GMP certification is critical to unlocking value across regulated markets.

In parallel, we continue to undertake proactive measures to maintain business continuity through alternate certification and site transfer initiatives on select key products ensuring minimum disruption to

customer commitments and strengthening our regulatory footprint. Moving to performance highlights, the pharma segment continued to demonstrate steady traction during the quarter supported by improvement in our base business. Nutraceutical segment also witnessed better contribution during the quarter, supported by recovery in the Legacy Nutra PFI business. While nine-month performance remained largely stable on the revenue front, quarterly performance reflected improvement across key operating metrics including operating income, EBITDA and overall profitability driven by better business mix, and improved operational efficiencies.

During the period, we also completed a preferential issue remained approximately INR 35 crores. The proceeds will be utilized towards expansion of our dedicated pancreatin block, conversion of the nutraceutical faculty into formulation focused faculty and strengthening regulatory and CAPA related compliance initiatives. These investments are expected to enhance our long-term growth capabilities and expand our presence in value added segments.

Further strengthening our organizational capabilities, we also made key senior leadership additions during the quarter. Mr. Vikranth Bendre joined as President, International Business, bringing over 26 years of experience across the global pharmaceutical markets. Additionally, Mr. Sridhar Reddy, Vice President, Quality Assurance and Mr. Jitendra Pandey, Vice President, Human Resources were designated as senior management personal further strengthening leadership across people, compliance and quality functions.

Looking ahead, the upcoming quarter will remain important for us subject to stability in the geopolitical and macroeconomic environment. We remain optimistic about closing the financial year on a strong growth.

To summarize, we remain focused on completing EU-GMP remediation, strengthening business continuity measure, and investing in long term growth platforms.

With this, I now hand over the call to Mr. Shyam Patro, who will walk you through the financial highlights for Q3 and nine-month FY26.

Over to you, Shyam.

Shyam Mohan Patro

Thank you, doctor Daud. Good afternoon, everyone, let me provide a summary of our current performance for the quarter ended December. The company reported a total operating income of approximately INR 1,087 million reflecting improvement in both sequential and YoY basis supported by strong traction across our core pharmaceutical business and recovery in the selected nutraceutical orders.

EBITDA for the quarter stood at approximately INR 145 million translating into a margin of around 13.4% compared to 13.8% in the previous quarter, supported by improved product mix and operating leverages. Profitable tax stood at INR 44 million reflecting improvement compared to the previous quarter. For the nine months period, the total operating income stood at approximately INR 2,691 million broadly in line with corresponding period last year with profitability, remaining impacted due to the higher operating expenses, and continued investment towards regulatory and compliance initiatives. On the sequential basis, we continue to grow with a steady momentum.

Margins in Q3 FY26 improved compared to previous two quarters. Export business increased significantly in Q3 FY26 to INR 906 million, an increase of 23.2% YoY, contributing 88% to the total operating income. Revenue contributed from NIP and OTF stood at INR 132 million representing 12.2% of operating income. On R&D front, INR 74 million allocated for these studies and registrations, advancing the innovative product, NIP and OTF pipeline. To summarize, the company delivered steady sequential improvement in operational performance in the quarter and remains focused on strengthening the core business, improving margins and supporting long term strategic initiatives.

With this, we now like to open the floor for the Q&A, thank you

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question please press "*" and "1" on your telephone keypad and wait for your turn to answer the question. If you would like to withdraw your request, you may do so by pressing "*" and "1" again. In the interest of time, we would request the participants not to repeat the same questions. Ladies and gentleman, if you have any questions, please press "*" and "1" on your telephone keypad.

The first question comes from Mr. Madhur Rathi from Counter Cyclic Investments, please go ahead, sir.

Madhur Rathi

Sir, thank you for the opportunity. Sir, I was looking at our previous annual reports. And sir, I'm trying to understand what is the issue with this NIP and OTF products? Because even during 2013-2015 period, we were very optimistic on these products, but they haven't been able to scale up, and I think we were at a conference in 2017 or 2018, we were speaking about this for the European market, but even that hasn't been able to scale up. Sir, is there problem in product selection strategy or the product offtake strategy for these differentiated products? That is why it is taking so long. And how do we plan to scale it up going forward?

Anwar Daud

Well, as I have already spoken in my opening remarks, NIP products are Europe centric, and you know in the last July, we were inspected and we have received a noncompliance in GMP. So that is why the traction that we were supposed to receive with few of our products, which had completed the final run on the way to receiving MAs could not be put inside the market in spite of our having signed very solid contracts with point an inflection point in the company's NIP business. So, we are waiting for this noncompliance to be completed. We have strong support from the partners with whom we have signed agreement and out-license these NIP products.

And as I said earlier, we are just waiting for the remediation related inspection, and if everything is going well, we will be well on the way to actually be able to demonstrate the promise NIP products have shown to us to review the agreement.

Madhur Rathi

But, sir, this issue is very near term, right? So, this issue was only positioned for the last six months. But prior to that, in 2018, we had done a conference at CPHI or something like that in Europe, and we were speaking about NIP and these OTF products. If I were to consider any generic molecule in which we are providing this differentiated delivery products, on a consolidated basis, how much of the market can actually shift to these kinds of products, which are either the NIP or the OTF kind of products?

Zain Daud

See, this is Zain here, 2018 was the period when we started developing these products. And as you know, in pharma, there is a development time line about 3-5 years. So, we completed development of these products around 2023. Now these are not molecules which do not have a market already.

These are already well-established molecules which have billion dollars plus markets. So, we do not fear that this will not take up the market. There has been momentum in this, which you can see in the innovative product basket, and the revenue coming from the innovative product mix, which we have shown in the presentation. So, these are already picking up in the ROW and emerging market, the only question is about the EU markets where this has to be commercialized, and as Dr. Daud explained, this will happen once we complete our remediation. So, I think on the timeline, 2018 is when we started development. It is not when we were planning to commercialize. Our commercialization time line was set for 2026, which has been moved up by a year or so, just because of the EU-GMP remediation process that we are in.

Madhur Rathi

Right, sir, where should I look at our business from FY27 perspective in terms of top line and bottom line? Where do we see our business growing?

Anwar Daud

Well, to start with what we have in our hands is our regulated and emerging market business. We will continue to see the traction there. Because one by one, most of these NIP products are also getting registered in our markets where we already have a presence, and you must have noticed during my remarks; we have in place now a fantastic team of business development region wise and very dynamic leader for the team has joined the company recently. We hope, even in the ROW and emerging market, you will see -- I cannot give you the number yet, but I'm sure that there will be strong traction in the NIP products.

We are all excited about getting registered one by one in the markets that we have. And this year, you will see demonstration of that in the ROW and emerging markets in terms of the business that we can get for these NIP products, and of course, a critical milestone is getting the remediation for our EU accreditation through, which is expected tentatively by June or July or before that. And after that, we already have the agreements in place. So, we are positive.

We have made various announcements like some of our products getting approved in by TGA in Australia. A few products getting approved in UK MHRA. Also, our filing has been consistently progressing, and a few announcements have been made about the approvability of some of our products during these nine months. So, the EU certification or UK MHRA inspection and certification, these kinds of inspections will be the trigger for the business starting moving forward, and that is when we can give you better numbers.

Madhur Rathi

Right, so would it be fair to assume that post this EU inspection clearance, we can scale our NIP plus OTF product revenue to INR 20 crore plus on a quarterly basis?

Zain Daud

I think, Madhur, giving a number right now, it will be too premature. We will keep you updated as the quarters progress.

Madhur Rathi

Right, sir, that was from me, thank you so much, all the best.

Moderator

Thank you so much. The next question comes from the line of Shreya Chatterjee from Ageless Capital Finance, please go ahead, ma'am.

Shreya Chatterjee

Hello, sir, thank you for taking my question. I wanted to know a bit about when is the audit for this EU-GMP schedule? What are our plans for site transfers? What is the outlook for the Q1 FY27?

Anwar Daud

Q1?

Shreya Chatterjee

Q1 FY27, yeah.

Anwar Daud

Okay, so, excepting over the last question, I'm going straight into the CAPA part. I think most of the points raised by the auditors were addressed through a CAPA submitted by the company, which were accepted by the authorities, and then we have been working very steadily, and aggressively towards addressing all the CAPA related development that we need to actually provide the authorities, and several action taken reports have been submitted to the authorities. By this time, excepting for one or two points related in the CAPA,

Okay, so, excepting on the last question, I'm going straight into the CAPA part. I think most of the points raised by the auditors were addressed through a CAPA, submitted by the company, which were accepted by the authorities. And then we have been working very steadily, and aggressively towards all the CAPA related development that we need to actually provide the authorities, and several action taken reports have been submitted to the authorities, and by this time, excepting for one or two points related in the

CAPA, most of the points have been considered as resolved by the authorities in their responses to the action taken reports.

They have also indicated to our partners, who are related to this audit, that they were intending to come in the first or second Financial year , not the financial year. The first and second quarter of the year. The first quarter is almost through. I think they have set a date and that is about a month to month and a half before they actually come in.

So, we believe April, May or June would be – the next quarter would be – we would have a specific date, where we would be told when the authorities will visit to actually inspect. The CAPA has gone on, and we are very positive about the way the QA team or the operations team has handled this issue respecting the observation and taking proactive action to show an improvement in the entire quality concern in the company. So, that is where we are with the CAPA, and of course, we have also been triggering different inspections because we cannot just wait for one milestone, we have been filing for the fixed inspection in a couple of countries. And related to the alternate facilities, we have transferred one product, and are in the process of transferring two more products to alternate sites, thereby derisking the entire NIP business timeline regardless of this inspection. So that has been going on. Now regarding your quarter 4 number, I think I will hand it over to Mr. Patro, and based on what we have at this moment, maybe he will be in a better position to give you the number if they are available with us.

Shyam Mohan Patro

Q4 will be in a single line. Since it is in the middle of quarter, I will not disclose the numbers per se, but it will be in a single line.

Anwar Daud

Hope that is clarifying.

Shreya Chatterjee

Got it, and, regarding the alternate sites that you mentioned that you're transferring the product, where are these sites located?

Anwar Daud

More than that, we will not have the ability to disclose because we need their confirmation as well.

Shreya Chatterjee

And this will have an impact on our margins, right? Given that we are taking the other side. If you could quantify the impact?

Anwar Daud

It will have a nominal impact. If something there would drastically affect something because, you know, we would also be having similar expenses when we manufacture, right?

Shreya Chatterjee

Okay, so if I understand correctly.

Anwar Daud

It is a contract manufacturing business. For them, it is a contract manufacturing business, the net impact would be actually the cost it takes us to manufacture for others versus the cost it takes them to contract manufacture for us. It is a very small fractional addition to the entire cost. The margin will remain with us substantially.

Shreya Chatterjee

So then with all your four or five products that are supposed to be launched, when do we see the impact of launch given that you clear the EU-GMP audit? Would it be the second half of the year when we see a sharp uptick? If you could just give a time line to that.

Anwar Daud

In the second half of the year or more clearly, it will be in the last quarter. We are being conservative here. Last quarter is when we you would be --

Shreya Chatterjee

Got it, sir, and how much of spending are required for this CAPA regulation and everything, like the recent fund raise that you did? How much of that is utilized for all this regulatory process?

Anwar Daud

How much of the -- I didn't hear you.

Shreya Chatterjee

How much funding do you need for doing this CAPA and everything? How much of the fund raise that you did? What amount have you utilized for all this regulatory process?

Anwar Daud

I think my co-promoter will explain this to you better. Because this is a plan. I just said, that we are planning to have a preferential issue. At this moment, I would say, that we are comfortable with the funding that we have planned earlier in the last year for the CAPA, and we are comfortable with the budget that we have. We are well within the budget, but we are planning to have a surplus with us or buffer with us so that if some comments could come up during the remediation inspection, we will be able to bring any other compliance that is required, and put it in place very fast. But this is just a budget and a plan to keep some reserves aside for remediation just in case something comes up.

With what we have, and what we have done and the time that we have taken, we are very near the end game and we are waiting for the authorities to just announce the dates.

Shreya Chatterjee

Any amount that you would want to quantify for this CAPA remediation whole thing that is going to happen?

Zulfiqar kamal

Yeah, so out of the funding what we are taking, around INR 35 crores, around 10% we have allocated for the CAPA.

Shreya Chatterjee

Got it, and sir, could you please disclose the inventory days and receivable days for this Q3 or nine months?

Zulfiqar kamal

I think they are on the same line. Inventory is around 94 days, and this year will be around 105 days.

Shreya Chatterjee

Got it, sir, thank you, that is all from my side.

Moderator

Thank you, ma'am. Dear participants, we kindly request you to restrict with one or two questions in the initial round and get back to the queue for more questions. The next question comes from the line of Mr. Gautam Gupta, an individual investor, please go ahead, sir.

Gautam Gupta

Yes, thank you for letting me speak. Mr. Daud, I want to ask about this preferential issue. Why do we have to do this preferential issue at this price that would to Florintree.

Anwar Daud

Well, we've just given you the -- that is already there in the public domain, the reason for that. We have a small CapEx remaining and we think that in the interest of the company and its investor, it's not prudent to borrow this kind of money at this moment. We are well funded for the business that we are doing, but we need to complete and tie up certain end, which would result in better cost control, better margin for the company and better regulatory compliance as well. So, all those initiatives which were on the line at some point, which were to be funded. Have we had not had this noncompliant after the inspection, and if those funds haven't been available, we would have used our internal accruals for these things which are necessary and need to be done.

So now we are receiving the fund from a known investor. We will make the investor, and in the interest of all investors as well that the company completes its initial CapEx program, so that it is well prepared of the next wave where the NIP business takes strong traction, and in the future we do not come across very easily we can change the culture and the infrastructure is in place to be able to support the kind of business that we are looking forward.

Gautam Gupta

Just as we are at the bottom of the cycle, we are having a deleverage right now. And we can see that the end to this tunnel is just three to four quarters away, then why do we have to do this at this price? That too to the director or the person who was already investing in the company prior to this? That was such a big chunk, around 9-10% of the company. That is my main concern regarding this.

Anwar Daud

Well, it helps the investor, doesn't it? Instead of company getting over leverage and taking more debt, this is a better way to go to investors who are known to the company and know the company, and believe in the company's trajectory, and support the management in achieving its target in spite of the small hiccups that have happened here. The company has actually lived for a long time, this is a hiccup for a year, and I think if the existing investors benefit at this moment from whatever impact we have had, we are happy for them. We have taken it at a price, which is in line with all the regulations. This was an offer we open to everybody.

Gautam Gupta

Okay, that is it from my side, thank you so much.

Anwar Daud

It's not, I think this offer does not manage any other shareholder's prospects. All minority shareholders have been ready to do it then.

Gautam Gupta

The rights issue can also be done if that is the case.

Anwar Daud

Sorry?

Gautam Gupta

Rights issue can also be done if that is the case.

Anwar Daud

Again at the] same price, right?

Gautam Gupta

Yeah, have you considered doing the rights issue instead of preferential issue?

Zulfiqar Kamal

The promoter has to be then contribute, and as of now, we have not thought on that angle, thank you.

Gautam Gupta

Okay. Thank you so much.

Moderator

Thank you, sir. The next question comes from the line of Mr. Darshil Pandya from Finterest Capital, please go ahead, sir.

Darshil Pandya

Yeah, hello, hi, am I audible, sir?

Anwar Daud

Yeah.

Darshil Pandya

Yes, sir, just to take off from the previous participant, and then I have some questions for the main business. Sir, the issue that, you know, we see as an analyst is that, such a big investor coming again in the company, and then there might be some selling in the company again in near future, we do not know. And such issues are being highlighted in in the past also. So, that was the concern of giving one big chunk to an investor rather than us distributing to some other people as well. So that, you know, there is not a pressure on the company in near future whenever, there is some good or some

bad news. So that was something that we wanted to highlight as well. But I hope that since management has a relationship with the investor.

Anwar Daud

We have considered it. I think we have gone to an investor who is very comfortable with the way the company is arranging its affairs. And as of today, the investors hold was in totality about 19%.

Darshil Pandya

Correct.

Anwar Daud

Earlier, he had started with 23%, isn't it the right.

Darshil Pandya

Correct.

Zulfiquar Kamal

So , earlier the questions are coming from the people that why Matthew was selling, and why they were reducing their equity. So as a matter of confidence, they said, "Hey, okay." Then whenever you need fund, they added. So as a strategic investor what Dr. Daud mentioned that to just show the confidence that we are going on the right track so he offered to -

Anwar Daud

So, if the preferential issue goes through, it will become 18%. He has actually started with 22%. There was a period when it was diluted to about 11%, it was on time. Now he has always reposed confidence in the way the management is running this company. When the company needed funds, it came back. It shows a lot confidence in that. [the company does not want to borrow and show that on the balance sheet, it needs to complete its CAPA regardless of whether it has the business, because the regulatory cannot wait for the business to start, right? Company has looked that in a very logical way and in the interest of all the shareholders.

Darshil Pandya

Absolutely, sir, we understand that investors' trust is kept on with the management. It is just that, you know, it was suggestion, nothing else. And I hope that this turns out to be in a good way for investors, thank you for the detailed answer. Sir, second question is on the pharma segment, which continues to be our core driver. What is the expected growth that we see for next 1-2 years and in in the nutraceutical as well what are the plans?

Anwar Daud

Understood, what we are doing is we are withholding our remarks on the numbers at this moment, like, those numbers specifically. Because the figure would be any regulatory market accreditation that the company has now going forward. There, you know, us informing our shareholder on where we would end up with the number would be about more logical and realistic way of describing the future course of the company. As of this moment, we are in reality, so we are saying that ROW and emerging markets will continue to grow and reward us because we are taking all the measures on a conservative basis, where we have strengthened our emerging markets team. I already spoke about the kind of people who have joined in a position to take even without the regulatory market increase with our NIP products.

I believe the company will start doing well with the NIP products in the emerging markets, and the kind of other products, and the kind of other offerings that we have for the existing markets and existing clients. So, it will continue to grow. Especially the oral film and NIP business as a percentage of the entire business. So we have shown quarter to quarter traction in those offerings regardless of not being in Europe, that will continue. That momentum will continue because more registrations, more business have been filed and registrations are coming in one by one in these markets as well.

And now with a very well strengthened business development team, they are expecting better results in a quarter or two. The investors will be able to see that.

Darshil Pandya

Understood, no, we will wait for your update on this. And, sir, just the thing ---

Moderator

Darshil sir, sorry for interrupting you, we request you to join the queue for more queries, sir.

Darshil Pandya

Alright. Thank you.

Moderator

Thank you. So, the next question comes from the line of Mr. Deepesh Sancheti from Manya Finance, please go ahead, sir. Deepesh Shancheti, sir, please go ahead with your question, sir. There is no response from Deepesh, sir. I am the next question from Amit Bajpai, an individual investor, please go-ahead sir.

Anwar Daud

Okay.

Moderator

Amit, sir, go ahead with the question, sir. Mr. Amit Bajpai, please go with your question sir. I do not find any response from Amit, sir, too. So, taking the next question from Mr. Rohit Balakrishnan from iThought PMS, please go ahead, sir

Rohit Balakrishnan

Hello, good morning, everybody.

Anwar Daud

Yes, hello

Rohit Balakrishnan

Sir, I just wanted to first understand your base business, sir. This was a good quarter. So how do you see this Q4 in terms of the base business?

Anwar Daud

We are in the line as we have already informed to you. We are going ahead with the base business as we have already, at there is a conventional growth 10% or Something like that. The NIP business , in

terms of the base business is showing increasing traction. NIP and OTF business has been growing, and you will see it in the fourth quarter as well.

Rohit Balakrishnan

Okay, so, there are no geopolitical headwinds. I mean, basically last quarters, we were going through some challenges.

Anwar Daud

Yeah, those challenges are easing out, but not gone altogether. As of this moment, all we can say is that it will be similar to the last quarter depending upon the previous geopolitical risk.

Rohit Balakrishnan

Right, because historically, Q4 is our heavy quarter, usually a very good quarter, so you don't see any change in that is what I should --

Anwar Daud

Yeah, as of this moment.

Rohit Balakrishnan

Sir, in the procedure of fund, you mentioned you are making one block for a product. So, what I can viewing is that we have not yet received the NA for that. So when can we expect that because you are going to put more money. So, what gives you that comfort and how are you thinking about, the timelines towards getting the NA, etc ?

Anwar Daud

We already have this one block, it is a separate block because the product requires a separate block to be there. We believe once we start, we will be able to have the accreditation, I think, by at least March, and this would become a second sit for manufacturing this product. Because there is one product we feel has a potential to actually give a great traction to the company's chances that it's

already in shortage in Europe on the regulated market. So, once we start manufacturing this product, this is also a delisting measure because the existing facility as well as the block, when it is converted into a separate site would give us actually two places where we believe conversation and continue to manufacture this product because the volumes are very high according to the agreement that we have signed. So, it is a very strategic product for us and that by March 27th, we would have this block converted into a site.

It is not that we will not be able to manufacture now in the existing facility, but converting it into a separate facility, a separate site, with its own accreditation makes sense for the company, and delists depending on one site for such a key product.

Rohit Balakrishnan

Got it, sir, so you are saying, March 26th or saying March 27th?

Anwar Daud

We will start converting the existing block into a site. There is already a block in our premises. It will become another site, so we will continue to use this block. But we will convert it into a site by March 27th. So, it does not actually affect the manufacturing capacity that we have. It ultimately delists the company's operation in terms of a very key product that the company has, where it believes that it can achieve some kind of a dominant position in several markets. So, we will have two sides for this going forward, and it makes the company and its customers comfortable.

Rohit Balakrishnan

So, in terms of the approval for this

Moderator

Sorry for interrupting, sir. Rohit, sir, so sorry for interrupting.

Rohit Balakrishnan

Can I just finish this question? Then I will join back. This is just a follow-up to the --

Moderator

We have to give a fair chance to all the other participants, sir. In the interest of time, I would request you to join back to the queue. Thank you, sir. The next question comes from Mr. Deepesh Sancheti from Manya Finance, please go ahead, sir. Deepesh, sir, please go ahead with your question, sir, your line is unmuted.

Deepesh Sancheti

Yeah, am I audible now?

Anwar Daud

Yes.

Deepesh Sancheti

The question was regarding the fundraise only. Do you think that was the price at which we did the fundraise was the fair value of the company?

Anwar Daud

Hello?

Deepesh Sancheti

What benefit does the strategic investor get?

Anwar Daud

Hello?

Deepesh Sancheti

Hello?

Anwar Daud

I did not get your question.

Deepesh Sancheti

I am saying that the price at which we got the strategic investor, do you think that was a fair price?

Anwar Daud

It's just under SEBI guidelines, isn't it?

Deepesh Sancheti

Hello?

Anwar Daud

It is in full compliance of the SEBI guidelines. It is a fair price because the guidelines for bringing in a preferential issue, you know, my thinking whether it's a fair price or not a fair price doesn't matter here.

One thing you will agree with me is that if some internal approval with the company was looking forward to be able to complete its different CapEx initiatives to prepare the company for the future growth and traction that we believe once we enter the regulated market we will have, we should not wait for the business to restart to be able to do those things because that will actually put us behind and in the future that could lead to more technical and logistics issues. We wanted to avoid. That's in the interest of the company's overall strategy to enter the European market with key products. The customer is also in agreement with that that has been signed are of substantial nature, they are very important for their company's sustainable growth in the European market, and they are the best way for the investors, as well as the customer; the best way for this company to go forward is to actually manufacture these products in a GMP compliant atmosphere so that that confidence of the customers was always there that whatever happened was an accident and move on from there.

Also, capacity is being increased through these CAPeX initiatives because as I said that we have an excellent ROW and emerging market team now led by a very capable leader who has 26 years of experience. So, it is a capacity planning, execution planning, and actually demonstrating that the

high R& D costs that this company incurred actually result in growth that the investor expect from us.

Moderator

Thank you, sir. Mr. Deepesh sir, has left the queue. The participants, in the interest of time, we request you to stick with two questions in the initial round, and get back to the queue for more questions. The next question comes from the line of Mr. Ashok Shah from Eklavya Invesco, please go ahead, sir.

Ashok Shah

Thank you, for allowing me. Sir, my again the question is regarding the preferential allotment. The investor had not any trust in the capability of the management and also promoters, and was holding a large number of quantity of sales, and he sold out, and, again, we are giving sales to the same investor. Why management has got trust in this investor where that same investor does not have a trust in the capability of the management and the promoters?

And, also, sir, this allotment is done at the last 3 years lowest price, not at the highest price. Sir, my suggestion, I am unable to understand many replies given during the call. So, it is not justifying the allotment. So, I suggest that it should be canceled immediately if not allotted paying that.

Anwar Daud

You could ask a question what the other investors before you have already asked it. Why did you sell it? I am saying, that I do not have any control over it. It is because of SEBI guidelines. You are saying you must choose the investors, but every investor has a right in the company's share. In fact, the idea should be that we must appreciate that this investor came in the moment the company needed money, and it is in the interest of other shareholders that there is no debt on the balance sheet beyond what we have already borrowed. So, how it has been done. Suddenly, in spite of selling or whatever, there is when the company needed fund, we have come forward. And so, reposed this confidence in the direction the company is taking. So, any investor including the investors presenting this call cannot be blamed on selling or buying the share. At least the investor is showing his confidence in how the company is moving forward and he is putting his money on the line. So, if all our investors felt that this is a bad price, we would not be having this price, right?

Ashok Shah

Sir, as I understand from your reply, that company was unable to raise the fund via debt because equity is always a costly affair, and since our accounts are not proper or something like that, so we are unable to raise the funds via debt, so we raised our equity at such a lowest price.

Zain Daud

No, this is Zain here. See, the important part is that we needed the swiftness, the speed was important. We needed this fast because we need to complete this project, and the customers are looking for supply quickly.

So that is why we went to an investor who is trusted, who has confidence in the management so that this process could be done very swiftly. So, speed was of utmost importance here. And price wise, like I have already said, and Dr. Daud has mentioned, it is a SEBI mandated price on the base of last 90 days period volume. So that is not much we can do there, which is the reason we have gone to this investor and done this raise because we did not want debts, and we wanted this money to --

Anwar Daud

So, what I was wanting to add was that it is not that the company was unable to raise debt. The fact is the company did not want to raise any more debt.

Ashok Shah

Sir, Does that mean, as per your answer, any of the bankers in India was unable to give fastest money to company?

Anwar Daud

I am saying that the company did not want to raise any more debts in the interest of the balance sheet and the other shareholders and what they look at and the kind of questions all investors, including the promoters have in mind, the balance sheet should be stable and able to service all of this comfortably, right? So that is what the company [inaudible 00:47:24] in the interest of being a conservative and prudent financial management.

Ashok Shah

Sir, have you already allotted the shares, or are you going to cancel it?

Moderator

Sorry to interrupt you. Sir, request you to come back and join the queue for more questions.

Ashok Shah

Sure.

Moderator

The next question comes from the line of Maitri Shah from Sapphire Capital, please go ahead, sir

Maitri Shah

Hello, am I audible?

Moderator

Yes, you are ma'am.

Maitri Shah

Yeah, just one question, you mentioned that our NIP products are doing well in the emerging markets. Could you give me like a quantification of what the sales are from emerging markets and what the sales are from regulated markets for the current quarter?

Anwar Daud

Already they have provided. I can give it that to you again.

Zain Duad

Yeah, I think, regulated market is not there right now. The entire business is coming from ROW and emerging markets. So, the entire sale that you see of the innovative product is from ROW and emerging markets, there is no regulated market sale in there right now.

Maitri Shah

Okay, and once this remediation is done, we can expect sales coming from the regulated market. So, any sort of targets you have or what percentage of NIP and OTF products? Would they contribute to the total overall revenue?

Zain Duad

I think, like you said, we do not want to quantify it right now, once EU-GMP comes back, that will be a better time to quantify this, you will have better visibility. So, in coming quarters, we will be able to give you that number.

Maitri Shah

Okay, that is it from my side, thank you.

Moderator

Thank you, ma'am. The next question comes from Pujit Agarwal, an Individual Investor, please go ahead, sir.

Pujit Agarwal

Hi, Good morning. So, I just had two questions, the first question was -- am I audible? Hello?

Anwar Daud

Yeah, you are audible

Pujit Agarwal

So the first question was in terms of key hires. I think that is a very solid move, and I congratulate you on that. I just want you to understand how much value can we extrapolate from ROW and pharmerging market, that you are currently targeting since we genuinely have a very raw and width of products.

Anwar Daud

We are targeting the several key markets in the Middle East and CIS at this moment. We believe the kind of product that we have, very good opportunities there. And, we are looking at about 20% growth in ROW markets.

Pujit Agarwal

Got it, so, these are ex Bangladesh, right? Because Bangladesh, we are very heavy as a company, so, these are ex Bangladesh, we are focusing on?

Anwar Daud

Yeah. in totality, but the Bangladesh is stable. The 20% growth rate substantially come from new market.

Pujit Agarwal

Got it.

Anwar Daud

And we are talking about the formulation business here, not the PFI business, it is with Bangladesh.

Pujit Agarwal

Right.

Anwar Daud

We are just offering in Bangladesh is PFI.

Pujit Agarwal

Yes, definitely, and the second question was regarding like how is the buyer confidence or the people who we partnered within Europe? I just wanted a sentimental check. How exactly is the buyer confidence?

Anwar Daud

They have been very supportive, Pujit. And we have been in constant touch with them, and, we are quite a transparent company in terms of what is going on inside the company, and we believe in sharing with you guys also every quarter. So, we have been keeping them abreast about all the action happening here including the actions taken and the reports that have been filed with the authorities. Every time the authorities come back with some formal note about what have been accepted, and especially the dates at which they are visiting for a remediation inspection, all those things are being shared with them.

We keep meeting them. At this moment, I would say, substantially we are enjoying their support, and they are looking forward to launching these products in their own markets. Also, they are engaging with the authorities at some level to expedite the inspection in their own territories.

Pujit Agarwal

Got it.

Anwar Daud

That management also has confidence in the products as well.

Pujit Agarwal

That is very good to hear, Dr. Anwar, thank you so much for your time.

Anwar Daud

Thank you.

Moderator

Thank you, sir, the next, we have a follow-up question from sir Rohit Balakrishnan from iThought PMS, please go ahead, sir.

Rohit Balakrishnan

Yeah, thanks for the chance again, sir. Sir, just two questions, one was, just so on just on the previous question that I was asking. You said that you will be able to make it as a separate facility by March of 27, but you can still manufacture from your existing plant. I just wanted to understand by when do you sort of see this contributing? Because I feel that you have not yet got the MA for this. So that was my question actually. By when do you see this --

Anwar Daud

We e are about to receive the MA. We have completed the required number of days. I think within a couple of months, we would have the MAs also in our hand. And in some products and some territories like UK, we have already got the MAs and auditors, for - you know , being triggered, so that once EU GMP comes in, we can start supply.

Rohit Balakrishnan

I mean, from UK, you said, sorry, I missed that.

Anwar Daud

Yeah, we have one MA from UK already there with us. One MA from Australia for one of their NIP products already there. We have a few ready-to-approve products. I think about five products are already under approval. That means the moment we have our inspection completed; we would get there because the filing has continued, the submission has continued.

Rohit Balakrishnan

Right, actually I was asking about the specific product. I know that we have got the MA approval from Australia. But my question was specific to this product that we have, for which we are trying to create a separate facility.

Anwar Daud

Yeah, we are at the last final of receiving our MA in UK, and even in Europe, the last answer I give you, we are just now waiting for the inspection to be over before we approve them again of the MA. The application is delayed that will be from our side.

Rohit Balakrishnan

So essentially, you are expecting some things to happen in FY27 post receivable of MA and audit, right?

Anwar Daud

Yes.

Rohit Balakrishnan

For this product?

Anwar Daud

Yes.

Rohit Balakrishnan

Okay, second question on this was, sir, so you mentioned that you have given almost everything from the CAPA point of view, something that's still left, but more or less, it's done, and you're expecting an audit sometime in the next three, four months. Also, you mentioned that you have initiated one product transfer and also initiating product transfer for a few more products in terms of site transfer.

Anwar Daud

Yeah, three to four products will be transferred to different sites, but they will be alternate sites.

Rohit Balakrishnan

Sir, let us say, there is some delay because of unexpected reasons, etc., in the audit, how do we see the site transfer? Can you just explain that process?

Anwar Daud

Once the site transfer happens, then, with the six months of stability for these products, we can find variation, and introduce this alternate site. The sites we have in mind are already registered or registerable in the various regulated markets that we are looking at. After six months of stability studies and all those things, the filing application can be done. And after the filing application, it requires between three to four months for the variation to be accepted, and then we can start manufacturing in these sites and supply according to the agreement that have already been signed.

Rohit Balakrishnan

Okay, so worst case, you are saying, the coming financial year, you will have some sales from the transfer side?

Anwar Daud

Exactly. The last quarter, that is what we think.

Moderator

I request you to come back to the queue, sir. Thank you, sir. The next question comes from Prathna Paris from Altis Financial Partners, please go ahead.

Prathna Paris

Hi, thank you for the opportunity. My first question is EBITDA margins improved sequentially, but remain under pressure on a nine-month basis. When does management expect margin normalization?

Anwar Daud

EBITA on the product, I think the entry into Europe and the regulated market is one more inflection point where you will see the market improving over what we have been delivering very fast on QoQ basis. Because the proportionate sales of these products in the regulated market territory is another ball game. The margin and the business also going on will be an additional; there are two effects, addition of the existing business and also addition of high margin products. Both these effects will be visible in our balance sheet. Cost will more or less remain the same.

Prathna Paris

Okay. Next question is depreciation expenses increased, is this primarily due to recent CapEx or capitalization of regulatory and facility upgrade investment?

Shyam Mohan Patro

During the process, we are completing the projects as well. That is been giving incremental to depreciation. Because we have several projects. One by one, the projects have been completed and put to use. So that will transfer in the long run to the revenue generation part.

Prathna Paris

Okay, , I will get back in the queue.

Moderator

Thank you, ma'am. In the interest of time, that will be the last question for the day, now I hand over the floor to the management for closing comments.

Anwar Daud

Thank you very much for joining us on this call and we appreciate the patience and the interest that the investors have shown and we want to assure the investors present here that we will continue to work towards resolving this hiccup. And of course, thank you, for your patience and thank you, for your understanding that this is just a hiccup. In the long history and all the good effort that this company has put in, we certainly are very positive about coming out of and resolving the hiccup, and we are well on the way to delivering on the promises that the company has in the form of the product assurance. So, I think the strategy remains the same, and definitely, we look forward to your interaction during the coming quarter in the form of being able to give you better results and a better performance of the company in all fronts. Thank you very much, have a good day.

Shyam Mohan Patro

Thank you.

Moderator

Ladies and gentlemen, this concludes your conference for today. Thank you for your participation, you, may disconnect your lines now. Thank you, and have a pleasant day.