Date: 04th August, 2026

To	To
The Listing Department	The Listing Department
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Bandra (East)	Mumbai – 400 001
Mumbai – 400 051	***Stock Code :*** **532612**
Stock Code : INDOCO	

Dear Sir/Madam,

Subject: Transcript of Earnings Conference Call on Unaudited Standalone and Consolidated Financial Results for the Quarter Ended 30th June, 2026

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

You are requested to kindly take the same on record

Thanking you,
Yours faithfully,
For Indoco Remedies Limited

RAMANATHAN HARIHARAN
Digitally signed by RAMANATHAN HARIHARAN
Date: 2026.08.04 11:40:33 +05'30'

INDOCO REMEDIES LIMITED MUMBAI

Ramanathan Hariharan
Company Secretary & Head- Legal

"Indoco Remedies Limited

Q1 FY27 Earnings Conference Call"

July 28, 2026

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

MODERATOR: **MS. RASHMI SHETTY – DOLAT CAPITAL MARKETS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Indoco Remedies Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Rashmi Shetty from Dolat Capital Markets Limited. Thank you, and over to you.

Rashmi Shetty: Thank you, Atharva, and good afternoon, everyone. I, Rashmi Shetty, on behalf of Dolat Capital, welcome you to the Q1 FY27 Earnings Call of Indoco Remedies. We thank the Indoco Remedies' management for giving us this opportunity to host the call. Today, we have with us the senior management of the company represented by Ms. Aditi Panandikar, MD; Sundeep Bambolkar, Joint MD; and Mr. Pramod Ghorpade, CFO.

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

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

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

Thank you. Now, I will hand over this mic to Ms. Aditi Panandikar for her opening comments. Thank you.

Aditi Panandikar: Thank you, Pramod. Good afternoon, everyone, and a very warm welcome to our Q1 FY27 earnings call. I will commence with perspectives on our performance during the first quarter of financial year '27. Despite operating in a very dynamic market environment, Indoco has maintained its growth trajectory and focus on strategic execution.

During Q1 FY27, our stand-alone operational revenue grew by 5.8% year-on-year to INR4,081 million, with consolidated revenue reaching INR4,662 million, up by 8.2% year-on-year. Stand-alone EBITDA saw expansion to INR422 million, delivering an EBITDA margin of 10.3%. This steady performance highlights our operating momentum backed by strong execution across our core domestic formulations franchise, regulated international markets and our vertically integrated API platform.

On the regulatory approval side, I'm pleased to share that our Baddi Unit I successfully completed Malta Medicines Authority audit, while our Baddi Unit III facility received EU-GMP certification from the German Health Authority, Berlin. Adding to this, our Goa plant I successfully cleared the Malta Medicines Authority audit.

The facility has EU-GMP certification from the authority, confirming that it complies with the good manufacturing practice requirements as referred in the EC Directive. I'm happy to share that Indoco Stability Center, IAS, at Chhatrapati Sambhajinagar, Aurangabad successfully completed a pre-approval inspection by the USFDA with 0 observation.

Moving to our domestic operations. Our domestic formulations business recorded revenues of INR2,040 million in quarter 1 FY27. As per the IQVIA MAT June '26 data, Indoco continues to maintain a solid position in the Indian pharma market at the 33rd rank while maintaining an impressive 20th rank MAT May '26 in prescription volume. The strong doctor connect is driven by a field force that reaches over 2,42,000 prescribing doctors across various specialties.

Through an emphasis on building and scaling high-margin brands as per IQVIA MAT June '26, our top 5 flagship brands now contribute 42% to our total domestic portfolio. Cyclopam continues its trajectory as a major growth champion, achieving 44% absolute growth since 2022 to now reach INR196 crores on the verge of becoming a landmark INR200 crores mega brand.

Following the post-COVID market realignments, acute products like Febrex Plus, have now stabilized and rebound to a turnover of INR118 crores. Midsized brands are emerging as primary growth drivers for our domestic business. Our focused portfolio, including SM Fibro, Rexidin-M, Oxipod CV and Dropizin recorded an aggregate growth of 86%, with Dropizin delivering a 3x breakout to reach INR14 crores.

Furthermore, Indoco has established multi-brand market leadership in targeted subsegments, posting 4 distinct brands in the top 20 of the stomatological market. It is worthwhile to mention that the divestment of the Ophthalmic Division in India and agreed territories in Africa is an important step in sharpening our focus on core therapeutic areas with stronger potential.

Now, turning to our international operations. International formulations contributed 35% of the quarter 1 FY27 revenue at INR1,451 million, while our active pharmaceuticals business delivered a stellar performance this quarter, surging to 42% Y-o-Y and a turnover of INR522 million. With consistent growth, this platform provides crucial backward integration for our formulations pipeline, ensuring both cost competitiveness and supply chain security.

Looking ahead, I'm confident in our ability to sustain profitable growth across all core businesses. In India, our priorities are scaling midsized brands into mega brands, deepening specialty prescription share and expanding our chronic footprint. Internationally, we will leverage our integrated R&D, CRO and API capabilities to accelerate high-value filings in complex ophthalmics, injectables and oral solids. Grounding these ambitions is our relentless commitment to cost optimization, operational excellence and long-term shareholder value.

Thank you. I will now hand over to Mr. Sundeep, who will present the detailed financial highlights.

Sundeep Bambolkar: Good afternoon, all. Thank you, Aditi. Let me first begin with the business highlights. Stand-alone net revenues of the company for the first quarter of FY26-'27 grew by 5.8% at INR4,081 million compared to INR3,856 million for the same quarter last year. Consolidated net revenues of the company for the first quarter are at INR4,662 million compared to INR4,309 million for the same quarter and INR4,559 million for the immediately preceding quarter, that is Q4 FY26 at 8.2% and 2.3% growth, respectively.

Stand-alone EBITDA to net sales for the quarter is 10.3% at INR422 million compared to 3.8% at INR148 million for the same quarter last year and for the immediate preceding quarter is 14.7% at INR630 million. Consolidated EBITDA to net sales for the quarter is 8.8% at INR410 million compared to 4.1% at INR175 million. And for the immediately preceding quarter, Q4 FY26 EBITDA is 10.9% at INR497 million.

Domestic formulation business. Revenues from domestic formulation business for the quarter are at INR2,040 million as compared to INR2,028 million for the same quarter last year. Major therapeutic segments like urology, gastrointestinal, vitamins, stomatology and dermatology performed well during the quarter as compared to the same quarter last year.

Now on the international formulation business front. Revenues from international formulations grew at 2.8% at INR1,451 million compared to INR1,411 million same quarter last year. Revenues from regulated markets for the quarter grew by 19.3% at INR1,133 million as against INR950 million.

Revenues from the U.S. business for the quarter grew by 62.2% at INR459 million as against INR283 million. Revenues from Europe for the quarter grew by 2.5% at INR650 million against INR635 million. And revenues from South Africa, Australia and New Zealand are at INR24 million against INR32 million. Revenues from emerging markets for the quarter are at INR317 million as against INR461 million.

Revenues from API business for the quarter grew by 42.4% at INR521 million as against INR366 million. Revenues from AnaCipher CRO and Indoco Analytical Solutions for the quarter grew by INR36.2 million -- sorry, 36.2% at INR69 million against INR50 million. That's all about the business highlights for the quarter. And I now request the participants to put forward their questions. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question comes from the line of Nirmam Mehta from Unique PMS.

Nirmam Mehta: Ma'am, my first question is any update from the USFDA about the plant?

Aditi Panandikar: No, we've not heard anything yet, but let's keep our fingers crossed, hopefully in the next couple of months.

Nirmam Mehta: Okay. Secondly, on our international business, so when we see revenues are largely flat, the U.S. business has grown, but Europe business has not grown and there's a degrowth in the emerging markets. So, are there any concerns? Or do you expect these markets to grow for this year?

Aditi Panandikar: Yes. So, I'll start with the emerging business. So as you know, emerging is a branded formulations market. And sometimes for the March quarter end, there is a bit of a push and especially with the war-like situation and there were shortages of products. So, there was a good amount of primary billing in March. But if you look at the March, April in combined, then we are still doing a much better per month sales. But I'm sure this is only a temporary 1 quarter glitch.

Nirmam Mehta: Even for the European markets?

Aditi Panandikar: Yes. Europe is about roll-in orders. So, probably it is just about -- the timing must have not been able to sort of release products on time, et cetera. I'm sure there is nothing fundamentally wrong.

Nirmam Mehta: Okay. And on the domestic business, so Indoco stand-alone business plus the warrant, I think even that business has been flat. So, any comments on both of that?

Aditi Panandikar: So if you look at the top 10 large brands of the company, then we have got almost all segments in double-digit positive growth, except 2 products, 2 segments. One is anti-infective and the other is respiratory. And both are very seasonal. And this year, we did not get rains in June. So, there was almost a 1-month pushover. So, I expect that is why on a Q1-to-Q1 basis, you see that drop.

If you look at performance on the immediate preceding quarter basis, you will see a good growth because the season has started to come in, but it is not equivalent to what it was last year. So sadly, the wonderful performance by all other brands, whether you look at Cital, Carmicide, Cyclopam. You look at some of the other brands, like I think, even your -- all the dentistry products, have all done very well. It is only Febrex Plus, Karvol Plus and one antibiotic, which are heavily degrown on the primary, that too.

Nirmam Mehta: So, what would be the potential for these brands? I mean, at the India business, can we grow double digits here for next 1, 2 years or these are high single-digit growth brands? How do we look at these?

Aditi Panandikar: So as the top 10 brands contribute more and more to total turnover, we are much more in control of delivering a more consistent performance. So, you should expect higher single-digit to double-digit growth in India business going forward.

Nirmam Mehta: Okay, ma'am. And lastly, on the margins. So while the margins have grown year-on-year, but our gross margins have taken a hit for the quarter. So, do you expect these gross margins....?

Aditi Panandikar: Gross margins, this quarter, we had an impact of the increase in cost of goods because of the war situation. And a lot of the products, there were shortages even in availability of materials, let alone the increased pricing. So for this particular quarter, you see COGS impacted and almost by 2 percentage points, our cost of goods has gone up. Otherwise, the performance would have been even better.

Nirmam Mehta: Okay. So, we expect double-digit margins for the year, EBITDA margins?

Aditi Panandikar: That is what we are aiming for.

Nirmam Mehta: Sure, ma'am. And lastly, just on the debt and interest cost. So Pramod sir, if you can highlight the debt number and how do we expect the interest cost to pan out for the year?

Pramod Ghorpade: Yes. So overall debt, we have reduced by almost about INR30-odd crores as compared to what we used to have in March '26. So, overall debt level remains at around INR930 crores now as against INR964 crores as of March '26. So, we have repaid certain term loans. This is both put together, long term and short term put together. While the interest cost, as we discussed last time also, it is in the range of 9% overall, which is quite competitive at this point of time.

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

Sudarshan Padmanabhan: Yes. Sir, my question is, if I look at the U.S. business, I mean, we have a fair basket of ophthalmic products. I mean, if you look brinzolamide being one and certain other products like [inaudible 0:17:46], etcetera. So if you can give some color with respect to how do we see launches in the U.S. and probably traction in the existing products? And also some color with respect to how do we see pickup in the European market going forward as well?

Aditi Panandikar: So European market, as I said already, this was a one-off quarter where there was a dip. But otherwise, we expect very good consistent performance for Europe. And there is a good product basket, very predictable. We supply Europe from our Baddi sites and some also comes from Goa. For U.S., you asked specifically about new launches. So as you know, for the sterile business, our new product approvals are held because of the U.S. audit, which is yet to happen.

But all the same current products, including brimonidine, dorzolamide, [dorzol/timo 0:18:44], as well as solid orals like allopurinol, glimepiride, vildagliptin are doing exceedingly well. For the solid orals of the future, of course, we have some products, which will be -- we will be able to launch post-patent expiry in '27. There are some early patent expiries expected in Europe next year. We will talk of them as the time approaches.

Sudarshan Padmanabhan: Do we have any aspiration for, say, FY27, FY28 for European and U.S. business? And specifically with respect to Vigamox, how do we see this product gathering momentum and how big would this product end up being?

Aditi Panandikar: So as I said, at this stage, it is better to not say anything about ophthalmics too much. I would wait for the USFDA audit to happen after which we should discuss more concretely numbers.

Sudarshan Padmanabhan: And with respect to the cash that is coming in primarily post the transaction, one, I mean, what should be the use of it? Because if I look at the domestic business, I mean, as you mentioned, I think the anti-infectives has been a little bit of a joker in the pack, a little bit more volatile than what was expected. So, I mean, would you be primarily looking to repay debt? Or is there a way where you can buy growth in?

Aditi Panandikar: So going forward, definitely, the company will look to invest in acquisition of brands possibly for India business. But at this point in our journey, it was more important to repay debt, I think. So, some of this money that is accrued has gone towards that for sure.

Sudarshan Padmanabhan: Yes. Sure, ma'am. And with respect to -- one is the operating leverage as the scale picks up, I mean probably the last few quarters is clearly not the right representative of the business trends. So, I mean, where do you see the steady state margins going forward in the next 6 months or the next 2 years?

Aditi Panandikar: So, you must have noted we are not giving any definite guidances on margins exactly. But if you have looked at the performance of the company over the last 9 quarters, you will agree the last 2 quarters show a very clear upward trend in improvement in performance, okay, although I agree that international business this quarter has given a bit of a dip. But otherwise, consistently across domestic, international, reg and as well as API, you see a very consistent growth. API division, in particular, has done very well. So, we expect margins to keep improving quarter-on-quarter from here on.

Sudarshan Padmanabhan: Sure, ma'am. One last question before I join the queue is one is, of course, operating leverage, but do you see any areas where we can reduce the costs, improve the efficiency given that we have seen challenges as far as growth is concerned?

Aditi Panandikar: Right. So you must have -- you remember, we must have spoken earlier about our Master Manufacturing Plan, whereby we increased efficiency in the plant, increased batch sizes, looked at reorganizing the product mix across various locations, looked at reducing process time, increasing speed of packing, et cetera. All that now structurally is in place. As the orders start flowing in, this will result into requisite numbers.

Even for this first quarter, if I have to tell you, if we look at the number, the value of product made first quarter last year and first quarter this year. And if you look at the number of batches taken, we have actually manufactured 26% less batches. So, that definitely will result in efficiency over a period of time. We have also reduced the number of people engaged in operations because due to the high-speed machines, due to automation, we are able to optimize that. And all of this eventually will slowly start showing in the margin. Does that answer your question?

Sudarshan Padmanabhan: Yes, ma'am.

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

Kenil Mehta: Ma'am, just wanted to know any particular reason why we haven't scaled up our emerging market and European business because over last few quarters, we were very bullish?

Aditi Panandikar: Yes. So like I -- yes, Kenil sir, like I answered earlier, emerging business is a branded business. Also to Africa emerging business when it is sold is like booking primaries. I just look quickly at the secondary growth in the emerging business quarter-on-quarter. They're extremely steady, good double-digit growth in secondary demand.

So, this kind of fluctuation you see over the March quarter and then the first quarter next year. Of course, there were challenges of product availability because of war issues. There were some challenges related to being able to get the right freight at the right cost. Those things were there, but they have not impacted much.

The real impact is that after the very high range because emerging was on 110% to 101% last year. So, you expect a little bit of that and then the first quarter does take an impact. So to that extent, there has been a bit of an impact from emerging, but I don't -- fundamentally, secondaries are doing really well. And I, therefore, expect primaries to rebound immediately as in second quarter.

Coming to Europe, again, international business reg did a record-breaking number for the March quarter. And for this quarter, looking at the rolling plans from some of our European customers, it is just 1 quarter where we've not been able to ship a lot and therefore, not booked it. But I don't expect this to be a very big problem. I think as of now, we have in excess of INR250 crores of orders in hand for execution. So, this is not on account of not having orders. It is probably just the timing of it.

Kenil Mehta: Okay. And this order book is for 3 to 6 months or for 1 year?

Aditi Panandikar: So that is the thing. Most of our buyers and partners, we've been in partnership for a very long time. And I think some of my boys when they do their KRAs, work it out, so they push a bit here, push a bit there. What I'm trying to tell you is that the order book position is really very good and fundamentally, there will be good growth, not to worry.

Kenil Mehta: Okay. So the target, which we had set doubling our export business in 2 to 3 years, is it in line?

Aditi Panandikar: Yes. We are directly in line for that.

Kenil Mehta: Understood. And does that include all the new products also?

Aditi Panandikar: Yes. Definitely.

Kenil Mehta: Okay. And wanted to know the capacity utilization for Baddi plant and MP, both plant and the Goa injectable separately and OSP?

Aditi Panandikar: Okay. So, I think Goa plant I right now on a single shift basis is occupied to 80% roughly. 70% to 80%. And Baddi I, which is a smaller capacity, high-value kind of plant is also occupied to the range of 70% to 80% on a single shift that too. Baddi III, which is the large plant which makes paracetamol, again, in the range of 70%, 75%, if I'm not mistaken.

Kenil Mehta: Okay. So, all the incremental as we expand our quarterly exports to INR200 crores mark will lead to higher efficiency and margin expansion?

Aditi Panandikar: Yes, yes. So this is -- this quarter inability to supply has not resulted in the top line. And as you correctly said, as these capacities get further utilized, you will start seeing the efficiency.

Kenil Mehta: Understood. So going forward, do you think in this financial year, we will see a PAT -- profitability for a quarter going forward in coming quarters?

Aditi Panandikar: That's what we are working for.

Kenil Mehta: Understood. And ma'am, can you -- just a suggestion -- can you give the paper burn PPT, [inaudible 0:27:37] FPP? What is the revenue of FPP and profitability and warrant separately so we can get to know where the hanging fruit is because if FPP is getting profitable during this quarter, then the warrant should also improve the numbers going forward? So, we can get to know the consolidated numbers in a simple manner and where the issue is?

Aditi Panandikar: Okay. We'll send this information. We'll send this information.

Moderator: The next question comes from the line of Kaustav Bubna from Kamana Holdings.

Kaustav Bubna: So, I'll try to ask this question in a different way. So even if I look at your FY26 numbers and I add your interest cost and depreciation, that's around INR250 crores around, right? The last 2 years, our operating profit of the company has -- is probably half of this number, half of this INR250 crores number. And obviously, debt has increased, which has increased your finance cost, which is a key trigger to this finance cost increasing in this INR250 crores number I spoke about.

But what I'm trying to understand is moving forward in the next couple of years, could you identify the key triggers, the key possible triggers that take this INR150 crores, INR160 crores operating profit towards higher than the finance plus depreciation cost together so as to turn profitable on a PBT perspective?

Aditi Panandikar: Yes. So if you look at our business, there are 3 main segments really. One is the India business, which is the most profitable, obviously. Emerging follows very close, almost same levels. So these businesses, there is nothing to worry about how profitable they are or whether they return cash and things like that. So as these businesses grow fast, of course, this will come into operating profits.

The international business, especially the one to Europe is now of quite a substantial size. And given the kind of investments we have already made in improving efficiency at the plant, this business on the high number, when profitability of this business improves, it will also come down into operating profit.

U.S., on the other hand, is right now in a high-growth phase, meaning it's very small, and we will continue to sell more. And while this U.S. business at a GC level is very profitable, U.S. has its own challenges on working capital cycles, et cetera. But it will add, but it will not dent too much. So as per me, from a scaling of operating profit angle, one should look at India and emerging steadily adding to it and one should expect increased profit coming from Europe.

Kaustav Bubna: Okay. And what about your debt levels? I mean, how do we plan to get this down? Do you have any targets?

Aditi Panandikar: Yes. I'll let Pramod handle that.

Pramod Ghorpade: Yes, Kaustav. Our debt level, long-term debt is at currently INR600 crores. We have another about INR100 crores plus repayment schedule, which is for this particular year, July to March. And short term is in the range of INR325 crores. So both put together, we are at around INR930 crores at this June end. And we are repaying our -- as per our repayment schedule. So, this particular year, as you would have seen, our EBITDA number and probably we'll have better numbers going forward in the next 3 quarters. We'll be able to repay the principal as well as interest component for remaining 3 quarters.

Kaustav Bubna: So what -- is it realistic to talk about INR500 crores long-term plus short-term debt together in a few years or that's too ambitious?

Pramod Ghorpade: Yes. Certainly, certainly. Our objective is to repay INR110 crores this year and another INR150 crores in next year. So, around INR260 crores, we are going to repay within next about 7 to 18 months.

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

Pratik Kothari: First, ma'am, these excellent numbers on other expense and employee. I mean, after -- I mean, we have been talking about it, but finally, we are seeing it in numbers. This are sustainable? And if you can just highlight what went behind this to get to these numbers.

Aditi Panandikar: Yes. So yes, thank you for that. This is something we have been working on for a very long time. As you know, the company employs close to 6,000 people and half of them are in field as sales and good 40% are employed across various manufacturing sites in particular. And here, we have seen maximum efficiency. As I mentioned earlier, 26% less number of batches have been taken to get equivalent or more sales for international business this year. Consequently, we've been able to bring down the number of people engaged in operations by quite a large number. Quite honestly, close to 900 people have been reduced.

In addition to that, with the hiving off of the ophthal division, 200 people engaged in that activity, their cost also for 1, 1.5 months this quarter has come down. So, we are consistently looking at bringing down employee costs. We are consistently looking at reducing cost of repairs and maintenance, stores and spares. There is a very deep planning involved in operational efficiency to the extent that if we have to run one shift, we run only shift, nothing more. So keeping utilities in check, looking at unnecessary expenditure, which can be postponed. So, a lot of work going on, and I think you're able to see that.

Pratik Kothari: Great [inaudible 0:34:32]…

Moderator: Sorry to interrupt, sir. Your voice is not clear. May I request you to please use the handset?

Pratik Kothari: Yes. So, Pramod sir, sir, INR930 crores of debt, 9% interest, I mean, that doesn't reconcile with this INR28 crores a quarter or even if you look at last 5 quarters, it's been above of INR25 crores.

Pramod Ghorpade: Yes.

Pratik Kothari: If you can just highlight where is this?

Pramod Ghorpade: Yes. Pratik, there are 2 components. One is term loan and second is working capital, the short-term component. So short term, INR320 crores, as I said, it depends on the cycle of collection. In case of domestic, as you know, we have 7 plus 21 days of kind of a collection cycle. While in case of exports, each market has different terms. So depending on the collection cycle, our short term also varies. Sometimes it will be less than INR300 crores. Sometimes it will be INR320 crores, INR330 crores kind of short-term cycle. And based on that, interest value in terms of quantum will change. That is one.

Secondly, certain exchange losses are also factored as part of finance cost. So, purely finance cost 9% on an average of INR900 crores, you can see roughly about INR81 crores. If I split between a quarterly, it is around INR20 crores. So, that is the -- average interest cost is about INR20.5 crores on an overall debt.

Pratik Kothari: But this FX loan that you have, this is in dollar and you'll be paying in dollar, right? So, I mean, it's not notional, it's actual loss.

Sundeep Bambolkar: In euro.

Pramod Ghorpade: Yes, euro. We have euro loan.

Sundeep Bambolkar: We have very good exports in euros. So, euro to euro repayment can happen.

Pratik Kothari: No. So when you say FX notional, it's not actually notional?

Pramod Ghorpade: No, no, no. It's not notional. See, there are 2 components. MTM is the notional, while the interest payment on the loan repayment, which is in euro is actual.

Pratik Kothari: Correct. So, this INR28 crores is actual in rupees, I mean, when converting into euro?

Pramod Ghorpade: Yes, it is.

Sundeep Bambolkar: Correct. Perfect.

Pratik Kothari: Correct. Correct. And last and secondly, the earlier participant's question, if you can share the FPP revenue numbers and the losses or profit of your Warren and FPP both?

Pramod Ghorpade: Sure, Pratik. We'll share.

Pratik Kothari: One last, sorry. On the debt part, right, so we got INR100-odd crores from Ophthal. And last quarter, we called out the land parcel that we have that we intend to sell. This is over and above the INR140 crores of debt repayment that we intend to do.

Pramod Ghorpade: We'll close that in the month of September definitely.

Aditi Panandikar: So no, no, there is nothing additional. I think what we're trying to say is the INR140 crores repayment that has to be done, part of that will come from some of these proceeds. But all of these proceeds will not be used for paying debt.

Pratik Kothari: Correct. So, debt repayment this year can be higher than INR140 crores that is scheduled.

Aditi Panandikar: We will do what is required.

Pramod Ghorpade: We'll see how it pans out. For the working capital requirement also, we require funds.

Pratik Kothari: So, this INR100 crores which came from Ophthal, have we utilized that or that's lying on our balance sheet?

Aditi Panandikar: Partly.

Pramod Ghorpade: Partly lying in as an investment also.

Moderator: The next question comes from the line of Sanjoy from Kredent.

Sanjoy: Actually, I have just one query. Can you share the A&P expenses on a stand-alone and on a consolidated basis?

Pramod Ghorpade: What expenses? Sorry?

Sanjoy: A&P expenses.

Pramod Ghorpade: Sorry, Sujoy?

Sanjoy: Advertisement and promotional expenses.

Pramod Ghorpade: Got it. So approximately in quarter 1 at consol level, we have about INR30-plus crores of advertisement and sales promotion.

Aditi Panandikar: So, there has been substantial done at Warren on the toothpaste, if that is what you were wanting to check.

Sanjoy: Yes. Actually, what I have seen actually on a stand-alone basis also as a percentage of sales, our A&P expenses has increased over the last couple of years. That is why I am asking this question.

Aditi Panandikar: Right, right. Okay.

Sanjoy: So, can you give color on that? Because on a stand-alone basis, why it is increasing as a percentage of sales? Because on a consolidated basis, because you are building the brand, you are investing through Warren?

Aditi Panandikar: Correct. And on a stand-alone basis also, if you're looking at last 3, 4 years, then post-COVID, naturally, there will be increase because in COVID times, they were completely dampened. But otherwise also, there is a lot of -- if you looked at our new product performance, close to INR100 crores is now coming on a MAT level from new introductions. So, there is a lot of investment by way of new products, et cetera, for India business as well as in emerging.

Moderator: The next question comes from the line of Raja Kumar from RK Investment.

Raja Kumar: So the first question is on the COGS. You mentioned that there's a 200 bps increase that is affecting the gross margin. So, I just want to know whether that impact will be there going forward or there will be price actions taken to curtail that?

Aditi Panandikar: So as I said, this is on account of the price increase of starting material. And since we've had to procure so that the running production does not suffer. I expect partly impact of this to continue a little bit into Q3. But after that, it should normalize.

Raja Kumar: Okay. That's good. And then the good work that you have done on the other expenses, so do you expect some more work to be done in the upcoming quarters? Or we are -- this number is to be taken a steady state?

Aditi Panandikar: There will work -- work will continuously go on, sir, but this number, I think, is decent right now. I wouldn't like to unless guide you to something better than this. But I think INR110 crores is what we can -- INR110 crores, INR120 crores what we can...

Pramod Ghorpade: At a consol level.

Aditi Panandikar: Yes.

Pramod Ghorpade: Below INR150 crores at consol level.

Aditi Panandikar: Yes, yes.

Raja Kumar: Okay. And last question is on the other operating income. There is a significant drop. So is there anything driving this drop?

Aditi Panandikar: That was -- if you look at same quarter last year, there was INR20 crores incremental on account of the exchange export incentives, earnings, book purchase. And if you look at immediate preceding also, I think it is INR8 crores or something like that. So on that front, we've not got it for this quarter.

Moderator: The next question comes from the line of Dhruv Sitlani from Leo Capital.

Dhruv Sitlani: Yes. So, could you please provide me some perspective on the evolution of our oral care business, that is more specifically toothpaste business? I would be needing to understand its current scale. How has it been performing over the last few months or years? And whether the business is operating at healthy unit economics today or not? And what are we expecting in short to medium term?

Aditi Panandikar: I didn't hear the last but one question whether it's operating at?

Dhruv Sitlani: Healthy unit economics today or not?

Aditi Panandikar: Healthy. Okay. Yes, yes, yes. So for the first quarter this year, the OTC business of Warren Remedies has delivered a top line of INR34 crores with a healthy growth. And looking at the kind of expenses, you have to understand this is a very competitive sensitivity and general oral care market. Some products like Kidodent have done exceedingly well.

On Sensodent-K, Sensodent KF also, gradually, we are able to get better returns. But there is significant investment to be done for consumer awareness, digital marketing and also for the other advertising to come to the level of -- since Sensodyne is such a big brand and they do so much of it. So, I expect that at least for 3 years, very consistent support will be required by these brands to build a good portfolio, but it is very exciting. Sensitivity market is growing and so is the overall oral health care and general toothpaste market. And I'm sure we will be able to make a dent here.

Dhruv Sitlani: Okay. So, could you please put some picture on the numbers, for example, are we in losses? Are we in profit or not?

Aditi Panandikar: So for this quarter, there is a marginal loss because I think close to...

Pramod Ghorpade: EBITDA of INR6 crores.

Aditi Panandikar: Yes. INR6 crores for Warren Remedies overall between API manufacturing and OTC sales.

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

Kenil Mehta: Ma'am, you had told that you are operating at 25% for the Baddi plant? Is it for 1 shift or 2 shifts?

Pramod Ghorpade: One shift.

Aditi Panandikar: One shift.

Kenil Mehta: Okay. But the demand improves, then we can...

Aditi Panandikar: Yes, yes. No problem.

Kenil Mehta: No problem. So, there will be no cap expansion.

Aditi Panandikar: No, no expansion.

Kenil Mehta: Okay. And ma'am, on the API side of Warren plant, are there any customer, audit 10?

Aditi Panandikar: Yes, yes. A couple of companies in the top 5 in India have already audited and started procuring from Warren. But as you know, we intend to use this site largely for giving us KSMs for conversion at Patalganga as well as for finished APIs from Warren. And these are meant for consumption to make formulations for the regulated markets. And that is where we will actually start making money. So yes, we have been audited by some very large players and most customer audits have gone well. Our CEP has also been logged, and we expect in 6 to 7 months for USFDA also to come in.

Kenil Mehta: So when will be the Warren side as a combined API and all the oral care business will be starting to ramp up as per you?

Aditi Panandikar: Yes, it will. Like I said, the dental sales business, you will see a ramp-up in sales soon. But those sales are going to come at the back of consistent support in advertising and promotional expenditure. API business, on the other hand, is very heavy on initial investment in capex, which is already done. So as we now are able to send more and more through the regulated markets, I feel from probably Q4 this year, we should see some improvement in API sales coming out of ORIC facility.

Kenil Mehta: Understood. Understood. And so, ma'am, cumulatively going forward, we should expect a 12% to 15% sales CAGR over the next few years based on our investment in our product basket and customer commentaries?

Aditi Panandikar: For Warren, you're saying?

Kenil Mehta: No, no. Overall.

Aditi Panandikar: Overall, yes, yes. Yes, we will target cash flow.

Moderator: The next question comes from the line of Zain from Dolat Capital.

Zain: Ma'am, can you tell me what's the capex visualized this quarter? And what are you expecting for FY27?

Aditi Panandikar: We are expecting just maintenance capex this year. On a total, we expect not to spend more than INR50 crores.

Pramod Ghorpade: Not even INR40 crores

Aditi Panandikar: Not even INR40 crores to INR50 crores overall for the whole year.

Zain: Okay. And the tax rate guidance for this year '27?

Aditi Panandikar: Tax guidance?

Pramod Ghorpade: Tax, we are at a regular tax bracket. So considering losses during last year, we have the carryforward loss also. So, effective tax will be much less than the current tax rates.

Zain: Okay. And you said gross margin was impacted majorly due to the COGS. So are we expecting this in second quarter as well?

Aditi Panandikar: Partly.

Pramod Ghorpade: As I mentioned some time back, partly, it will have impact on this second quarter also, yes.

Zain: Okay. And can you please give the R&D guidance?

Pramod Ghorpade: R&D currently, we are less than 5% of our revenue is the R&D spend.

Zain: Okay. And any product launches you are planning to do in U.S. in oral solids?

Aditi Panandikar: So like I said, a couple of oral solid launches will come by Q4 for Europe. For U.S., we'll have to wait a little longer for incremental, whereas in India, we continue to launch new products depending on the opportunity.

Zain: Okay. And are we profitable in U.S. and EU business -- Europe business, EBITDA profitable, as margins are deteriorating, that's why?

Aditi Panandikar: Europe, we are definitely profitable. But as I said, after Master Manufacturing Plan execution, in a couple of quarters, we should be able to see even more improvements happen. U.S., on the other hand, especially at the back of the remediation costs, etc., that business is not able to deliver profits as yet, especially the sterile part of it. So, we'll have to wait a little longer.

Zain: Okay. And any guidance for the U.S. and Europe business if you can?

Aditi Panandikar: We'll wait.

Moderator: The next question comes from the line of Raghu Ram from Best Pals Research.

Raghu Ram: Ma'am, I just want to understand maybe from a 3- , 4-year point of view. So as you said, like the base business like the India and emerging markets would be growing at lower pace and how should we look at the regulated market growth, ma'am? Like what do you see the potential for that? One is in terms of the potential and the second thing is we coming out of these regulatory issues. So if these 2 things are sorted out, what is the potential revenue that we can see in that market from direct markets like Europe and U.S.?

Sundeep Bambolkar: So we -- see, Mr. Raghu Ram, as madam also explained, we see all 3 businesses in a different way. Domestic and emerging market, you mentioned about good growth, about 10% to 11% kind of CAGR in the next 2 to 3 years. While in case of reg market, Europe is almost settled. We have been able to supply as per the order book. U.S. market, it depends on the regulatory approval, certain regulatory challenges. So, we don't want to comment very much on U.S. market at this point of time. But once we get certain clarity about USFDA, then only we'll be able to give some guidance on U.S. market.

Raghu Ram: According to you, what could be the timeline for clearing those USFDA issues? How much for timeline?

Aditi Panandikar: So, we have been waiting for a U.S. audit for almost more than 6 months now, completely ready. We have been also getting assurances from FDA saying that it will happen soon, but it has not happened. So, I think at this point now, we stop saying it will happen now or it will happen next month and wait for it. We are keeping fingers crossed for an early audit.

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

Kenil Mehta: Ma'am, just one last question. I wanted to know, earlier we were planning to procure or send our products to Europe also if the U.S. business doesn't get sorted out. So, have we started contacting customers in Europe for our injectable business because it's EU-GMP approved some time ago?

Aditi Panandikar: Yes. So while Europe business is interesting, Europe is not one country really. It is several small countries. And for niche segments like sterile, it becomes even smaller niches. So certainly, we'll look at it. But at this stage, we don't think it will kind of make up for U.S. Rather maybe some other geographies like LatAm or emerging might look interesting. And definitely, somebody asked me the other day, whether we will endlessly wait for USFDA to come? Obviously not. I'm soon running out of patience, but something we will have to design around that plant and how to get the best out of it otherwise.

Kenil Mehta: And what will be the, ma'am, operating cost of that business?

Aditi Panandikar: Operating cost would depend on how many batches are made, how many lines are run for how many days. Currently, because of the many restrictions that are there on the plant, it would be very difficult to come up with a single figure. But it is quite high. Naturally, it's a sterile plant. All utilities run 24/7. And we are working to try and trim down any excessive costs at the site. That work is continuously going on. But whatever we may do, unless the plant is audited and we are able to run it full steam, it is better -- we will not be able to show any great upside.

Kenil Mehta: And ma'am, last quarter, we had faced some cash flow issues of not paying suppliers on time. Now is it sorted out after doing this transaction and all the cash flow we secure from our emerging business?

Aditi Panandikar: Yes, yes. Much of it is settled.

Kenil Mehta: Okay. So going forward, we aren't going to see a crash-punch like we have seen over the last three quarters due to high capex?

Aditi Panandikar: No, no, no.

Pramod Ghorpade: That's all taken care of.

Kenil Mehta: Okay. Understood. And ma'am, any plans if the U.S. issue doesn't sorted out of selling down the sterile plant or something or hiring of?

Aditi Panandikar: I think at this stage, we should stay hopeful after all the work we have done and all the expectations we have on this business. We will wait. I'm expecting as we speak, maybe the FDA will walk in.

Kenil Mehta: Understood. Understood. And ma'am, U.S. subsidiary is profitable going forward after the one-off issue has been sorted out of inventory write-off. Is it correct now?

Aditi Panandikar: Yes.

Pramod Ghorpade: This quarter, it is positive.

Aditi Panandikar: Positive.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for closing remarks. Thank you, and over to you.

Aditi Panandikar: Thank you, everyone, for participating actively and for the very interesting call questions. And have a good week and a good weekend thereafter. Thank you.

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

Pramod Ghorpade: Thank you.

Sundeep Bambolkar: Thank you.