An ISO 9001 & ISO 13485 Certified Company

Date – November 19, 2026

To, **BSE Limited ("BSE"),** Corporate Relationship Department, 2nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400001	To, **National Stock Exchange of India Limited ("NSE")** "Exchange Plaza", 5th 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 November 04, 2026, please find enclosed herewith the transcripts of the Investor Conference Call held on Friday, November 13, 2026, to discuss the financial and operational performance/Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter and half year ended September 30, 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
Digitally signed by SANTOSH KUMAR AGARWAL
Date: 2026.11.19 17:53:28 +05'30'

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

Encl: As above

“Tarsons Products Limited

Q2 & H1 FY27 Earnings Conference Call”

November 13, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on November 13, 2026, will prevail

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

Moderator: Ladies and gentlemen, good day, and welcome to Tarsons Products Limited Q2 and H1 FY27 Earnings Conference Call.

As a reminder, all participants 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 touch tone phone. Please note that this conference is being recorded.

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

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

Aryan Sehgal: Good afternoon, everybody, and a warm welcome to the Q2 and H1 FY27 Earnings Call of Tarsons Products Limited. I'm joined today by our CFO, Mr. Santosh Agarwal and SGA, our Investor Relations partner. We have uploaded our investor presentation on our website and stock exchanges. I hope everybody had the opportunity to go through the same.

We are pleased to deliver another quarter of strong performance, where our stand-alone revenue grew by 25% and consolidated revenue grew by 21% in Q2 FY27 on a Y-o-Y basis. This marks our second consecutive quarter of over 20% revenue growth, reflecting the resilience of our business model, strong execution capabilities, diversified product portfolio and brand strength. Importantly, growth was largely driven by our existing product portfolio with minimal contribution from new product categories.

The uptick in inquiries, better customer engagement and improvement in the demand momentum across our end user industries, especially in pharma and health care industry, gives us the confidence that the demand trajectory has the potential to sustain. Along with uptick in our existing portfolio with the addition of new products, we are optimistic of delivering similar performance for FY27.

On the profitability front, ongoing geopolitical tensions and global uncertainties have triggered sharp volatility in crude oil and crude-linked commodities. Since the onset of the West Asia conflict in March 2026, crude-linked raw material prices have surged between 30% and 50%, putting considerable pressure on our gross margins.

While the situation remains dynamic and difficult to predict, we have implemented calibrated price increases wherever feasible to offset higher input costs while protecting customer relationships and maintaining competitiveness. Despite significant gross margin pressure from elevated input costs, the impact at the EBITDA level was largely mitigated with increase in volumes resulting in operating leverage.

Additionally, costs relating to our new established facilities are already reflected in our P&L. The revenue contribution is yet to ramp up meaningfully. As these facilities scale up and utilization improves, we expect higher revenues and operating leverage to support improvement in operating margins. Despite these external challenges, we have remained focused on what is within our control. Our strong operational discipline, agility and proactive approach have enabled us to navigate the evolving environment effectively.

We have maintained a sharp focus on supply chain management to ensure the timely availability of raw material while simultaneously maintaining uninterrupted supplies and timely deliveries to our customers. This has been particularly important in an environment characterized by fluctuating prices and supply-side uncertainties.

On the capex front, Tarsons undertook one of its largest-ever capex programs to support its long-term growth, focusing on expanding manufacturing capacities, diversifying its product portfolio and entering new product categories. We are in the final phase of this expansion with most planned capacities commissioned and operational.

Select existing product lines have commenced operations at the new Panchla facility, while the radiation line warehousing space and the expanded manufacturing capacities at Amta are fully operational. Commissioning of the cell culture lines at Panchla is expected in the second half of the year.

Capacity creation largely behind us, our focus is now shifting towards improving utilization, securing customer validations and driving commercialization. As the product ramps up and customer validations and adoptions of newer products gather momentum, we expect these investments to translate into meaningful revenue growth over the next 2 to 3 years with benefits becoming increasingly visible from FY28 onwards.

Higher capacity utilization and improved fixed cost absorption should drive operating leverage, supporting better margins, profitability, and return on invested capital. This expansion goes beyond capacity addition. It is about building a stronger, more scalable, and diversified business. With a wider product portfolio, enhanced manufacturing capabilities, and established brand equity, Tarsons is well-positioned to deepen its presence across the domestic and overseas market and capitalize on emerging opportunities in the life science industry.

Our international business, we are expanding our global presence, remains a significant priority with significant headroom to scale our overseas business. Our standalone export business has witnessed a strong recovery growing 37% this quarter and 33% in H1. Our sustained participation in international trade fairs and exhibitions coupled with showcasing our comprehensive product portfolio catering to the life science industry has enhanced Tarsons global visibility, strengthening our position and expanding our customer reach.

This has also resulted in a significant uptick in customer inquiries while improving traction, translating into stronger order conversions. To conclude, we strongly believe that Tarsons is at

the cusp of an extremely exciting phase in its growth journey. The groundwork has been laid through investments in capacities, capabilities, and new product categories.

As these investments mature and translate into higher volumes, we will see significant headroom for growth alongside an opportunity to improve operating efficiencies and profitability. While near-term uncertainties may persist, our confidence in the long-term prospects of the business remains strong.

We believe we are well-positioned to capitalize on the growth opportunities ahead and create sustainable, long-term value for all our stakeholders. With this, I will hand over the call to Santosh to take you through the financial performance. Thank you, and over to you.

Santosh Agarwal: Thank you, Aryan Ji. Good afternoon, everyone. I will take you through the financial highlight for the quarter and half-year ended 30th September 2026. We are pleased to announce that Tarsons has delivered highest-ever quarterly and highest-ever half-yearly revenue during this period. Speaking about the revenue, standalone revenue grew by 25% in Q2 FY27 and 23% in H1 FY27 on a Y-o-Y basis.

Notably, Q2 standalone revenue crossed the INR100 crores mark for the first time in the Tarsons history. Consolidated H1 FY27 revenue stood at INR233.9 crores, registering a growth of 21% Y-o-Y. Within the standalone business, domestic revenue grew by 19%, while export revenue recorded a strong growth of 37% in Q2 FY27 on a Y-o-Y basis.

Nerbe continued its growth trajectory with revenue increasing by 7% in Q2 FY27 and 13% in H1 FY27 on a Y-o-Y basis. About margins, on a standalone basis, gross profit for Q2 FY27 stood at INR67.4 crores compared to INR58.6 crores in Q2 FY26, registering a growth of 15% Y-o-Y. H1 gross profit grew by 14.4%. Gross margin moderation was primarily attributable to the increase in raw material prices.

At the consolidated level, gross profit grew by 14.2% in Q2 FY27 and 14.7% in H1 FY27 on Y-o-Y basis. This impact was largely offset by healthy volume growth, operating leverage, and operational efficiencies. Standalone EBITDA for Q2 FY27 stood at INR30.6 crores, growing 16.9% Y-o-Y, while H1 FY27 EBITDA growth stood at 13.1%.

It is important to highlight that, operating expenses of our newly commissioned facilities are already reflected in the P&L, while meaningful revenue contributions are yet to materialize, providing headroom for margin expansion as this facility ramped up. Consolidated EBITDA stood at INR31.1 crores in Q2 FY27, registering a growth of 13.3% Y-o-Y.

As highlighted earlier, PAT continues to be impacted by accelerated depreciation and interest cost associated with the new facilities. We expect the gradual ramp-up of these facilities over the coming year to increasingly offset this impact and support profitability growth. Despite the muted PAT, we continue to generate steady cash flow.

Our standalone operating cash flow increased from INR40 crores in H1 FY26 to INR49 crores in H1 FY27, while consolidated operating cash flow improved from INR44 crores to INR53 crores in H1 FY27. Cash PAT has grown by around 13% on consolidated as well as standalone basis in H1 FY27. This demonstrates the underlying cash generating strength and resilience of the business.

With that, I would like to open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Aditya from Securities Investment Management. Please go ahead.

Aditya: Yes. Hi, sir. Thanks for the opportunity. My first question is on our gross margins. So, we have done well to stabilize around 67%. But now with crude prices seeing some correction, should one see this gross margin now slowly expanding to 70%, 71%, which we used to do earlier?

Aryan Sehgal : So, yes. I think as the crude pricing correcting is one thing, but the raw material prices eventually settling down to the pre-West Asia crisis levels would be key. So, at this point in time, we still see raw material prices anywhere between 25% to 35% higher than original levels. As they settle back, we will see our margins go back to original levels of early 70s.

Aditya: Got it. But have we seen some correction from Q2 levels?

Aryan Sehgal : No, we have not. We had seen certain corrections towards the end of Q1, but then the last month and a half, we have seen further spikes. So overall, whatever small corrections we had seen has been overdone by the spikes.

Aditya: Got it. Sir, secondly, on exports. Now this is a second consecutive quarter of 30% plus growth for us. So, if you could just help us understand, what is leading to such strong growth? Is it that our customers were sitting at lower inventory levels, and now they have started restocking, or we have bagged some bigger export contracts which we were planning earlier?

Aryan Sehgal : So, we can't speak specifically on existing contracts or customers in detail. But yes, we are growing our wallet share with certain key customers globally. Inventory levels have also lowered, and customers are restocking in bigger levels. But also, I think the timing, I've spoken about this in earlier calls, as well. The West Asia crisis is such that container availability and transportation has become a big issue in the last 5 to 6 months.

And getting availability of containers to ship both to Europe and US is a large concern, a very, very big concern. So sometimes we have a lot of pending shipments and a lot of shipments move in a certain period of time when you get container availability. At this point in time, as a Company, we've never seen this before where we have multiple containers waiting in the inventory, waiting in our warehouse, where the customer has paid the money or where the customer has already transacted for the business, but there is no availability of containers.

Aditya: Right. So now, sir, then how should we understand the sustainability of this growth? So, is it more to do with logistical issues and you are getting some benefit for 1 or 2 quarters or you believe this kind of growth rate you will be able to sustain for the coming quarters as well?

Aryan Sehgal : I'm not sure whether we can sustain this in the long-term late 30s because 35% to 37% growth, moving forward quarter-over-quarter is quite an uphill task. But we do have a lot of new projects coming in, a lot of new products, and we are in active discussions with a lot of new customers both in Europe, US.

We are in a lot of discussion with our subsidiary company in Germany to be able to ramp up production and sale to them as well. So, we expect a very strong and healthy growth, but may not be as high as 35% to 37%.

Aditya: Got it. Yes and generally, what would be the contract sizes for some of these contracts? So, is it that the scaling up of three to four contracts only would help us sustain strong double-digit kind of growth rates or these are more smaller contracts where we have to keep on bagging newer and newer contracts to sustain our growth rates? So, how does it work exactly?

Aryan Sehgal : While it's not always in our hands, the size of the contracts, but generally the contract sizes do not exceed more than USD1 million to USD1.5 million. We consciously try and ensure that a large portion of our business is not coming from one or two isolated customers because that puts risk of replaceability once the contract is lost or transferred to some other supplier. So, we try and balance out our international business to the best of our ability, where no customer is accounting for more than 15% or 20% of the total business.

Aditya: Understood and sir, this newer inquiries which we are getting, is it primarily for our existing products or we have started bagging contracts for our bioprocess products as well? And secondly, on the geographical side as well. So, we were pretty strong in US. So, are we now seeing stronger inquiries from Europe and rest of the world as well?

Aryan Sehgal : So, we are trying to build teams to be able to look into geographies and areas where Tarsons is not very strong. I believe that Tarsons is reasonably strong in certain countries in Europe, certain countries in Asia, and the United States, but we have a long runway of growth even in these countries where we are strong because the global market is very large, as well as in countries like Latin America, Middle East, and Africa where we're relatively weak as a company and most of our competitors do a much better job than what we do.

So, international business would have a multi-strategy. We'll try to focus on areas where we're not strong, we try to build on our stronger areas by getting even stronger, push a lot with our subsidiary company Nerbe, as well as on the Tarsons business go two-pronged, right, which is OEM as well as the branded Tarsons business. So, it's not one straight way of doing international business, different geographies, different strategies. So, a lot to do in the international business and I think that's where our biggest growth will come from moving forward.

Aditya: No. My question was, the newer inquiries which we are getting, is it primarily for our existing products or our existing geographies only or we have been able to crack some newer products?

Aryan Sehgal : It's between new and existing products, but all from existing geographies.

Aditya: Got it. Understood. Sir, secondly, in the domestic markets also, is the end market which is seeing some strong growth or there is lower competition intensity from some of the smaller and unorganized players, which is helping us post stronger growth in domestic market as well?

Aryan Sehgal : See, the market scenario is very, very tough domestically. The competition is there and input costs are at an all-time high. So, it becomes difficult for all the players, including us, to be able to sustain margins and move forward. Having said that, I think from the private sector which is the CRO, the CDMO, and the pharma/biopharma space, I think the private customer base which is related to life science and vaccine production, I think the demand is quite strong.

The demand from the government and the semi-government side, which is a research institute still, I think, is yet to recover and pick up. But the private sector continues to grow at a very strong pace for us as a bio supplier.

Aditya: Got it and sir, this cell culture facility we were expected to commission second half. So where are we on that? Is it going to be commissioned in Q3, Q4?

Aryan Sehgal : We've actually commissioned quite a few products of cell culture already, but the market still prefers a company to be able to provide the complete solution which is all the 100-plus SKUs together, what we will plan to launch. So, more than 50% of the products have been successfully launched, internally tried, tested in terms of quality, packaging, and other things. So, over the next few months, I think we should be able to complete the remaining SKUs.

Aditya: Got it. Sir, but why is this taking so much time? Because this is getting delayed quarter by quarter because this was supposed to commission sometime back, but again with your commentary, I believe it now is going to get commissioned in Q4. So, if you could just help us know what is leading to such a delay in commissioning this capex?

Aryan Sehgal : Stabilizing of multiple SKUs.

Aditya: Okay. Next sir, question was for Santosh sir. So, we have deferred government grant of INR50 crores in our balance sheet and in our P&L, we recognize government grant income of INR8 crores to INR9 crores. So how long will this continue for us?

Santosh Agarwal: See, this is basically related to EPCG license. Right? And at the time of import of any kind of machines and mold, we take the EPCG license, and this is the Ind AS treatment of EPCG license in the group heading of government grant.

Aditya: Okay. So, this INR9 crores of revenue, which we had recognized last year, this would end next year or by FY29?

Santosh Agarwal: So, this will depend on what kind of capex we are doing. So, larger the capex we are importing, the larger will be the revenue in the P&L side. The lower the capex we do, the lower will be the EPCG on the income side. But of course, the EPCG related amortization will keep on happening on the debit side in the P&L.

Aditya: Okay. Understood. And last question from my side, sir, if you could just remind us, what kind of revenue potential is possible from our older facilities? And what kind of revenue potential is possible from our newer facilities? And if you could just bifurcate between cell culture, bioprocess, and our older products. That would be helpful.

Aryan Sehgal : So we don't generally declare revenues based on product groups. But older facilities INR400 crores, and newer facilities INR400 crores, with a revenue potential of close to INR800 crores.

Aditya: Okay. Sure, sir. Thanks for answering my questions. I'll come back in the queue.

Moderator: Thank you. The next question comes from the line of Jasdeep Walia from Clockvine Capital. Please go ahead.

Jasdeep Walia: Hi, Sir. Thanks for taking my question. Sir, my question is with regard to the cell culture products used in bioproduction. So, have you commissioned some of the products used in this domain in let's say the last quarter. So, has any marquee customer approved your products for bioproduction? By marquee, I mean all large pharma companies like Biocon or Poonawalla or Bharat Biotech, etc. Or the approval process is still underway?

Aryan Sehgal : No, none of the customers have, we've not got any formal update from any customer. But even if we do, we don't announce that to any of the investors or the market.

Jasdeep Walia: Got it, sir. Sir, the growth in Nerbe has been subdued in this quarter despite the industry environment improving significantly. So, what is the problem in that business and when do we see Nerbe start growing in constant currency terms?

Aryan Sehgal : See, the market in Nerbe is still strong German focused market and there are a lot of concerns at this point in time and in the economy in Western Europe. Most of our growth what you see is not coming out of Germany as a company at Tarsons and at this point in time, I think Nerbe is doing exceptionally well to sustain itself, the way it has sustained itself over the last two to three years in a very depressed and very tough economic situation in Germany.

And we continue to invest our resources into Nerbe and ensure that over the next few quarters a lot of the business purchase of Nerbe would come out of Tarsons. But the overall top line scaling up of Nerbe would only depend on how the situation in Germany improves or if Nerbe scales beyond Germany.

Jasdeep Walia: Got it, Sir. So, there are no growth targets for Nerbe in this year?

Aryan Sehgal : No, there are targets. Again, as we just as for the Tarsons standalone business, we do not announce any kind of a forecast or a target for the company for each financial year to the market.

So internally, our sales teams and our execution teams we have targets, and we will see how that pans out in December 31st, which is the financial year-end for Nerbe, and 31st March, which is our financial year-end.

Jasdeep Walia: Got it, Sir and, Sir, margins at Nerbe also appear to be lower subdued versus last couple of quarters. So, what's the reason behind that?

Santosh Agarwal: Jasdeep, I think you are talking about the EBITDA margin, right?

Jasdeep Walia: Yes.

Santosh Agarwal: So, EBITDA margin is a little lower because of some new employee hiring and the inflation cost already there in the P&L. The corresponding revenue, if increase in the coming quarter, then there will be operating leverage.

Jasdeep Walia: Got it. So, do you expect to maintain EBITDA margins at Nerbe for this year, or because of cost inflation, the margins will go down below what the normalized levels of 10 around 10-odd percent which was there earlier?

Aryan Sehgal : The margins would be lower at Nerbe on the EBIT level, but we will be able to maintain and grow the gross margins or the material margins at Nerbe.

Jasdeep Walia: And what about the EBITDA level, sir? Would you be able to maintain margins at the EBITDA level?

Aryan Sehgal : No, EBIT and EBITDA, both we will not be able to because there's not much of a difference in Nerbe in the EBIT and the EBITDA levels. Our selling prices at Germany have remained constant, and we've been able to secure in increased prices as well in Germany. So, from a product level, from a selling level, we are at a strong base.

But Tarsons is working on certain strategies for the future for Nerbe to be able to scale Nerbe up to a significantly different level over the next three years to five years, and that involves certain costs in the operations of Nerbe in new people hiring in the sales team and beyond Germany hiring. So that's adding to additional employee benefit expenses, traveling expenses and so on, and hence the EBITDA levels are subdued.

Jasdeep Walia: Got it, sir. And, sir, when do supplies start from Tarsons India operations to Nerbe?

Aryan Sehgal : It's already started, but we will see significant ramp up over the next quarters. In this year, by the end of this year, we'll see a ramp up, and by next year, we'll see a significant ramp up.

Jasdeep Walia: Got it, sir. Sir, considering that in the second half, you will start launching commercially your cell culture products, should we expect further acceleration of sales growth rate in the standalone business in the second half versus the first half?

Aryan Sehgal : So, we should expect similar growth rates to what we have achieved in H1 to in H2 because the pricing also, we're not very sure where the pricing would land because the raw material costs are very volatile. At this point in time, we have had certain price increases in the market over H1. We do not know whether that price increases would remain constant in H2, go further up, or come down.

Jasdeep Walia: Got it, Sir. Thanks a lot, sir. That's all from my side.

Moderator: Thank you. The next question comes from the line of Rushil from PINC Wealth. Please go ahead.

Rushil: Hello. Hi. Sir my question is that, since we have seen the increase in the inflation in the raw material prices and understand that there's competition in the domestic market, but don't you think that if this inflation continues then there will be a price hike or at the industry-wide or also we need to also take a price hike?

Aryan Sehgal : See, the thing is, price hikes are very, very nominal in nature in the industry and not correlated to the actual input cost increase in the company because what's happening is from a company point of view, both for us as well as our competitors, both in India as well as internationally, the competition is as brutal internationally as it is in India.

It's not just limited to the raw material, there is packaging material and there are a lot of other input costs which are increasing, but unfortunately the nature of the industry and the competitive intensity of the industry doesn't allow most of us to be able to pass on the entire input cost increase to the customer because then we lose competitive intensity and open the way up for a lot of competitors to propose their product lines and enter into accounts which we've built and maintained over years. So, higher inflationary increases on the raw material, higher costs of the raw material are always unfavorable to the company.

Rushil: And Sir, have we seen that increase in competition over the last three to four years that earlier we used to make a good margins, like around 40, then 35, EBITDA level I'm asking. And now we are being suddenly to 25, 26, and do understand that 300 bps, 400 bps might be due to unable to pass on the price due to increase in the input cost, but do you think that the competition has increased significantly and that is what has hampered our margins? If I have to look like three to four years view.

Aryan Sehgal : I would look at the competition perspective from the material margin, not from the EBITDA margin because the EBITDA margin has nothing to do with external competition, it's to do with internal cost structures of the company.

Material margin 10 years ago, we were around late 60s, then we expanded close to late 70s in COVID, and then at this point in time, we're at early 70s till last year, and now because of the West Asia crisis, we are back to the late 60s, which we were originally as a company 10 years ago, in 2017 or '18. So, we've circled between 68% and 78% - 79% material margin over the last decade depending on the situation and depending on the crisis like what we have today.

So, as a company, our price realization has been robust through the last 10 years, and that's a better predictor, indicator of what the competitive intensity and how we are positioned in the competition in the market. EBITDA levels are because the company structurally has changed drastically over the last three, four years. We never imagined that we would have such large overhead costs without having revenue and have the potential to be able to sustain that.

I believe that there is a huge, significant revenue potential which could be realized without increasing costs very, very significantly, costs which have already been ingrained into the system. So, hence, I'm not too bothered about the lower EBITDA margins. It's the cost of being for us to scale up over the next two to three years. I'm more concerned about the material margin.

Rushil: And sir, how do we see the demand going forward, and since we have entered into new cell culture and then we have been doing that, continuously following, then what gives you confidence that we'll do very well over the next two to three years? And again, and how is the demand environment?

Aryan Sehgal : If I didn't have the confidence of doing very well, I would have not put in so much money as a promoter in the company. You know, there were a lot of other avenues to use that money rather than put it into these facilities and these product lines. So, there's a tremendous belief that there is a large market for these consumables, and being the first indigenous player in India, I think we stand to gain a lot from our brand equity as well as first-mover advantage in India, and having built very strong sustainable relationships internationally, I think we'll use these large facilities and capacities to our advantage.

Demand environment, I believe as our facilities are coming to life, I think we are at a very strong inflection point in the industry where we've gone through three or four years of a very weak demand post-COVID and I think that the industry is about to flip and demand is about to get back to stronger levels, and we are right at the right time these facilities are to be able to take advantage of the recovery in demand in the industry in India as well as the international.

Rushil: So, Sir, basically we can say that at the right time our facility has got an operational since we have seen this similar traction in the demand.

Aryan Sehgal : I would say of course we had facility delays. These facilities were supposed to be up and ready a year ago and there has been delays. So, a delay is always expensive for the company operationally and as well as in terms of cost.

So, it's not ideal if we had done this 12 months or 14 months earlier it would have been better for the company financially. But, having done this completing these facility readiness now is going to place us in a very strong position for the future over the next three to four years.

Rushil: Yes, got it, sir. Thank you, sir, for answering our questions.

Aryan Sehgal : Thanks.

Moderator: Thank you. The next question comes from the line of Madhu Agarwal from Agarwal Family Office. Please go ahead.

Madhu Agarwal: Hi, so one thing I'm trying to understand is 60% of the business comes from consumables. Is there any way in which we track whether the same customer is ordering a larger total volume of these consumables on a quarterly or an annual basis?

Aryan Sehgal : I'm not sure. I didn't understand your question very well, if you could repeat it, please.

Madhu Agarwal: Okay, so I am thinking about the part of the revenue 60% odd is coming in from products which are consumed, which means they'll be repeatedly ordered by the customer and, do we track whether the same customer if they ordered a 1,000 units last year, is perhaps ordering 1,200 units or 1,500 units in subsequent years. Like, are we tracking whether the same customer is ordering larger volume of the products which should be consumed frequently and therefore are repeat orders for the same product? Am I clear in my question?

Aryan Sehgal : Yes, I think consumables is the heart of our business. So, it's tracked very, very closely both at the end customer and the distributor level because that's what defines the growth of the business. The re-usables and the benchtop equipment has continued to be a support system in the business which are very, very important revenue drivers. But it's the consumables which defines the growth trajectory and also the pulse of the market, so it's tracked very, very closely.

Madhu Agarwal: And would you be comfortable sharing what the numbers are telling us in terms of exactly that, right, growth trajectory and in the market are we seeing that there is generally more structural demand in the market perhaps if the same customer is ordering more volume?

Aryan Sehgal : So, if you see all I can tell you is if you see our quarter-over-quarter growth or if you see our annualized growth from Q2 of this year versus Q2 of last year if our growth is a particular numbers 20%, 21%, consumables always leads the way. It will always match or exceed that growth levels with the re-usables and benchtop being slightly lower.

Madhu Agarwal: Okay, lovely. So, we can sort of take that as a proxy for demand uplift in the market.

Aryan Sehgal : So, it would be slightly higher only because the re-usables would not grow at that level. So, then the growth would be balanced out here.

Madhu Agarwal: Understood and, my only other question is would you be comfortable sharing what's our margin profile for export versus the domestic business?

Aryan Sehgal : I wouldn't know that at the back of my head to be honest but should be very similar on a material margin level. But we don't have any metrics at this point in time to track on an EBITDA level.

Madhu Agarwal: Understood. Okay, thank you.

Aryan Sehgal : Thanks.

Moderator: Thank you. The next question comes from the line of Rajiv Shah from Ascent Capital. Please go ahead.

Rajiv Shah: Yeah. A couple of questions. Sir, despite the sharp rise in raw material prices, working capital has been well managed. So, we would normally expect inventory to go up in this kind of volatile environment. So, are you deliberately buying only as much as raw material you need right now and how is material availability at present and, do you see any risk of losing business because supply is short?

Santosh Agarwal: See, we are only placing the orders on the basis of order forecast from our customers. That's number one and, number two is that because of this global crisis, we also give advance ordering also, so that because of the delay in the transit time, we should not face any kind of issues.

Currently, if we talk about our inventory, that we are maintaining a raw material of about say INR47 crores to INR48 crores and we are maintaining a minimum inventory of about say INR25 crores. So, overall, inventory days are in the range of 100 to 105 days, and debtors are about to be 82 days. Overall working capital cycle is at 171 days.

Rajiv Shah: Okay, also sir, another question is, how do you see gross borrowing moving in the next one to two years? I mean is there any capex planned, or one should expect the debt to come down?

Santosh Agarwal: Can you repeat the question, please, sir?

Rajiv Shah: Yes, how do you see gross borrowing moving in the next one to two years? Is there any capex planned, or one should expect the debt to come down?

Santosh Agarwal: See, currently our total debt is about to be INR370 crores to INR380 crores, right? And we believe that the debt should be in the range of INR370 crores to INR390 crores, and we believe that going forward we are going to do not more than INR30 crores to INR40 crores of capex that includes some commercial capex and some maintenance capex.

Rajiv Shah: Okay, thank you. Thank you, sir. That'll be all from my side, yes.

Moderator: Thank you. The next question comes from the line of Devdhud from Frontier Capital. Please go ahead.

Devdhud: Good afternoon, sir. Sir, it has been another good quarter in terms of growth. You have mentioned that demand has been picking up well. However, at the same time there are uncertainties due to geopolitical situations in Europe and USA. Firstly, how much of the growth in Q2 or even H1 has been driven by volumes?

And structurally now wanted to get your thoughts on the whole operating environment. Do you feel post-COVID slowdown is now behind us, and we are headed for a sustained period of say mid-to-high teens kind of growth for the next two to three years at least, and is there double-digit kind of volume growth realistic in your view?

Aryan Sehgal : Yes, I think the post-COVID demand slump I believe is behind us and I think we're poised for strong growth over the next two to three years. I won't be able to put a number on whether it will be high teens, low teens, double-digits or not, but I think that it will be very, very strong and sustainable growth moving forward over the next two to three years at least.

Devdhud: And sir, with back-to-back quarters of good growth, is that the Tarsons has gained market share or the entire industry has grown at a similar rate?

Aryan Sehgal : I wouldn't know exactly on a quarter-by-quarter basis whether the industry is growing at these levels, but I believe it's more of an industry phenomenon. We could be slightly better than the industry, but I think the entire industry should have grown. Most of our competitors are private in nature and getting a real feel of the numbers is only on an annualized basis.

But I personally believe that the industry has benefited, and Tarsons may be a slightly better beneficiary than our competitors, but I believe all competitors would have also grown.

Devdhud: Thank you, Sir.

Moderator: Thank you. The next question comes from the line of Saket Saurabh from Sagari Capital. Please go ahead.

Saket Saurabh: Hey, am I audible?

Aryan Sehgal : Yes.

Saket Saurabh: Yes. So, sir, pertaining to the deck that you shared, so you have talked about the end user industries, right, academic institutions, pharma, then CROs and then diagnostic industry. So, these seem to be the domestic side of the equation. So, how does the revenue break up typically look like for these four segments, just a broad one?

Aryan Sehgal : I think the private sector which is pharma, biopharma, and CRO CDMOs would be about 60% odd of the industry, and diagnostics and health care and the rest would be about 20%, and then the government business would be about a 15% to 20%.

Saket Saurabh: Okay and, sir, within diagnostic industries while we see most of the chains being here, so do we also cater to say non-chains or say stand-alone diagnostic centers or the larger the national chains or say the regional chains would account for bulk of our purchases?

Aryan Sehgal : We cater to all kinds of health care and diagnostic customers which find a value in the products what we offer. Diagnostics is a very, very cost-competitive business, and a lot of times the smaller diagnostic chains would look at unorganized players or lower-cost alternatives.

Saket Saurabh: Okay. And, Sir, as far as used case for our products would be, are say, especially for labware products, so these would primarily be used at, say, centers that have lab testing facilities collection centers would have use cases for our offerings?

Aryan Sehgal : Mostly where products are where blood is collected and then tested to be able to diagnose whether the patient has got the particular problem or not. I think there that's where the majority of the products would be used.

Saket Saurabh: Okay. And, sir, keeping in view the new products that we are launching in the cell culture space, so based on your market estimations that you might have done or say the go to market part, so how will the target segment would be? Like would it be same, 60, 20, 20, like 60% biopharma and pharma, and 20% diagnostic, and 20% research, or it would be a tad different for say the cell culture offerings?

Aryan Sehgal : It would be similar. Research would play probably a good role in that, because cell culture has also got a lot of production as well as research. So maybe not so much in the diagnostic in the healthcare segment, but a lot in the private as well as the government research segment, yes.

Saket Saurabh: Okay and, sir, gross margin for these new offerings would be at par or? I'm talking about the stable state. I understand currently, again, these are maybe deeper than.

Aryan Sehgal : At par.

Saket Saurabh: At par and do we also intend to say target export market for this cell culture products, as well?

Aryan Sehgal : So, we need to. If we need to be able to sell to capacity, we'd need the international overseas business would play a large contribution to this revenue.

Saket Saurabh: Okay and I think maybe if I heard you correctly, you talked about a INR400 crores revenue potential. So, is it from the new segment or new plus underutilized existing segments combined, the INR400 crores number that we used?

Aryan Sehgal : See at current capex levels and at current levels of the company, we expect to be able to generate INR800 crores of revenue.

Saket Saurabh: Okay, 800 incremental or both new?

Aryan Sehgal : As a Company, totally. So, whatever we've done not over and above 800 over this, total as a company 800 on a standalone basis, not on a consolidated basis.

Saket Saurabh: Okay and when you talk about consol, then only that the German entity would be over and above that. Or so standalone includes only the domestic sales or exports also included, because that's almost one third now.

Aryan Sehgal : Includes Tarsons Standalone.

Saket Saurabh: Okay. Okay. Thanks for the opportunity, and best of luck for the coming quarters.

Aryan Sehgal : Thank you.

Moderator: Thank you. The next question comes from the line of Ghanshyam Meena from Moonshot Ventures. Please go ahead.

Ghanshyam Meena: Hello. Am I audible?

Aryan Sehgal : Yes, you are.

Ghanshyam Meena: I have couple of questions. First question is regarding the impact of increase in cost of raw materials. Because when I see the inventory days are very high in our business. Because we have to keep the huge amount of inventory because of the number of SKUs, etc.

But when we see the on the cost of goods basis, as I think we have the inventory for around nine months or almost one year if we compare on the cost on the raw material side only. So, the increase in raw material, which is have increased in last two quarters. So how much of the raw material we procured in the last one quarter or two quarter because of that our gross margins are impacted around 500 basis points?

Santosh Agarwal: We are purchasing about INR80 crores to INR90 crores of raw material in a year, right? And regarding the question on inventory days, you are calculating the inventory days on the raw material consumption. But in our kind of industry, where the gross margin are quite high, we should calculate the inventory days on the sales, that is coming around to be 104 days.

Ghanshyam Meena: 104 days.

Santosh Agarwal: Yes.

Ghanshyam Meena: If we buy around INR80 crores to INR90 crores in a year. So how much of the raw material was procured in the last two quarters? Only if we see in the last quarter, because in the last quarter gross margins are impacted by around 500 basis points.

Santosh Agarwal: We don't have that number quarter-wise. But on a yearly basis, what we can say that INR80 crores to INR90 crores of raw material purchased.

Aryan Sehgal : See, the raw material margin has been impacted based on the purchase cost.

Ghanshyam Meena: Okay, my next question is regarding the, we have done recently huge amount of capex and in the near future where we are will be get benefit on the consumable side or reusable side?

Aryan Sehgal : Both.

Ghanshyam Meena: On both? Equally or will be get some different proportion?

Aryan Sehgal : The ratio should remain similar.

Ghanshyam Meena: Okay. Which you are doing currently.

Aryan Sehgal : Yes.

Ghanshyam Meena: Okay. Thank you. Sir. That's all from my side.

Moderator: Thank you. The next follow-up question is from the line of Aditya from Securities Investment Management. Please go ahead.

Aditya: Yes, thanks for the follow up. Sir in export markets, so does increased government funding of research institutes or increased biotech funding help in demand growth or the end user demand is pretty diversified and one or two factors does not impact demand. So, where I was coming from was that are there any positive factors playing out in the export markets currently which is also helping us post strong growth?

Aryan Sehgal : No, I have not heard of any increased government funding in any of the countries in the last six to twelve months. In fact, I've heard of a lot of reduced biotech and government funding in the US over the last twelve months.

Aditya: Understand and in spite of that, the industry is seeing such strong growth?

Aryan Sehgal : See, the thing is for us in the international business, growing at these levels does not pose much of a problem because of our very, very low market share compared to the entire industry size. That doesn't work in India, because in India being a major player, any small movement in the industry starts effecting us.

Aditya: Got it. Understood, sir and lastly sir, any benefit which we are expected to get from commercialization of AMTA sterilization facility or this would happen post commissioning of cell culture facility only?

Aryan Sehgal : Benefit in terms of we have cost benefits because we have our own sterilization facility and that's about it. I think as we scale up our facilities, a lot of these fixed costs come into play and then the fixed costs remain the same, revenues grow and then, EBITDA margins start getting better and better.

Aditya: Yes, so where I'm coming from was have we started realizing benefits from the sterilization facility?

Aryan Sehgal : Yes. Sterilization facility has been running well for the last one year.

Aditya: Got it. And what kind of margin benefit does it give us?

Aryan Sehgal : I we can't disclose that because again, we don't disclose that to the market, but it's from outsourcing to in-house, so it would at least be a cost saving of about 20% to 25% on our sterilization costs last year.

Aditya: Okay, got it sir. Thanks.

Aryan Sehgal : But of course, you have to see it like for like, because the volume of sterilization has also drastically grown from last year to this year.

Aditya: Understood. Yes, sir. I'm done with my questions. Thank you.

Management: Yes.

Moderator: Ladies and gentlemen, we will take this as the last question for today. I now hand over to the management for closing comments. Over to you, sir.

Aryan Sehgal : Thank you, everyone, for taking the time to join us today. I hope we have been able to address your questions and provide the necessary insights into our business and performance. We remain committed to maintaining regular and transparent communication with the investor community and will continue to keep you updated on our key developments and progress. Should you require any further information or have additional queries regarding Tarsons, please feel free to reach out to us or our investor relation partner, SGA. Once again, thank you for your time, continued interest and support.

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