Date – February 11, 2026

To, **BSE Limited ("BSE"),** Corporate Relationship Department, 2nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400 001	To, **National Stock Exchange of India Limited ("NSE")** "Exchange Plaza", 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
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 January 30, 2026, please find enclosed herewith the transcripts of the Investor Conference Call held on Friday, February 06, 2026, to discuss the financial and operational performance/Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter and nine months ended December 31, 2025.

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: 2026.02.11 17:35:54 +05'30'

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

Encl: As above

"Tarsons Products Limited
Q3 & 9-Months FY26 Earnings Conference Call"
February 06, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on February 06, 2026 will prevail

MANAGEMENT: **MR. ARYAN SEHGAL – PROMOTOR 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 the Q3 and 9 Month FY '26 earnings conference call of Tarson Products Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Before we begin, I would like to point out that 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. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict. I now hand the conference over to Mr. Aryan Sehgal, Promoter & Whole Time Director of Tarson Products Limited. Thank you, and over to you, sir.

Aryan Sehgal: Good evening, everyone and a very warm welcome to the Q3 FY '26 Earnings Conference call of Tarsons Products Limited. I'm joined by our CFO, Mr. Santosh Agarwal and SGA, our Investor Relations partner. Let me start with the industry overview, followed by operational and financial highlights.

The plastic labware industry in India is gaining momentum and is expected to grow at a healthy CAGR over the next 5 to 7 years, supported by expansion of healthcare, diagnostics, biotechnology and pharmaceutical research activities. While the global plastic labware market is significantly larger, India remains largely underpenetrated, offering substantial long-term growth potential.

The growth outlook is further reinforced by the recent announcement by the Union Government, which places renewed emphasis on the Healthcare and Pharmaceutical sectors through a 10% increase in the overall budgetary allocation. The budget also highlights a strong focus on biopharma with INR 100 billion allocation over 5 years to develop India's end-to-end biologics and biosimilars ecosystem.

This initiative spans R&D, talent development, including the establishment of a new National Institute of Pharmaceutical Education and Research, expansion of clinical trial infrastructure and faster globally aligned regulatory approvals. Measures are expected to accelerate research-driven activity across the sector, thereby driving incremental demand for high-quality laboratory consumables.

Tarsons is well positioned to capitalize on this structural demand tailwind. We have built Tarsons with a long-term vision to emerge as the industry leader in the plastic labware space in India, while also deepening our presence in global markets. Our strategy focuses on expanding our product portfolio through the addition of new products supported by the commissioning of new capacities at Panchla in the current quarter.

As this capex comes on stream, we will be able to introduce an entirely new set of products, thereby expanding our overall addressable market. Backed by our strong brand, manufacturing capabilities, robust supply chain and long-standing customer relationships, we are confident of gaining market share in both existing and new product categories.

Turning to the current demand scenario and competitive landscape. In the domestic market, demand for our products has begun to pick up, reflected in increased order inflows for plastic labware products. We have been operating at near full capacity over the past few months in the existing plants, and are actively working to expedite the ramp-up of new capacities.

With capacity expansion, steady demand for existing products and a gradual scale up in volumes for the new product categories, we are optimistic about delivering stronger revenue growth in FY '27 and beyond. On competition, intensity in the domestic market is moderately increasing with several competitors adopting aggressive pricing strategies, which has kept pricing under pressure.

Historically, however, our growth has been volume-led rather than price driven. With an established brand, consistent supply and high-quality products, we believe we are well positioned to outperform industry growth and competition. Additionally, our scale advantage and reliable supply capabilities strengthen our ability to win business over other players.

With respect to the global markets, the larger part of the financial year was marked by heightened uncertainty in international trade due to geopolitical tensions and ongoing trade and tariff-related disruptions. However, the recent announcement of the trade agreements between India and the EU and India and the U.S. have provided some relief to Indian manufacturers and exporters.

While a degree of uncertainty continues to persist, the overall direction appears to be more constructive. As global conditions stabilize, we believe Tarsons is well positioned to benefit from its manufacturing cost advantages, process efficiency, shorter lead times and consistent product quality, which should translate into stronger momentum in the overseas market.

Even during challenging periods, we maintained a focused approach towards building our export business through active participation in international fairs and exhibitions as well as strengthening engagement with our customers. With the addition of new products, we will offer a more comprehensive portfolio to serve international customers across multiple geographies.

In parallel, we plan to leverage Nerbe, our overseas subsidiary and well-established distributor in the European market to cross-sell products and deepen our presence in these regions.

Talking about the financial performance, our revenues grew 12.8% on a Y-o-Y basis for Q3, and our cash profit grew by 38.6%.

With accelerated charge of depreciation on account of partial commercialization of the Panchla facility and revenues to follow in the coming years, it was prudent to evaluate our performance on cash PAT basis. Profit after tax for Q3 FY '26 grew by 21.4% on a year-on-year basis after adjusting one-time expenses on account of the new Labour Code.

With this, I hand over the call to Mr. Santosh Agarwal, CFO of Tarsons for a more detailed update on the financial and operational performance. Thank you.

Santosh Agarwal: Good evening, everyone and thank you for joining our Q3 and 9-months FY '26 earnings conference call. Let me take you through the financial performance for the Q3 and 9-months FY '26. On stand-alone basis, revenue for Q3 FY '26 stood at around INR 84 crores, and revenue for 9-months FY '26 stood at INR 236 crores, a growth of 10.3% and 6.6% respectively, on a Y-o-Y basis.

EBITDA for Q3 FY '26 stood at INR 29.3 crores compared to INR 27.9 crores in Q3 FY '25. For 9-month FY '26 EBITDA stood at INR 77.5 crores, registering a growth of INR 13.3% Y-o-Y. EBITDA margin for Q3 FY '26 stood at 34.7%. For 9-month FY '26, EBITDA margin stood at 32.9%, an increase of 190 basis point Y-o-Y.

Adjusted profit after tax after adjusting one-time impact on account of change in Labour Code for Q3 FY '26 stood at INR 8.4 crores compared to INR 7.3 crores in Q3 FY '25. For 9-month FY '26, our adjusted PAT stood at INR 18.5 crores. The decline in profitability is primarily attributable to higher depreciation expenses of INR 60.6 crores versus INR 36.35 crores in the previous 9-monthly period, arising from the partial capitalization of the Panchla facility.

Once the facility will be fully commissioned and revenue contribution commences, PAT margin is expected to return to normalized level. Our adjusted cash PAT for Q3 FY '26 stood at INR 31.1 crores compared to INR 23.2 crores in Q3 FY '25, a growth of 33.9%. For 9-month FY '26, adjusted cash PAT stood at INR 79.1 crores, a growth of 24.5% Y-o-Y.

Speaking about the consolidated performance, consolidated revenue for the quarter was INR 108 crores, marking a growth of 12.8%, compared to Q3 FY '25. EBITDA for Q3 FY '26 was around INR 31.5 crores with EBITDA margin of 29.2%, and for 9-month, EBITDA stood at INR 83.7 crores, a growth of 13.5% Y-o-Y.

EBITDA margin for 9-month FY '26 stood at 27.7%, an increase of 140 basis points Y-o-Y. Adjusted PAT for Q3 FY '26 stood at INR 6.4 crores, a growth of 21.4% Y-o-Y. Our adjusted cash PAT for Q3 FY '26 stood at INR 31.4 crores, a growth of 38.6% Y-o-Y. And for 9-month FY '26, it stood at INR 78.9 crores, a growth of 27.3% Y-o-Y. With this, I would like to open the floor for Q&A.

Moderator: Thank you so much, sir. Ladies and gentlemen, we will begin with the question and answer session. Our first question comes from the line of Aditya from Securities Investment Management. Please go ahead.

Aditya: Sir, first question is on capex. So, I believe one-half of our capex, which was for existing and bioprocess products has been commercialized. So, if you could just talk about how has the utilization been for this capex? And at what utilization would this facility breakeven for us?

Aryan Sehgal: So, the bioprocess side, which is certain kind of containers and bottles, has been commissioned, and we have been able to start selling these products in India as well as international markets. We have a very, very large capacity on these product lines and a majority of the capacity still remains unutilized. I believe that at full capacity, most of these bioprocess containers, what we've set up in our new facility, could generate revenues of in excess of INR 150 crores.

Aditya: Understood. And sir, at what utilization would this facility start breakeven for us?

Aryan Sehgal: Sorry, could you repeat the question, please?

Aditya: At what utilization would we breakeven for this capacity?

Aryan Sehgal: So I think we would be able to breakeven very, very easily even at much lower capacities, because once we come over our fixed cost at this point of time, we have multiple people which we have hired for this facility, both in terms of the workforce as well as certain managerial personnel, but I think once the entire Panchla facility has been somewhere close to $8 million to $9 million overall as a facility, not only in bioprocess containers, so about INR 70 crores, INR 75 crores in revenue, we should be in cash positive, EBITDA positive numbers.

Aditya: Understood, sir. And now sir, with cell culture capex coming in Q4, so how should one see the utilization for this capex? So, would the first few months go for sampling and after 3 to 6 months, scale-up should start happening over there or we are done with the sampling part?

Aryan Sehgal: No, we are not done because the product line has to be sampled with real products. We cannot just send some sort of brochures. They need to have the real product with the real treatment to be able to grow their cells and check whether the cell culture vessels what we have produced is ideal for their use.

So, the sampling part is very, very quick, which should not take more than a few weeks all over India. But being able to enter into large companies, SOPs, and being able to become one of their preferred vendors or even one of the secondary vendors because they would have long-standing relationships with existing brands for many, many years, that would be the time-consuming process.

Aditya: Understood, sir. And now sir, with this new capex, so our current revenue mix for a stand-alone business, 65% domestic, 35% export. Now after the utilization of the capex, would you say the major growth would be driven by the export markets? And should the share of export markets keep increasing for us?

Aryan Sehgal: Initially, yes. But see, at this point of time, we are building plastics for the biopharmaceutical sector, right, which is biopharmaceutical containers. But we would definitely have plans to boost our domestic revenues over the next 2 to 3 years by trying to become a more solutions provider to the biopharmaceutical industry than just a plastic consumable supplier.

And as our company pivots in that direction, I feel that with the government's initiative on the biopharmaceutical sector, and biopharmaceutical sector growing very, very fast in India with a lot of focus on that. And a lot of focus of the biopharmaceutical companies to source Make in India products and buy local. I think it's a great opportunity for companies like us to be able to take advantage of that and build revenues in India through this sector.

Aditya: Understood sir. And now sir, we had made the announcement of this INR600 crores capex in '21-'22, we are commercializing the same in '26 now. So it has taken some time to commercialize this capex, but do you think the triggers or the conditions which made us decide to go for such capex, are they still present or you think there are certain challenges now or the conditions are a little different now either in the domestic or export markets, which would make the utilization of this capex a little harder than we had estimated previously?

Aryan Sehgal: Definitely, I think the markets got more competitive post the COVID era. So various product lines in which we expanded capacities. So, I think sweating those capacities will take us longer than what we had projected. But if at all, relatively, we are in the best position as compared to anybody in the industry, specifically in India.

And our business development activities are quite strong and being able to figure out ways and how we can sweat capacities for capacity expansion-related products, what we've done capex on. But products like cell culture and bioprocess or products we never had. And these products, when we start off as a player without any market share in the large Indian market and much, much larger international market. I do not see a lot of challenge in being able to gain. The kind of capacities we are building, even if we sell to capacity, we would still be a fringe player in the international arena for cell culture or bioprocess consumers.

Aditya: Understood. And sir, on this competition part, so you have mentioned that there have been increased capacities. So, these increased capacities have been from just the existing players or some new players have also come in, which is affecting the pricing?

Aryan Sehgal: No, it's more or less existing players. Actually, what's happened is COVID presented an inflated artificial demand period for about 24 to 30 months. And that led to a lot of companies building and spending a lot of capex on expanded capacities. We did that as well, but 70% of our capex was used to build newer products or in land and building.

And only about 25%, 30% of our capex was built in expanding capacity. So, I think there was a lot of expanded capacity, and then people have large fixed cost burden. And when that happens, people start going to new lows in pricing to be able to sweat their capacity. So that's basically what's happening.

Aditya: Understood, sir. And sir, now with the U.S. FTA also done -- almost done, and EU-India FTA also happening. So just wanted to understand these expanded capacities, would you say there are higher chances of these capacities getting utilized faster? Just some sense if you could provide -- because I believe some of the domestic players had a good amount of exports. So, if you just help us understand how would this FTA affect the domestic competition?

Aryan Sehgal: So, see, the FTA will not affect the domestic competition in any way, but I think the FTA will benefit us in our international business. The India-EU FTA is always welcome, because it makes our products more competitive, but the degree and the delta is small. We as it is were paying 6%. Our importers who are buying from us in Europe were paying 6% taxes, which will come down to 0 at a time when the FTA would be executed.

But the U.S., if executed perfectly, and if the executive order is signed, it could be a big benefit because 50% coming down to 18% gives us a new lease of life and would definitely help expand our business in America. So, I believe the India-U.S. FTA is a big one. But the India-EU FTA for us is also you know had added advantage from 6% to going to no duties.

Aditya: Understood. And sir, on the EU FTA, so I believe our presence in EU was limited, if I exclude the Nerbe business. So, if you have to understand now going forward, how are you seeing the EU business for us? So, would you keep on expanding the Nerbe business only or you would try to do more white labelling over there, if the EU FTA happens?

Aryan Sehgal: No. We will go with both kinds of business. See, the advantage of the American business is that there are very few strong family-run businesses in the U.S. It's large multinationals, and that always presents an opportunity for high-quality, well-priced products to make its way through.

In EU, you have 4 to 5 very strong family-owned businesses, large family-owned businesses in the EU. And I always believe that the European Union is more local-focused product and that was the reason for the acquisition as well, where they believe in their local grown products more than imported products. In the U.S., it's more like a global economy where they accept products. The acceptance is much stronger from all over the world.

Aditya: Understood, sir. And now sir, if I see Nerbe this quarter, we have -- Hello, am I audible?

Aryan Sehgal: Yes, you are.

Aditya: Yeah. So, for Nerbe, we have seen a 22% increase in sales this quarter. So just wanted to understand how much is because of volume growth and how much is due to rupee depreciation?

Aryan Sehgal: It's mostly due to the rupee depreciation because the Euro has shot up against the rupee. I think Nerbe overall has been just a marginal growth from last year. It's a very challenging economy. 2025 calendar year was a very challenging time for the European economy, especially the German economy. And Nerbe at this point of time is doing well, holding up in Europe. And I think addition of newer products from our facilities, especially in cell culture and geographical expansion within EU would be the key factors to monitor to see Nerbe's growth moving forward.

Aditya: Understood. But if I have to understand the scale up in Nerbe, so it has been almost 1 or 2 years now since you have acquired Nerbe. We have been seeing that we are investing in that business, adding more sales personnel over there, increasing our brand presence over there. But the scale up -- the revenue is pretty flattish now?

So just wanted to understand how long do you think this kind of flattish growth would continue for Nerbe, because I understand the European markets are little weak, but we are a miniscule player, if I look at the overall scheme of things. So just wanted to get a sense, how long do you think the investments need to -- need to happen in Nerbe? And how much time it will take for us to scale up?

Aryan Sehgal: So, since we've acquired Nerbe, we've not made any significant investment into Nerbe post the acquisition. It's been status quo since we've acquired Nerbe. The reason for that being that we are focusing on executing two of our largest facilities, and INR 600 crores of capex takes precedence over the company which we've acquired, because as you rightly said, it's a miniscule size, small in size.

So, I think once we establish and stabilize the products what we are building, we will try and look at geographical expansion. And what Nerbe does so very well in Germany, where 70%, 80% of the revenues come out of the EUR 8.5 million revenue. We try and replicate that model in certain other key geographies in Europe, and that's how the scale-up would happen along with introduction of new products.

Aditya: Understood. Just last one question from my side. So, there has been an increase in other income from INR 1 crores to INR 8 crores this quarter. So, what is the reason for the same?

Santosh Agarwal: So, the other income has been increased because of high forex income. There some forex income has been booked, because of the fact that lot of capex are there, for which we have given advance at much lower Euro rate, right? And now those machines has arrived at much higher euro rate, right? So that is the reason why the high forex income has been booked in this quarter.

Moderator: Our next question comes from the line of Rushabh Shah from Buglerock PMS.

Rushabh Shah: So, the new capacity which we've put up, that for cell product culture and for biopharma, these products would be commanding a higher margin than our legacy products or will be in the same margin category?

Aryan Sehgal: Material margin-wise, it would be similar to what we currently work at. We work at about 68% to 70% gross margin across product lines, with the exception of a few which could be lower, and the exception of a few which could be higher. But EBITDA-wise, it would all depend on how we scale up over the next 2 to 3 years. So, material margin-wise, it should be similar.

Rushabh Shah: Okay. This will be similar. The next question is, as we see that in working capital, much of our money gets stuck in the inventory. So just wanted to know how we manage our inventory in terms of life cycle of products, since we have 2,000-plus SKUs?

Santosh Agarwal: Currently we have -- on sales, we have a working capital cycle of 125 days, right, of last 9 months. And it includes raw materials of INR 41 crores. It includes WIP of INR 5 crores. It includes finished goods of INR 39 crores. It includes stock and trade of INR 7 crores. It includes packing material of INR 13 crores.

So, when we are running the venture of more than 2,500 SKUs, then we have to keep the inventory in hand in all these kind of segments, raw material, work-in-progress, finished goods, stock and trade, traded goods, packing material and consumables, right? And on the top of that, we are also launching the new products. So, to send the samples to the customer for the validation, we have to keep minimum batch inventory also, right? So, we believe that this inventory can be optimized once the company will scale up its revenue going forward.

Rushabh Shah: Okay. And sir, during IPO time and years after that, we have always in our commentary have mentioned that we need to focus more on the exports, since we have seen significant growth in the export market. So, I just wanted to know what would be our strategy to fight against the global peers, since they have deeper pockets and greater number of SKUs than Tarsons? What could be your strategy to fight against the global players?

Aryan Sehgal: Quality, that has been the same. The global players through acquisition have always larger product portfolios and larger product baskets than smaller players like us, but we are focused on the product lines what we produce. And most customers and most distributors are willing to work with the focused companies, which are not all over the place and focus on certain product lines and do a few things and do that really very well and that's what Tarsons is all about.

We never pivoted out of plastic labware. Understood plastic labware and the industry very, very well, and did that to the best of our ability. And in terms of quality, we have one of the best names globally. We are a very well-respected player globally. I think internationally, more than fighting the global players, I think the international uncertainty and the geopolitics is something which is out of our control. But if that pans out well, I think it's a very, very bright future for Tarsons in U.S., Europe and some of the other developed economies.

Rushabh Shah: I was coming to my next question, like how do we engage with customers? Like how long does it take for a customer to get onboarded with Tarsons? And also, why would a customer stick with Tarsons? Is it just about the quality of the product or it is something else, is a relationship that matters?

Aryan Sehgal: No, it's the relationship as well. It's the number of years we worked together, and the reliability we provided to the customer. And you don't engage customers and get business sometimes immediately. So, there's no timeline or a defined protocol that if I approach a customer or if I meet a potential customer in an exhibition in 3 weeks or 4 weeks or 2 months, it will be converted to business.

Sometimes you make some connects and when the opportunity arises, sometimes there's an inflection point, and then suddenly it turns into business, so. Our focus always is to grow our wallet share with existing customers, because that's immediate, whenever the opportunity comes, and then keep soliciting new customers as we need them in conferences and exhibitions as well as through our marketing strategies. And as and when the time is right, we keep building up and growing our base.

Rushabh Shah: And sir, when we go for a customer and he's like already using products of, let's say, the global players like corning or Thermo Fisher, any reasons that he would switch to Tarsons? Is it like what -- because in terms of quality, these global players would be as good as, let's say, as us. So, what would be those things that would make a customer switch to Tarsons product?

Aryan Sehfal: No. See, you always have to identify a gap in the portfolio. You have to build a relationship with the customer and identify a pain point, and then work on that pain point and then move your way up with the customer.

Rushabh Shah: Okay. And sir, like what are the customers' top 3 key purchasing criteria? Can you rank the criteria in the order of importance?

Aryan Sehgal: No, I think it's too much of sensitive marketing information and business development information. So, we won't be able to discuss what makes the customer buy our product and why he chooses our product.

Moderator: Our next question comes from the line of Ajinkya Jhadav from KRIIS Portfolio PMS.

Ajinkya Jhadav: My first question is regarding that you mentioned that competition in the domestic market has been due to the aggressive pricing from our peers. So, like I wanted to understand what initiatives we are taking to tackle this competition? And how much time it will take to you can say absorb for the market to this excess capacity that has been there in the industry post-COVID?

Aryan Sehgal: To the second question, I do not still have an answer because prices are at an all-time low because of capacities, right? There are sufficient players with sufficient capacities. And hence, at this point of time, it's a buyer's market by far and nowhere close to being a seller's market. So, I would not know when that capacity would play out, and when the market would grow significantly big enough where there won't be enough capacities, because whenever the next turn comes.

I think people will be more wise, including ourselves, to what we all did in COVID in 2021, '22. And regarding your first question on the price competitiveness and how do we tackle it, I think by innovating and innovating our processes and systems and getting more lean, getting better, trying to be able to take out margins from our operations and from our manufacturing rather than from the customer and being able to innovate and be able to add more value-added products, because there's always a cycle, right?

What we sold at very high margins in the 2000s, maybe 20 years back today is highly commoditized. And the company has survived because the company has launched better value-added products. So, our R&D teams and our product development teams continuously building more and more products so that we can add more better margin products so that we can balance out products which are getting highly commoditized.

Ajinkya Jhadav: Okay. And regarding the new products that will be produced from our new facilities. So how much time it will take for us to get qualified with the big companies or MNCs that you mentioned? It will take a lot of time. So, if you can roughly quantify how much time it will take?

Aryan Sehgal: See, it depends on the sensitivity of various companies and the projects in which they're using. We would start selling immediately once we launch the products within the first month. And then the scale-up will happen over 2 to 3 years where we expect to reach close to optimal levels of capacity. So, I would believe from 0 to 100, we would get to the installed capacity maybe in -- within 3 to 4 years at even levels, maybe 15%, 20% capacity going in the first year, 30%, 35% by year 2 and so on.

Ajinkya Jhadav: Got it. And in the domestic market, due to this budgetary support, can we say that we will see a steeper growth in government-based institutes -- medical institutes due to this budgetary push, like how we are evaluating this?

Aryan Sehgal: See, the problem with the domestic business in India is that now it is controlled by GeM, which is called the Government e-Marketplace. And unfortunately, this is not the most organized way of purchase because vendors and suppliers with products which do not fit the needs of the customers. Customers are forced to buy from them because of the systems and because of the L1 process.

So, I think the government business has taken a big setback over the last 3 to 4 years since GeM is getting more and more stronger each and every year. So, unless the system of procuring for the government does not change or they do not add more transparency so that it's customized to what the buyer needs or what the research and the research institute needs, I don't see the standard laboratory consumable business growing or becoming a significant business for any of the top players in the country, in the laboratory business.

Ajinkya Jhadav: Got it. And then last question from my end is post this India-EU FTA, and U.S. tariff reduction, so can we say that international markets will be the growth driver for us than the domestic, given the benefit due to this tariff reduction or like how you are strategizing these businesses?

Aryan Sehgal: For now, yes, because we are building products where India is still a nascent user of those products, and the world is a more mature user of those products and India accounts for 2.5%, 3% of the world market. And the rest of the world accounts 97% of the market. And we've been in the international market now. We are old enough player. We've been in the market for 17 to 18 years outside India.

So, the statistics say that it's natural for us to grow much faster internationally than grow in India, but we'll see how the external political environment all over the world plays up and what sort of stability the world continues to have over the next 3 to 4 years. I think that would be a very important factor, more external than internal, where we'll have to watch out.

Ajinkya Jhadav: So, this investment -- like equity infusion in the Singapore subsidiary, is that the step taken that direction to increase our sales in South Asian -- Southeast Asian markets, particularly along with the U.S. and Europe?

Santosh Agarwal: Not really. This investment of equity in Singapore is not related to any kind of expansion. This investment of equity is basically related to the loan which we have taken in Singapore entity for the acquisition of German entity. We need to serve the EMI obligations and the loan obligation from India. That is the reason we are giving this kind of equity infusion in Singapore, rather than doing the multiple rounds of loan.

Moderator: Our next question comes from the line of Abhish from Vaikar.

Abhish: Aryan, a couple of industry-level questions. As we see more and more diagnostic labs getting into automation and, let's say, the manual intervention becoming less and less, what kind of products do you think incrementally are losing relevance, the products that may or may not be in your portfolio?

Aryan Sehgal: No, I think liquid transfer vessels are what we make, which are manual liquid transfer vessels like pipette tips. And as labs are getting more and more automated, there are automation systems and there are automation compatible pipette tips. We do not produce the same today because India, again, is a very nascent market.

The capex for such product lines is large. And it's not prudent at this time for a company like us to invest $10 million or $15 million on a product line, which is just about gaining certain momentum in areas where we never sold product in the past. And the global market is very, very large for certain products like this, but it's heavily OEM dominated.

So, the large machine manufacturers sign agreements where they must buy the consumable from the equipment manufacturer as well. So, it's not an area where we are focusing on at this point of time, because we don't see much growth or much momentum for us as a company. But having said that, if there is any offset of the manual consumables, what we produce, there is enough growth from newer areas to offset that loss.

Abhish: And these newer areas will be the cell culture, I mean, the new plant that you're putting in?

Aryan Sehgal: I mean, like-for-like, there's enough new areas for the manual consumables to find its way into customer hands to offset any loss, if at all.

Abhish: All right. Is pipettes or pipette tips a large part of your existing revenue?

Aryan Sehgal: Pipettes is something which we are developing and growing in, and pipettes tips is also an important part of our revenue, I would say it that way.

Abhish: Okay. My second question is on -- I mean, the new business that you are targeting, the cell culture business. I just wanted to understand this better. Let's say, the scientists or the QC guys who are doing cell cultures in the labs, are they prone to be stickier to the labware that they are using, just because the value of the test is higher, and they don't want obviously anything to go wrong with it? So is the stickiness to the existing labware higher in this business as compared to, let's say, the business that you are currently present in? Is that a fair thing to say?

Aryan Sehgal: Much higher, much, much higher. But the advantage what we have over other companies, which try and get into cell cultures, we've spent 30 years selling them basic products. Compared to cell culture, you can call the products what we make basic or standardized or commoditized products, and build a level of trust around this user base.

So, the user base which uses cell culture, it's not only cell culture what they use. They still need standardized products what they buy from us. So that 30 years or 40 years of brand building, relationship, comfort and trust on Tarsons, gives us an edge when we launch cell culture, because we moved organically step by step, right? So, we find a lot of companies which have eliminated the base level and come straight into cell culture. So, you have no history, right, with the users. So that becomes a challenge.

Abhish: Yes. So, as I understand, it's basically cross-selling to the same customers, who you already have a relationship with?

Aryan Sehgal: We already have a relationship with. But having said that, the customer is still very, very sticky. Specifically in research organizations funded by the government, because it's not private, and there is no balance sheet or P&L responsibility, right? There is, but not as much as a private company.

Abhish: Yes. When you talk to these customers, I mean, do they give you some comfort that they would switch whenever your plant gets operational or they would say that, okay, first, I mean, we'll see when it happens?

Aryan Sehgal: The time when it comes to make an intent, that's when it's real, right? Because to be honest, people can say a lot and give you a lot of comforting statements when they don't have to make a decision. But when the time comes to make a decision, I think that's when it's real. So, there are a lot of factors.

Of course, the user and the user's comfort and the user's preference is a primary factor. But apart from that, the organization's relationship with the vendor, with the supplier, which could have spread over a few decades because India has never had a cell culture producer, right? It's always been an international company. That plays into their advantage. But having said that, competitive landscapes, cutting budgets on research all over the world, including India as well as the depreciating rupee play into our advantage.

Moderator: Our next question comes from the line of Nikhil from SIMPL.

Nikhil: Just continuing with the previous participant's question. See, if we look at on the cell culture side, some of the global players like in Europe, Greiner and all, even they have put sterilization capacities in the last 1 or 2 years. So, if you have to understand the market, does it become very important for you to have a complete control like with the sterilization and the product quality, for someone to make a dent in the market or even like in other products where we have seen, even unorganized have come and tried to compete on price. Is it possible, or is it like you need to have a sterilization facility to actually be considered by the customer?

Aryan Sehgal: Absolutely not. You need a validated sterilization plant which is sterilizing the product as per the norms and having complete information and complete certification. So, if it's a validated certified plant, that's all that is needed. Who owns that plant, whether it's a third-party contracted sterilizer or a company-owned sterilizer, it doesn't really matter.

The reason we built a sterilization plant is because in the eastern part of India from where we operate, there is only one sterilization plant. And we felt that, that is a very large risk moving forward as most of our products are going to be sterilized. And hence, we wanted to reduce that risk and be self-reliant, rather than wondering and getting stuck after putting in INR 500 crores, INR 600 crores of capex by not having enough sterilization or not having enough certified sterilization.

And on Greiner's answer, Greiner expanded into more sterilization plants, and they've been having sterilization plants for the last decades, maybe 15, 20 years. Greiner is into the business of sterilization as well. So, it's a Greiner Group of companies, and sterilization is one of those businesses. So, they have multiple sterilization plants, which customers in Europe can use as a contract sterilization. So, they make a lot of money out of sterilization. Sterilization is not only captive consumption for them.

Nikhil: Okay. So, for us, if we have to understand on the cell culture side, with this risk being reduced and you also talked about currency depreciation and there are no other plants?

Aryan Sehgal: Cannot hear you.

Nikhil: Hello. Am I audible now?

Aryan Sehgal: Now you're audible.

Nikhil: Yes. So, what I'm trying to understand is that in cell culture, as you said, we are one of the only players who has put in a capacity, and most of the others are like importing. With the currency depreciation, what kind of a price differential today we would be having versus, say, 1 year back? And this would also be true for the non-cell culture or the diagnostic products? So, if you can just give a sense of how this currency depreciation would have made us more competitive versus our MNC players who are importing?

Aryan Sehgal: No, I don't have a table to have a price difference between what the MNC offers and what we offer at. But you know the currency. The dollar which was 2 years back hovering around INR 80 now hovers at INR 90. So, it's like a 12%, 12.5% depreciation from INR 80 to INR 90.

Nikhil: Okay. But parallelly on the unorganized or the smaller players, though they have put in capacity, what we also see is that most of the resin and the quality of product which we are trying to provide, we have to import those. Considering that they already have smaller volumes, if they have to provide a similar quality and compete with us on price, will they be able to sustain the business? Or are they cutting on quality and trying to compete?

Aryan Sehgal: See, people are sustaining on business because I believe that our balance sheet is very, very robust. And I think if you look at balance sheets of other local producers in India who produce or who own a manufacturing business or who own a trading business, trading business is not a fair comparison because they trade, they don't produce.

But if you look at manufacturing, the balance sheet looks very, very different to what our balance sheet looks. So different companies can exist in the same industry having different kind of numbers and different kinds of margin expectations and different kinds of cash what they're generating, but there's a place for everybody.

Nikhil: No, I understand there is place for everybody. But see, in last 3 years, when we have seen such kind of a consolidation in our P&L from where we were in '22, '23 to today. And even post that, our margins have gone down some, say, from the peak of 40% to today around 30%, 31%. How would the other players be like playing? Are they playing at like 10%, 15% kind of margins?

Aryan Sehgal: There could be people playing at below, there could be people playing above as well. But just how we have survived over the last 3 years, coming from the peak to where you said we are, just that's how other people have survived. It's just a combination of expectation, right? So, somebody could run a business at 6% EBITDA, 7% EBITDA, and still be okay with it.

And still hope to stabilize his operations and be able to grow his business from there. But there is definitely room for all these players in India. And there is scope for all these players in India, because there are all kinds of customers with all kinds of price points. And I'm not saying that everybody produces the quality what we produce, but some companies in certain product lines also produce very high-quality products and do a good job.

Nikhil: Okay. Last question. See, maybe those players who are like manufacturing low quality and making like 6%, 10% margin is not the market where we would like to operate?

Aryan Sehgal: No. I don't believe that anybody makes low quality. There are certain different segments in the market and different companies produce products according to different segments. So low and high is just a relative term, right? Maybe the MNC players could consider that we make low quality, because we are lower in price. But we believe we make high quality, right? So, it's just segmented.

Moderator: Ladies and gentlemen, as there are no further questions from the management, I'd like to hand the conference over to the -- as there are no questions from the participants, I would like to hand the conference over to the management for the closing comments. Thank you, and over to you.

Aryan Sehgal: Thank you, everybody, 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 queries regarding Tarsons, please feel free to reach out to us or SGA, our Investor Relations partner. Once again, thank you for your time and your support.

Moderator: Thank you so much. Ladies and gentlemen, on behalf of Tarsons, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.