

Date – 03rd June, 2025

To, BSE Limited ("BSE"), Corporate Relationship Department, 2 nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400 001	To, National Stock Exchange of India Limited ("NSE") "Exchange Plaza", 5 th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
BSE Scrip code: 543399	NSE Symbol: TARSONS

Subject: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcripts of Earnings Conference Call

Dear Sir/Madam,

With reference to the captioned subject and in continuation to our intimation dated 29th May, 2025, please find enclosed herewith the transcripts of the Investor Conference Call held on Thursday, 29th May, 2025, to discuss the financial and operational performance/Audited Financial Results (Consolidated & Standalone) of the Company for the quarter and Year ended 31st March, 2025.

The transcripts of the said conference call will also be uploaded on the Company's website at www.tarsons.com.

This is for your information and record.

Thanking you,

Yours Faithfully,
For Tarsons Products Limited

Santosh Kumar Agarwal
Company Secretary & Chief Financial Officer
ICSI Membership No. 44836

Encl: As above



“Tarsons Products Limited
Q4 FY ‘25 Earnings Conference Call”
May 29, 2025



E&OE - this transcript is edited for factual errors. in case of discrepancy, the audio recording uploaded on the stock exchanges on 29th May 2025 will prevail.

**MANAGEMENT: MR. ARYAN SEHGAL – PROMOTOR AND WHOLE TIME
DIRECTOR – TARSONS PRODUCTS LIMITED
MR. SANTOSH AGARWAL – CHIEF FINANCIAL
OFFICER AND COMPLIANCE OFFICER – TARSONS
PRODUCTS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY '25 Earnings Conference Call of Tarsons Products Limited. As a reminder, all participant lines will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Kindly note that this conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statement are not the guarantee of the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

I will now hand the conference over to Mr. Aryan Sehgal, Promoter and Whole Time Director of Tarsons Products Limited. Thank you, and over to you, sir.

Aryan Sehgal: Good afternoon, everybody, and a very warm welcome to the Q4 and FY '25 Earnings Conference Call of Tarsons Products Limited. Along with me, I'm joined by Santosh, our CFO and Compliance Officer; and SGA, our Investor Relations partners. We have uploaded our earnings presentation on the stock exchange and company's website, and I hope everybody had an opportunity to go through the same.

Let me begin with the current industry scenario, followed by our strategies and performance for Q4 and FY '25, post which we will open the floor for questions. Over the past 6 to 8 quarters, the plastic labware industry has experienced muted demand across key user industry segments. While overall volumes have yet to normalize, we are encouraged by the early signs of recovery reflected in a rise in customer inquiries and RFQs. These indicators strengthen our optimism for a broader industry revival in the second half of FY '26.

Despite the challenge during the period, we have shown strong resilience and maintained our leadership position in the domestic market. With demand beginning to show early signs of improvement, we are strategically positioned to capture additional market share and drive growth in both revenue and profitability. While we continue to navigate near-term headwinds, our confidence in the long-term growth potential of the plastic labware industry remains firm.

Throughout the industry slowdown, we have remained focused on making strategic investments to expand our capacities and capabilities. Our capital expenditure program is now in its final stages and is set to significantly boost our production capabilities. This expansion will also support the introduction of new product lines, particularly in cell culture and bioprocess products, allowing us to nearly double our addressable market by entering segments comparable in size to our existing portfolio.

Over the years, Tarsons has effectively competed against global multinational corporations, establishing and maintaining a leadership position within our core product segments. As we expand into new product categories, we are confident in our ability to replicate this success. Backed by Tarsons strong brand equity, diverse product portfolio, strong distribution network

and high focus on quality, we are well positioned to outpace industry growth in the years to come.

On the capex front, the Phase 1 of our commercial production at the new Panchla facility is already underway. And Phase 2 is on schedule to commence operations in the second half of the year. We anticipate that initial revenue contributions from the cell culture to begin in Q4 of this year and a full-scale revenue ramp-up in FY '27 and '28.

This expansion enhances our ability to meet growing industry demand while improving cost efficiency. We remain committed to advancing automation and optimizing our processes to scale production efficiently, all while upholding the exceptional quality standards that defines the Tarsons brand.

Turning to our financial performance. We achieved a 7% year-on-year growth in the consolidated revenues for Q4 FY '25. This growth was achieved despite flat to negative trends prevailing across the broader industry. Our ability to deliver strong performance in such an environment reflects our success in gaining market share across key product categories, both domestically as well as in the overseas markets.

Our stand-alone international revenue grew by 20% year-on-year in FY '25, fueled by a focused dual strategy to expand both the Tarsons branded portfolio as well as our OEM and ODM partnerships.

We have actively participated in numerous domestic and international exhibitions, showcasing the broad product portfolio and reinforcing our commitment to consistent quality and reliable supply. The market response has been encouraging, and we remain optimistic about translating the increasing number of inquiries into confirmed orders.

On the domestic front, revenues grew by 10% in FY '25. With rising industry demand and the introduction of new product categories, thereby increasing our total addressable market, we are optimistic of maintaining a consistent and sustainable growth in our domestic business going forward.

On our global expansion strategy, we acquired Nerbe, a European company to strengthen our international presence. Leveraging Nerbe's established distribution network and strong market presence, we will be introducing Tarsons manufactured products through its channels, unlocking cross-selling opportunities and optimizing capacity utilization.

While the transition from third-party to inhouse products will take time, we are progressing steadily, laying a strong foundation for long-term value creation in the overseas markets. Looking ahead, we remain firmly committed to our strategic priorities, strengthening our presence in the domestic market by acquiring new customers, launching new products and SKUs and increasing wallet share among our existing customers.

Expanding our international footprint by accelerating growth in the overseas market through both branded and ODM channels, leveraging our European company as a strategic hub to deepen our reach in Europe while replacing existing products with Tarsons manufactured offerings to optimize capacity utilization, driving profitability through increased automation and continuous improvements in operational efficiency. With this, I request Santosh for his comments on the financial highlights.

Santosh Agarwal:

Good afternoon, everyone, and a very warm welcome to our Q4 and FY '25 earnings conference call. Regarding Q4 of FY '25, standalone revenue from operations for Q4 FY '25 stood at INR 93 crores, reflecting a year-on-year growth of 7%. Consolidated revenue from operations for Q4 FY '25 was INR 113 crores, marking an increase of 7% compared to Q4 FY '24. Revenue contribution from Nerbe during the quarter is INR 20 crores.

On a consolidated basis, export revenue stood at INR 46 crores while domestic revenue was INR 66 crores, marking an increase of 12% Y-o-Y. Stand-alone EBITDA for Q4 FY '25 came in INR 37 crores compared to INR 34 crores in Q4 FY '24, representing year-on-year growth of 9%. Stand-alone EBITDA margin for the quarter stood at 39.7%, up by 60 basis points from 39.1% in Q4 FY '24.

Consolidated EBITDA for Q4 FY '25 was INR 37 crores with EBITDA margin of 32.9%. This reflects a year-on-year EBITDA growth of 22.4% with margin expansion of 420 basis points. Lower consolidated margins are primarily due to Nerbe's trading focused business model, which inherently carries a lower margin profile.

Stand-alone PAT for Q4 FY '25 stood at INR 16 crores with PAT margin of 16.9%. The decline in PAT margin was primarily driven by higher depreciation expenses due to partial capitalization at our Panchla facility, along with increased interest costs from newly acquired debt used to fund the near complete capex. While these factors have impacted profitability in the short term, we expect the revenue contribution from the new facility to commence in H2 FY '26.

As capacity utilization ramps up in FY '27 and FY '28, we anticipate stronger cost absorption and a significant improvement in margin profile. Consolidated cash PAT for Q4 FY '25 stood at INR 30 crores compared to INR 23 crores in Q4 FY '24, registering a year-on-year growth of 34%.

When we talk about the full year basis, stand-alone revenue from operation for FY '25 stood at INR 314 crores, marking a 13.3% year-on-year increase compared to INR 277 crores in FY '24. Consol. revenue from operations for FY '25 reached at INR 392 crores. Revenue from Nerbe for the year stood at INR 78 crores.

On a consolidated basis, FY '25 revenue from overseas market was INR 178 crores, while domestic revenue totalled at INR 214 crores, an increase of 10% on Y-o-Y basis. Stand-alone adjusted EBITDA for FY '25 was INR 115 crores, up from INR 106 crores in FY '24 with EBITDA margin at a healthy level of 36.5%. Stand-alone PAT for FY '25 came in at INR 43

crores with a PAT margin of 13.6%. Total stand-alone depreciation for FY '25 was INR 54 crores, of which INR 16 crores was attributable to the Panchla facility.

The revenue contribution from Panchla facility is expected to come in the upcoming quarter. Stand-alone Cash PAT for FY '25 stood at INR 97 crores compared to INR 90 crores in FY '24. This reflects a year-on-year growth of 8%. The consolidated net debt as on 31st March 2025 stands at INR 303 crores.

With this, I would like to open the floor for Q&A.

Moderator: Thank you very much. The first question is from the line of Deepan Narayanan from Trustline Holdings Pvt. Please go ahead.

Deepan Narayanan: So firstly, if you see Indian CDMO companies are reporting strong RFP growth over the past year and also the industry, a lot of reports talking about 14% to 18% CAGR over the next few years. So are we really seeing that kind of momentum from our clients as well? And when do we foresee stand-alone revenues reaching higher double-digit growth trajectory?

Aryan Sehgal: So I believe that for the second part of your question, our stand-alone revenues this year grew at about 13%. Historically, Tarsons has grown at a CAGR in the 16% to 18% category range. So I think we are still short by about 15-odd percent for further growth. So I believe that in the near future, we should see similar levels of CAGR growth for Tarsons, that is our expectation.

Moderator: Ladies and gentlemen, management line has been dropped. Ladies and gentlemen, we have connected to the management line. Yes, sir.

Aryan Sehgal: Yes. So just to continue where I left. I think the CDMO business is quite encouraging and the demand and the revenue coming in from the CDMO segment in the domestic business is quite encouraging. The research and the government, semi-government business, I feel, is still not at the levels where it should be, and we expect stronger growth coming in the future.

So hopefully, on the international segment, I think we are pretty much where we want to be on a year-on-year basis, and we want to grow at these levels. But on the domestic front, I think we can, as a company, get better as the industry improves.

Deepan Narayanan: Okay. So in the previous con calls, management has highlighted that the depreciation expenses is peaking around INR 65 crores to INR 70 crores annual run rate. Similarly, what is the kind of fixed cost that is total expenses minus RM cost, we foresee after commissioning Panchla facility fully?

Aryan Sehgal: You mean the material margins?

Deepan Narayanan: No, the fixed costs like employee costs and other expenses?

Santosh Agarwal: So you are talking about the employee cost and other costs, right?

- Deepan Narayanan:** Yes, yes, yes.
- Santosh Agarwal:** So just wanted to give the answer for that. As we are expanding our capacity, we are coming up with the Panchla facility, we are coming with the Amta facility. So we need to hire some key people for those facilities. And although in the last 2 years, company has not grown, but we have given the inflationary rise to all the employees on a yearly basis that we have to do.
- So considering that, that resulted into higher employee cost. And regarding the other overhead cost, other overhead costs also go with the inflation also. In some way, we are able to control cost. In some cases, we have to accept the increase, right? So hence, there is an increase in employee cost and there is an increase in the overhead cost.
- Deepan Narayanan:** Specific to Panchla facility getting fully commissioned over next 2 quarters, so do we foresee this fixed cost going up to what level? That's the understanding we will appreciate.
- Santosh Agarwal:** See, the point is that in Panchla facility, currently, we are keeping the minimum level of employees, which is required to do the commissioning and which is required to do some kind of Phase 1 of production. But going forward, the additional employees, whatever comes into the Panchla facility, that will only be on the basis of the production. So whatever minimum cost is required, that we have already done. But going forward, the employee cost, wages cost will be proportional and as per the production plan and as per the sales order for the Panchla facility.
- Deepan Narayanan:** Okay. And finally, like we have a substantial cost advantages as compared to global players. So what are the challenges we are facing in scaling up of our exports revenue?
- Aryan Sehgal:** So at this point of time, I think the international business is doing well. There are various companies available to export from the Asian belt, which includes India, South Korea, China. And it is a crowded market where most of our business is focused on OEMs and in certain countries, it's focused on branded business. So we aren't as established and as strong a player as we are in the domestic market and hence, scaling up does take time as we get more and more acceptance and more and more trust based on our reliable quality and supply.
- Moderator:** The next question is from the line of Ashok Shah from Invesco Family Office.
- Ashok Shah:** Sir, as our demand is slow, so still we are doing any further capex?
- Aryan Sehgal:** No, at this point of time, we do not do any further capex. We are just trying to finish up the current capex what we have. The only capex what we do in addition to our capex is any project or sales-based capex or a contract-based capex. So from some of our key customers internationally or domestically, in case we have any particular projects, which we need to develop certain product lines for which we have backed up contracts, that's the only capex we do. But otherwise, it's just the standard capex, which is nearing completion.
- Ashok Shah:** So what's the size of that capex? Normal plant maintenance capex and special order capex.

- Santosh Agarwal:** So the plant maintenance and special order capex, it depends what kind of maintenance is required in each facility, but we don't foresee more than INR 10 crores to INR 15 crores of capex on maintenance. And regarding the commercial capex, it depends on what kind of orders will come from customer, what kind of commitment is there from the customer. So maintenance capex will not go beyond INR 10 crores to INR 15 crores, but commercial capex depends on the orders and commitment from the customer.
- Ashok Shah:** Any special order capex currently going on?
- Aryan Sehgal:** These things we do not inform them to the public markets because they are sensitive in nature. We have nondisclosure agreements and so on. But from time to time, we are always discussing various projects with our international customers, various RFPs in which we need capacity expansions or certain new products. So as you understand, we build 2,500 SKUs.
- We may have enough spare capacity in multiple SKUs, but we may lose out certain capacities where we have already near full capacity in certain SKUs. So that may entail certain capex as well. Since the product portfolio is very diversified, it could be that product A, we have reached near capacity and there is a huge demand, and we need to further install more capacity for product A. But in other products, we have enough capacity.
- Ashok Shah:** So sir, last year, what was our capacity utilization?
- Aryan Sehgal:** Around 70% to 75%, based on our understanding of capacity utilization because we don't run dedicated equipment for all SKUs. So there are a lot of shared equipment-100, 200 SKUs running over 5 or 6 equipments, not 100, 200 SKUs running over 100, 200 equipment.
- Ashok Shah:** So when do we need to expand if it reaches 80%, 85% or 90%, how is the equation?
- Aryan Sehgal:** It's not ever like that. It depends on the potential of the product. Sometimes a product may reach 80%, 85% and remains stable there. And sometimes there is a huge growth prospect and you can foresee at even 65% capacity that you would need expansion soon because the product is growing at a faster rate. It all depends on which product line and how the market has perceived that product and what the growth avenues are for that product.
- Moderator:** Our next question is from the line of Shiram R, an individual investor.
- Shiram R:** Sir, can you please share the revenue breakup sector-wise, like research institutions, diagnostics and also pharma? And my second question is, what is the potential turnover from the existing as well as the new facilities, I mean, the existing and new facility?
- Aryan Sehgal:** So in our new facility, we are yet to commercialize production on a full scale. So we are on the final stages of that to commercialize either by the end of this quarter or the beginning of next quarter, the first stage, with cell culture coming in towards the end of the year. And in the past, we have given a broad breakup, where government, semi-government account for 18% to 20%, pharmaceutical account for about 30% and so on.

And that's the way we divided the industry, but we don't disclose any breakup of our domestic revenues by customer segments. Internationally, we do not have access to that data because we sell only through distribution and not to the final customer.

Shiram R: Okay. Okay. Can we assume that the research and the government contribution will be more than 40% for the stand-alone?

Aryan Sehgal: No, it would be much, much lower than that, less than even half of that.

Shiram R: Okay. Okay. Okay. And my question on the potential turnover, what is the possible turnover? I'm sure you have not commercialized, but sure you'll be having an idea, right? With full utilization of the new facilities, what will be the maximum turnover possible?

Aryan Sehgal: INR 350 crores to INR 400 crores is the installed capacity, the ability to create turnover from the installed capacity.

Shiram R: This is INR 350 crores to INR 400 crores for the new ones?

Aryan Sehgal: Yes, incremental. The turnover can be created from the incremental capacity and the incremental new products coming at our new facilities.

Shiram R: Okay. So basically, we can go up to INR 650 crores, right, without...

Aryan Sehgal: We are already at INR 315 crores, right? So about INR 400 crores plus INR 315 crores -- and our current capacity probably can go up to 400. So 400 plus 400, 800 is the peak what the infrastructure at Tarsons can probably produce without further capex here.

Moderator: The next question is from the line of Ridhima Goel from Acquaint Bee Ventures.

Ridhima Goel: I have 2 questions. First is, with the new facility, when we can reach the optimum levels of utilization, like 80%, 90% or maybe when can we reach the 50%, 60% utilization levels looking at the current scenario, like the demand scenario and everything? And another question...

Aryan Sehgal: Please, go ahead.

Ridhima Goel: No, no, no, you can go ahead and I'll ask the second question post that.

Aryan Sehgal: So at this point of time, the demand scenario looks a little upwards on the upward trend where we have reached the bottom and we keep getting better. So in the current scenario, I believe that 50% to 60% can be achieved in about 2 years and 80% to 90% in about 3.5 to 4 years.

Ridhima Goel: Okay. And the margin levels which we are at currently, can we assume that these are the normalized levels going forward also because as Nerbe can also contribute much to your consol levels going forward. So can we assume these levels to be the normalized one?

Aryan Sehgal: So I'll take it 2 ways. I take it stand-alone and consolidated. In consolidated, I think we'll be doing a lot of work in Europe trying to expand in that region. So I won't look too much into the

margins there because there'll be a lot of structuring and work in progress to be able to build a very solid foundation for us in Europe.

But for the stand-alone bit, I think we are around 36.5%, 37% is where we stand. There could be improvements by about 2% or 3% at peak as we are able to bring in the volumes and stabilize operational costs.

Ridhima Goel: Okay. And what about consol?

Aryan Sehgal: As I said, consolidated, there would be a lot of business which would move in from the manufactured facilities of Tarsons into Europe as well into our European entity as well. So it would be very difficult to be able to generate EBITDA here and generate the same level of EBITDA out there. So we look at our European entity at this point of time to be able to consolidate and give us an avenue to really expand our revenues in a big way over the next few years in Europe.

Ridhima Goel: Okay. So what is Nerbe's EBITDA margins right now?

Santosh Agarwal: Nerbe's EBITDA margins is about 7% to 8%.

Ridhima Goel: 7% to 8%, and we are going to maintain these levels, right?

Santosh Agarwal: So this EBITDA level margin will increase further because they have certain fixed cost. If the sales will increase further, this EBITDA margin will increase further.

Ridhima Goel: Okay. 1% or 2% could be the possibility.

Santosh Agarwal: Can you repeat your question, again?

Ridhima Goel: 1% or 2% increase could be possible, right?

Santosh Agarwal: It depends on the sales. It can go to even higher than 1% or 2% also, because they have a material margin of about 40% to 50%. So if the sales will increase further and the fixed cost will not increase in that proportion, then the EBITDA margin can increase further.

Moderator: The next question is from the line of Rupa Mehta from KM Capital.

Rupa Mehta: Yes. So my question was on the Nerbe. So I see that from the past 5 quarters, Nerbe is generating a flattish revenue of INR 20 crores. And in the current quarter, it has also not contributed anything to EBITDA. And like historical data suggests that it's bringing down the superior margins of the stand-alone entity as well. So what are your plans for Nerbe?

Aryan Sehgal: So our plan for Nerbe is to ensure that we can, as Tarsons, be able to expand into the European market and grow revenues at a pace which we've not been able to do without having a European entity. So when majority of the European entities business comes from our manufacturing

facilities, we start looking at the margin as one whole consolidated margin rather than 2 entity margins.

So if the company out here makes around 36% to 38% margin, there is very little possibility that the other company, the European entity could make similar or anywhere close to similar margins. So cumulatively, if we can make 36% to 38% margin here and about early double-digit margins out there, that's what the endeavor would be, and that's the maximum what both the entities together could do, once everything is integrated and everything is transferred from Tarsons to the European entity.

Rupa Mehta: Okay. So has the European entity started procuring from Tarsons because I think last year, it was still procuring from its original suppliers?

Aryan Sehgal: Yes. From this year, we will start the thing. So we will find initial transfer and integration starting from Q1, and it will ramp up gradually till Q4. And then over the next year, I think we would reach a full ramp-up of what Nerbe is today. And with all the new products which the European entity does not market, those would be new product introductions as well for the European entity. So it would be two ways. One would be supplying products which they've never ever sold and marketed before and replacing products what they already sell and which they have a market for.

Rupa Mehta: Okay. Understood. One last question is, sir, are we spending enough on advertisement and making our brand more visible and aware even for -- to increase our exports?

Aryan Sehgal: So we spend on exhibitions. Advertisements, not yet. We don't really spend, although there are certain international scientific publications. But since it's a B2B kind of a business where you're selling to a select group of customers and not really to the entire wider audience, which is a population of a particular country, advertisements are not really the most effective tool at this point of time. So we continue sending in e-mails, brochures, marketing literature as well as exhibitions. That's our marketing bandwidth at this point of time.

Moderator: The next question is from the line of Jasdeep from Clockvine Capital.

Jasdeep: Sir, you mentioned earlier that you were making investments at Nerbe to create a solid base, which will drive your growth in Europe going forward. So could you tell us about what kind of investments are you making at Nerbe?

Aryan Sehgal: Investment in people, investment in structures and systems to be able to grow beyond just Germany into other European territories.

Jasdeep: Got it, sir. And when do we see those investments leading to much superior growth at Nerbe because the turnover at Nerbe has remained flat for the last 4, 5 quarters.

Aryan Sehgal: Correct. But that's more reflective of the situation in Europe. Europe doesn't have the best economic situation and the best economic growth. So Nerbe, it's not Tarsons. It's a part of

Tarsons, but it's not Tarsons because it's not present in India and doesn't sell from India. I think, Germany, the challenge of getting people, the challenge of not having enough resources, a challenge of high inflation, high cost and economy is pretty sluggish, especially the pharmaceutical biotechnology economy out there. So Nerbe is pretty much at par with reflective competitive companies in Europe in its scale and even beyond its scale. It's in a similar trend.

Jasdeep: When do we see growth at Nerbe?

Aryan Sehgal: I think definitely with newer products going in from Tarsons, which Nerbe has not marketed, we should see initial levels of growth coming. And then with geographic expansion, we should see further growth. And when the economy becomes a little more favorable in Europe, we should see more accelerated growth as well. So there are multiple things, there are multiple avenues which should implement growth at Nerbe, and we are looking at all of them and trying to see how best we can integrate Tarsons production into Nerbe distribution.

Jasdeep: And sir, what will be the peak net debt this year?

Santosh Agarwal: So the peak net debt, if you talk about the stand-alone entity, the peak net debt of the company will be about INR 400 crores.

Jasdeep: FY '26, INR 400 crores will be the peak debt. And what about the consol entity?

Santosh Agarwal: No, I'm talking about the consol entity. So if you talk about the stand-alone entity, it will be in the range of INR 300 crores to INR 310 crores. But if you talk about the consol entity, I don't think it will cross even more than INR 400 crores.

Jasdeep: And what would be the peak depreciation on a quarterly basis?

Santosh Agarwal: So I cannot give you any kind of guidance on the depreciation on a quarterly basis, but considering the mathematics of what capex we are undergoing, what kind of capex work in progress is here and what kind of capitalization we have planned. I think, under a put-to-use kind of condition, we expect FY '26 depreciation will be in the range of INR 80 crores to INR 85 crores.

Jasdeep: Consol?

Santosh Agarwal: Consol. Because there is a high depreciation only in the stand-alone depreciation, the Nerbe depreciation is flattish.

Jasdeep: Got it. And sir, have you got any approvals, commercial approvals for any of the cell culture products so far?

Aryan Sehgal: No. No cell culture approvals as of yet because no cell culture samples or commercial production as of yet.

Moderator: The next question is from the line of Sandeep Abhang from LKP Securities.

- Sandeep Abhange:** Yes. So I wanted to understand what kind of product categories are currently your best-selling products, like we have consumables, we have reusables, the breakup which you have given in the presentation. So just wanted to understand which type of category products are currently doing well?
- And what do we expect in the future after the capex, what kind of category of products will particularly do well considering the industry in which they are present, like CDMO, CRO, maybe academic institutions, etcetera. So if you can just throw some light on this.
- Aryan Sehgal:** Yes. It will be consumables today, and hopefully, it will continue to do well. So consumables is a core hope and the highest demanded product.
- Sandeep Abhange:** Okay. In consumables, if you can mention a few of the top selling products, just to understand from the perspective and I get an idea from your distributors just to understand that, if you can just mention a few of the products.
- Aryan Sehgal:** It would be liquid handling consumables.
- Sandeep Abhange:** Liquid handling. These are the best-selling products?
- Aryan Sehgal:** Yes.
- Sandeep Abhange:** Okay. And in cell culture, sir, what kind of product categories and products, the major products you're looking for in terms of your further growth prospects in the cell culture products? And like are they -- like how is the competition-wise, -- how is -- where do they stand? If you can mention a few of the product names as well, that would be great.
- Aryan Sehgal:** We just mentioned that we have produced [inaudible 0:37:22] consumables. So that's the entire line, which is used on [inaudible 0:37:29] as well as production laboratories for various cell culture applications.
- Moderator:** The next question is from Naman Bhansali from Nine Rivers Capital.
- Naman Bhansali:** So when you spoke before about the potential in our assets to generate around INR 750 crores of top line, maybe that is on a gross block of around INR 800 crores, INR 900 crores going forward. So that turns out to be an asset turn of less than 1x. Now in the past, we have reached 1.5x, 1.6x asset turns in the years of '19, '20 maybe. So there is a disconnect here in terms of asset turn guidance remaining much lower than the earlier?
- Santosh Agarwal:** Just wanted to clarify that when we got listed, at that point of time, we have converted from IND GAAP to Ind AS. At that point of time, our net asset has been transferred to Ind AS as a gross asset. So whatever financials you are seeing, you are always calculating on the basis of my brought forward figure. But actually, we always had the asset turn ratio in the range of 0.7 to 0.8. The industry landscape is also saying the same story.

- Naman Bhansali:** Got it. That is helpful. And secondly, last quarter, we had said about the provisioning to be around INR 9 crores for the damaged machine and the insurance claim that we have made. So any update on that and the insurance claim as well as what is the full year provision that you have made?
- Santosh Agarwal:** We already did the provision and the claim is under process, and we are working with the insurance company to get the claim.
- Naman Bhansali:** Got it. And the new machines, when are we expecting them to be arrived?
- Santosh Agarwal:** The new machine has already arrived.
- Moderator:** The next question is from the line of Jasdeep from Clockvine Capital.
- Jasdeep:** Sir, in fiscal year '26, where do you expect faster growth, domestic business or exports?
- Aryan Sehgal:** International business.
- Jasdeep:** Got it. And sir, what's the status on tariffs to U.S. for your company?
- Aryan Sehgal:** At this point of time, there's no status. It's the same as what it is for the rest of India. I think what the news says is that there might be some sort of a trade deal between India and U.S. So if that happens, we are yet to see what happens. But there's a change every day in the tariff. So there's no point really tracking what really goes on.
- Jasdeep:** So as per current news flow, the tariff is 10% on your products?
- Aryan Sehgal:** For that 90 days or 100 days or some period what relief what India got. So yes, that's what it is.
- Jasdeep:** Got it. So on account of this news flow around tariffs, tariffs are on other countries are maybe a little bit higher. I think China is your major competition and tariffs on China are proposed to be higher. Are you seeing queries -- are you seeing increased RFQs from U.S.?
- Aryan Sehgal:** I think at this point of time, the entire world is very unsure about the way this has been handled. It's not been very consistent, right? News is changing on daily basis. So people are also preferring a wait-and-watch approach because they don't know what's going to happen tomorrow.
- So while we are at an advantage in terms of tariff, as you rightly said, they don't know what is going to happen with India 20 days later. So people are more cautious in their approach at this time rather than they don't want a fast or a hasty approach or they want to make quick decisions and then have to change that 20 days later.
- Moderator:** The next question is from the line of Shamit Ashar from Ambit Capital. Mr. Shamit, go with the question, please?
- Shamit Ashar:** Would you like to give some kind of guidance on the margin and revenue growth for FY '26 and '27?

Aryan Sehgal: No, we don't give any guidance as such.

Shamit Ashar: Okay. And you are expecting exports to grow in FY '26, correct?

Aryan Sehgal: We are expecting domestic to grow as well. But as the gentleman had asked in the previous question, at this time, it looks like the exports would have a better growth than the domestic.

Moderator: The next question is from the line of Gopinadha Reddy from PNR Investments.

Gopinadha Reddy: Given that we expect the peak utilization of INR 750 crores to INR 800 crores, will it be near FY '29 or '30 sir?

Aryan Sehgal: Yes. You could consider that approximately FY '28 or '29, yes.

Gopinadha Reddy: At the peak utilization, will the margins be somewhere around 15% or 18% where is it, around which...

Aryan Sehgal: What 15% -- what are you saying? 15%?

Gopinadha Reddy: When we utilize our capacity to the fullest, will it be -- the margin level will be at 15% to 18% or where is the level, sir?

Aryan Sehgal: Which kind of margin are you talking about? EBITDA?

Gopinadha Reddy: No. Profit margins in the end.

Aryan Sehgal: Yes, profit margin should be around 36%, 37% EBITDA less whatever depreciation, amortization and interest costs we have and the tax we pay. So it's very difficult to have an exact calculation, but you could back calculate based on a 36% to 37% EBITDA.

Gopinadha Reddy: Okay. I mean if you can -- I mean, we -- our peak profit -- net profit as of now was INR 100 crores around. Do we expect to cross that level by '29?

Aryan Sehgal: Absolutely. If we did about INR 100 crores of net profit at INR 310 crores of revenue. So at 2.5x revenue, it should definitely be more, if not way more than that. But at this point of time as well, our PAT is much stronger than it looks like. We have a lot of depreciation and a lot of interest costs because of the growth in the company, which we didn't have 3.5 years down the line, where the company was pretty much net debt free and didn't have too much of depreciation at that point of time.

Gopinadha Reddy: Yes. That's understandable, sir. That is why I'm asking -- rather than asking for the next 1, 2 years, I'm asking at the level when we come to the full utilization, where we will be the net profit level? There...

Aryan Sehgal: Yes. You're asking me a question in FY '25 about FY '29. Maybe when we are reaching INR 800 crores, we are already in a midst of another INR 400 crores capex to reach INR 1,200 crores. So I cannot give you an answer for 3 years later where my capex situation would be, right?

- Gopinadha Reddy:** Okay. I understand. I'm asking just the visualization -- the imagination that we come to the full potential of utilization and full...
- Aryan Sehgal:** Hence the EBITDA level. I'll give you the EBITDA level at 36% to 38%, which is a reasonable way of calculating irrespective of where the capex is.
- Moderator:** The next question is from the line of Ravi Shah from VRS Capital.
- Ravi Shah:** I have three questions. Last quarter, we had given an indication about recovery in demand across the domestic and international markets, which sort of gave us a confidence that there will be a sustained growth momentum. However, in quarter 4, our growth has been slightly subdued. So could you share what is happening on industry front? And when can we return to our mid-double-digit growth rates, which we used to do?
- Aryan Sehgal:** So I think it won't be fair to look at it on a quarter-by-quarter basis. On a year-over-year basis, I think we've grown at about 13-odd percent with 10% coming out of the Indian business. The Indian business has traditionally grown at 14-odd percent. So we are still 4% away from the way we've grown over many, many years, probably 15 to 20 years.
- And the international business at this point of time is exactly where the growth levels would be. But having said that, I still feel that there are opportunities for us to even get better in the international business as we have an acquired entity now in Europe and definitely make improvements on the domestic business as we add newer products and as demand levels keep getting better.
- Looking at it from a year-on-year basis is better because sometimes you have weaker quarter 1s after a very big quarter 4. And in quarter 4, the base levels are generally higher than the other quarters. So looking at it from a quarter-by-quarter basis may not be the best way.
- Ravi Shah:** Understood, Sir. So you already somewhat answered my second question on the geographic front, so which are the geographies we are seeing pain? And in FY '26, FY '27, what is the outlook for the export business as a whole?
- Aryan Sehgal:** See, we continue to focus on brand building in certain countries of Asia and certain countries of Latin America and Middle East, Africa. And we try and consolidate and increase our presence, increase our penetration, add more and more new customers as well as grow the wallet share with existing customers on the OEM, ODM business in the U.S.
- And in Europe, we look to focus on our acquired entity and strategize -- put our strategies in place to be able to expand and grow at a faster pace in Europe and be able to generate revenues, which we haven't been able to do as a stand-alone entity in Europe.
- Ravi Shah:** Understood, sir. And my last question would be, sir, despite the drop in our gross margins, we have seen an improvement in EBITDA margins Y-o-Y. So I was trying to understand, will this

employee expense and other expense run rate stay similar going forward? And should we expect some increase? Or like how should we look at it?

Aryan Sehgal: See, the number of people in the company get added as we try to expand operations and we need to give an inflationary pay hike to most of the employees in the company which continues to happen. But I believe that the employee benefit expenses remain proportionate as long as the growth is there in the company and would never be beyond that. And in the other expenses, I think as we stabilize operations in both the facilities, the other expenses as a proportion of the turnover could get slightly better.

Ravi Shah: Understood. Sir, I wanted to be able to understand why there's a divergence between the EBITDA margins on gross margins? That's all.

Santosh Agarwal: So you wanted to understand the divergence in between the gross margin and EBITDA margin.

Ravi Shah: Yes, yes.

Santosh Agarwal: The point is that if you see this quarter sales, this is the highest ever sales we reported in the stand-alone entity. That resulted into higher gross profit. And as our fixed cost, all the employee costs and other costs are fixed, that resulted into higher EBITDA margin. So if your cost is fixed and your sales is increasing, that gives you more gross profit and that result into higher EBITDA margin.

Moderator: The next question is from the line of Nirav Atul, an Individual Investor.

Nirav Atul: Yes. So sir, in the earlier statements, you mentioned that the domestic CDMO businesses are showing good signs, encouraging signs. So just wanted to know like what -- can you explain a bit about that? And are you able to -- like will we be able to capitalize on that opportunity or we do have to take some contractual capex for the CDMO business?

Aryan Sehgal: Generally, we don't have to because most of the products used in the CDMO business is present with us and present in sufficient capacities. But there are certain products which they use which we don't have, which we don't make, which we don't have a plan to make that we would not incur any kind of a contractual capex.

So generally, contractual capex is limited to businesses and products which we already do, which we already are strong in and where we are falling short of capacity but there is enough business in the pipeline and contractually being awarded to us to be able to expand capacities.

Nirav Atul: Okay, right. So like the domestic CDMO players are showing good growth and probably like according to what we see, like they will be able to show some good growth as well for several years from now. So are we like winning orders from them? Or like have we started winning orders and like going into advanced conversations with several of those players?

Aryan Sehgal: Yes. So the business is not structured that way. You generally have contracts with them, which are not prewritten contracts, but there are agreements between these companies and Tarsons and

various other suppliers of labware products. And orders are placed on a weekly, monthly basis by these companies based on whatever their ordering pattern is. So there will be spikes in the ordering whenever they win new projects and the number of projects increase, but that's how it works.

Nirav Atul: Okay. And like have we started the cell culture production like or not?

Aryan Sehgal: No.

Moderator: Ladies and gentlemen, in the interest of time we'll take the last question from the line of Amar from Lucky Investments.

Amar: Sir, in terms of utilization for cell culture and about the approvals from various customers, where we are in the phase in this particular year?

Aryan Sehgal: So we don't have any approvals from any customer as of now because we don't have any product to give the customer for testing. Once we have available commercial product, we will start giving it to customers who would be interested to test the Tarsons line and then start taking approvals parallelly.

Amar: So sir, according to you, like by when the commercial will start and by when we can expect some commercial orders coming, followed by this approval process and all those things?

Aryan Sehgal: So commercially, we would start supplying cell culture products by Q4 to customers, and we expect that by then, the quality level should be at par. And within that quarter, we should start receiving approvals.

Amar: Okay. And before this commercial production, I mean, what kind of expenditure we would be incurring in the cell culture facility currently?

Aryan Sehgal: Currently, in the Panchla facility, we incur about INR 7 crores to INR 8 crores of annual expenditure.

Amar: And in terms of the Amta, where we were looking to do a sterilization facility, is it coming? Or I mean, when it is going to come?

Aryan Sehgal: The radiation plant we commercialized and commissioned in end of July, and we will start commercial radiation by August. The warehouse is ready. We are just getting the racking and other things done. So June end, first week of July, the warehouse starts and by July end, the radiation plant gets commissioned.

Amar: Okay. So it is going to start. So this will save some bit of expenditure, which we are outsourcing today, right?

Aryan Sehgal: Yes. We will gain some by in-sourcing that, but that gain would come as the volumes increase because there will be a lot of startup expenditure, which should be onetime expenditure, pretty

large start-up expenditure over the first 1 or 2 months, but that would be amortized and it's not capitalized. But moving forward, as we grow the volumes and shift all the business in-house, that would be stabilized and things will be cheaper to do in-house than outsource.

Amar: So sir, going into like now, many products are going to come next year. So is the next year is going to be a better growth year than this year? I mean how we should read?

Aryan Sehgal: We aspire for that. We will see because the year is just 2 months old with 10 months to go. Times are good. And hopefully, we will be able to match this year's performance or go better.

Amar: Okay. And as the performance improves, profitability is likely to improve or these new plants will bring new fixed cost? Is it something?

Aryan Sehgal: I think the new plants starting and giving revenue should start stabilizing costs because then those costs would remain with certain revenues. At this point of time, costs are without revenues.

Amar: Okay. And the sterilization facility, when you say large start-up expenditure, what would be the quantum of that cost?

Aryan Sehgal: I don't have a complete figure in the back of my head, but it's about laboratory setup and other things, which are needed to be able to measure the level of radiation.

Amar: Okay. But then it is not a very significant number, right, 1% kind of revenue, 2%. I mean, how it is?

Aryan Sehgal: 1% of revenue is INR 3.5 crores. I don't think it is that high.

Moderator: That was the last question for the day. I now hand the conference over to the management for closing comments. Over to you, sir.

Aryan Sehgal: Thank you, everybody, for joining us today. I hope we have addressed all your questions. We remain committed to keeping the investment community informed with regular updates on our development. For any further information of queries regarding Tarsons, please feel free to reach out to us or our Investor Relation advisor, SGA. Once again, thank you for your time and support.

Moderator: Thank you. On behalf of Tarsons Products Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.