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Dear Sirs,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find transcript of our Conference Call which was held on **Monday, 16th February, 2026** to discuss the Company's Q3 FY26 earnings and business update.

Thanking you

Yours faithfully
For Ipcache Laboratories Limited

Harish P. Kamath
Corporate Counsel & Company Secretary

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“Ipcap Laboratories Limited
Q3 FY '26 Earnings Conference Call”
February 16, 2026



MANAGEMENT: **MR. AJIT KUMAR JAIN – MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER – IPCA LABORATORIES LIMITED**
MR. HARISH KAMATH – CORPORATE COUNSEL AND COMPANY SECRETARY – IPCA LABORATORIES LIMITED

MODERATOR: **MR. NITIN AGGARWAL – DAM CAPITAL ADVISORS LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to Ipcat Laboratories earnings conference call of Q3 and FY '26. hosted by DAM Capital. As a reminder, all participants' line 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitin Aggarwal from DAM Capital. Thank you, and over to you.

Nitin Aggarwal:

Thank you, Iqra. Good afternoon, everyone, and a very warm welcome to Ipcat Lab's Q3 F '26 post-earnings call hosted by DAM Capital Advisors Limited. On the call today, we have representing Ipcat Labs management, Mr. A.K. Jain, Managing Director; and Mr. Harish Kamath, Corporate Counsel and Company Secretary.

I will hand over the call to Mr. Jain to make the opening comments, and then we'll open the floor for questions. Please go ahead, sir.

Ajit Kumar Jain:

Good afternoon. Thanks, Nitin, and DAM Capital for organizing this call. Today's hearing call and discussions and answer given may include some forward-looking statements based on our current business expectations that must be viewed in conjunction with the risk that pharmaceutical business faces. Our actual future financial performance may differ from what is projected and perceived. You may use your own judgment on information given during the call.

Our domestic business for Q3 FY '26 has delivered a growth of around 12% for the quarter. MAT December '26, our rank continue to remain at 16th as per IQVIA. On both chronic and acute segments, we have outplaced the IPM. On overall, IPM has grown by around 8.9%. Ipcat has grown by around 10.6%.

On acute segment, the IPM growth was around 6.9%. Our growth is around 8.4%. On chronic segment, IPM growth was around 12%, and we have grown this business by around 15% as per IQVIA. Ipcat's market share for the quarter continue to be remaining at around 2.08% MAT December 2025.

Our export formulation business in Q3 has delivered a growth of around 17%. And for 9 months period, export formulations has delivered growth around 6% from INR1,395 crores to around INR1,477 crores. API business during the quarter was flat at around INR317 crores. For 9 months of the current financial year, that business has grown by around 14% to around INR1,051 crores from INR924 crores.

Q3 consolidated business has delivered a growth of around 6.5% to around INR2,245 crores from INR2,393 crores. And for 9 months of the current financial year, consolidated business has grown by around 8.44% from INR6,993 crores to INR7,258 crores.

Our stand-alone EBITDA margin for the quarter has improved to 26.09% from Q3 FY '26 margin of around 24.25%, an overall improvement of around 1.81%. Consolidated EBITDA margin for Q3 FY '26 is at around 22.5% as against 19.87% in Q3 '25, an improvement of around 2.28%. And for first 9 months of current financial year, EBITDA margin is at around 20.79% as against 19.18% for first 9 months of last financial year, an improvement of almost around 1.61%.

Having given the broad numbers, now I request participants to ask questions.

Moderator: The first question is from the line of Aanchal Jalan from Lotus Wealth.

Aanchal Jalan: Sir, around Unichem, our current cost of goods sold is 45%. And assuming it to stay the same in upcoming quarters, suppose the company aims to reach 18% to 20% EBITDA margins in, say, around 18 to 24 months with operating leverage and some further cost cutting, can you provide a road map around the same?

Ajit Kumar Jain: Unichem business in last current financial year has faced some problem because they have lost certain businesses in U.S. and gained certain businesses. So overall, Unichem, the business had grown by -- I think, basic business, what they were doing, other than Ipcat portfolio, has just grown by around 2% in current financial year.

And the business where it is lost is mainly which is high-volume business, where the plant was also recovering a good amount of overhead. So that business loss has impacted a little of Unichem's overall margins. And their EBITDA margins in this quarter is almost close to around 8% in the current financial year.

Their European business is improving now, and now more and more filings are also happening. So in time to come, we hope to do better there. And as far as U.S. business also, their overall business growth is good because of, let's say, the portfolio which they have got from Ipcat. So overall, I think first 9 months of the current year, U.S. business has grown by almost around 15%. And for the quarter, U.S. business has grown by around 17%.

Aanchal Jalan: But sir, for EBITDA improvement, can we have any road map around the same? Do you have any plans for it, for improvement in EBITDA margin?

Ajit Kumar Jain: Improvement in EBITDA margins will come from, let's say, higher utilization of capacity, better U.S. business, which we hope to do in time to come, and also implement the business which is currently happening in Europe.

Aanchal Jalan: Okay, sir. And regarding the proceeds that the company has of around INR275 crores from the land sale. Can you provide some color around that? Are there any plans around it?

Ajit Kumar Jain: Let's say that their cash flow was also impacted because of payment of European Union, that fine which was to be paid on past issue of parent appeal, some issues. So almost around INR181 crores has gone there. So they have healthy cash flow right now. They are sitting with almost around more than INR250 crores of cash in the bank.

And currently, there are hardly any expansion plan except some solar project, which is currently going on to use more green energy. And that will have a capital outlook of almost around INR50 crores. So other than that, they don't have any kind of major capital expenditure plan.

Moderator: The next question is from the line of Surya Narayan Patra from PhilipCapital.

Surya Narayan Patra: Sir, my first question is on the promotional brands growth, what we have seen. I think this is such a strong growth after many quarters that we are witnessing. Anything that can be attributed to this growth? Or is it to some extent led by the rupee depreciation factor?

Ajit Kumar Jain: I think West Africa has done very good business in this quarter. And overall, I think for the whole of the year, which is more of a French-speaking African market and all, that business has grown by almost around 41% for the first 9 months. And in Q3, that has gone up by almost around 69%. So that's one business.

Latin America has grown by 20%; Middle East, Africa, by around 27%; East Asia is almost around 36%. CIS business during the quarter has remained by and large flat. So overall business growth is good. For first 9 months, it has grown by almost around 14%. But for whole of the year, we don't expect business growth to remain at even 14%. It's likely to be around 11% or so for the first 9 months of the current year.

Surya Narayan Patra: Okay. Sir, relating to the domestic formulation business, so we have been outpacing the industry growth and we have been 1 of the top 5 or top 10 player in terms of the growth. But it looks like that from the pharma track, the growth would have, to some extent, moderated for us also.

And going ahead, if we see the GLP as a kind of key growth driver for the industry as a whole but we are not there on the first wave of the commercialization of the GLP, so given that, is it likely we would underperform to kind of our larger peers in terms of growth in the domestic market?

Ajit Kumar Jain: We are also working for in-licensing so we can come with the GLP. It's not that in-house we will not be manufacturing, but yes, we are looking for those kind of opportunities. And overall, let's say, for us, this growth is going to remain better because the trend, whatever we are seeing, that is better.

Let's say, our pain segment, which is over 50% now, is continuously driving the business. In this quarter also, pain has grown by around 13%. Our cardiovascular business, because last year -- in the beginning of current year, we have done the reorganization, so first few months that growth was a little lower because of restructuring. Now that business has also started delivering good growth. And I think for current quarter, cardiovascular domestic business has grown by around 16%. And the diabetes business has grown by 14%. So overall, that business is also good.

In spite of antimalarial declining by almost around 21% in this quarter, other business has done really very well. Like CNS business has grown by around 19%; derma business has grown by around 22%; neurology has grown by around 17%; and other businesses, small businesses,

which has also grown by 13%. So overall, let's say, business is good. And we expect to continue to beat the market.

Surya Narayan Patra: Okay. In terms of the gross margin, sir, there is a kind of a meaningful positive surprise that we have seen in this quarter. Any quarter-specific factor that is there? Or it is the rupee depreciation factor? Or it is the product mix factor? What would have played this? And how sustainable you think this gross margin that we can see going ahead?

Ajit Kumar Jain: Let say, overall gross margin is the function of overall top line growth. When domestic grows, when branded business grows, where we have good margins, even in generic businesses, we have very good margins, and that business growth was also very good. Institutional business in this quarter has declined. But other businesses has grown very well, and we have very good margins there.

So overall, for stand-alone, if you look at material cost-to-sales ratio has come down to around 24%. Material prices are by and large stable, slightly upward movement but not very significant. It's all the product mix change and higher-margin business is growing higher in this quarter that has also resulted in higher margin.

And for first 9 months of the current year also, if you look at, we have improved by almost around -- stand-alone I'm talking, by around 3.36 basis points. From 28.73% material costs in last year in the first 9 months, material cost ratio is around 25.37%, so almost around 3.36 percentage point improvement. And then this quarter, improvement is a little more. It is around 3.64%.

But overall, I think it will remain, for whole of the year, maybe 3.3% or 3.4% kind of overall improvement in the material cost-to-sales ratio standalone for Ipca.

Surya Narayan Patra: Okay. Just last one point, sir, from my side. See, going ahead, in terms of our focus, what would be the key areas, like, say, whether it is the integrated manufacturing or optimizing the U.S. or Unichem integration? Or it is like capability buildup in terms of the biosimilar, injectables, hormones? So what would be the kind of a couple of key focus area which should drive growth for, let's say, over next 2 years?

Ajit Kumar Jain: All that are our focus areas because, let's say, there are different, different teams. And this is the focus area for, let's say, domestic continue to remain focus area, branded business is also a focus area and also your generic businesses because there are different teams who looks after that business.

And our overall filing is also building up in all these markets. R&D output has now increased. So in future, that will also have a better impact on overall generic businesses. And also ROW filings are moving up. So we hope to do on all these businesses good in the time to come.

And as far as your biosimilar business is concerned, we have now 5 candidates. And now we already started process of technology transfer for two products. And hopefully, that manufacturing will start shortly.

Surya Narayan Patra: That is even targeting advanced market, sir?

Ajit Kumar Jain: That will target all global markets. I think we have already taken opinion on our regulatory framework from U.K. MHRA. We have taken from European authorities and also from U.S. FDA. So all the three agencies, we have taken that opinion on protocols and everything. So everything is going on in that line.

Moderator: The next question is from the line of Shashank Krishnakumar from Emkay Global.

Shashank Krishnakumar: Sir, my first one was on the domestic API business. I think in our export API, broadly realizations have started stabilizing. But in the domestic API, just wanted to get some sense if the Y-o-Y decline is still largely a function of realizations remaining under pressure. Or have volumes also sort of come down? Just wanted to get some sense around it.

Ajit Kumar Jain: I think overall domestic business; we also do a lot of antimalarial business. That business has little come down. That impact is there. And also some businesses on Shirasho peptides, which we're getting it manufactured from CRAMS facility, and now, so that has declined. So other than that, there is no meaningful difference overall.

Shashank Krishnakumar: Got it. Sir, secondly, just on the margin expansion that we have seen this quarter on a Y-o-Y basis. So I think the consol margin expansion is a bit higher versus what you have seen on a stand-alone basis, though Unichem margins, I think, have come down.

So wanted to get some color around what is driving that. And is it also sort of linked to the fact that ex of Unichem revenue, if I look at it from others, that is a bit lower this quarter. So is that linked to that? I wanted to get some color around it?

Ajit Kumar Jain: Basically, it's Ipcat's stand-alone business that is driving and also the nutraceutical business, which we have in Trophic Wellness. That is also doing very well. So both these businesses have done well and that is what is driving the margins.

Moderator: The next question is from the line of Dharmil Shah from Dalmus Capital Management.

Dharmil Shah: My questions are more specific on Unichem. In the quarter, our revenues have declined by 2%, and you've already mentioned that it's largely on account of market share loss in the key products. But that was already a part of H1 challenges. So is there any incremental market share loss in Q3 that we have seen?

Harish Kamath: No. Actually that decline started from Q2. It will perhaps continue for 1 or 2 more quarters.

Dharmil Shah: Okay. Understood. And how do you plan to regain the market share? Is it like a yearly thing, that you get the business for the molecule?

Harish Kamath: We're also launching 4, 5 more molecules in the U.S. market, and we are also taking necessary steps to regain the market share where the market is lost for 2, 3 major molecules. So suddenly, because of increase in the competition and price reduction, they lost some business. So we will recover that business. It may take another 1 or 2 more quarters.

Dharmil Shah: These contracts usually are for 1 year? Or I mean, how frequent...

Harish Kamath: Not necessarily, not necessarily. 3 months, 6 months. It's not hard and fast, everything is for a 12-month contract level.

Dharmil Shah: Understood. And what gives you confidence? Is it gaining market share in the same molecule? Or is it the new product launches you're banking on, sir?

Harish Kamath: No. In the existing molecule also, we will recover our market share, whatever we have lost, albeit at a lower price. Plus new products also, they continue to launch in the marketplace.

Dharmil Shah: Understood. So should we assume that gross margins and overall EBITDA margins should be under pressure, although we might gain...

Harish Kamath: Maybe 1 or 2 more quarters, it will be definitely under pressure. From there on, it should improve.

Dharmil Shah: Understood. And post that as well, if you are bidding at lower prices, then gross margin should be under pressure, right?

Harish Kamath: No, but they will be also doing some Ipcat business, which is shaping up and growing well. So Unichem is our marketing partner in U.S. and we have already launched 5 molecules, in which over a period of, say, 1, 1.5 years, they now have a lot of market share. And another 4 or 5 more Ipcat molecule will also get launched in the U.S. market. So Unichem U.S. will also have that benefit going forward.

Dharmil Shah: Understood. And these Ipcat molecules, how big the business would be in the next 1 or 2 years, just to get a sense of...

Harish Kamath: We were doing about 10 molecule business in the U.S. 7, 8 years back. We were doing about INR300 crores. So out of that, we have currently launched around 5 molecules, which are all backward integrated. Another 4 to 5 molecules will get launched in the next 6- to 12-month period.

Dharmil Shah: Understood. Got it. Got it. And just a broad sense, how do you see Unichem's growth for next 2 years, FY '27 and FY '28, now that FY '26 is almost over?

Harish Kamath: Unichem growth and margin will improve once whatever filing they are doing currently in Europe and all will get registered and those products will come in the marketplace. They are also being many registration in the ROW branded space. So all this will cumulatively help them in growing their business and margin over a period of next 2 to 3 years.

Dharmil Shah: Maybe if you were to give the guidance, how much growth do you expect from Unichem's business on the top line or EBITDA margin, sir?

Harish Kamath: See, once this -- whatever market loss they have in the U.S. gets recovered, then over a period of time, they should grow their top line anywhere between 8% to 10%. And our aim is to reach

EBITDA margin to begin with around 15% maybe in 2, 3 years' time and gradually improve it to about 20% when all their filing and registrations will come in the European market and that business will grow.

Dharmil Shah: Understood. But that European business...

Harish Kamath: See, they have a lot of capacity in their manufacturing plant. Once that starts getting utilized, their margins will automatically improve.

Dharmil Shah: Understood. But the Europe business will take time, right? Because you have just filed 3 applications.

Harish Kamath: Registration takes anywhere between 1 to 2 years. So filings are happening. Few are already filed. A few more are getting filed. So it will take some time.

Dharmil Shah: Understood. Got it. Got it. And 8% to 10%, you meant for U.S. business or the overall revenue growth?

Harish Kamath: No, no. Overall, I am talking.

Moderator: The next question is from the line of Nikhil Mathur from HDFC Mutual Funds.

Nikhil Mathur: Sir, two, three questions. So first, I wanted to ask on the branded formulations in exports. I'm talking about Ipcat ex Unichem. So you have given some sort of guidance for this year at around 11% growth. Do you mind giving some outlook for FY '27, '28 as well? And how do we see the business shaping up from a 3, 5-year perspective?

Ajit Kumar Jain: Let's say, our promotional branded business is a very stable business except when the currency goes for a toss in the market. It's only around that time this business gets impacted. So I think, overall, this promotional branded market should continue to have around 10% to 12% kind of growth over a longer period of time.

As far as generics are concerned, I think we will now grow faster in Europe, and U.S. also, growth will be faster. So overall generic businesses, we expect similar kind of around 10% to 12% kind of growth. API business will have a slightly lower growth. And domestic business is also around 10% to 12% kind of growth. So overall the company growth is around 10% to 11%. That is what is the overall broadly.

And detailed guidelines, we will provide on the overall business and margins once our current year's budget exercise. And that is complete by March. And thereafter, we will give you the detailed guidelines.

Nikhil Mathur: Sir, promotional branded, I understand. On the generics side, sorry, I didn't understand. So you are saying only a 10%, 12% growth despite the U.S. from Ipcat's standpoint coming back, right, of that INR300 crores business that were discontinued 6, 7 years back. So any particular reason why the softness on the generic formulation side despite U.S. coming back?

Ajit Kumar Jain: It's basically uncertainties on the institutional business. That is what we are keeping in mind.

Nikhil Mathur: Okay. Ex of institutional, what will be the outlook, if I keep aside the tender business?

Ajit Kumar Jain: Maybe 1% or 2% more growth.

Nikhil Mathur: Okay. Got it. Okay. Sir, if I look at the EBITDA margin trajectory now, I think EBITDA margin this year, if I again exclude Unichem, it is kind of trending better than what you have been guiding in the last couple of quarters. So any particular reasons why the margins are coming in better, especially on the gross side?

And given that there's a big improvement now over the last 2 years on the EBITDA margin side, is there still scope for margin improvement in FY '27 and FY '28? I'm talking about ex Unichem.

Ajit Kumar Jain: So it's a function of top line growth. If top line growth is around 10% to 12%, margin will definitely improve by 1.5% plus.

Nikhil Mathur: 1.5% per year or over a 2-year period?

Ajit Kumar Jain: Every year.

Nikhil Mathur: Every year. Okay.

Ajit Kumar Jain: Yes.

Nikhil Mathur: So there is a potential of 300 basis point margin improvement in the next 2 years provided the growth remains at 10%, 11%?

Ajit Kumar Jain: Yes.

Moderator: The next question is from the line of Chirag from DSP Investment Managers.

Chirag: Sir, where are we on the U.S. business? If you can talk about the third quarter run rate. I understand that this is subsumed in the Unichem revenue, but you don't give it out. You don't give us the regional split for Unichem. So for our Ipcat U.S. business, where is that number? And if you can talk about 9 months and 3 months and what is the outlook there over the next couple of years.

Ajit Kumar Jain: In last quarter, Q3, the U.S. business was almost around INR395 crores, consolidated I'm talking, Ipcat and Unichem put together. And Q3 '25, that business was around INR339 crores. So there is a growth of around 17%. All this growth in the U.S. business is largely because of Ipcat portfolio, Ipcat portfolio of its own product and Ipcat portfolio, which was there of Bayshore, for which third-party products which we were trading around that time. So put together, that business has grown by around 17%.

Overall, if you look at first 9 months of the current year, that business is almost around INR1,140 crores. And last year, that business was around INR990 crores. So there is a growth of almost

around 15% in the U.S. business. And most of this business growth is by and large because of either Ipcat portfolio and Bayshore portfolio which has gone to Unichem.

Chirag: Sir, can you talk about the Ipcat-manufactured product portfolio, please? Similar number?

Ajit Kumar Jain: That 5 products, I think, overall, around 10 million to 11 million kind of business they have already done.

Chirag: In 9 months.

Ajit Kumar Jain: In 9 months, yes.

Chirag: Correct. And what is the exit run rate, sir, in the third quarter?

Ajit Kumar Jain: Business is going to be better.

Chirag: Understood. And how are we thinking about this business in the next couple of years, sir?

Ajit Kumar Jain: Mr. Kamath has already spoken on this matter.

Harish Kamath: Chirag, we have about 35 registrations, out of which 5 we have commercialized. Another 5 to 7 molecules will get commercialized over the next 12 to 15 months. So gradually, every year, we will be adding 5 or 6 new products in the U.S. market of Ipcat portfolio.

Chirag: But you don't want to give a revenue number.

Harish Kamath: See, the thing is; to get a market share after launch of product, it takes a very long time. See, whatever five products I am today marketing, it is almost now 2 years and now we have reached a market share. Most of the molecule is 25% plus because they are all our backward-integrated molecules. And there is further scope to improve market share on these molecules itself, the five, what we are now marketing. So there is an opportunity, and we are working towards that.

Chirag: Understood. And just one feedback, sir. Incrementally, sir, if you can also for Unichem provide the geographic mix of top line, that will help us evaluate the business better on a quarterly basis. If you can do that, that will be helpful, sir?

Harish Kamath: See, almost two third of their business is from U.S. Other than that, they have a small ROW branded formulation business, some API business and generic business, especially in the U.K. and one or two countries of Europe. That's all.

Moderator: The next question is from the line of Kunal Randeria from Axis Capital.

Kunal Randeria: Sir, I still don't understand the gross margin. Excluding Unichem, it's already in mid-70s. I think very few pharma companies report these kind of margins and also given the fact that the API business would be facing lower gross margins. So just want to understand, because I think a couple of years back, it would have been high 60s. So what is driving it besides currency? And secondly, what is the ceiling to this number?

Harish Kamath: It is pure product mix, nothing else. Wherever margins are better, those businesses are growing faster. For example, in the domestic business, our chronic segment is growing faster than the acute segment where margin is less because most of them are antimalarial business. Similar thing in the international ROW market also and generic business also.

Kunal Randeria: I understand the product mix. Sorry, sir, to push you, but I mean, mid-70s margin, it seems like very few...

Harish Kamath: Hello?

Moderator: Kunal, your voice is muffled.

Kunal Randeria: Sorry. Is it...

Harish Kamath: Hello?

Kunal Randeria: I will rejoin the queue.

Moderator: The next question is from the line of Sai Om Mukherji from Nomura.

Sai Om Mukherji: Just one question I had. Have we started making filings for the U.S. market from the Ipcat side? If you can share how many filings have been made and if any opportunity there you see over the next 2, 3 years?

Ajit Kumar Jain: I think current year, we already made 4 filings. And I think annual basis also, around 5 to 6 filings would happen every year.

Sai Om Mukherji: Okay. And when do you see these new filings getting commercialized? If you have any timeline in mind.

Ajit Kumar Jain: It will all depend on approval timeline. But let's say, we have over 30 filings, and we still have around 8, 10 approvals still pending past approval. And thereafter, the new filing approval. So it will all depend on how the filing approvals start coming in. Based on that, it's difficult to give right now the numbers. But yes, it all will depend on that.

Sai Om Mukherji: Okay. Sir, any color you can give on your European business? There was some issue in the past. How do you see growth in the unbranded generic outside of U.S.? Can you give some color?

Ajit Kumar Jain: Let's say, most of our businesses are happening in smaller geographies in Europe, Australia, New Zealand, Canada. And that business is good business. We have very good margins and all. We have some business in U.K. That business was fiercely competitive. And practically, in that market, there was a blood bath on pricing vertically. A lot of products we're selling at losses in that market.

But last 1 month, we have started seeing a sharp recovery again in prices, and the recoveries are as high as 30%, 40% kind of recoveries are seen. So it's only that kind of -- sometimes probably in the market, when the inventories become large, people just try and dispose of the material, short-expiry materials and all that, which kills the pricing. So I think last financial year, most of

our portfolios were facing that kind of problem. But now we are seeing that much better recovery, and we hope to do better business there.

But that's the lowest margin business we have in generic market, by and large, the business which are coming from Scandinavian countries and other smaller European countries. We are not there currently in Germany. We are not there in France or Italy or those kind of markets. But we have good presence in Spain and other markets and the overall margin profile is far better.

Sai Om Mukherji:

Okay. Sir, just one last question, if I can ask. I mean, you talked about your margins have improved. You have seen an improvement. Also, you mentioned like you should see 150 basis point expansion in EBITDA margin.

Sir, the steady business that you have in India, I don't know, you don't spell out the margin number for India. But if you can talk about -- if you can give that number, it would be great. Otherwise, qualitatively, you can talk about how the margin in the domestic business has been faring. Has it improved significantly steady? Or if you can give some color around how the domestic business margin is faring.

Ajit Kumar Jain:

If you look at overall, our highest EBITDA margins come from promotional branded business in international markets. The second level there is the domestic business. Third will be generic business which we do other than U.K. Then comes is the institutional business. Then last will be U.K. business and, thereafter, API business. So margin-wise, if you look at the domestic business, the branded business would be second for us.

Sai Om Mukherji:

And how is it trending, sir? I mean if you can give some color there. And what is your expectation? Because that's a pretty steady business, right? You would continue to grow at 10%, 12%, you mentioned.

Ajit Kumar Jain:

Let's say, in promotional branded business, our material cost is very, very low. It's maybe 10%, 12% kind of material cost. So any improvement in that business -- similarly, since our domestic business is also now antimalarials and all these, antibacterials are very small part of it.

And we are more going towards CNS, neurology, cardiology, that's the kind of business which is growing faster. So margin profile on that is also increasing, improving significantly. So overall, the 10% to 12% growth, it's very easy to improve overall EBITDA margin by 1.5%. The quality of business is that way.

Moderator:

The next question is from the line of Harsh Bhatia from Bandhan Mutual Fund.

Harsh Bhatia:

Sir, in terms of the comments for the European market on the pricing part and the recovery, most of the pricing deterioration -- there could be multiple reasons, but most of it was like because of tariff-related issues and dumping? Or was there anything particularly one-off to that angle? If you could spell out some reasons as to why there was significant pricing deterioration in the European market. And is it more sustainable in terms of the recovery that we have seen in the last 1 month?

Ajit Kumar Jain: My comment was only for the U.K. business, not on European business. European business is very steady and all. Absolutely no problem. My comment was only on the U.K. business.

Harsh Bhatia: Sure. In terms of the clarification for one of the comments you made, this is for the U.S. business. When we are guiding for the Unichem growth, I think, 8% to 10% or 9% to 10% for the next 2, 3 years, this is pure Unichem growth, right? Are we building in or are we assuming Ipcache U.S. sales driving the U.S. growth for the Unichem business? Is that the case? Or we are just assuming pure Unichem U.S. division to grow by itself?

Harish Kamath: We've already said, current financial year, first 9 months, Unichem U.S. business, their own portfolio is lower because of loss of market share in 1 or 2 molecules, which they also regain maybe in another 2 to 3 quarters' time. So on a stand-alone basis, once they regain that particular market share loss, they should also grow in their portfolio by 7% to 8% annually going forward with launch of 4 to 5 new molecules next 2 to 3 years. And over and above that, whatever growth will come in the Ipcache U.S. business also will be their growth in the U.S. market.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Harish Kamath: No, madam. We can close the con call. We have answered all the questions. There is nothing more to add.

Moderator: Okay. Thank you. On behalf of Ipcache Laboratories and DAM Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Harish Kamath: Thank you.