



February 3, 2026

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

Scrip code: 532531

National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (E) Mumbai - 400 051

Symbol: STAR

Dear Madam/ Sirs,

Sub: Transcript of Earnings Call pertaining to unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2025.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of earnings call for the quarter and nine months ended December 31, 2025, conducted after the meeting of Board of Directors held on Friday, January 30, 2026, for your information and records.

The said transcript is also available on the website of the Company at:

<https://www.strides.com/Upload/PDF/strides-q3FY26-transcript.pdf>

Request you to kindly take the above on record.

Thanks & regards,
For **Strides Pharma Science Limited**,

Manjula Ramamurthy
Company Secretary & Compliance Officer
ICSI Membership No. A30515

Encl: a/a



“Strides Pharma Science Limited Q3 FY'26 Earnings Conference Call”

January 30, 2026



MANAGEMENT: STRIDES PHARMA SCIENCE LIMITED

- **BADREE KOMANDUR – MD & GROUP CEO**
- **ADITYA KUMAR – EXECUTIVE DIRECTOR**
- **VIKESH KUMAR – GROUP CFO**
- INVESTOR RELATIONS CONSULTANT**
- **MR. ABHISHEK SINGHAL**



Strides Pharma Science Limited
January 30, 2026

Moderator: Ladies and gentlemen, good day and welcome to Strides Pharma Science Limited Q3FY'26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek. Thank you and over to you, sir.

Abhishek Singhal: Thank you, Palak. Very good evening and thank you for joining us today for Strides Earnings Call for the 3rd Quarter and 9-months ended Financial Year 2026.

Today we have with us Badree – Managing Director and Group CEO, Aditya – Executive Director and Vikesh Kumar – Group CFO to share the highlights of the Business and Financials for the Quarter.

I hope you have gone through our results release and the quarterly investor presentation that have been uploaded on our website as well as stock exchange website. The transcript for this call will be available in a week's time on the Company's website.

Please note that today's discussion will be forward-looking in nature and must be viewed in relation to the risks pertaining to our business. After the end of this call, in case you have any further questions, please feel free to reach out to the Investor Relations Team.

I now hand over the call to Mr. Badree for his opening comments.

Badree Komandur: Thank you, Abhishek. Good morning, good afternoon and good evening, everyone and thank you for joining us for Strides Q3 FY'26 Earnings Call.

Like the previous quarters, I will talk about the growth and the growth levers of each of those businesses we run and I will hand it over to Vikesh to cover all the financial highlights including the balance sheet metrics, cash flows and other metrics which are relevant for overall hygiene of the business.

Talking in retrospect, there are three strategic priorities which we took in the last 6 to 7 quarters. The three key priorities were profitability, geographical diversification and balance sheet strength, these are the key themes on which we run this business.

Let me go one by one and talk to you on what we have done so far and then I will talk to each and every business.

From a profitability perspective, the major focus has been to rebuild and structurally enhance profitability. We are very happy with the result. Our gross margins have touched 60% plus in this quarter. Overall gross margins have reached about 59.8% and overall, if you really see from a profitability standpoint, post the OneSource, the Company has really bounced back on all metrics relating to the gross margins, EBITDA, PAT and as well as the EPS. EPS is very strong for us. It's currently at about Rs. 41.4 and expected to do well in the near term.

As far as the geographical diversification is concerned, while the U.S. we had given a long-term outlook, the ex-U.S. markets is the important highlight of this quarter. We have been reiterating in the last call that Ex-U.S. markets which consist of two important elements, the other regulated markets and the group markets, our endeavor was to mirror those markets in the long term, in two years from now and we find that this is happening much faster than what we thought. And in the current quarter, the Ex-U.S. markets contributed 47% of the Q3 FY'26 revenues and 20% year-on-year growth in Q3 and the gap between the U.S. and the Ex-U.S. market has reduced significantly and if you really see on a quarterly basis, the gap is about Rs. 500 million. So, this marks a structural shift in the geographical engine and we are very happy that we are starting to see the results in terms of the global diversification of the entire business.

The third priority was to improve the balance sheet strength. As we speak, our debt/EBITDA is about 1.59x. We are on track to get to the targeted ratios and the overall debt, if you really see it, has reduced by about Rs. 170 crores, Rs 1,696 million on a constant currency basis and return on capital employed improved to 15.8% aided by consistent results, improved profit show as well as the better balance sheet management, cash-to-cash cycles. So, if you see the last of the three priorities in terms of profitability, geographical expansion, as well as the balance sheet strength, we are very, very pleased with the results. We will continue to focus on those as we build the company in the long run.

So, coming to the U.S. performance, let me cover the important aspects of the U.S. business as well as the overall business:

So, let me start with the overall business:

This quarter which went by had a 3.6% revenue growth, mainly because of the institutional business where growth was muted. But for that, the revenue growth has been upwards of 8.6% and almost 9% year-on-year. So, this shows that other Ex-U.S. markets have contributed significantly to the overall growth of Strides. And what excites us more is the growth of Ex-U.S. markets because we believe that there are multiple geographies and which are in different stages of evolution. And if you have seen the last few transcripts, we have been reiterating that this has been in a range of about \$40 to \$43 million in the last six quarters. And now it has broken the trend and touched upwards of \$48 million-\$50 million in the current quarter.

The gross margin crossed about 60% aided by the better business mix, because of the institutional business being scaled down. And we believe that it is a very good result from a Q3 perspective.

And as far as the EBITDA is concerned, the increase is about 12% plus year-on-year. Operational PAT grew by 38%.

So, I want to sum by saying that 3.6% increase in revenue resulted in 8% increase in gross margins plus the 12% increase in EBITDA and almost 38% increase in PAT. The multiplier effect is very, very visible in the financials. And we believe that if we maintain the same trend, we will be able to surpass the goals what we have kept for ourselves.

As far as the U.S. market is concerned, the U.S. revenue is \$70 million, largely flat compared to the same quarter previous year. The core portfolio continues to remain strong, but there are a few developments which we want to keep you informed. The seasonal sales on account of the flu, unlike the last year, did not pick up in Q3. Usually the Q3 and Q4, the seasonal sales will be very good. We saw some new players come in, a couple of key products, which also had a strong market, which we had a strong market share and a good run for the last few years. We believe that the overall business is intact.

We also discontinued 8 products that did not meet our profitability threshold for the last 9 months, and this shows our discipline towards profitability and also other key metrics with respect to the service levels and the overall hygiene.

Also, we had slower than expected quota allocations, which also contributed to the overall muted growth of U.S. business. As we continue to build on this control substances business, we are creating a steady and strong track record that will help us to gain momentum over the next few quarters. Despite this, our medium-term outlook for U.S. business remains unchanged. We continue to focus on our revenue aspirations for FY'28, supported by relaunch of several products from our dormant portfolio. Also, as we consolidate and strengthen the core, we are also accelerating investments, which we call a beyond \$400 million target, which represents our next stage of growth. The investment includes IP purchases, partnered R&D programs, and targeted investment into complex metrics such as control substances, nasal sprays, and 505(b)(2) programs.

And all this represents differentiated high-value opportunities and are essential for evolving beyond pure generics and also a need for a different skill set and expertise.

In this connection, we are also excited to have Peter Hardwick joining us as the CEO of North American Business. Peter brings in about 30 years of global pharmaceutical experience, including leading Apotex Corporation, one of the fastest-growing generic companies in the U.S. He was also serving as the Chief Commercial Officer for the global generics business of Apotex.

He has extensive experience in commercial turnarounds, portfolio shaping, pricing discipline, and building high-performance teams. His skill sets will complement our long-term strategy. At Strides, Peter will focus on driving sustainable growth, strengthening execution excellence, and building a resilient, customer-focused organization across the North American region, which is one of the most strategic, important market. When I say North America, it includes the U.S. and Canada. And as you know that we are also concentrating on the Canadian market. And we have identified that as one of the key growth markets beyond FY'28.

As far as the Ex-U.S. market is concerned, we are calling the Ex-U.S. market as the other regulated markets as well as the growth markets. And in this quarter, we delivered \$64 million of revenue, representing almost 20% year-on-year growth. And if you really see the gap between the U.S. market and the other Ex-U.S. market, it's about Rs. 500 million per quarter. And we believe that this will be the trend going forward. And in the next two years' time, we should be able to mirror those markets completely.

And as far as the ORM is concerned, the other regulated markets, which is a subsection of the Ex-U.S. markets, they grew very handsomely. They broke the trend of \$40 million to \$43 million. We recorded almost about \$48 million, 21% YoY growth. And what makes this ORM a very important market is it has got a very high-quality revenue, high entry barrier, predictable pricing and the strong B2B partnerships which should drive this market. And overall, if you really see, the gross margins are also very stable in this other regulated markets, and it creates enough stickiness and sustainability going forward.

And our growth markets, revenue has been about \$16.6 million, delivering almost about 19% year-on-year growth. We are seeing green shoots and early momentum in few markets, supported by a rising cadence of regulatory filings. The regulatory filings and execution will be the focus to grow this market.

To reiterate, the Ex-U.S. markets continues to be an important management focus in addition to the U.S. market. And we believe that we have got enough levers in place to take this business going forward.

In addition to Peter, we also have a management change. We appointed Nandini Matiyani as the Executive VP of HR. She brings over two decades of experience in driving people's strategy, leadership development and cultural transformation and workforce capability, building across global enterprise. At Strides, she will lead the global people agenda across operations around the world, reinforcing culture and strengthening capabilities and supporting the Company's mission of making high-quality, accessible health care in reality worldwide. And as you know, the people capability is very important as we grow the Company in the long run and Nandini's addition will be a great value add to Strides.



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I am also pleased to inform the ESG score. We improved the ESG score from 75 to almost 80, a 5-point increase over the last year. This reflects our continued focus on responsible growth, compliance and strong governance practice.

So, overall, it's a great quarter for us. And as we speak, we continue to focus on execution and we have a lot of work to do and we will be as busy as ever.

And with this, I will hand it over to Vikesh to cover some key highlights on finance.

Vikesh Kumar: Thank you, Badree. Very good morning, good afternoon and good evening to all of you.

As Badree mentioned in his opening remarks, we have had a very strong strategic focus on profitability and balance sheet strength over the last few quarters. And we are very delighted to report that we continue to progress quarter-on-quarter on these metrics. The growth in our Ex-US business and our profitability orientation has helped us to continue improving our gross margin and EBITDA numbers. Year-on-year, we have added Rs. 58 crores of gross margins, which has translated into a very healthy EBITDA and an equally strong PAT performance.

For the quarter, our EBITDA grew 12% year-on-year to Rs. 236 crores, which is also our highest ever quarterly EBITDA. Our EBITDA margins are at 19.8% for the quarter, which is an expansion of 160 basis points year-on-year.

For the 9-month period, our EBITDA is at Rs. 686 crores, which is a healthy growth of 17% with an EBITDA margin of 19.4%. We have improved our EBITDA margins by 180 basis points from FY'25. We had ended FY'25 at 17.6%, which reinforces our focus on driving profitability and sustainability across both our US and Ex-US markets.

Our balance sheet strength is also reflected in our EBITDA to PAT conversion. It is now at 54%. We are reporting an operational PAT of Rs. 128 crores with an operational PAT margin of 10.7%. It's a 39% growth year-on-year. With this growth, our operational EPS is at Rs. 13.9 per share for the quarter. For the 9-month period, our operational PAT has grown even more healthily. It has grown 65% to Rs. 382 crores with an operational EPS of Rs. 41.5 per share. It's very pleasing to report that we have already exceeded our full year FY'25 operational PAT of Rs. 345 crores. So, last year, we reported an operational PAT of Rs. 345 crores and we have exceeded that in the first nine months of this year and we have got a quarter to go.

During this quarter, we also executed the sale of an investment property, which resulted in an Rs. 83 crore gain for the quarter. Consequently, our reported PAT for the quarter is at Rs. 208 crores. It's the first time we are crossing the 200 crore mark and our reported EPS for the quarter is at Rs. 21.9. Our reported PAT for the 9-month period is at Rs. 445 crores, which is a 39% growth year-on-year with a reported EPS of Rs. 46.6.



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Our cash to cash cycle is stable at 124 days and we, as Badree mentioned earlier, we have improved our ROCE to 15.8%. This is on a trailing 12-month basis. We have seen an increase in the cash-to-cash cycle on a quarter-on-quarter basis. This is largely due to the business mix and reflects the significant growth we have had in our Ex-US business, which traditionally has a longer working capital cycle as compared to institutional business, which is extremely lean on working capital, though it is a low margin business. So, that led to a slight increase in our inventory and receivable days. So, after funding for this increase in working capital, we have delivered an operational cash of Rs. 484 crores for the 9-month period, which is approximately 70% EBITDA to operating cash.

Our net debt has got impacted on account of our restatement to the borrowings due to the current exchange rates, the depreciation in the exchange rates. On a constant currency basis, we have reduced our net debt by Rs. 169 crores in this 9-months. We have also invested Rs. 284 crores in CAPEX in both tangible and intangible assets. In addition to the maintenance CAPEX, we have also made investments for growth and we have acquired certain targeted global product rights, which will drive our growth in the near future in both the US and the Ex-US markets. Taking into account the negative impact of currency on our net debt, which was of about Rs. 83 crores, our net debt stands at Rs. 1,436 crores. And despite this impact, we have improved our trailing 12 months EBITDA to net debt ratio to 1.59x. We had ended at 1.9x in FY'25.

Overall operating expenses for the quarter are at 41.5% of sales. In absolute terms, there is a slight increase in cost, but that is largely on account of exchange rates. The cost structure has remained well within range and it continues to support our margin expansion.

As you are all aware, there was a new labor code that got implemented during this quarter and we have evaluated the impact of this code on our financials. And we are very pleased to report that we have not had a financial impact on our financial statements on account of the new labor code. We have historically followed a very simplified compensation structure and that philosophy we are now seeing it aligning to the requisites of the new labor code.

Our net finance costs for the quarter are in line at Rs. 39.7 crores and for the 9-month period, the net finance cost is at Rs. 101 crores. Effective tax rate for the quarter is at 15% and we expect it to be in the range of 15% to 18% for the year.

Overall, it's been yet another exceptional quarter with a very comprehensive operational performance, structurally resilient business and with improving profitability and we continue to focus on balance sheet discipline. Our focus remains on building sustainable growth.

Thank you and we are happy to take any questions that you have.

Abhishek Singhal: Palak, can we open the Q&A, please?

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Anand from Soar Wealth. Please go ahead.

Anand: Hello. Good evening, sir. Sir, what is the contribution of the eight products that are discontinued?

Badree Komandur: Yes, so it will be from an overall perspective, it is not very a material number from an yearly standpoint, it is not a very material number from that.

Anand: So, given this backdrop, just wanted to check what is the reason for lower or degrowth in US business on quarter-on-quarter basis or year-on-year basis?

Badree Komandur: Yes. So, as far as the US is concerned, we have said very clearly that profitability remains our focus. We do not want to compromise gross margins. And if you really see the entire pipeline, we have got 60 plus products, which we said we will launch over a period of last three years and few products have already been launched. And we are on course to get there in '28. And we are working on a number of things and we are invested ahead. And we believe the growth will start reflecting in the coming quarters. And this quarter was mainly because of the flu season. From a flu season perspective, it came in the, maybe the last few days of December. We will have to watch out. Usually, it will be a good Q3 and Q4. It was delayed this time. And that is the reason you are seeing the muted growth plus the discontinuation of the six products. We believe that, even after this, we will be able to have a market-leading position in 37 out of 68 products. And overall, if you really see from our standpoint, while the growth can be muted at this point of time, but the overall strategy is intact from a long-term perspective.

Anand: Sir, another question. What is the sustainable gross margin? And increasing gross margin is due to rupee depreciation also. So, any thoughts on that?

Badree Komandur: See, as far as the gross margin is concerned, while this quarter has been 61% because of the business mix, and also the institutional business being lower than the overall revenue, we believe that it can be between a 58% to 60% range. Don't hold us on for each and every quarter. Our endeavor is to reach the higher end of the range always.

Anand: Okay, understood. Sir, with respect to debt, what is our debt in dollar terms and the increase in the debt due to rupee depreciation? Will it not be routed through P&L in the March quarter?

Vikesh Kumar: So, I will take that question. So, as far as the debt restatements are concerned, they are already reflected in the P&L. Some of the long-term loans, they don't get routed through the P&L and they are directly reinstated on the balance sheet. So, as far as the P&L is concerned, it is a fair reflection of the position where we are today and factors in for the currency rates on the debt as we stand as of 31st of December.

Anand: So, what is this amount, sir, and on which line item it is added?

Vikesh Kumar: So, the loans are reinstated on every single line item and the debt number that we are talking about at Rs. 1,436 crores is reinstated line by line at the current currency rates because we have loans across different currencies and those get reinstated and that is what is reflected in this net debt number. What we are saying is because the currency depreciated much faster than the average rate for the year, there is an impact that has happened to the debt and therefore, on a constant currency basis, there is a debt reduction that you see.

Anand: Understood, sir. So, my question is, if it is charged to the P&L, whether net finance cost has gone up because of that or where it is getting impacted in the P&L is my question, sir?

Vikesh Kumar: So, anything that is relating to working capital is already part of the EBITDA. Okay? And anything that is pertaining to long-term loans does not flow through the P&L because those loans are in overseas entities and it goes directly to **CPA**.

Anand: Okay. So, out of Rs. 83 crore of currency impact, what is the impact which has been reported in the P&L, sir? I am not able to understand it properly, sir. That is the reason I am reiterating, asking it again.

Vikesh Kumar: See, it is going to be difficult to segregate between what is the impact to the P&L versus what is not in the P&L. But, what I can tell you is that the entire impact, the way it has to be in the P&L is fully reflected in the P&L at the current exchange rates. So, while like you said, there is a benefit of rupee depreciation, there is also the impact of the loan book. And on a net basis, we are still on a positive hedge, but because we have been following this philosophy of natural hedging, it has played out well for us.

Anand: And sir, what is the debt number in dollar terms? Or it consists of many currencies, so difficult to...

Vikesh Kumar: It is roughly about \$160 million.

Anand: Okay. And how much is long term out of that? Because that will not be getting routed through P&L. What would be that number, sir?

Vikesh Kumar: We have it in the presentation.

Anand: Okay. Rs. 605 crores. Understood, sir.

Anand: No, this is Rs. 659 crores.

Anand: Okay. Thank you, sir. Thanks a lot.



Moderator: Thank you, sir. The next question is from the line of Saumya, an individual investor. Please go ahead.

Saumya: Hi. Thank you for the opportunity. I have two questions. So, first one is that over the last few quarters, our overall revenue has been in the range of \$135 million to \$140 million. So, where do you expect the next leg of growth to come from?

Badree Komandur: See, as far as the overall revenue is concerned, we are given a two-year horizon view. Our endeavor is to reach about \$400 million in U.S. And we also said that the Ex-U.S., we want to mirror the U.S. markets in the two years' time. So, if you really work out on a quarter-on-quarter basis, it will be a fairly consistent growth, which is what we expect. And we are not looking at each and every quarter as it is, but you have to look at us from a two-year timeframe from that perspective. And the growth will be led by many levers, which are all part of this, as far as the U.S. is concerned, we have got a number of, number of dormant products. The control substances should pan out quite well for us in the near term. We are also investing on long-term growth. As far as the other regulated markets, as far as the growth markets are concerned, all the pivots are in place to deliver a consistent growth.

Saumya: Got it. So, next question is that, could you please explain the reason for the increase in cash-to-cash cycle and do we expect it to increase further as we focus on Ex-U.S. markets?

Badree Komandur: As far as the cash-to-cash cycle is concerned, we have said that while it follows the range, we expect it to be in the range of 120 to 125 days, depending upon how the market conditions are. And if you really see from an institutional perspective, institutional markets have got one of the lowest cash-to-cash cycles. Today, that market is very lower compared to the overall mix. And that's the reason you see an increase in the cash-to-cash cycles. And plus, because of the holidays and a few other factors, the cash-to-cash cycles are slightly one or two days high. But I think overall it will be within that 120 to 125 range.

Saumya: Got it. Thank you, sir.

Moderator: Thank you, ma'am. The next question is from the line of Krisha, an individual investor. Please go ahead.

Krishna: Hi, sir. I have a couple of questions. Firstly, regarding U.S. business, U.S. revenue has been range-bound around the low \$70 million mark for the last three quarters after achieving \$77 million in Q4 FY'25. What have been the developments in the U.S. business that could explain this? Secondly...

Badree Komandur: Let me complete this question for you. As far as the U.S. business is concerned, I clearly articulated that the season which used to play traditionally did not play through this year. Usually, we get a very good Q3 and Q4. We saw the season playing out in the last 2-3 days. And

again, it is back to normal. That's also because of the buying pattern of all the buyers. Most of the people are ready with adequate stocks in their warehouse. So, from that perspective, the seasonal thing which used to play out in Q3 and Q4 did not play out the way it used to be in the past. As far as the second thing is, we also had, in terms of the control substances, in terms of the quota approvals, you need a past track record to get more quota. There has been a slight delay there. But overall, we believe that the growth trajectory is intact and you should look at the entire U.S. business from a long-term perspective.

Krisha: Okay. Secondly, despite the recent \$70 million quarterly run rate, you have already mentioned that you are reiterating the \$400 million guideline in U.S. by FY'28. Could you outline the key growth drivers for the same?

Badree Komandur: As I said, it is there in the presentation itself. But for your purpose, I will reiterate for you. There are a number of dormant products which will contribute to that growth. Plus, I also talked about the control substances coming to a normalcy in the next few quarters from now. Plus, we also invested in R&D programs which will start delivering revenue in the next 12 months to 18 months.

Krisha: Okay. And lastly, we discontinued more products than we launched in 9 months. Can you share some color on the product pipeline that helps us drive growth in the future?

Badree Komandur: See, as far as our focus has been, we are focused on the profitability. Anything which is not meeting our threshold, we just discontinue it. And we have got a strong portfolio. We have got a number of dormant products and we have identified a number of products which will drive the revenue in the long run. And there is no specific therapeutic focus. It is more into generic space.

Krisha: Okay. Alright. Thank you, sir.

Badree Komandur: Thank you.

Moderator: Thank you, ma'am. The next question is from the line of Rupesh from Longevity Partners. Please go ahead.

Rupesh: Hi, Badree. Congratulations on a good set of numbers and gross margin improvement. First question, Badree, on ORM, there is a comment on the presentation slide number 10 that it is driven by B2B partnership in Australia. So, some color around how Europe is doing. You seem very confident about ORM growth. So, finally, European approvals, do you have visibility now? Can we see Europe growing every quarter for next 4-5 quarters now and the run rate?

Badree Komandur: Yes, as far as the, Rupesh, I just want to confirm to you that our long-term objective has been to mirror the U.S. markets, right? And Europe is a very high entry barrier market. And we have been investing in it for the last many years. And we are starting, we have onboarded many

partners. And the lead time to onboard a partner is also quite high in that business. Plus, once you onboard, the stickiness is going to be there in that market for a long time to come. It's very difficult for the partner to switch from us to somebody else. And if you really see the last 6-7 quarters trajectory, this has been in the range between \$40 million to \$43 million. And this is the first quarter we have crossed \$48 million, almost \$48 million at this point of time. And if you really see, the growth is going to be seen across the markets in the ORM and we believe that we have got enough pivots in place to grow in the long run.

Rupesh:

That's good to know, Badree. I think a lot has been asked on U.S., Badree, but two questions there. Control substances, when do we see, when do you expect to get our allocations, whatever you are expecting? And the second question now is to get to \$400 million in FY'28, we will pretty much need \$100 million a quarter. We are at \$70 million. And there are five quarters from now till there. So, I don't know. I mean, control substances will be \$5 million-\$6 million?

Badree Komandur:

Just to get you this, control substances. We said that we have been reiterating from the last 2-3 quarters. Also, it depends on the quota. I think it will get sorted out because we need one full year of operation to demonstrate our ability to manufacture and also get more quota. I think that one cycle has to be finished. We are going to finish that cycle in the next 3 months, one full year of control substances. I think the next year should be fairly better. As far as the \$400 million is concerned, we talked about FY'28. There are nine quarters which are left. And as I said that we have also invested in some R&D programs. Also, we have global rights for certain IPs which is going to lead us to get to that revenue beyond 12 months to 18 months.

Rupesh:

So, Badree, FY'28 starts five quarters from now, right? I mean, you need to start at 95 and maybe end at 115. I don't know how the phasing is.

Badree Komandur:

All I want to say is that we are working towards it. Just because you had 1 or 2 quarters of slightly muted doesn't mean that the future growth engines are not intact, right? So, we are working towards it. And if you really see the company is working on a number of things to get to that. And our endeavor is to reach that in the long run.

Rupesh:

How many product launches maybe you have visibility over the next five quarters? Let's say \$10 million plus, I mean, significant product launches?

Badree Komandur:

We don't want to comment on any specific product to product because we have never commented in the past and the market dynamics are changing every day. Suddenly, when a product goes into some disruption, suddenly a \$3 million product can become a \$10 million product. And \$10 million product can become a \$3 million product also, right? So, from our perspective, the way I look at it is that we have a lot of ANDAs to be launched and we will have a structured launch. We are not going to compromise profitability. We will be able to get there. And what is more important for you is the diversification. Don't focus on any specific geography. The Ex-US is something 20% growth is something nobody saw it till now, right? So, from that perspective, I

think, overall, in a two years' time frame, we should have much better economics across the board.

Rupesh: Just one quick clarification. So, just because this Rs. 83 crore currency impact, this is just an accounting entry, right? Because we earn in whatever US dollar, euro and the debt is in US dollar and euro, so this is just an accounting entry or a restatement?

Vikesh Kumar: This is a restatement.

Rupesh: Okay. Thank you.

Moderator: Thank you, sir. The next question is from the line of Nirmam Mehta from Unique PMS. Please go ahead.

Nirmam Mehta: Thank you for the opportunity. Coming again to the US market, so you mentioned some competition in the newer launches. So, do you see some heightened competition or is it usual? And are you concerned? And is it across the portfolio also or is it only for the new launches?

Badree Komandur: As far as the competition is concerned, you and me cannot predict anything, honestly. If you ask me, the competition will always be there. We have to respond to the competition at all points of time, right? There can never be a situation there will be no competition, right? It is not specific to launches, specific to anything. It is across the board, right? And if you really see the last 6 quarters, 8 quarters, we have grown quite well. In the last 2 years, we have grown extremely well. Just because we have got a one quarter of \$70 million and all of this, it doesn't mean that we do not have the focus from a long-term perspective. I think the competition is there and we are seeing competition. It is not across the board. It can be in select molecules. And we are working towards how to launch many products as we go along. And the US portfolio has to always be balanced by the launches, as well as which will cover up for all the erosions from the competition. And you have to look at it from next 2 to 3 years perspective.

Nirmam Mehta: Understood, sir. And, sir, on the other regulated markets, as you mentioned, we have seen a good growth. We have seen that range, coming out of that range. So, what have we done right and what is going well for us in those markets?

Badree Komandur: See, what we have done right is our investment in the last two years. If you really see the market, we have spent a lot of time building those markets. We have made it extremely sticky and our regulatory strategy has played out. Portfolio maximization is playing out there in those markets. We have on boarded very good partners. And conversion of the partners to the actual revenue has taken quite a bit of time. And now we are in that revenue stage. So, hopefully, from now on, things should pick up.

Nirmam Mehta: Sure, sir. Thank you. All the best.

Moderator: Thank you, sir. The next question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal: Thank you. Congratulations, team for another solid set of numbers. Badree, on the ORM plus growth markets, the target that we talked about, I mean, US, we are talking about a \$400 million number by F'28. When does this segment start to hit around that number in your assessment?

Badree Komandur: From our perspective, see, the mirroring has already started, Nitin. From a '28 perspective, my view is that it will be closer to that. I don't know the exact quarter or anything at this point of time. We have to keep working as we go along for the next 2 to 3 quarters. Maybe much clarity will come by the end of FY'27. And please watch us very patiently till about next 3 to 4 quarters. Our intention is to get a very diversified company. And if you see the gap between the non-US and the Ex-US and the US, it's come down to almost about Rs. 50 crore, the difference in the revenue for the quarter. So, maybe about next 5 quarters, we will get a solid clarity. And in the next 9 months, we should be able to do that. It's my belief at this point of time. And of course, each market has reached a reasonable size. Of course, the pressure will be there also in terms of once it reaches a good size, the pressure on growth will always be there. I think it will take about two years, I think.

Nitin Agarwal: And secondly, in these markets, are we entering, looking to enter any new markets or largely it's going to be about just growth in the current sort of, I mean, expansion of the portfolio in the current geographies that you are present in?

Badree Komandur: Yes, so it is more about the expansion of the portfolio. We are not entering any new markets. There are definitely a lot of new partners, new customers there. What I can say is broadly the regulatory pathway is very clear. The products are clear. The path is clear. So, that's what gives us the confidence to grow in the near future.

Nitin Agarwal: And lastly, Vikesh, also, we have had a pretty decent performance on our overheads over the last few quarters, which has given us a lot of opt-in leverage. I mean, does the business still have opportunity left for spreading out more on the costs, on the overheads?

Vikesh Kumar: I think, I mean, we have been, it has been in this range and we expect it to continue in this range. We still have under-recoveries in our facilities. And as we reduce, keep reducing those under-recoveries, we will continue to see the operating leverage play out.

Nitin Agarwal: And Vikesh, what sort of tax rate should we look forward to for the next couple of years?

Vikesh Kumar: 15% to 18%. Maybe a couple of years is 15% to 20%. You know, when you take it to a couple of years, I think a 15% to 20% range is a fair number.

Nitin Agarwal: And on the CAPEX, how should we think about CAPEX for the business?

Vikesh Kumar: I mean, like we said last quarter as well, from a maintenance CAPEX standpoint, we are on track in the 100 crore to 125 crore kind of a range. The rest of the numbers are more, kind of opportunistic. And, we saw opportunities there. And these are global rights for both US and ex-US markets. And that is the reason we made some targeted purchases. But those would, we would not put a number to it. Those we will look at opportunities and then see what works best for us.

Nitin Agarwal: Thank you so much. Best of luck.

Moderator: Thank you, sir. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Good evening, sir, and thanks for giving the opportunity. So, just one clarification which I needed was, so if I look at your 9M FY'25 to FY'26, your gross margins in absolute amount has increased by around Rs. 200 odd crore. But EBITDA has increased by around Rs. 100 crores. So, we were under the impression that the OpEx is more or less not going to increase. So, what has caused this 200 crore to reduce to 100 crore by the time it reaches EBITDA?

Vikesh Kumar: See, when you look at it quarter-on-quarter, the increase in OpEx is not significant. It is a marginal increase that you see in OpEx. Plus the ex-US markets, we have our own front ends and there are certain costs to it. But at the end, what we look at is from an EBITDA standpoint, it has to be, it has to be accretive. And the gross margin, so if there is a superior gross margin and there are costs attached to it, but from an EBITDA, overall EBITDA standpoint and from a PAT standpoint, it is accretive, then we go for it. So, the idea is that EBITDA margin expansion is the focus. And if that means that, we need to take certain, certain products with higher gross margin and therefore spend some higher costs, across the line items you see those variability. But at the end, from a, from an EBITDA standpoint, we have been targeting our desired outcomes.

Sarvesh Gupta: Okay. And on the ORM side, so we have seen like a good quarter this time. But do you think that the growth with respect to ORM is now going to be consistently being there? Are there drivers in place and execution in place now that we can see consistent growth from here on? Or is it going to be start-stop kind of a play, if you can throw some more?

Badree Komandur: As far as the ORM, Ex-US markets is concerned, I clearly reiterated that. We have got a regulatory pathway in place. We have got products, we have got strategies, we have got markets, we have got customers, right? So, from our perspective, the build phase is already over, as far as the Ex-US market is concerned. And you know that this is the market which has been trailing for almost about, between the range of \$40 to \$43 million for many quarters, right? So, from that perspective, I think we believe that, we have got enough engines in place to grow this market and our long-term vision is to mirror those markets. And you should not look at us on a quarter-

on-quarter basis. You look at us over a period of 9 quarters. I think we should be close to the US market.

Sarvesh Gupta: And any advantages that you see because of this India-EU FTA accruing to you in terms of either margins or in terms of higher revenue opportunities from here on?

Badree Komandur: As far as this current thing, while it is early days, our initial view is that, generics will not get any benefit from this deal.

Sarvesh Gupta: Okay. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Chirag Shah from White Pine Investment Management. Please go ahead.

Chirag Shah: Thanks for this opportunity. Just one question. Can you just comment on the pricing trend for our finished product as well as raw material? And any specific therapy that you would like to call out?

Badree Komandur: See, we don't want to give any product-wise details. But overall, if you really see, the price erosions are part of the generics business. So, some prices will go up, some prices will come down. But overall, it's a portfolio. I think the price erosions will always be compensated by the better COGS improvement. And that's what is getting reflected in the gross margins going forward.

Chirag Shah: Also, sir, I was referring also from an industry perspective. So, can we make a guess that pricing pressure is behind and probably there could be some case of beneficial pricing scenario for some time?

Badree Komandur: We can't say all of this. Because it is very difficult to comment on all of these things, because it goes by the current trend that is prevailing. There is nothing called that something is over. Because it's a function of market and players, right? So, we can't say this at this point of time. But this is a part and parcel of the risk of the business, right?

Chirag Shah: And on the raw material side, are there any different trends where we are seeing more pressure versus the finished product? So, RM prices are going up and finished products are largely stable kind of scenario?

Badree Komandur: See, every company plans its supply chain, has to plan its supply chain. It has to create multiple sources, right, to manage the COGS better. And this has been going on in this industry for years. So, it's a very time-tested process.

Moderator: Thank you, sir. The next question is from the line of Omkar, an individual investor. Please go ahead.

Omkar: Thanks for giving me opportunity to ask my questions. Congratulation to entire Stride team for delivering great set of numbers consistently. And best part is ORM market has also started delivering fabulous numbers. As management has put in more effort in last 2-3 years for ORM market, I have two questions for Strides management. First question is, SMS Pharmaceutical has recently received USFDA approval for Ranitidine tablets. This approval marks re-entry for acid-reducing drug into US market after 5 years of absence. Whether Strides Pharma will be relaunching Ranitidine products in near future, as Ranitidine was the important and highest revenue generating product of Strides Pharma 5 years back, which got discontinued from March 2020 due to potential NDMA impurities?

Aditya Kumar: Omkar, This is Aditya here. As you know, we did manufacture this product and there was a class action suit issued to several players who were selling the product at that time which caused the discontinuation. At this point, the SMS Pharmaceuticals company is the only one within approved Ranitidine formulation.

Omkar: Any probability whether Strides will launch in near future? As of now, there is no probability?

Badree Komandur: You know our history, we don't disclose any product specific details of any of our products current or pipeline. We maintain that stance.

Omkar: Point noted. And last question, whether access market revenue will improve in next 1-2 quarters? What is the current order book on donor funding for access market?

Badree Komandur: Good question. This has been subdued for a period of time now. Several countries have reduced their funding to large donor institutions like the Global Fund, which has caused a significant reduction in the amount of orders from these institutions to not only us but all the other manufacturers. The period for the allocation is rolling over because they haven't fulfilled their obligations as well. However, certain countries are adding more to their contribution to do a fill up for the gaps caused by countries like the US. But that gap is very big to fill. So, while the current outlook looks muted, perhaps in the near future that should ameliorate a little bit.

Omkar: Great sir. Thanks for taking my question and all the best to Strides Management.

Badree Komandur: Thank you.

Moderator: Thank you, sir. The next question is from the line of Mehul from 40 cents. Please go ahead.

Mehul: Hello sir. Thank you so much for the opportunity. Sir, as you mentioned during one of the answers in reply to one of the questions, that there was a season delay because of the flu season in US. So, can we expect a better Q4 this time? That's my first question.

Badree Komandur: So, as far as we are concerned, don't go by the quarter-on-quarter thing. Our endeavor is to grow. And nobody can predict any season at this point of time. If definitely like last year if it plays out, we will grow. That's the way it is.

Mehul: Right. Sir, another question is you mentioned again one of the responses that it is difficult to penetrate into the European Union market, Europe market. So, what is the difference? I mean, I am very ignorant. So, I would like to know from you which will help me. Thank you.

Aditya Kumar: Mehul, Aditya here again. So, the easy misconception is to think of Europe as just one market. However, as you know, it's filled with 28 countries. A lot of time our partners require approvals across various countries to make sure that they can launch with a meaningful launch order, MOQs and all of those things. So, while you get one centralized approval, DCP approval, you get country specific approvals as well. So, timing and those countries have their own timelines. So, it's usually a function of getting the optimized timeline and then having the right critical mass to launch.

Mehul: Sir, and what can be the negative, most negative development which can happen with the Trump administration because, it's a very volatile environment right now with the US administration. So, what can be the worst which we can expect in terms of pharma, generic pharma in the US?

Badree Komandur: No specific. These are all very difficult to comment. So, all I can say is volatility can be taken as both negative as well as positive.

Mehul: Sir, can you please highlight how it can be taken as positive?

Badree Komandur: As far as we are concerned, the third of the revenue comes from our own in-US and for-US strategy. And I think we should closely watch the developments. At this point of time, the entire impact is not on generics. I only hope that things stay as it is and we go from here.

Mehul: Thank you so much, sir, and wish you very best.

Badree Komandur: Thank you.

Moderator: Thank you, sir. The next question is from the line of Sameer from Sakman Capital. Please go ahead.

Sameer: Hi, thank you. Good evening, everyone. If you can talk a bit about your nasal spray portfolio, the one that has been filed and those which are under development?



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Badree Komandur: Yes, as far as the nasal is concerned, one is already filed. So, it's undergoing a review with US FDA. There are two more products which are looking at in the next wave of filing. It is expected to get filed in the next 2 quarters, maybe by May, June. That's the time frame. We have completed all the intermittent milestones on time. In addition, we are also partnering on a few other programs. We have also identified a few other programs which are working with partners. And I think in the next two quarters, we should have filed for three.

Sameer: And when is the first approval going to come?

Badree Komandur: It depends on the US review. I think the revenue should start kicking in from 2027-2028, I think.

Sameer: Okay. So, another year or two to go.

Badree Komandur: Yes, a year or two to go.

Sameer: And how substantive can these nasal sprays be?

Badree Komandur: It's a very attractive space. But the market dynamics keep changing all the time. So, we have to figure out the go-to-market. And it varies between product to product and the channels. Closer to the approval timeline, once we cross all the technical milestones, I think we will have to figure out how it pans out. At this point of time, we don't have any specific number in hand.

Sameer: Okay, great. Thank you so much.

Moderator: Thank you, sir. Ladies and gentlemen, in the interest of time, that was the last question for today. I would now like to hand the conference over to management for closing comments.

Badree Komandur: Thank you, everyone. And I wish you a very happy weekend. Thank you.

Moderator: Thank you, sir. On behalf of Strides Pharma Science Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.