

Date – 19<sup>th</sup> August, 2025

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

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

Dear Sir/Madam,

With reference to the captioned subject and in continuation to our intimation dated 12<sup>th</sup> August, 2025, please find enclosed herewith the transcripts of the Investor Conference Call held on Tuesday, 12<sup>th</sup> August, 2025, to discuss the financial and operational performance/Unaudited Financial Results (Consolidated & Standalone) of the Company for the quarter ended 30<sup>th</sup> June, 2025.

The transcripts of the said conference call will also be uploaded on the Company’s website at [www.tarsons.com](http://www.tarsons.com).

This is for your information and record.

Thanking you,

**Yours Faithfully,**  
**For Tarsons Products Limited**

**Santosh Kumar Agarwal**  
**CFO, Company Secretary & Compliance Officer**  
**ICSI Membership No. 44836**

*Encl: As above*



“Tarsons Products Limited  
Q1 FY '26 Earnings Conference Call”

August 12, 2025

E&OE - this transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchanges on 12<sup>th</sup> August 2025 will prevail.



**MANAGEMENT: MR. ARYAN SEHGAL – PROMOTOR 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 Q1 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 date of this call. The statements are not the guarantee of future performance and involves risks and uncertainties that are difficult to predict.

As a reminder, all participants' lines will be in listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

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

**Aryan Sehgal:** Thank you. Good evening, everyone, and a very warm welcome to the Q1 FY '26 Earnings Conference Call of Tarsons Products Limited. I'm joined by Mr. Santosh, our CFO; and SGA, our Investor Relations partner.

Our results and earnings presentation have been uploaded on the stock exchange and the company's website, and I hope everybody had the opportunity to go through the same. Let me begin with the current industry scenario, followed by our strategies and performance in Q1 FY '26, post which we will open the floor for questions-and-answers.

Over the past 18 to 24 months, the plastic labware industry has experienced a moderation in growth momentum, resulting in a period of relative stagnation across the sector. While the overseas market was relatively soft for this quarter, but the order book in the export market is relatively robust. The overseas business can see some lag in revenues on account of dispatches and delivery schedules.

We have also seen [inaudible] RFQs in the recent months. Parallely, we have seen green shoots of recovery in the domestic market begin to emerge in the previous quarter. On the domestic front, we have delivered a growth in Q1 FY '26. These are positive indicators that reinforce our optimism for a broader industry resurgence as we progress further in FY '26.

Throughout the phase of external challenges, Tarsons has continued to demonstrate resilience, and we have maintained the leadership position in the domestic market as well as a reliable plastic labware supplier to the life science industry.

Despite a period of subdued demand, we have remained focused on investing to expand our capacities and capabilities with our 2 new facilities. With demand trends beginning to turn a corner and offering signs of picking up, we are strategically well-positioned to capitalize on these opportunities and drive growth, both in revenue and profitability. While we continue to navigate near-term headwinds, our confidence in the long-term growth potential of the plastic labware industry remains firmly intact.

Our capital expenditure program is nearing completion and will significantly enhance our production capabilities. This expansion also lays the foundation for the rollout of new product lines like cell culture and bioprocess, which will nearly double our addressable market by opening access to segments comparable in size to our current portfolio.

Speaking of our ongoing capex, Phase 1 of commercial production at our new facility has already started and with Phase 2 on schedule to commence operations in the second half of this year. We anticipate initial revenue contribution from our cell culture to begin in Q4 of this year with full-scale ramp-up expected in the next 2 financial years.

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

Turning to our financial performance. Reflecting the improvement in the demand environment, our standalone revenue has grown by 10% over the last year. Consolidated revenue in Q1 FY '26 grew by 8% year-on-year. Amidst the relatively subdued demand environment still persisting in the overseas market, our standalone export revenue grew by 5% year-on-year in Q1 FY '26.

We continue to double down on the two-pronged strategy of expanding both, the Tarsons branded product as well as the ODM partnerships. We have been consistently showcasing our wide product portfolio and reinforcing our commitment to consistent quality and reliable supply chain on various domestic as well as overseas platforms. The response of the customers have been encouraging, and we remain optimistic about translating the increasing number of inquiries.

Revenue in the domestic business has grown by 12% in Q1 FY '26. With improving industry demand and the introduction of new categories, leading to an expansion of our total addressable market, we are optimistic of getting back and maintaining a higher sustainable growth in the domestic business in the coming years.

Nerbe, our Germany-based Europe-focused entity acquired in FY '24, reported a flat revenue growth for the period. This was primarily due to budget constraints in the region as well as several European countries, including Germany, experiencing delays in spending amidst government elections, which in turn impacted performance.

Leveraging Nerbe's established distribution network and strong market presence, we will be introducing Tarsons manufactured products through its channels, unlocking cross-selling opportunities and optimizing capacity utilization. While the transition from third-party to in-house products will take time, we are progressing steadily, laying a strong foundation for long-term value creation in the overseas market. As the product range expands and operations at Nerbe scale up gradually, we are confident of delivering steady growth and profitability there.

Looking ahead, we remain firmly committed to our strategic priorities. One of them would be strengthening our presence in the domestic market through expanding our product portfolio and

increasing the wallet share among our existing customer base. Number two would be to expand our overseas footprint by accelerating growth in overseas markets through both, branded and ODM channels.

Number three would be leveraging Nerbe's distribution strength to not only deepen our reach in the EU markets, but also using it as cross-selling opportunity to sell existing Tarsons manufactured products in the European markets. Maintaining consistent profitability through increased automation and continuous focus on operational efficiency.

Over the years, Tarsons has effectively competed against global multinational corporations, establishing and maintaining a leadership position within our core product segment in India. As we expand into new product categories, we are confident in our ability to replicate this success. Backed by Tarsons' strong brand equity, diverse product portfolio, robust distribution network and unwavering focus on quality, we are well positioned to deliver steady growth in the years to come.

With this, I request Santosh for his comments on the financial highlights.

**Santosh Agarwal:**

Good evening, everyone, and a very warm welcome to our Q1 FY '26 earnings conference call. Let me take you through the financial performance for the quarter. Standalone revenue from operations for Q1 FY '26 stood at INR 71 crores, reflecting a year-on-year growth of 10%. Consolidated revenue from operations for the quarter was INR 91 crores, marking a growth of around 8% compared to Q1 FY '25. Revenue contribution from Nerbe during the quarter was INR 20 crores.

On a consolidated basis, export revenue stood at INR 43 crores, while domestic revenue was INR 48 crores. The domestic business has grown by 12% Y-o-Y, while the export business has grown by 3% Y-o-Y. Standalone EBITDA for Q1 FY '26 came in at INR 22 crores compared to INR 17 crores in Q1 FY '25, reflecting a growth of around 31% Y-o-Y. There was a one-time expense relating to provision for damage to the machinery during transit, during Q1 FY '25. Adjusted for that impact, EBITDA growth would be around 11% Y-o-Y.

Standalone EBITDA margin for Q1 FY '26 stood at 31.2% versus 26.3% in Q1 FY '25 reflecting an improve of 490 basis points. After adjusting for the one-time expenses, margin in Q1 FY '25 was 30.9%. Accordingly, the improvement in margin from Q1 FY '25 to Q1 FY '26 would come to around 30 basis point. Consolidated EBITDA for Q1 FY '26 was around INR 25 crores with EBITDA margin at 27%. Adjusted for one-time expenses last year, consolidated EBITDA has grown by 13.5% Y-o-Y with margin expansion of 140 basis points.

Standalone PAT for Q1 FY '26 stood at INR 3.6 crores compared to INR 6.5 crores in Q1 FY '25. The decline in PAT is driven by higher depreciation expenses of INR 17.8 crores compared to INR 9 crores in Q1 FY '25 due to the capitalisation of Panchla facility. Once the facility will be fully commissioned and revenue contribution commences, PAT margin is expected to return to normalized levels.

We expect the capacity utilization ramp-up at the upcoming facility to happen over FY '27 and FY '28. Cash PAT for standalone entity for Q1 FY '26 stood at around INR 21 crores compared to around INR 15 crores in Q1 FY '25, registering a year-on-year growth of 38%. On consolidated level, PAT stood at INR 1.8 crores compared to INR 4 crores in Q1 FY '25. PAT margin stood at 2%. Cash PAT on consolidated level stood at INR 21.7 crores as compared to INR 15 crores in Q1 FY '25, registering a growth of 44% on a Y-o-Y basis.

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

- Moderator:** Thank you. The first question is from the line of Raman KV from Sequent Investments. Please go ahead.
- Raman KV:** I just want to understand that the depreciation has doubled on Y-o-Y basis. How much depreciation are we expecting going forward once the Phase 2 plant also commences?
- Santosh Agarwal:** We are expecting a depreciation of at around INR 80 crores to INR 85 crores in FY '26.
- Raman KV:** Sir, with respect to the first phase, you said the first phase has already started operating. I just want to understand in the Q1, how much revenue came from the new Panchla facility?
- Aryan Sehgal:** Very limited revenues from the Q1 because we started commercial operations just recently. There was a lot of trials which went on and a lot of customer sampling domestically as well as in overseas markets. The revenue contribution is very, very negligible at this point of time. We would start seeing more revenue in Q2 and a lot of revenue in Q3 and Q4.
- Raman KV:** Sir, in the first phase, how much revenue are we expecting?
- Aryan Sehgal:** In the first year?
- Raman KV:** Yes, like this year. What will be the incremental revenue?
- Aryan Sehgal:** At this point of time, we'll not be able to give an exact number for the Panchla incremental revenue. It depends a lot on how the products pick up, a lot of factors globally on overseas markets as well as the cell culture coming in the trial production starting at the end of Q3.
- Raman KV:** Sir, my one last question is with respect to the in the opening comment, there was a comment made by the management that there was a lag effect with respect to the international market. Can we see any spillover revenue from the international customers in Q2?
- Aryan Sehgal:** No, absolutely. By lag effect, what we mean is sometimes for the first quarter, we cannot register revenues beyond the 20th or the 21st of the last month. If it's April, May, June, we can only register revenues up to 20th June or 21st June, which is international revenues because it can only be recognized as a revenue according to the auditors if the bill of lading is generated. If we cannot generate the bill of lading, it leads to be considered as not a revenue. That will always be spilled over to July revenue, right?

- Raman KV:** How much revenue spillover are we expecting?
- Aryan Sehgal:** I do not have that at the back of my head, but there were lots of orders which are ready and did not be accounted for in June, which should be accounted for in July.
- Raman KV:** Any percentage figures?
- Aryan Sehgal:** No, I don't have the data ready at this point.
- Moderator:** The next question is from the line of Jasdeep from Clockvine Capital.
- Jasdeep:** Sir, my first question is, first of all, have you started exporting your products to Nerbe?
- Aryan Sehgal:** Yes. We have started exporting.
- Jasdeep:** Does 1Q revenues reflect exports from Nerbe? Or it will get reflected from second quarter onwards?
- Aryan Sehgal:** There are negligible revenues at this point of time. We are building certain strategies on how we are introducing our products. Nerbe is more of a strategic acquisition where we are trying to build a very concise strategy on how we can grow very robustly into the European market more so today with the global conditions. We would not look so much into just the transfer revenue between Tarsons and Nerbe on a quarter-to-quarter basis, but look at more as to how we can build a very very sustainable European sales channel network through Nerbe for Tarsons.
- Jasdeep:** Sir, what's the outlook for Nerbe for this year? Nerbe's revenues have remained flattish ever since you have acquired the company. Will the company start growing this year?
- Aryan Sehgal:** We expect and hope that there will be a certain amount of growth coming in this year. Having said that, the economic conditions in Europe and the global uncertainty all over the world is not improving and helping things for Nerbe. The more we inject new products and the more we solidify our strategies with Nerbe to be able to grow beyond what they currently are, will lead to larger growth levels for Nerbe.
- Otherwise, being present in the European economy, we cannot expect Nerbe on a standalone basis without injecting new products, without injecting new geographies to grow at mid-double-digit levels, because the German economy does not have that kind of growth for a company to be able to do that.
- Jasdeep:** When do you start injecting new products into Nerbe?
- Aryan Sehgal:** As we stabilize our capacities and new products, so at this point of time, we would first want to ensure that all the new products what we are building are well tried, well tested in the domestic market and initial capacities are utilized for external customers.

Once we have the capacity reliability, the product quality reliability, we would move ahead with the Nerbe integration, but having said that, the strategies are very fluid because at this point of time, we do not know how we would have to approach the international market or the overseas market over the next 3 to 4 months.

**Jasdeep:** Sir, what is U.S. as a percentage of your overall exports? Given that U.S. has now impose 50% duty on India, do you think that exports to U.S. will be viable going forward?

**Aryan Sehgal:** See, at this point of time, we cannot comment on this because the matter is still not complete. I think 25% is what is effective as of now. 25% is what comes into effect in a few days or maybe 10 to 15 days. The U.S. is a very important market for Tarsons. It's not a large portion of revenue, but it's a very important portion of revenue at about 10% to 12% of our consolidated revenues. We would need to find the best strategy moving forward, considering once everything is finalized based on the international agreements between India and U.S.

**Moderator:** The next question is from the line of Aditya from Securities Investment Management.

**Aditya:** My question was on tariffs. Now, if the tariffs remain at current levels, would it be viable for our customers to continue taking products from us?

**Aryan Sehgal:** We sell a wide range of products. The advantage of Tarsons is that we have a wide product portfolio, and we are not a very focused company in the life science sector making only one category of products. Our entire business model over the years has been built on the Indian customer, and then we have taken those products to the overseas markets because of our reliable and consistent quality.

I think we make various products which are supplied primarily in U.S. countries by U.S. manufacturers where the price gap is very large. We supply certain products which we compete with the Chinese where neck-to-neck pricing. At this point of time, it's very difficult for me to give you an exact answer.

I think we'll have to see where we are relative to other economies when the dust finally settles on what the final tariff is going to be for India, for other countries and so on. At this point of time, at 50%, it's not the best trading environment, but we will see how things move on over the next 2 to 3 months. Before trade deals are signed or things are finalized, it will be very difficult for us to know what our impact would be as a company.

**Aditya:** But sir, in terms of new orders finalization, are we seeing a delay from a customer end?

**Aryan Sehgal:** Absolutely. I think what momentum we were seeing over the last 6 to 8 months, that momentum is not the same over the last 2 weeks or maybe probably over the last 10 days since these tariff news have come in because everybody likes to take a cautious step and nobody wants to have a knee-jerk reaction and see what actually comes out of this at the end of it before they take further steps ahead. At 50% tariffs, we cannot expect new inquiries coming our way and growth coming from the American markets for sure. I mean for the incremental growth.



**Aditya:** But sir, are there any other geographies where we can start supplying products, which could sustain our exports growth?

**Aryan Sehgal:** No, I think America and India, both are very large markets for Tarsons. I think we've made a strategic acquisition in Germany, and we are very prevalent and growing our strength in Asia. We will try and use these markets to further fuel our growth. We are very positive and confident of being able to find a solution for the trade to the United States as well because that continues to be a growing and important market for Tarsons.

**Aditya:** Sir, this new capex, which we have commissioned now in Panchla, I believe these are for existing products. How do you see the ramp-up happening for this year? If you can just talk a little bit about how many RFQs we have won?

**Aryan Sehgal:** Sure. We don't generally discuss on our internal business on what RFQs we've participated in, what we won because generally, these are OEM businesses and confidential in nature because we make for other brands in the international market, but the Pachala facility is actually 25% to 30% of capacity expansion and 70-odd percent of new product introduction, products we've not made before.

**Aditya:** Yes, but the Phase 1, which we have commissioned now, that is for the existing products, right?

**Aryan Sehgal:** That is for existing products for certain liquid handling products and certain new products as well, which is related to suspension bottles for use for cell culture as well as media bottles. It's a mix where there are very few new products, but mainly capacity expansion of older products.

**Aditya:** My question was with the existing orders in hand and we have been supplying some samples as well. Should one expect the ramp-up of this Phase 1 to be pretty fast where in the year 1 only we can have a capacity utilization of around 50%, 60%? Or you see the utilization to be gradual and back ended?

**Aryan Sehgal:** See, if you see the entire story of Tarsons, moving forward with its domestic business is where Tarsons is one of the market leaders, and we will continue to maintain our leadership position while trying to grow our market share. The real big growth of Tarsons will come from the overseas market, which is not only the U.S. market, but every market outside India. We see a lot of uncertainty all over the world. It's just not related to the U.S. tariffs.

The global markets at this point are so fluid that situation is not the most ideal. While we are ready with our product line and while we are ready with our parameters, product quality, everything in place, having the trust of large global companies, we would have to see how the volumes will start moving over this year and the coming years.

**Aditya:** Just last one question from my end. You said that the transition for Nerbe from third-party products to Tarsons products would take time. Just wanted to understand why would that be so?

**Moderator:** There might be an audio loss from the participant line. The next question is from the line of Chirag Maroo from Keynote Capital.

**Chirag Maroo:** I'm fairly new to this company. My questions can be kind of basic. First of all, sir, I would like to understand that we have a target set of INR 800 crores by FY '28, which means we would require at least 20% CAGR top line growth. Just wanted to understand the ramp-up of the new facility, which we have recently built up and gradually increase in the capacity utilization. With current capacity of 80% to 90% utilization, could you just give us some signs or initial thought process how we are expected to have such kind of top line growth?

**Aryan Sehgal:** I'm not sure about the target. This is not a target which the company has set or publicly definitely said. We have our internal targets as a company, but we don't give any kind of guidance to the public markets and what our target is for FY '27, '28 or any other financial year.

But yes, coming to your other part of the question what you had asked us, we run about - I won't have an exact number at my back of my head - between 110 and 120 machines, and we have more than 4,000 moulds. We don't exactly know what our capacity utilization is because different moulds with different machines can yield different outputs for us, but we believe in the region of 75%-80%.

We have capacities of 15% to 20%, which our revenues can grow by 15% to 20% with our existing capacity. We do have the installed capacity in our new facilities, which can help us generate additional revenues of about INR 350 crores to INR 400 crores. Probably, the installed capacity base with our new facilities and our old facilities put together would be close to INR 800 crores, but that by no means is our target for FY '28.

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

**Jasdeep:** Sir, in the last quarter, you had mentioned that you might do some special capex if you get some order from overseas client. Any such order materialized so far?

**Aryan Sehgal:** As I said, we don't really offer in-depth details because these are OEM customers. We have a few projects which we have done, but that's which we are executing right now, but that's the most I can tell you. I cannot tell you the region, what kind of projects, what kind of customers because we sign confidentiality contracts because most of our contract customer projects are OEM. They're not Tarsons branded.

**Jasdeep:** Sir, last time you had mentioned that you expect international business to grow faster in FY '26 versus the domestic business?

**Aryan Sehgal:** Right.

**Jasdeep:** Your opinion remains the same now also or because of this volatile global environment, there's some change in that opinion?

- Aryan Sehgal:** Absolutely, there's a change in my opinion because I do not know when we were speaking 3 months back, we were in a favourable position in the world trade scenario compared to our neighbours in China, but at this point of time, we are in an unfavourable position. Maybe the next time we connect, we might be again in a favourable position, but having said that, it's very difficult to have an opinion because things are not very stable. Unless we see stability, we are not sure which direction to look at.
- Moderator:** The next question is from the line of Raman KV from Sequent Investment. Please go ahead. We request participants to please ask a question. Can we move to the next question as there is no response?
- Santosh Agarwal:** Yes ma'am. Please move to the next question.
- Moderator:** Okay. The next question is from the line of Harsh from Barclays.
- Harsh:** Just one question. How are we looking at the competitive landscape in the domestic market? Like, earlier around 12 months back, we used to give bulk discounts, price discounts for certain large-sized orders. Is there a need to still give such discounts for getting those orders and in general, competition from other domestic players?
- Aryan Sehgal:** See, the competition in the domestic market is highly increased. The reason for that is sluggish market conditions, both domestically and internationally. While we face the heat being one of the relatively larger companies in India, there are various middle-sized, large-sized companies like us and even small-sized companies which are facing highly underutilized capacities at their facility.
- That is mainly, I believe, due to sluggish market conditions, more because of sluggish market conditions and less because of overcapacity in the industry in India. While there is intense competition domestically, I think we are figuring our way out and coming out pretty well at the end in the domestic market, primarily due to our strong distribution reach and being the preferred brand for customers all across India.
- Harsh:** Let's say, compared to around 3 months to 6 months ago, has the intensity increased? Is there a need to give higher discounts?
- Aryan Sehgal:** See, I think if you look at our average product realization of key product consumables, it's been at similar levels over the last 2 to 2.5 years post the COVID boom.
- Harsh:** Any price hikes taken in the last 3 months? Or are you expecting to take any price hike going forward in the next 3 months to 6 months?
- Aryan Sehgal:** No, absolutely not. I think the market does not have the appetite to digest any kind of price increases at this point of time. As I mentioned, your statement is quite accurate, but not 100%. The market is brutally competitive at this point of time, and everybody is fighting for price because of large underutilized capacities at various players.

- Harsh:** In the new product segments, particularly cell culture, have you seen any new player, MNC player set up plant in India, planning to set up plant in India or any other domestic player planning to do so?
- Aryan Sehgal:** See, I have not heard any rumours of anyone planning to do so, but apart from that, if anyone has other plans which are not known to the public, I will not be aware of it. As of now, no. I think with more and more new products, we're looking to differentiate ourselves and elevate ourselves from the competition in the market. At the same time, finding out effective strategies to compete in the large volume but highly commoditized consumable sector as well.
- Moderator:** The next question is from the line of Sakshi Pratap from Pratap Securities.
- Sakshi Pratap:** What will be the impact on margins once the full operations of Panchla will begin? How do we see the margins panning out in FY '26 and '27, both in terms of EBITDA and PAT...
- Moderator:** Ladies and gentlemen, the line for the management has been gone on hold, we will reconnect them back. Please stay connected. Ladies and gentlemen, the line for the management has been reconnected. Thank you and over to you.
- Aryan Sehgal:** I think the margins on a yearly basis look at somewhere around 33% to 35% EBITDA at this point of time. Once we are able to stabilize our operations at both our new facilities, I think we could inch towards the 40% EBITDA margin. If all the industry factors come into place, I think that's a very, very reasonable and achievable target.
- Moderator:** Sir, the line for the participant has gone disconnected. We are moving to the next question. The next question is from the line of Chirag Maroo from Keynote Capital.
- Chirag Maroo:** Sir, my next question is related to the inventory days that we have in our business. Do we do any kind of warehousing for the customer or we have to always be ready to deliver the product and that's why our inventory days are like this, like a year?
- Aryan Sehgal:** It's more about the large number of SKUs and having to have almost ready inventory for all our SKUs. We generally, do not warehouse directly for any customer. However, our distributors do maintain based on the size and the capability of the distributor, they do maintain certain inventory days for the final end customer because we don't sell directly to the final user of the product.
- Chirag Maroo:** What kind of inventory days is there on the distributor level at this moment?
- Aryan Sehgal:** It could vary between 15 days to 40 days, depending on distributor scale, distributor size and the region.
- Chirag Maroo:** Sir, my next question is related to the optimum utilization for the new facility. By which year do you feel that the new Panchla facility would come to an optimum utilization level?

- Aryan Sehgal:** I think 3 years is what we look at from the date of complete commercialization where we should reach about 70%-75% utilization, which we consider optimum.
- Chirag Maroo:** Broadly, can I say that by FY '29, we would be at 70%-75% utilization?
- Aryan Sehgal:** Hopefully, because, see, again, what we need to consider is that if we look at the kind of products what we are building in Panchla and Amta, I believe that the contribution of revenue from both these facilities would have to be 55%-60% in the overseas market and about 40-odd percent in the domestic market. The international business would have to play a very key role in this successful implementation of these capacities.
- Chirag Maroo:** Sir, my next question is that we do some white labelling for a few international clients. What kind of revenue do we generate from white label?
- Aryan Sehgal:** We generate approximately \$4 million to \$5 million of revenue on white label.
- Chirag Maroo:** This typically comes from the European market?
- Aryan Sehgal:** It comes from the European market and the North American market only.
- Chirag Maroo:** Sir, as you said that our focus with Nerbe is to start creating some SKUs or selling our Tarsons products to Nerbe. Could you just give the product acceptability through Nerbe? Secondly, would it be a white label product or it would be like Tarson products only? What kind of time line we are expecting to reach like INR 50 crores to INR 100 crores top line coming from Nerbe itself?
- Aryan Sehgal:** I think the focus will be on white labelled only. I think to achieve around EUR 5 million of inter-transfer, company would take time as we integrate our business between Tarsons and Nerbe. However, the Nerbe business is somewhere around EUR 7.5 million. For that to be able to grow closer to EUR 10 million and beyond would be a much faster transition, but for us to be able to achieve EUR 5 million out of that would probably take time. You need to integrate more marketing facilities, more customer reach as well as add newer products, which Nerbe does not currently.
- Chirag Maroo:** Sir, once this capacity gets added, I just wanted to understand we are almost like on an approximate level, we are doing an EBITDA of approximately INR 110 crores-INR 115 crores now. Once the new capacity gets added, what are our expectation to utilize the funds? Are you looking to reduce debt going forward or use it for the - some creating of new SKUs or R&D?
- Aryan Sehgal:** No, actually, we will always use it for R&D and trying to plan for the future, but a significant portion of the retained earnings of the company will be used to pare down the debt.
- Chirag Maroo:** Sir, if I'm not, you have commented that you are targeting like an overall margin of 38%, 37 percentage going forward operating level?
- Aryan Sehgal:** Yes.

- Chirag Maroo:** Just wanted to understand, was it on standalone levels or it was on consolidated level?
- Aryan Sehgal:** No, it will be on standalone levels because in Nerbe, I think we will expect EBITDA margins to be in the early double digits.
- Chirag Maroo:** Currently, we are like low single digit, right?
- Aryan Sehgal:** Somewhere in that region, yeah.
- Chirag Maroo:** What is the reason? I remember that we used to do margins of around 7 to 9 percentage, but since a couple of quarters, it is in low single digits. Any particular reason for that?
- Santosh Agarwal:** See, you are talking about the gross margin. We used to have gross margin of 75%-79%. Currently, it stands at 71% and our EBITDA margin currently is at 31% on this quarter.
- Chirag Maroo:** No, I'm just talking about Nerbe specifically. We used to do 9-10 percentage EBITDA margins on Nerbe, right, which has dropped down to almost less than 5 percentage. Just wanted to understand the reason behind that.
- Santosh Agarwal:** Nerbe had higher EBITDA margin during FY '22 and FY '23 only. But Nerbe is a trader, Nerbe cannot have this kind of margin.
- Chirag Maroo:** I'm saying that for FY '25, it was in the range of - if I'm not wrong, in the initial quarters of FY '25, it was in the range of 9 and 10 percentage.
- Santosh Agarwal:** The current EBITDA of Nerbe is 9%.
- Moderator:** Ladies and gentlemen, that was the last question for today. As there are no further questions, I now hand over the conference to management for closing comments.
- Aryan Sehgal:** Thank you all for joining us today. I hope we have addressed all your questions. We remain committed to keeping the investment community informed with regular updates on our developments. For any further information or query regarding Tarsons, please feel free to reach out to us or our Investor Relations partner, SGA. Once again, thank you for your time and support.
- Moderator:** Thank you. On behalf of Tarsons Products Limited, concludes this conference. Thank you for joining us, and you may now disconnect your lines.