

Date – June 01, 2026

To, BSE Limited (“BSE”), Corporate Relationship Department, 2 nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400001	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 – 400051
BSE Scrip code: 543399	NSE Symbol: TARSONS

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

Dear Sir/Madam,

With reference to the captioned subject and in continuation to our intimation dated May 18, 2026, please find enclosed herewith the transcripts of the Investor Conference Call held on Monday, May 25, 2026, to discuss the financial and operational performance/Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and financial year ended March 31, 2026.

The transcripts of the said conference call have been uploaded on the Company’s website at www.tarsons.com.

This is for your information and records.

Thanking you,

Yours Faithfully,
For Tarsons Products Limited

Santosh Kumar Agarwal
CFO, Company Secretary & Compliance Officer
ICSI Membership No. A44836

Encl: As above



“Tarsons Products Limited
Q4 & FY ‘26 Earnings Conference Call”
May 25, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on May 25, 2026 will prevail



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

Moderator:

Ladies and gentlemen, good day, and welcome to Tarsons Products Limited Q4 and FY '26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants 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. Aryan Sehgal, Promoter and Whole Time Director of Tarsons Products for his opening remarks. Thank you, and over to you, sir.

Aryan Sehgal:

Good afternoon, everyone, and a warm welcome to the Q4 and FY '26 Earnings Call of Tarsons Products Limited. I'm joined by Mr. Santosh Agarwal, our CFO; and SGA, our Investor Relations partners. We have uploaded our results and investor presentation for the Q4 and FY '26 on our website and the stock exchange. I hope everybody had an opportunity to go through the same.

To begin with, we are delighted to share that Tarsons has achieved its highest ever quarterly revenue in Q4 FY'26. Our revenue stood at INR121 crores, reflecting a year-on-year growth of 7.4%, while the revenue for FY'26 stood at INR426 crores, registering a growth of 7.7% year-on-year. This gradual improvement in performance strengthens our confidence in the long-term growth of Tarsons.

With increased capacities and capabilities now in place, addition of product portfolio and strong brand recognition for Tarsons in the domestic market, coupled with our strategic expansion initiatives in the overseas market, we are well positioned to outperform industry growth across markets.

Speaking of industry dynamics, Tarsons has once again outperformed overall industry growth trends. On a quarter-on-quarter basis, the industry recorded a modest growth of 3%, whereas Tarsons delivered a significantly strong growth of approximately 16%. Similarly, on a year-on-year basis, while the industry witnessed a decline of around 8%, Tarsons reported a growth of 4.5%.

The performance reflects our ability to consistently gain market share and strengthen our position within the industry. On a stand-alone basis, our revenue for Q4 FY'26 stood at INR97 crores as compared to INR93 crores in Q4 FY'25, representing a 4.4% growth year-on-year. While the overall growth remained moderate, our domestic business delivered a strong

performance with a revenue growth of 11.7% year-on-year, reflecting continued demand momentum and strengthening market presence.

Overall revenue growth, however, was impacted by a decline of 13.4% in the export business during Q4 FY'26, which was largely due to the ongoing geopolitical tensions and warlike situation in the Middle East.

This has significantly disrupted global supply chains, leading to shipment delays across our international markets. Factors such as non-availability of containers, elevated freight costs and shipment delays amid prevailing uncertainties led to temporary decline in the export revenue during this quarter. Despite these external challenges, our domestic business demonstrated strong resilience and continued to outperform, delivering approximately 12% year-on-year growth in Q4 FY'26.

This performance reinforces our confidence in the strength of the domestic market and the growing acceptance of the Tarsons brand. For the full year FY'26, stand-alone revenues grew by 6% year-on-year with domestic business growing by 7% and exports registering around 3%.

Export performance during the year was impacted by multiple external factors, including tariff-related uncertainties during FY '26, seasonally weaker demand in Q3 due to the holiday period in international markets and geopolitical disruptions witnessed in Q4. In terms of recent developments, we have observed some easing of supply chain-related issues over the past 2 weeks. Additionally, customer inquiries and order pipelines, which had remained subdued over the last couple of months are now gradually reviving.

We are closely monitoring the evolving situation and remain well positioned to capitalize on improving momentum going forward. While the margins for Q4 and FY'26, both the gross margin and the EBITDA margin witnessed some decline due to a significant increase in the raw material prices during February and March, driven by commodity price movements and global supply chain disruptions.

Those resulted in a contraction in gross margin during the quarter. EBITDA margins were also impacted by higher operating expenses related to our new plants should now become operational, while the corresponding revenue contribution is expected to build up gradually over the coming years.

As revenues scale up, we expect operating leverage to play out, supporting and improving our overall EBITDA margins going forward. While gross margins remain relatively stable at around 71% to 72% during FY'26, the gross margin has been impacted over the past couple of months by a considerable spike in raw material costs, driven by disruptions in global supply chains following the onset of the Middle East conflict.

Going forward, the political situation and its impact on the supply chains and commodity prices will be important factors to monitor in the near term. PAT for both Q4 and FY'26 was impacted

by higher depreciation and interest costs following the commissioning of the new capex. For FY'27 PAT is likely to remain at a relatively moderate level.

At the same time, we expect improved operating leverage from ramping up the new facilities to aid the operational performance from FY'27. PAT has shown significant improvement, reflecting the underlying strength of the business. On a consolidated basis, cash PAT for FY'26 stood at INR112 crores compared to INR92 crores in FY'25, representing a strong growth of 21.5%.

Our new facilities and the capex, Tarsons has undergone a large-scale investment program approximately 4 years ago with the objective of significantly enhancing its manufacturing capabilities, broadening its product portfolio and strengthening its position across key growth segments.

We are now entering the final phase of this expansion journey with a substantial portion of the capex already commissioned and operational. Past few quarters, we have commenced operations across several strategic product categories, including our bioprocess product lines, expanding liquid handling manufacturing capacities and selected product lines within the cell culture segment. The balance commissioning is progressing as planned with trial runs currently underway for certain product lines and facilities.

We expect the entire capex program to be fully commissioned during the first half of the current financial year. Once fully operational, these facilities will significantly enhance our production capacities, improve supply capabilities and enable a wider and more diversified product basket for both domestic and international markets. This expanded manufacturing base will position us to address a larger customer base, improve market penetration and capitalize on emerging opportunities across high-growth segments.

While the full utilization and ramp-up of these capacities will take some time, we expect the initial benefits to start reflecting from the current financial year itself through higher volumes, improved product availability and incremental revenue contribution.

Over the medium term, these investments are expected to become a key driver of growth and operating leverage for the company. I would like to highlight a few key points. Over the last few years, the industry has witnessed a challenging demand environment. However, Tarsons has consistently outperformed industry growth. During this period, the company was also undertaking its largest ever capex program aimed at significantly expanding capacities and capabilities to support growth over the next 5 to 7 years.

While these investments temporarily impacted overall financial performance, we believe the heavy investment phase is now largely behind us. With industry conditions gradually improving, we are well positioned to enter the next phase of growth. As we deepen our presence across domestic and international markets with an expanded product portfolio, we expect stronger revenue growth, which will subsequently translate into improved profitability. We remain highly

excited about the company's growth trajectory over the next 3 to 5 years and are optimistic about outperforming our internal expectations.

With this, I now hand over the call to Santosh. Thank you.

Santosh Agarwal:

Thank you, and a very warm welcome to everyone on our Q4 FY'26 earnings conference call. Let me take you through financial highlights for the quarter and full year 2026. On a stand-alone performance, revenue for Q4 FY'26 stood at approximately INR97 crores as compared to INR93 crores in Q4 FY'25, registering a growth of 4.4% year-on-year.

Domestic business delivered strong growth of 11.7%. However, overall revenue growth was moderated by a 13.4% decline in export during the quarter, primarily due to the Middle East crisis, which disrupted supply chain and impacted shipment dispatch as well as uncertainties surrounding U.S.

Revenues for FY '26 stood at INR332.9 crores, reflecting a growth of 6% year-on-year. Gross margin for the standalone business in Q4 FY'26 stood at 58.5% impacted mainly by high raw material costs arising from volatility in commodity prices. Gross margin in FY'26 remained relatively stable at around 71%. EBITDA for Q4 FY'26 and FY'26 stood at INR32.6 crores and INR110.1 crores, respectively.

EBITDA margin were impacted by high commissioning and operational expenses related to the Amta and Panchla facilities. We expect these costs to stabilize and margins to improve as utilization ramp up over the coming years. PAT for Q4 FY'26 stood at INR5.5 crores while FY'26 PAT stood at INR22.7 crores, profitability was impacted by higher depreciation and interest expenses associated with the new capex. Approximately INR49 crores out of the total depreciation of INR87 crores in FY'26 was for the Panchla and Amta facilities.

Adjusted cash PAT for Q4 FY'26 stood at INR31.9 crores while FY'26 adjusted cash PAT stood at INR111.1 crores, reflecting a growth of 15% year-on-year. On a conservative performance basis, consolidated revenue for Q4 FY'26 stood at INR120.9 crores, registering a growth of 7.3% year-on-year, while FY'26 consol revenue stood at INR422.5 crores, reflecting a growth of 7.7% year-over-year.

EBITDA for Q4 FY'26 stood at approximately INR34.3 crores while an EBITDA margin of 28.3%. For FY'26 consol EBITDA stood at INR117.9 crores. PAT for FY'26 stood at INR14.3 crores. Adjusted cash PAT for Q4 FY'26 stood at INR33 crores, reflecting a growth of 9.3% year-on-year while FY'26 adjusted cash PAT stood at INR112 crores, representing a strong growth of 21.4% year-on-year.

At a consol level, we have marginally improved our cash flow from operations to INR118 crores compared to INR114 crores despite lower profitability in FY'26. This reflects our disciplined execution and working capital management.

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

Moderator: Thank you very much sir. First question is from the line of Rushabh Shah from BugleRock PMS. Please go ahead.

Rushabh Shah: Sir, our growth strategy relies heavily on the white label part alongside exporting our own Tarson branded products. So how does the management manage the response from the customers when they say they have a low-cost contract manufacturer with a much higher reputation in the international markets?

Aryan Sehgal: I'm not very sure about your question. I don't really understand it. What are you trying to get at?

Rushabh Shah: There might be like in the export market, there might be some companies with a higher low-cost contract manufacturing with a higher reputation in the international markets. So how does like when Tarson approach a customer in the export market, so how does Tarson manage the response from the customers. So when you say they have a low-cost manufacturing and better branded than Tarson product in the international market. So how do you crack the customer in the international market?

Aryan Sehgal: No, I think it depends on the customer segments, what we are looking at. There is the market internationally is quite large and is available to wide range of companies selling in the international market. So, we do receive a lot of price competition. There is a lot of price competition from domestic players in India exporting as well as from Chinese players.

And Tarsons looks at whatever its strengths are in terms of the products where it has an and where how we can be able to maximize our value while delivering quality. But we cannot win every customer and have every contract in place. We lose some contracts and win some contracts, but there's enough space and room for the kind of value we deliver, internationally.

Rushabh Shah: Sir, my second question is on our domestic contract has been our decade-long exclusive agreements with the scientific distributors across India. So however, the unlisted players like Abdos and Accumax are aggressively expanding their product portfolio and offering highly competitive terms. So, are you seeing instances where our legacy distributors are onboarding these competitors for a low-priced product lines?

Aryan Sehgal: No. Most of the companies operating in the lab consumable space in India have their own channel, and that is beneficial for all companies involved, large, big, small, medium-sized companies because just like Tarsons would not like to share distribution partners with smaller medium players or even larger multinational players. Similarly, the smaller players would also try and appoint distributors who are exclusive to them and who are putting all their marketing efforts in the promotion and sale of their products.

Moderator: Next question is from the line of Avnish Tiwari from Vaikarya.

Avnish Tiwari: Can you articulate how your depreciation rate will change as you commercialize the remaining capacity? And what's the capex you are expecting in fiscal '27 and maybe fiscal '28?

- Santosh Agarwal:** We are following written value method and the depreciation on machine and mold is 18% and building is 10%. So that will continue. And still in our balance sheet, INR158 crores of CWIP is there, that will get moved to main asset segment in FY'27 and additional depreciation will come from that as well. So, we expect a higher depreciation in FY '27.
- Avnish Tiwari:** Right. But do you have some number like where it can go, your depreciation rate in fiscal '27?
- Santosh Agarwal:** The rate will be the same because we are following the written down value method. Only thing is that the depreciation amount will be in the range of INR105 crores to INR110 crores. That will be the peak for us.
- Avnish Tiwari:** INR105 crores to INR110 crores, right?
- Santosh Agarwal:** Yes.
- Avnish Tiwari:** Okay. And what's the capex plan for fiscal '27 and '28, if you have?
- Santosh Agarwal:** There is no additional capex plan. Whatever capex is pending and whatever CWIP is there, we are just completing that. Apart from that, some maintenance and some required commercial viable capex will be there. Otherwise, no major capex.
- Avnish Tiwari:** Again, how much is that typically maintenance and general corporate kind of maintenance of plant and everything? How much capex you envisage in fiscal '27?
- Santosh Agarwal:** Approx INR20 crore.
- Avnish Tiwari:** Business question I have on the cell culture. How do you expect the ramp-up in that business, let's say, this year, next year?
- Aryan Sehgal:** So, we expect cell culture to gradually ramp up. We would expect slower ramp-ups as we've commercially launched certain cell culture lines in the market over the last 2 to 3 months. So, we expect a slower launch as people get accustomed to the product, do their respective test and trials and onboard us as one of their vendors.
- And I think we should see some significant momentum towards year 2 and moving forward, year 2, 3 and 4 should be able to really help us scale up the volumes till we reach a sizable market size where we could have normalized growth levels. But I think starting from year 2, we should see significant scale up if the product meets up to its expectations and is well accepted by the customer base.
- Avnish Tiwari:** The year 2 in this case would be fiscal '28.
- Aryan Sehgal:** Yes. It should be towards the end of fiscal '27 -- fiscal -- beginning of fiscal '28, we should start seeing a lot of momentum because we've launched this product. Most of the lines of the product we've launched towards Q4 of last year. So, it's been about 2 to 3 months. So, we expect the first

year where first year, where people generally don't in a product like cell culture, they would not just jump into conclusions and give you the entire volume.

They would use you as one of the vendors and see how reliable we are in this. But the advantage that we have is that we know the company, they know the brand and you know the reputation which comes out from the products from Tarsons. So that gives us an edge.

Avnish Tiwari: And these are domestic, who are your customers? And typically, do you need that a lot of customers or fewer customers will fill up your capacity, assuming you start ramping up in year 2 and year 3?

Aryan Sehgal: No, I think it will be a mix of international and domestic. The kind of capacities what we have will not be able to be fulfilled just by domestic customers. So, it definitely will have to be a mix of international and domestic.

Avnish Tiwari: And like roughly like you need like a lot of customers or fewer customers that will be 10s and 20s are enough to fill up reasonable amount of capacity.

Aryan Sehgal: It's basically those 10s and 20s which will account for majority of the demand. You have a long tail, but these 10s and 20s would account for everything, yes.

Avnish Tiwari: And apart from the cell culture piece, how you expect the growth momentum in fiscal '27? Like where do you see each line of the business moving?

Aryan Sehgal: No, I think cell culture is just used as a single term because we've used it as a very broad term, but there are actually a lot of product lines for the bioprocess, biopharma, cell culture production market. And there are some significant capacity expansions in certain product lines what we already sell.

I think the Indian market stabilizing puts us in a very good position to acquire more market share from the Indian market as well as the expansion in international markets, considering the world geopolitical situation globally remains stable. But internationally, we are very, very bullish on good growth moving forward over the next 3 to 4 years. But we are cautious that there could be certain blips in the midterm or the short term because of the geopolitical environment. But overall, strategy-wise, international market remains a robust opportunity for Tarsons.

Avnish Tiwari: Are you serving something for Nerbe from India or you can after capacity expansion?

Aryan Sehgal: We will after laying down all the capacity expansions what we have, we will be serving a lot of products from India for Nerbe. Whatever is financially viable, of course, yes.

Avnish Tiwari: Right. And on the Indian domestic side, what has changed lately, which has made growth rate pick up?

Aryan Sehgal: Of course, our product portfolio has grown. And I think the market is easing out a bit. The situation in the market was pretty favorable over the last 6 to 7 months in India, and we grow on

that momentum. I believe that whenever the market will be favorable, Tarsons will always have the best opportunity for growth, the way we positioned ourselves with the customer base as well as with the distribution network.

Moderator: Next question is from the line of Jasdeep Walia from Clockvine Capital Advisors Private Limited.

Jasdeep Walia: Sir, you are very bullish on prospects of exports growing at a significant rate in the starting of fiscal year '26. And then this whole episode happened where duties were raised in U.S. And whatever you were thinking did not happen in FY'26. But those hindrances are now taken care of. So, export duties are no longer there. So, should we expect very strong growth in exports in FY'27?

Aryan Sehgal: I would not be able to answer that clearly because at this point of time, we have a significant spike in raw materials as we speak, right? This has been prevalent for the last 8 to 10 weeks, from the beginning middle of March. So, it depends on how soon there will be normalized conditions because these large raw material spikes are primarily attributed to manufacturers in Asia and not so much to manufacturers in the U.S.

Although U.S. manufacturers are feeling the heat of inflation as we speak, but the sourcing of raw material prices, which is a primary component in manufacturing our products has not been affected in the U.S. as compared to in India, where you see raw material price increases as much as 70% from normalized levels.

So, this makes us slightly non-competitive in international markets. And of course, we will find ways on how we can maintain pricing and move ahead. But we would need better conditions for uninterrupted growth and stronger growth in international market. Every time a crisis ends, there's something huge comes up globally at this point of time over the last few years.

Jasdeep Walia: Got it. Just surprising to know that raw material prices for a labware manufacturer in U.S. will be lower than you in dollar terms. I would presume both of you would buy it from the same source, right? So, RM price in dollar terms should be the same for both of you.

Aryan Sehgal: Most of the raw material prices are impacted from vendors across the Middle East and Asia. And a lot of raw material suppliers based in the U.S. supplying to U.S. manufacturers, the price impact hasn't been as strong as what it has been here in towards Asia, towards China, India, manufacturers have been impacted much more severely as compared to the U.S. and Europe. However, inflation is a big problem in the U.S. at this point in time, and we see cost pressures, but that's not raw material linked.

Jasdeep Walia: Got it. how do you see Chinese competition in your main export market of U.S. and Europe? Has it increased further in the last year or the competitive conditions are more benign going forward versus what you've seen in the past?

Aryan Sehgal: The competition has always been strong. It subdued us slightly with higher tariffs, but I think with the tariffs not remaining in effect completely like the way it was. Chinese competition is fierce, both in the U.S. as well as Europe as well as other parts of the world, including Asia, Latin America and so on. The Chinese make very high-quality products.

They are very, very strong in deliveries in capacity build-ups and scale-ups. They are very, very professional. And they have been in the international markets at least a decade or 1.5 decades earlier than any other Indian manufacturer. So, they always have that 15-year runway or 15-year lead over any Indian manufacturer brand in our industry, which is laboratory consumables. So, they continue to be an integral part of the industry, and I'm moving forward believe they will be.

Jasdeep Walia: And are there additional duties on Chinese products in U.S. and Europe or they are the same for India and China?

Aryan Sehgal: I think in the U.S., it's very similar now, the duties between Chinese and Indian products. There's a slight difference. But in Europe, we had similar duties, but with the India, EU FTA trade deal, if it comes into effect, it is not yet into effect, we might have a benefit of about certain percentage points between us and the Chinese.

Jasdeep Walia: Got it. Sometime back when I asked you the same question, you in the sense, this was 1 or 2 years back, you didn't consider Chinese as credible competition in U.S. and Europe because you used to say that U.S. brands, they don't want Chinese sourcing. That doesn't seem to be the case as of now. It seems like China has overcome.

Aryan Sehgal: India exports approximately INR250 crores to INR275 crores of laboratory consumables into the U.S. between all companies, including Tarsons, just in the lab consumable space. China would export more than INR275 crores a month into the U.S., and that is historically over the last 20 years. This is not an overnight phenomenon. I think you are confusing the questions what you have asked me.

What you asked me was how strong is Chinese in India because of our strong reputation and brand image in India and very, very competitive prices and the import structure into India. Chinese have a very limited and small presence inside the Indian market, but the Chinese are very, very strong globally.

Moderator: Next question is from the line of Aditya from Securities Investment Management.

Aditya: Sir, in one of the replies to the previous participant, you mentioned that the demand conditions in the domestic markets have turned favorable in the last 6, 7 months. So, if you could just elaborate what has happened in the domestic market? Has the competition rationalized or the demand has improved. So, if you could just help us understand what has happened?

Aryan Sehgal: See, there has been a certain rationalization in competition for sure over the last 2 to 3 years, but that is more on the player in the importer level, right? There was a lot of influx of products from

Asia and other parts during COVID because of not enough capacities available in India to service customers. So once those capacities came in and the industry normalized, those products are not needed anymore, but there was a large inventory in the system. And that inventory needed time because the market was not big enough.

So, it could not be cleared immediately, right? So, what we are seeing is not so much of a rationalization of competition, but more clearing out of inventory, which would not be reordered again. So that is what we are seeing mainly along with more and more investments in the private sector, which is leading to better demand and most of the major companies in India are well positioned to cater to that demand. So, it's not so much as I would not say that there were 10 companies before, which were producing lab consumables and today, there are 6 or 7 and 3 have closed down. That has not really happened. But a lot of inventory has cleared up.

Aditya: Understood. And now, sir, in a rising raw material scenario, so how are we placed against smaller players and traders who import goods from China and also against MNCs who would also largely import their goods because INR depreciation would be hitting them and logistics costs would also be hitting them. So how are you placed against competition in this scenario?

Aryan Sehgal: Just like how you mentioned, right, the rupee is depreciating significantly, and it has significantly depreciated over the last 6, 7 months. So, it becomes more and more complicated and expensive for companies to import and bring the product into India. The geopolitical situation is causing a lot of problems in the transport routes as well as the freight costs have gone up significantly as well.

So that adds to the cost. So, all these things always play favorably to make in India producers, not only Tarsons, but anybody else who produces in India because for us, the only component which is being imported where we are paying the higher price for the rupee depreciation is the raw material. Rest of the other components which are added to the cost are all local.

Aditya: Understood. And sir, in this rising raw material price scenario, have we taken any price hikes in the domestic markets to offset this rising cost because we have not increased our prices for quite some time. So, are we looking to increase our prices?

Aryan Sehgal: So, we are looking to gradually increase pricing because at 60% or 70% raw material price hikes, it is a large cost increase, and we would not be able to support such a large cost increase by absorbing it. However, we may not be in a position to be able to pass on the entire cost increase to our customers. And some part of that cost might have to be shared in the short term because we don't expect this to be a permanent situation where the prices remain like this over the next couple of months or years. Maybe the prices will not get back to the old levels, but there would definitely be some rationalization.

Aditya: Sir, any particular reason you still not increase the price because as you mentioned, some part of the competition is affected and demand is also improving. So, doesn't it make sense for us to increase prices now?

Aryan Sehgal: As I said, we've gradually started increasing prices. And we have to play you know we have to be very, very careful about the price increases because everybody understands that it is a temporary price increase and not a permanent price increase. So, distributors would also be very uncautious, right, of having large amounts of inventory because if the prices drop the next month, they would have a lot of inventory at higher prices as well. I'm talking about domestic distributors. So, we have gradually started in this fiscal year, which is April. And we are looking at it from a product-by-product basis and seeing rather than from an entire price list point of view.

Moderator: Next question is from the line of Nikhil Upadhyay from SiMPL.

Nikhil Upadhyay: I think the facilities are now up and running. My question is now if we go back to our 2 years previous call, our idea was that the demand is there and distributors and launches the product, but we didn't have the capacity to even provide for validation and all. So, when today, we are close to commissioning the capacity on the marketing side, what are we doing?

And what efforts are we putting in order to faster like utilization of those capacities? If you can just share some ideas and my second question is before the tariff we had put in a lot of people to develop the market in U.S. and the tariff hit and probably some of the efforts got delayed. But in the meantime, in last 1.5 years, how is new markets we have been able to open up? And how do you see the opportunities beyond U.S. for us?

Aryan Sehgal: So, regarding our marketing initiatives, I think we have teams in place for both the domestic as well as international marketing. And we follow our procedure of being able to get our products validated from key customers internationally as well as in India and we produce various kinds of marketing material and undertake various kinds of marketing initiatives and road shows domestically as well as exhibitions internationally. And that's how we promote and push and bring our products, especially our new products to key users all over the world. And that's how we look at it. And could you just repeat your second question?

Nikhil Upadhyay: So, on markets beyond U.S. because of tariffs, I think some of our plants, and as you mentioned, even today, U.S., we are not as competitive. But market beyond U.S., what are we doing? And how do you see opportunities playing out there?

Aryan Sehgal: So, our focus has always been the U.S. and Europe, and we look at growing our presence in these countries while we are looking to strengthen ourselves in Asia and Latin America. So, I think we will look at good growth coming in from Asia as well as Latin America over the next 2 to 3 years. But a significant portion of our business will still keep coming from the U.S. and Europe.

Nikhil Upadhyay: Okay. And one question, continuing with Aditya's question on pricing. My question is more on supply that in this period of last March to April and May, when we are talking to other companies, many companies have talked about that price has increased, but supply was a challenge, which becomes a bigger problem for smaller players. Is a similar situation applicable in your industry? And are you seeing benefits of those coming to you in terms of better order

visibility or more like discussions or inquiry pipeline improving? Or is the situation not so bad even for like a smaller supplier?

Aryan Sehgal: We generally compete against larger players than us very few companies we compete with, which are smaller than us. The supply is an issue. And the problem is not only the price increase but the availability. And we just have to have higher levels of inventory, stock up more and strengthen our supply chain systems to be able to navigate through this crisis. But raw material availability is a reality at this point of time, raw material supply issues, and it's throughout the industry.

Nikhil Upadhyay: But during the similar period in COVID, we got a significant benefit in terms of higher growth. Would you say such a scenario can play out for us in today's market?

Aryan Sehgal: It cannot play out because COVID, the problem was in COVID, the customers' demand had gone significantly higher than normal, which is not the case today, right? The demand levels are good, but they are not significantly higher or unprecedentedly high, right? So, we cannot expect a situation like COVID today.

Nikhil Upadhyay: But supply is constrained.

Aryan Sehgal: Supply is constrained, but demand is not like the way it was in COVID. There is no comparison between COVID demand and today's demand. COVID facilities, how much we produce was not enough.

Nikhil Upadhyay: Okay. And last question. You mentioned now capex is largely out of window, like it would be more maintenance, INR20 crores, INR30 crores. Would you say over next 2 years, a larger part of the free cash generation would be to deleverage? And what's your idea over next 2, 3 years? What is the kind of debt we want to keep on our book?

Aryan Sehgal: See, we would definitely it would be to deleverage, reduce the debt on our books and I would ideally in a situation -- in an ideal situation, not want debt to increase more than 2x our EBITDA. And unless we if some significant opportunity comes up and if the markets are favorable, we might look to raise money if the debt is still significantly high in our books. But at this point in time, the focus over the next 2 to 3 years is to significantly ramp up our capacity, grow our scale and be able to earn larger cash profits to be able to deleverage, as you said.

Moderator: Next question is from the line of Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: Sir, you mentioned that the export business is affected due to gross margins. But sir, if I consider our business, it's 70% gross margin business. So why would a few percentage here and there because of the raw material volatility affect our exports because for us, it would -- the quantum of revenue would matter much more than getting the pricing right. So, I'm not able to clearly understand this thought process.

Aryan Sehgal: Okay. See, the thing is, at the end of the day, we have to have certain rationality when it comes to pricing to be able to maintain certain cost structures when we are moving forward because if we are not being able to price our products correctly and the business significantly scales up, it's very difficult for us to reprice moving forward, especially in international markets where customers are aware that the currency depreciates as well, right?

The rupee depreciates against the dollar. So most of the times, we have pressures from our buyers in the U.S. because they are well aware of where the currency has depreciated over the last 10 or 15 years, the Indian currency, but not having complete information and understanding about the inflationary pressures in India and what sort of price increments or cost increments the company faces year-over-year, which is not similar to a standard scenario in the U.S. or in Europe. So, while a 60%, 70% increase in material margin might just affect our gross margin by from 70%, it might take it to 58% or 57% and might look healthy, it may not be sustainable in the long term.

Madhur Rathi: Right. Now sir, if I look at all the capex has been done. So, going forward, how should I look at our growth from the domestic market as well as from the export ODM market? So how has been the new customer addition strategy for our export business? As well as in domestic market, how if you could help us understand how has been new product launches?

And how do we see the capacity ramp up? You mentioned that from FY'28, cell culture will improve materially. But if I were to consider in terms of numbers, how should I look at these maybe over the next 1 or 2 years?

Aryan Sehgal: Right. So, what we expect is we expect good growth from the domestic market, strong stable growth from the domestic market over the next 2 to 3 years, primarily because of our position and our base in the domestic market. We already have a very strong base. And so we should have good stable growth moving forward. And internationally, I think the growth numbers could be much higher, significantly higher than domestic the growth percentages because although the base is lower than international domestic market, but still, I think the quantum of opportunity is much higher internationally.

And so we could -- depending on geopolitical situations, economic tariff situations and everything being in order being in place, the speed at which we could convert contracts, the growth may not be very homogeneous over the next 3, 4 years, but there could be some strong years of growth when we win contracts and win ODM businesses.

Madhur Rathi: So, nothing material as of now that we have since commissioning these new facilities?

Aryan Sehgal: No. So, it's an ongoing process. We don't announce any material contract wins or any material ODM thing. We don't disclose such things, but it's an ongoing process with and without these facilities, our marketing process to be able to add new customers and have new demand generation all across the globe.

- Moderator:** Next question is from the line of Rushil from PINC Wealth.
- Rushil:** Sir, my question is that in this quarter, we have been seeing that purchase of stock in trade has been increased from INR11 crores to around INR14 crores. So is it like this was one of the reasons also impacting our gross margin and we had some capacity constraints. So that is why we have to outsource it?
- Santosh Agarwal:** These are the traded goods you are talking about. So traded goods are something which we are not manufacturing.
- Rushil:** Yes, I got it. So that is why we had increased it because we had some capacity constraint, that is why we have to trade the goods or like it is a normal part of our business?
- Santosh Agarwal:** See, it's a normal part of business, but I don't see that INR14 crores has been increased in the traded goods because total purchase for the year is about to be INR15 crores to INR20 crores. It cannot be INR14 crores increase. I think INR1.4 million is there, and you have made it INR14 crores.
- Rushil:** Okay. Sorry. And the second question is, since I've been saying that if we see our inventory from last 1 to 2 years and in line with our revenue. So just wanted to understand that it was something like that the raw material prices were increasing and we were not able to pass on the price and somewhere we had to take out the inventory written down also.
- Santosh Agarwal:** We are not writing off any kind of inventory. We do the provisioning on the basis of aging, but all the inventory are good inventory. If I would have to raw material inventory has been increased. And the reason was very clear. We already explained that because of supply chain disruption all over the globe, we have to keep more raw material because supply is an issue and the longterm prices also keep on increasing. But if you see the finished good, finished goods has been from INR40 crores to INR30 crores.
- Rushil:** Okay. Sir, the last question is that since we have been seeing that there is a supply chain constraint and the player like Tarson who is big enough and there are smaller players in the market. So do we see that because of our capability and the size we have that we will be able to procure the raw materials at a competitive rate and can have a good opportunity to gain the market share as the small players won't be able to get the raw material due to supply disruption and the requirement of working capital for them.
- Aryan Sehgal:** No, I think raw material rates are very crude linked rates, and these are fixed spot rates. So, if the kind of the amount of volume what we do in our business, we are considered for the raw material supplier very, very small players. So, we are not in industrial plastics where we have a turnover of INR5,000, INR6,000 crores, INR7,000 crores and a gross margin of 30%, where there is 70% raw material consumption, we are buying thousands of crores of raw material and that also 1 or 2 grades.

Here, we are buying 20, 30, 40 different grades across different polypropylene, HDP, polycarbonate, polystyrene and we have a purchase of about INR70 crores, INR80 crores worth of raw material, which for the raw materials and spread across different vendors in the Middle East and Europe. So, for any particular raw material supplier supplying to Tarsons worth INR6 crores, INR7 crores or INR8 crores of raw material a year is nothing significant or nothing material. As a company to investors into the market, we may look like a sizable company. But in the raw material world, we are just one of the small players.

- Moderator:** We'll move to the next question from the line of Vibhor Talreja from Nest Amplifier.
- Vibhor Talreja:** This is a follow-up to the earlier question with respect to depreciation, where you said that FY'24 depreciation is expected to be INR105 crores to INR110 crores. The question is that on a standalone level or it's the consolidated depreciation that you are mentioning at INR105 crores to INR110 crores?
- Santosh Agarwal:** It's on a standalone level at a consol level, only Nerbe got included and Nerbe has no major depreciation, except some intangibles are there.
- Vibhor Talreja:** Okay. So, when I do the math, I was coming to a much higher number because your Q4 depreciation itself is INR29 crores -- and you have capitalized some of the assets on March 31, I assume. And we have another INR150 crores of CWIP there, which you said you will capitalize over the next 3 to 9 months. And you mentioned the rates. So, when I do the math, the depreciation comes out to be more like INR130 crores to INR140 crores. Am I really missing something?
- Santosh Agarwal:** So, if you are calculating on a consol level, then it includes the this year depreciation is about to be INR85 crores to INR89 crores and another INR25 crores, INR30 crores depreciation will also come in the next year. So, it will come to about INR110 crores, right. Plus, some intangible depreciation and amortization will also happen at a consol level.
- Vibhor Talreja:** Okay. So can you please once again answer what is your expected consolidated depreciation for FY'27.
- Santosh Agarwal:** At this moment, I can only give the stand-alone depreciation only because consol depreciation depends on what kind of amortization will happen at a consol level. But at a stand-alone level, I can give you a forecasted depreciation of about INR110 crores.
- Vibhor Talreja:** Okay. Fair enough. My last question. The reason I was asking was because when I do the math and the business rightly should be valued on cash PAT and EBITDA, but it looks like on an accounting basis, we are going to have losses because the depreciation increase is here for real and the sales increase beyond the normal is some time away. Is it fair to assume that there is accounting losses expected in the expected quarters?

- Santosh Agarwal:** No, Sir, we don't expect accounting losses will be there. Of course, we expect PAT to be in the range of single-digit number, but it will not be losses so far, the way things are going on because we are making EBITDA of about to be 33%, 34% and then PBT is also 9% to 10% PBT is there and then 4% to 5% of PAT is also there. And we are following written down value method. So, the depreciation will not repeat at a standalone level more than INR110 crores.
- Vibhor Talreja:** Okay. Last question on the margins. Given the softness of the margins because of raw material price increase in Q4, would it be fair to assume that at the very least that would continue in Q1 given raw material prices have actually shot up even further from March levels. And like you earlier said that there will be some sharing of costs with the customer and some hit company will have to take.
- Aryan Sehgal:** Almost towards 65% or 70% of Q1 is over, right, today as we speak. So, unless something significantly changes tomorrow morning, I see full of Q1 to be affected.
- Vibhor Talreja:** Okay. No, the question was, our Q1 margins going to be worse than Q4 given the raw material prices have increased?
- Aryan Sehgal:** It shouldn't be worse, but should be in similar regions.
- Santosh Agarwal:** It is difficult to give you the exact guidance, but we believe that the margin should not go below 65%. Currently, in Q4, we have shown 68% kind of gross margin, but we are gradually increasing the prices also. So, it is very tough to say what kind of margin will come, but it should not go below 65%.
- Moderator:** Next question is from the line of Raman KV from Sequent Investments.
- Raman KV:** Sir, sorry, I joined the call a little late. I just want to understand that with respect to the recent inflation and the raw material prices, you said you will be taking a price hike in the coming quarter. And at the same time, you will be taking some hit in your books. So, I just want to understand if you are taking 50% hit if you are passing on the 50% increase in raw material prices to the end users and taking some hit, your gross margins will come down in the coming quarters, right?
- Aryan Sehgal:** Correct.
- Raman KV:** Correct. So are you planning some of the factory to improve efficiency so that your gross margins will pick up? Or can we expect going forward, your gross margin levels to be at the current levels?
- Aryan Sehgal:** See, the thing is we are still not sure about how long this price increase is going to last because the way we work in India is we work on price lists, which are circulated to distributors and printed and sent to customers all across India. So, this is a situation which we never experienced before. And hence, we cannot keep altering and changing and printing new price books every 2

months or 3 months because we lose credibility as well as distributors are unable to stock correctly.

So hence, we are still in a wait-and-watch mode, and we are increasing as and when all the product lines based on how the raw materials have increased and what we can achieve from the customer. But it's very difficult at this point in time to give a very clear answer because we produce thousands of these price books and supply it all over the country to distributors and customers alike and we can't keep changing that every quarter. It's generally a yearly process.

Raman KV: Understood, sir. Sir, what is stopping us from taking a 100% price hike? Is it competition?

Aryan Sehgal: Could you repeat?

Raman KV: Pass through -- pass on the entire raw material prices to our customers.

Aryan Sehgal: There's so much of inventory in the system that are import, there are MNCs, which have stocks, which they're importing stocks. Any price increase, which is not standard, which would translate to 30%, 40% price increase price over price gives a very strong opportunity for other players to enter other players to take advantage of it. It's not a kind of industry where we could be able to take a significant price increase.

However, if this becomes a permanent phenomenon and is valid to everybody, then over a medium term or short to medium term, we will see gradual changes in everybody's pricing. But if there is a short-term phenomenon spread over 3 or 4 months, there are enough players in the industry which are willing to absorb the same to be able to gain market share.

Raman KV: Okay. Sir, my last question is with respect to your bioprocessing containers and cell culture. Has the production of cell culture started? And how is the ramp-up with respect to bioprocess containers going?

Aryan Sehgal: Yes. The ramp-up is going well for the bioprocess containers, what we are producing the bottles. And in cell culture, there are a few lines in which we've started pilot production and a few lines where we'll be starting pilot production in this quarter. So hopefully, in the next 2 or 3 months, we should have all our lines up and ready and producing and supplying samples.

Raman KV: So, can we expect both of this to scale well in the second half given that the first half will be for your raw material?

Aryan Sehgal: I said earlier, this year, we would be able to try and get into most of the customer accounts and be able to validate our product and become one of their vendors and try to build the repeatability and reliability what they expect from us. And years starting from year 2, I think we would start seeing some improvements and then scale up every year, there would be significant scale up till probably year 4 or 5 where we reach certain amount of stability where there would be stable growth moving forward for these lines.



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Moderator: Thank you. Ladies and gentlemen, due to time constraint, we will take this as the last question for the day. I now hand the conference over to the management for the closing comments.

Aryan Sehgal: Thank you, everybody, for your time on this call. If you have any other questions, please feel free to reach out.

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