



# Marksans Pharma Ltd.

February 12, 2026

**BSE Limited**

Corporate Relation Department  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400001.

**Scrip Code: 524404**

**National Stock Exchange of India Limited**

Listing Department  
Exchange Plaza, C-1, Block-G,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400051.

**Symbol: MARKSANS**

**Subject: Transcript of investor(s)/analyst(s) meet – Q3 9M FY26 Unaudited Financial Results**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed herewith transcript of the investor(s) / analyst(s) meet on Q3 9M FY26 Unaudited Financial Results held on February 06, 2026 at 04:00 pm.

The above information is also available on the website of the Company under the link:

<https://www.marksanspharma.com/earnings-call-transcripts.html>

We request you to take the aforesaid on records.

Thanking you.

Yours faithfully,

**For Marksans Pharma Limited**

Harshavardhan Panigrahi  
**Company Secretary**

Encl: As above

## Marksans Pharma Ltd.

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**“Marksans Pharma Limited  
Q3 FY26 Earnings Conference Call”  
February 06, 2026**



**MANAGEMENT: MR. MARK SALDANHA – FOUNDER, CHAIRMAN AND  
MANAGING DIRECTOR  
MR. JITENDRA SHARMA – CHIEF FINANCIAL OFFICER**



**Moderator:** Ladies and gentlemen, good day, and welcome to the Marksans Pharma Q3 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitin Agarwal from DAM Capital Advisors. Thank you, and over to you, sir.

**Nitin Agarwal:** Thank you. Good afternoon, everyone, and a very warm welcome to Marksans Pharma's Q3 FY26 Earnings Call hosted by DAM Capital Advisors Limited. On the call today, we have representing Marksans Pharma management, Mr. Mark Saldanha, Founder, Chairman and Managing Director; and Mr. Jitendra Sharma, Chief Financial Officer.

I will hand over the call to the management team to make the opening comments, and then we'll open the floor for questions. Please go ahead, sir.

**Mark Saldanha:** Thank you, Nitin. Welcome, everyone, and thank you for joining us for our Q3 and 9M FY26 Earnings Conference Call. We sincerely appreciate your interest and continued support for the company. I'm pleased to report that we have delivered a steady and resilient performance marked by healthy revenue growth, sustained margin expansion and continued progress on our strategic priorities.

For Q3 FY26, operating revenue grew by 10.6% year-on-year and reached INR 754 crores, which is an all-time high for the quarter. The growth was supported by stable execution across geographies, robust order book in U.S. as well as a seasonal uptick during the quarter.

The performance is despite a high single-digit price erosion in the Rx product segments. In the U.K., we delivered an improved performance on quarter-on-quarter basis. The business is stabilizing after experiencing pricing pressures in Q1. This recovery is supported by new product launches and a favourable currency movement.

Our product pipeline execution remained strong during the quarter. Our U.K. subsidiary, Relonchem received MHRA market authorization for multiple products, including mefenamic acid tablets and cetirizine oral solutions.

In the U.S., Marksans Pharma Inc. received USFDA approval for amide hydrochloride and enhance our presence in high velocity OTC categories. These approvals are alignment with our strategy of focus and repeat demand therapies, particularly in pain, allergy, GI and cough and cold segments.

Strategically, we are taking measured but decisive steps to expand our global footprint. During the quarter, we incorporated Marksans Europe Limited in Ireland, Marksans Canada Inc. and are exploring further expansions. These will strengthen our platform for the future growth in regulated market.



Despite external volatility and pricing pressures in certain markets, our focus remains deeply rooted in execution. Our priorities are clear, consistent market share gains, strong pipeline and filing and launches, disciplined cost management and prudent capital allocation. We believe that this focused approach positions Marksans Pharma well to deliver substantial growth, healthy margins and long-term shareholder value.

With this, I'd like to hand it over to Jitendra for an update on the financials.

**Jitendra Sharma:**

Thank you, sir. In Q3 of FY26, our operating revenue stood at INR 754.4 crores, an increase of 10.6% on a year-on-year basis compared to INR 681.8 crores in the same quarter last year. Revenue from the U.S. and North American market stood at INR 412.4 crores, an increase of 16.9% on a year-on-year basis.

This was driven by volumes and supported by seasonal demand. U.K. and EU formulation recorded revenue of INR 258.2 crores, flat on a year-on-year basis as pricing pressure continued to persist. Australia and New Zealand market revenue stood at INR 61.4 crores, delivering 30.1% growth on a year-on-year basis. The rest of the world revenue stood at INR 22.4 crores. We continue to remain cautious for this market given the macroeconomic challenges.

Gross profit for the quarter grew by 14.3% year-on-year to INR 438.2 crores with a gross margin of 58.1% compared to 56.2% last year. The gross margin expansion of 184 basis points on a year-on-year basis is attributed to softening of raw material prices, a favourable product mix and also from benefits from foreign exchange movements.

We recorded EBITDA of INR 160.7 crores in Q3 of FY26, up 23.2% on year-on-year basis. The EBITDA margin for the quarter stood at 21.3%, an expansion of 217 basis points over Q3 of FY25 and 125 basis points over Q2 of FY26. EBITDA margin expansion was driven by operating leverage and improved cost efficiencies. Profit after tax stood at INR 113.7 crores, an increase of 8.2% on a year-on-year basis. EPS for the quarter was INR 2.5.

Moving to 9M of FY26 performance. Our operating revenue stood at INR 2,094.8 crores compared to INR 1,914.4 crores in the same period last year, an increase of 9.4% on a year-on-year basis. The U.S. and North American market recorded revenue of INR 1,127.3 crores, up by 24.2% on a year-on-year basis and contributed 53.8% to our total operating revenue. U.K. and EU market revenue stood at INR 707.3 crores, contributing 33.8% to the revenue.

Australia and New Zealand market recorded revenue of INR 179.7 crores. The rest of the world market recorded revenue of INR 80.6 crores. Contribution from these 2 markets stood at 8.6% and 3.8%, respectively. The gross profit stood at INR 1,208.2 crores, up 10.3% on a year-on-year basis with a gross margin of 57.7%, up by 43 basis points compared to last year.

EBITDA for the period was at INR 405.4 crores with the EBITDA margin at 19.4% compared to 21.2% in 9M of FY25, primarily reflecting the impact of weaker Q1, higher employee expenses and costs associated with scale-up and integration. Although profitability improved meaningfully in Q2 and Q3, profit after tax was at INR 271 crores and EPS for 9M of FY26 was INR 6.0.



In 9M of FY26, cash generated from operations amounted to INR 263.2 crores with the capex during the period being INR 97 crores. Our working capital remained steady at 151 days. We invested INR 62 crores in R&D in 9M of FY26, which amounts to 3% of our consolidated revenue. We continue to remain debt-free, and the cash balance stood at INR 824.2 crores as of 31st December 2025.

With this, I would like to open the floor for question and answers. Thank you very much.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Nirali Shah from Ashika Stock Services.

**Nirali Shah:** I had a couple of questions. So firstly, on the U.S. performance, we have benefited on the U.S. due to seasonal demand. Excluding the seasonality, are you also seeing improvement in volumes or customer traction that is supporting the growth beyond.

**Mark Saldanha:** Yes, we are seeing that. And obviously, some seasonality does help during this normally, the third quarter is always the strongest quarter. So basically, it does help from all parameters. But overall, the product, all other products also, which are not seasonal have also shown a decent growth.

**Nirali Shah:** Okay. And on the U.K. business, we are seeing some kind of sequential stability also after a lot of pricing pressure. So is this stability sustainable?

**Mark Saldanha:** Yes, it is sustainable unless something else happens geopolitically. But otherwise, right now, it is sustainable.

**Nirali Shah:** Any colour on the entire U.K. business?

**Mark Saldanha:** We are still very bullish. Obviously, we have done a lot of filings in U.K., and we are receiving approvals every quarter. So that is basically changing our product portfolio in that market. And it does help when there's a price erosion to stabilize that, the pricing pressure that one experiences. So we do see ourselves only growing stronger, and we do see a better quarter than the previous one.

**Nirali Shah:** Sir, lastly, on the employee cost, we have stepped up over the last few quarters, and that is really by the, driven by the Goa facility and the broader wage changes also. So what should we consider as the new normal for the employee cost?

**Mark Saldanha:** I think what you're seeing is basically the...

**Jitendra Sharma:** So, Nirali, there is an impact of INR 2.8 crores due to the new labour code accounting on gratuity and new pay. So, barring that figure, I think everything else will remain like in terms of the overall employee cost.

**Moderator:** The next question is from the line of Ahmed from Unifi Capital.



- Ahmed:** Firstly, on the U.S. business, can you give some comments how does the order book looks like? And what kind of growth you sort of see coming in the next few quarters? We have done fairly well, I think, in the first 9 months and over the last few years. So how does the near term look like in terms of order bookings and the momentum in the revenue growth?
- Mark Saldanha:** Yes. Our order book still stands at a very strong \$220 million plus. We are still working towards our objective of going to the next milestone. So we are optimistic on the market dynamics and the U.S. market by itself.
- Ahmed:** And if I see last year, I think we are commenting around 180, 190. A quarter ago, I think it was similar to 220 sort of a thing. So does that sort of reflect that we should be able to grow at 20% odd in U.S. in the upcoming financial year?
- Mark Saldanha:** Yes, very close to that, yes. Sure.
- Ahmed:** And coming to the Teva facility, I mean, we are supposed to launch a lot of new products and different formulations. How is that shaping up in our order book? And how does the utilization look like in the current quarter, which went by? And in terms of outlook, the incremental revenue, does it sort of get captured from Teva facility and hence, we have some operating leverage coming in?
- Mark Saldanha:** Yes. Operating leverage is very visible because of the Teva facility. We are trending around INR 560 crores to INR 600 crores odd from the Teva facility. Our objective was to hit about INR 800 crores odd. So we are getting there. Obviously, the product mix has to grow. And as and when we get new businesses, it is looking healthier. But it is adding tremendous value on operating leverage per se. So that's very visible on our standalone numbers also.
- Ahmed:** Sure. And in terms of the new markets, Europe and Canada, I think we have incorporated subsidiaries. We read some comments last quarter. Would you like to provide some sense what sort of progress we have made? And in terms of the sort of contribution coming from those businesses, how far we are as of now?
- Mark Saldanha:** So obviously, we are quite far out there organic is concerned because we just started operations in Germany. We had first 2 employees join us literally on the 1st of Feb. Ireland, we formed the company. Canada, we formed the company. Market authorizations, I think, are being put in place so that we can start marketing. We need wholesale licenses. We need all these other approvals to basically make us so that we can sell.
- So, it will take a couple of months. We are also exploring, as we've always repeated in the last couple of con calls, we are exploring M&As in these markets, in various markets out there in Europe. And we are in advanced dialogue to try to push that across. But yes, I mean, we are optimistic that we will see tremendous progress in the next 3 to 5 years in Europe, which will contribute decently for the company per se.



- Ahmed:** Sure. That helps. And lastly, in terms of post the sort of deal which happened, obviously, it doesn't affect us in terms of tariffs. But in terms of the environment and the conversation, has there been any change in your conversation with your key customers, be it Walmart and so on?
- And secondly, would you like to give some sort of a sense as a blended as a whole. This year, we have done very well in U.S. and some of the other markets in U.K. has been sort of flattish. So as a blended as a whole, what sort of growth rate is practical to achieve in next financial year?
- Mark Saldanha:** Yes. So basically, tariff, it's a very valid question. And you are right, although we were not impacted by tariffs, but there has been a, I think it has basically put an ease to the uncertainty that prevailed in customers or consumers or clients' minds, right? So that is a big plus point that one could take away from this.
- The trade deal has cleared the uncertainties and the questions that surrounded the trade war that one saw in the last 6 months out in the U.S. So, it is beneficial for the industry, beneficial for doing business out there. And we have seen that traction happening. The outlook from the client perspective also, they are thrilled that all these uncertainties are put to rest. So definitely, that's a plus for a market like U.S.
- From a growth standpoint of view, see, I mean, we are still working towards our objectives. Next milestone is INR 4,000 crores. So we are working towards that. And then once we cross that, then we can talk about the next INR 5,000 crores odd. So we are, we still do believe that we are on track where that is concerned.
- Ahmed:** And that will be ideally 2 - 2.5 years. Will that be a fair timeline?
- Mark Saldanha:** Yes. I mean anywhere between 2 to 3 years is what we should hit our first milestone.
- Moderator:** The next question is from the line of Ishika from Perpetuity Ventures.
- Ishika:** The cash on the books is around INR 824 crores. Is this just in India? Or is this placed in any subsidiaries in U.S. or U.K. as well?
- Jitendra Sharma:** So, Ishika, this is spread across our subsidiaries. So broadly, I think almost 50% is in India books and another 40% is in our U.K. books and rest is spread across U.S. and Australia.
- Moderator:** The next question is from the line of Deepesh Sancheti from Maanya Finance.
- Deepesh Sancheti:** Congratulations on a good set of numbers. I wanted to understand from you what will be the effect of Trump Rx program, whether it will affect any of our products in the prescription segment?
- Mark Saldanha:** No, it's not going to affect any of our products. We don't fall in that category. And again, our Rx portfolio is relatively very, very small compared to our overall revenue. So it has no significant impact on us.



- Deepesh Sancheti:** Going ahead, when we are trying to double our revenues from U.S., will that portfolio be affected?
- Mark Saldanha:** No. No, no, it won't.
- Deepesh Sancheti:** Okay. Now you gave a strategic road map about the INR 3,000 crores. I'm sure you'll be able to achieve that in this year. Going ahead, you mentioned in the last con call that INR 5,000 crores by FY30 will be, is a possible figure. Do you still maintain that?
- Mark Saldanha:** No, I mentioned in the next 2 to 3 years is INR 4,000 crores odd, not INR 5,000 crores. But yes, we, then after that, obviously, we will go to the next milestone, which will be INR 5,000 crores odd. So we are working towards those 2 milestones that we have set ourselves out to.
- Deepesh Sancheti:** INR 4,000 crores by FY28?
- Mark Saldanha:** Next 2 to 3 years, yes. FY28 or FY29.
- Deepesh Sancheti:** Right. And what is the order book right now?
- Mark Saldanha:** It's 220 plus.
- Deepesh Sancheti:** 220 plus. I'm talking about the overall as an order book?
- Mark Saldanha:** Well, there are different markets, it becomes difficult to know which market and what order book. So normally, we always talk about the order book for the U.S. market because that's where the growth outline is.
- Deepesh Sancheti:** Right. Because last time you mentioned that it will be around, by FY28, we are expecting \$300 million order book?
- Mark Saldanha:** That's for the U.S.
- Deepesh Sancheti:** And the new subsidiaries, which we have in Ireland and Canada, how big is the market which you feel, will it be bigger than the Australian market? I mean, what we are doing in the next 1 or 2 years?
- Mark Saldanha:** So Europe by itself is a huge market. It is bigger than the U.K. market also because it's a cluster of many countries. It's not one country. So it's a cluster of many countries. Canada is relatively a smaller market, but definitely, it will add value to our business. But I mean, Europe by itself, hopefully, maybe in the next 5-plus-odd years, it could be a very prominent contributor to the company.
- Deepesh Sancheti:** So with this EU deal signed, will it affect or it doesn't have any implications on our sales?
- Mark Saldanha:** No, it does not. It does not.
- Deepesh Sancheti:** Okay. And going ahead, what capex we are looking to do?





- Mark Saldanha:** So it's, that's basically, so we normally spend our regular capex of INR 50 crores, INR 60 crores odd just on optimizations and everything of that stuff. But if we are going to look at a new block or a new manufacturing plant, depending on how well our order book shapes up and the demand creeps up and for us to go to another level altogether, then obviously, the capex could be anywhere between INR 150 crores to INR 200 crores odd. But as on today, we have not yet reached that benchmark to trigger that off.
- Deepesh Sancheti:** Okay. And the UAE acquisition, which we did, I mean, has it fortified, or we have not invested anything else on it?
- Mark Saldanha:** No, we have not invested much, but we are, we have done a lot of filings out there. So those return, those approvals and returns have to yet come. But it's a standalone profit-making business, and it's still, the return on investment has already, we've already got the return on investment on what we've initially invested in that company.
- Deepesh Sancheti:** So, are we looking at any other bigger acquisitions, especially in Europe or something?
- Mark Saldanha:** Yes, we are. We are looking at Europe actively.
- Moderator:** The next question is from the line of Aditya Pal from MSA Capital.
- Aditya Pal:** Good set of numbers. Just wanted to double-click on the U.S. performance. So even though we've grown at good double-digit revenue, but there has been a deceleration of growth. So is this growth a new normal? Or is this just a pause before we come back to our older growth rates? And more importantly, is this because of a base effect?
- Mark Saldanha:** No. I think, yes, I think 2025, there was a lot of geopolitical uncertainties that evolved around the U.S., right? So technically, you are looking at the tariff uncertainties, you look at different other angles. So it was a challenging first 6 months, let's put it this way, until dust settled. So we are quite optimistic that it will come back to its normal growth rate. And we are seeing that difference happening once the trade deal has been signed and everything of that stuff. So we are quite optimistic where that is concerned.
- Aditya Pal:** Perfect. And a sub question to this would be that you said that \$220 million odd of order book. And if I look at INR 400 crores of Q3 revenue, that is INR 1,600 crores odd of annualized revenue run rate, which is roughly \$175 million, \$177 million. So how should we think of the \$220 million in terms of visible on our P&L?
- Mark Saldanha:** Yes, you'll see it in the next financial year because what, when we talk of the order book, so once you get an award, it takes us about anywhere between 5 to 6 months to commercialize those awards. And that's where there is a bit of a lag that goes on. But I think by the first or second quarter, you should see that trending happening to that.
- Aditya Pal:** Understood. And on your Europe and Canada operations, so when can we expect revenues to be visible from both these geographies? More importantly, from the European geography because that seems like a much larger pie and it looks like an inflection point for the company?



- Mark Saldanha:** Yes. So Canada, you may see it trickling maybe in the next financial year, it start trickling in because we've done a lot of filings out there. Europe is a bit more complex because it's a cluster of many countries and starting from setup to everything has to be put in place, even getting a wholesale license has to be put in place, especially when you're doing certain greenfield start-ups.
- But that said and done, I think Europe will make up for some lost time with some M&As and some platforms that we plan to acquire. So that will help us. But once it crystallizes, I think you'll have a better shape and colour on that.
- Aditya Pal:** Is there any timeline you would like to share?
- Mark Saldanha:** I think 2026 will be a turning point where that is concerned. So we are quite hopeful that 2026, we may see a couple of M&As happening out there.
- Aditya Pal:** Understood. Just a couple of bookkeeping questions. So when I look at your employee benefit expenses, so one thing, does it take into consideration the European and Canadian team that we would have hired because of which this number is looking elevated?
- Jitendra Sharma:** No, no. See, Canada, we haven't hired anyone as of now. And so we will be doing hiring in this year. And for Germany also, we right now have just 2 employees, and we may have more in coming quarters. So that way, it will increase to the extent of new employees in newer geographies. But so far as our current operations are concerned in EU and in India specifically, we don't see any significant increase in our hirings.
- Aditya Pal:** The reason that I'm asking this is because if I look at your EBITDA margin, it has come to a good level of 21%, but majority of the pull has come from an increase in gross margins. So I'm just trying to understand that when will our employee benefit expenses streamline and we will come back to our old 13%, 13.5% of revenue.
- Jitendra Sharma:** I think we should be able to see that number pretty soon, maybe by the second quarter of next financial year. And we don't see any incremental hiring. But of course, the annual increments and like the wage. the minimum wage, again, like are increasing across geographies, everywhere in U.K., in U.S., even in India also.
- So, there is a pressure on employee cost for sure. But at least in terms of the headcount, we don't intend to increase it further. And we will basically see some better numbers out there maybe from the second quarter of next year.
- Moderator:** The next question is from the line of Riddhansh from Unifi AMC.
- Riddhansh:** Two questions. In the third quarter, especially for U.K. could you call out how much of the proportion was on account of attributable to new launches? How much of the stabilization took place because of the currency tailwind? And how much came because of the base portfolio recovery actually?



- Jitendra Sharma:** So, see, new launches have started contributing definitely. And so, as the currency also have helped, but again, I don't see that having a significant impact during the quarter. It should keep giving us better numbers in coming quarters. Specifically, new launches, again, taking market share, it will happen gradually. So, we will see incremental revenue coming from new launches on a quarter-on-quarter basis.
- But again, nothing significant per se in first quarter. And so far as the foreign exchange is concerned, we definitely have like some better revenue or impact on margins due to foreign exchange, rupee depreciation, it has helped. But again, I think that so far as we take average like in the quarter, and we haven't seen any very major significant improvement on that front as well. But yes, as...
- Riddhansh:** Sorry, please continue.
- Jitendra Sharma:** No. So as we get into the next quarter, I think definitely that the rupee depreciation will help. But let us see, the level should sustain. So if these levels sustain, then definitely, we will have better numbers in coming quarters.
- Riddhansh:** Understood. So is it a fair assessment that there is recovery in the base portfolio and the price erosion that we had witnessed is bottoming out in the U.K. Is that a fair?
- Jitendra Sharma:** Yes.
- Moderator:** The next question is from the line of Hitaindra Pradhan from Maximal Capital.
- Hitaindra Pradhan:** So my question is like you guys have called out the prescription products, the price erosion that is happening in both U.S. and U.K. but your gross margin has stayed intact. So what has contributed to your gross margin?
- Mark Saldanha:** I mean, it does have an impact. Obviously, our portfolio is very small in the U.S. So the impact is slightly lesser. But in U.K., it is much larger. The Rx portfolio is much larger. But the price erosion does have an impact both on the top line as well as the bottom line, but it just depends on which geography we are talking about.
- Hitaindra Pradhan:** And sir, what is our like in the U.K. market, what is your strategy to navigate that? Are we launching...
- Mark Saldanha:** Yes, new product. Yes, that's what we explained in the first half that new product launches are absorbing some of them. It's too early for it to contribute big time, but it is absorbing some factors out there. And as new products do get approved, it will just get healthier on a quarter-on-quarter basis.
- Hitaindra Pradhan:** Okay, sir. And sir, the milestone or the target that you described earlier, INR 4,000 crores. So that is only for our current portfolio or that is including like EU, Canada and all those as well?
- Mark Saldanha:** No, it's the current portfolio right now.



- Moderator:** The next question is from the line of Miten Lathia from Fractal Capital.
- Miten Lathia:** The employee cost question has been asked a couple of times already, but I just wanted to understand one thing in FY23, we were at 13% of employee cost to revenue. And since then our sales have grown at a healthy clip. While employee cost has moved to almost 15% of revenue, what should we keep in mind that would have led to that sort of an increase?
- Jitendra Sharma:** See, so far as the new facility at Goa is concerned, we have done maximum hiring and the capacity utilization right now, we are still at around 50%. And that's where like when the capacity utilization goes up, as a percentage, the employee cost will start coming down. So that's what I have said earlier that by second quarter of next year, we will definitely see reduction in terms of the employee cost percentage to sales.
- Moderator:** The next question is from the line of Mihir from Fident AMC.
- Mihir:** So I have one question. Your R&D spend seems to have been very elevated this year. So, this year in the first 9 months, you spent more than what you spent in FY25. Almost 3% of your total spends are towards R&D. However, we've not seen a material escalation in growth. So when do we see that translating to growth and whether you would expect this 3% R&D percentage to sales as the new normal?
- Mark Saldanha:** Yes. The R&D spend has gone because we are doing quite aggressive filings in U.K. We are working on a portfolio for Europe also. So as and when we talk of new geographies, we have to spend on development based on country specifics. But U.K., we are literally filing 4 or 5 products every month.
- So it's quite a, we've taken an aggressive approach looking at the dynamics that we are seeing prevailing out there in U.K. But this is again based on our objective of what we expect the U.K. market to perform in the coming years.
- Mihir:** It is fair to say that this 3% R&D to sales will remain there for at least next year?
- Mark Saldanha:** Yes. I mean it will probably be between 2.5% to 3%, you can say, for the next year.
- Mihir:** Got it. And second is, you highlighted a couple of times that you might, you are looking at closing out 2 acquisitions in the European region. Would you also like to quantify the amount because there's a difference between acquiring an acquisition of INR 100 crores versus INR 800 crores, and you have a substantial amount of cash flow. Combined acquisition, what can be the net outgo which you are expecting that will happen in calendar year '26 or FY27?
- Mark Saldanha:** Again, it just depends on the target company. So, I mean, if you're looking at a company which is, which has a pan-Europe because you know Europe is not a country. It's a cluster of various countries. So having distribution all over Europe is always a challenge. Those companies are much more premium and much more bigger, larger in size that have operations out there.
- But if you look at cluster of countries, then basically, again, it just depends on what deals we close. It's difficult to give a number right now. But because we are in talks and once we come



closer, we'll have a better understanding as to what amount of money would be spent in M&As out there in Europe. Maybe in the next 3 to 4 months, we'll have a better visibility on that.

**Mihir:** Got it. And just one bookkeeping question. There seems to be a reclassification of around INR 8 crores from other income to other expenditure in the base quarter. So can you highlight what exactly has happened there?

**Jitendra Sharma:** Yes, you're right. So basically, it is just a reclassification of the mark-to-market provision on foreign exchange, which we do. So earlier, like it used to go into other income or other expenses. So we have done a bit of reclassification and now we are netting it off in other income itself. So due to that, that impact you are seeing. And yes, it is appearing in the note also in the results. We have specifically shown that number separately in the notes.

**Moderator:** The next question is from the line of Aditya Pal from MSA Capital Limited.

**Aditya Pal:** Just wanted to double-click on the previous participant's question on U.K. geography. A couple of quarters back or even last quarter, you had mentioned that the new products that we are introducing in U.K. market have higher gross margins than our current base company margins.

So just wanted to understand, so this 58% of gross margin that we have today has come in because of raw material prices softening. But now that we are introducing, launching new higher-margin products, how should we think about gross margins, say, maybe 18 to 24 months thought process and the result in EBITDA?

**Mark Saldanha:** Yes. So Aditya, this, when everything is going normal, it would have been a much more easier question to answer. However, these better products, obviously, we've just launched a couple of them right now. So it has to take shape, need some time to take shape. But you are right, the profitability and the margins are much better on the products that we are launching. It is not so much from a value top line point of view. It's more from a bottom line point of view.

However, that gets negated if there's a price erosion and volatility at the other portfolio, other part of the portfolio, which is obviously a much more larger part of it, right? So it just depends on how the market dynamics plays out for maybe a quarter or 2 that, yes, the price erosion has stopped and now we see some correction or we see at least some stability on the price erosion happening.

So that we basically then you can define what the new products are actually contributing. But historically, if there is no price erosion or no predictability of price erosion, then obviously, the profitability would have improved substantially.

**Aditya Pal:** Understood. So my thinking is that there are 2 levers that you are playing with at this moment. One is our new product launches, which have better margins and the other is the operating leverage, which will come in once revenue growth normalizes and the U.S. market sees again, a higher growth rate from here?

**Mark Saldanha:** Yes.



- Moderator:** The next question is from the line of Nitin Agarwal from DAM Capital.
- Nitin Agarwal:** Just on the Canada and the geographies that you're looking to enter now, here the product portfolio is going to be largely OTC driven or this is going to be Rx-driven business like the U.K?
- Jitendra Sharma:** So in Canada, it will be more tilted like a similar strategy of the U.S. part of it. So we would have probably 80-20, 80 OTC, 20 Rx. But in Europe, it will be prima facie 90 Rx and maybe 10 OTC.
- Nitin Agarwal:** And why would you go in for a primarily Rx strategy for Europe given any drivers for that?
- Mark Saldanha:** Yes. Nitin, it's just country specific. We have to adapt to, like in Rome, we do as a Roman rule, right? So we have to adapt based on different geographies and different countries. And if you look at certain countries, they are very tender prone, very tender-driven they do not have those retail outlets like how you have in U.K. or U.S.
- They don't have chains that you could play that private label game. So they are very insurance driven more on Rx and very fragmented on the OTC front of it. So basically, certain markets do promote, and even in Europe, certain markets are only branded, they're not even generic.
- So I guess we have to define it based on country specific. But prima facie, all the big markets that you see, they are more Rx-driven in terms of value drivers than OTC.
- Nitin Agarwal:** Okay. And secondly, on the R&D, if you can give us some more colour on any specific areas that you're spending, investing more in R&D are focus on R&D going forward?
- Mark Saldanha:** Well, actually, our increase in spending has happened mainly in the filings or the focused filings of U.K., where we have upped our filings per month and the number of products we are developing basically the products that we are developing in the pipelines that we are developing for the U.K. market, which we plan to leverage a decent amount for the Europe also, taking into consideration that we are looking at Europe from a short term to medium point of view. So we are looking at really focusing on developing a lot of niche and complex molecules for the geography by itself.
- Nitin Agarwal:** And how are you thinking about portfolio expansion for the U.S.?
- Mark Saldanha:** U.S. portfolio that goes on continuously. We find about 7 to 8 ANDAs a year. So that continues going on. We do different dosage forms. We are looking at different dosage forms for the U.S. market also, trying to differentiate ourselves.
- But I think U.S. is pretty much on track where our strategy is concerned. Like I said, 2025 was a bit of a weird year because right from April onwards, this geopolitical uncertainties of tariffs came into play. But otherwise, everything else in U.S. is looking okay.
- Nitin Agarwal:** And if I can take one last one. On the U.S., this whole, there has been anything going around that President Trump has been looking to push more substitution of OTC products. I mean, does



that in any way influence change your strategy for the U.S. market? Does that change your product development strategy in any form?

**Mark Saldanha:** It does not actually. He comes up with statements every day. It's difficult to keep a track of what he says, but it does not. So honestly, I don't see any impact on that.

**Moderator:** The next question is from the line of Meet from Equirus PMS.

**Meet:** Sir, I just wanted to understand whether there is any seasonality factor present in our U.K. business in Q4. And considering that prices are now stabilizing, can we expect a healthy quarter-on-quarter growth in U.K. business in Q4?

**Mark Saldanha:** Well, yes, I mean, we are expecting a stabilized performance in Q4, let's put it this way. Seasonality obviously does help. We do have a lot of cough and cold items in U.K., too. So seasonality does help in cough and cold and in pain segments. But that said and done, we are seeing a bit of levelling out in the price erosion part of it.

So I don't know, maybe geopolitically with the trade deal happening in so many countries, I think a bit of stability and markets are opening up, so people are not focusing on a certain market or different geographies. So I think if that happens, predictability will be much better.

**Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments. Over to you, sir.

**Mark Saldanha:** I'd like to take this opportunity to thank everyone. I know it's late in the early part of the evening or late for those who are traveling. Please be safe, and thank you once again. Thank you.

**Moderator:** Thank you. On behalf of DAM Capital Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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*Note: This document has been edited to improve readability*

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