



Bharat Parenterals Limited

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CIN NO: L24231GJ1992PLC018237

(WHO-GMP CERTIFIED ★ STAR EXPORT HOUSE)

Date: 19.05.2025

To,
Secretary
Listing Department
BSE Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400001.

Script Code: 541096

Dear Sir/Madam,

Subject: Transcript of Earnings Conference Call – Q4FY25

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Para A of Part A of Schedule III, please find enclosed herewith a copy of transcript of Company's Operational and Financial Performance for the Quarter and Year Ended on March 31, 2025 (Q4FY25) held on Wednesday, May 14, 2025. The transcript is also uploaded on the Company's website <https://www.bplindia.in/for-shareholders-investors/investors-meet.html>

Kindly take the same on your record.

Thanking You,
Yours faithfully,

FOR BHARAT PARENTERALS LIMITED,

Sharmin Soni
Company Secretary & Compliance Officer

Encl: As Above



Bharat Parenterals Limited

PhillipCapital
Your Partner In Finance



**“Bharat Parenterals Limited
Q4 & FY '25 Earnings Conference Call.”
May 14, 2025**



Bharat Parenterals Limited



**MANAGEMENT: MR. BHARAT R. DESAI – CHAIRMAN AND MANAGING
DIRECT – BHARAT PARENTERALS LIMITED
MR. BHAHIM DESAI – DIRECTOR, STRATEGY AND
INVESTOR RELATIONS – BHARAT PARENTERALS LIMITED**

**MODERATOR: MS. PRACHI BADADE – PHILLIPCAPITAL INDIA PRIVATE
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 & FY '25 Earnings Conference Call of Bharat Parenterals Limited, hosted by PhillipCapital PCG. 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.

I now hand the conference over to Ms. Prachi from PhillipCapital India Private Limited. Thank you, and over to you, ma'am.

Prachi Badade: Good afternoon, everyone. On the behalf of PhillipCapital India Private Limited, I welcome all of you to quarter 4 and FY '25 earnings conference call of Bharat Parenterals Limited. Today from the management side, we have Mr. Bharat Desai, Chairman and Managing Director of the company; Mr. Bhahim Desai, Director, Strategy and IR of the company.

Now I hand over the call to Mr. Bharat for his opening remark. And since it's your first con-call, can you just elaborate about the company? And followed then we will open up the floor for questions and answers. Over to you, sir.

Bharat R. Desai: Thanks, Prachi. Very good afternoon. I am Bharatkumar Desai, Chairman and Managing Director, Bharat Parenterals Limited. A very warm welcome to everyone. I would especially like to thank PhillipCapital for organizing today's meeting and giving us this opportunity to engage with you all. It's a real pleasure to have you here today.

And I want to start my thanking you for taking the time to meet with us. We truly value the opportunity to share our story and vision and to hear your thoughts as well. At Bharat Parenterals Limited, we always believe that we are not just making pharmaceutical products, but we are contributing to better healthcare outcomes. That is a responsibility we take very seriously. Over the past three and a half decades, we have steadily built a reputation for quality and reliability. And today we stand at a very interesting juncture in our journey.

Our focus over the last few years has been to transform Bharat Parenterals to a well-renowned, future-ready pharmaceutical organization. We have made strategic moves to strengthen our position in complex injectables and critical care products areas we believe will be key growth drivers globally. One of the biggest steps in that direction has been setting up of a new facility with the name Innoxel Lifesciences Private Limited. Many of you might already know that Innoxel is our flagship CDMO company. The purpose is to build a self-regulated market.

I am proud to share that just last week, Innoxel successfully completed its first US FDA inspection at our new facility, Innoxel Lifesciences, near Vadodara with only a single minor observation. The big achievement and big milestone for us, it validates that hard work our team have put into building a world-class facility, compliant facility from the ground up, and it sets the stage for us to start tapping into high-value opportunities in regulated markets.

Innoxel is focused on manufacturing of complex injectables like long-acting formulations, oncology products, and 505b2 molecules. We have a robust pipeline and are working closely

with our partners to bring innovative products to the market, both through out-licensing and contract manufacturing bills.

On the domestic side, Varenyam Healthcare Private Limited continues to grow steadily, with a strong presence in the critical care segment, which is anesthesia and pain management, and deep relationships across India's top hospital chains. Varenyam complements our manufacturing strengths and provides a solid base in the domestic market.

We are also planning to expand into other therapeutic segments, adding more niche products, and having a deeper penetration into the domestic market over the next 2-3 years. In addition, we are developing Varenyam Biolifesciences, which will focus on regulated emerging markets.

The idea is because Innoxel Lifesciences will not be able to cater to the needs of all SRA countries, our main focus area from Innoxel is the U.S. and some of the EU markets. So the remaining SRA countries, we will be catering from the Varenyam Biolifesciences, which will focus on the regulated and emerging markets.

The idea is to fully leverage the products and capabilities we have built at Innoxel and extend our reach globally, creating a well-diversified, de-risked business model. I think what really sets us apart is our commitment to doing things the right way, whether it is quality, compliance, or simply the way we do business.

We have built a strong foundation, and we are clear about where we want to go. We see a lot of opportunity ahead, especially as the global healthcare ecosystem increasingly looks for reliable, high-quality partners in complex injectable space. We look forward to sharing more insights with you today and having an open, constructive discussion.

I will hand over to Bhahim, who will take you through our financial performance in detail and outline our outlook for the future. Thank you so very much.

Bhahim Desai:

Thank you, sir. Good afternoon to one and all present on this call, and to everyone who may be listening at a later point. I would like to thank PhillipCapital again for their support on the same. I would also like to say that this is our first earnings call, and it gives us immense pleasure to start this journey with you all.

I will now quickly talk about the financial numbers of Q4 FY '25 and FY '25 broadly. The company reported stand-alone revenues of INR318.7 crores in FY '25, reflecting a solid 19.8% increase from INR266.02 crores in FY '24. In Q4 FY '25, stand-alone revenues reached INR82.54 crores, up from INR68.88 crores in Q4 FY '24, reporting a growth of 20%.

EBITDA for FY '25 stood at INR48.14 crores, growth of 17% from INR41 crores in FY '24. EBITDA margins remained flat at 15.9% in FY '25 in comparison to FY '24. The PAT for FY '25 came in at INR26.58 crores compared to INR22.58 crores in FY '24, indicating a growth of 17%.

On a consolidated basis, BPL reported FY '25 revenues of INR352 crores, representing a strong 32% growth over FY '24's INR265.9 crores. This was primarily due to milestone-based income at Innoxel and the consolidation of Varennyam Healthcare in the last five months of FY '25.

Now, before we can head into the Q&A, I would like to talk a little bit more on BPL and its subsidiaries. As sir has already given a few details on all of them, I would be taking you into a little bit more details. Bharat Parenterals is a 3.5 decade plus legacy business into manufacturing and exports of pharmaceutical finished dosage forms. Started by my grandfather initially in the 90s, the business has stood the test of time and today is the anchor for itself as well as its three subsidiaries.

From exports to a single country in the year 2000 to more than 40 countries today, BPL is a manufacturing powerhouse with presence on four continents. With core competencies of the organization into injectables, the company also has various other dosage forms in oral and topical categories. Throughout the journey, the company has maintained high quality standards and always undertaken major upgrades to stay up to date with the current as well as the future regulatory requirements.

BPL has three subsidiaries, two of which are wholly owned subsidiaries, while one is a major subsidiary. Innoxel Life Sciences is a major subsidiary of BPL, which was set up with the intent of catering to the regulated markets, mainly the United States and the Western European countries. As Sir had previously updated, Innoxel has successfully completed its USFDA inspection with only one minor observation.

This feat was also achieved in record time. Construction was started at the site in April of 2021 and in April end 2025, the plant successfully completed its first USFDA audits. This remarkable feat in four years' time showcases our commitment to getting it right the first time. The EU GMP audits at the site are lined up for FY26 with confirmed dates in H1 of FY26.

Innoxel is a new CDMO, mainly in injectable and oral liquid space. It has two separate blocks in general as well as oncology. Initially, we started with 20 to 22 products in the development pipeline and the management is aiming to take this number to around 40 to 45 products over the next three to four years.

Out of the 22 products initially that was started, we have successfully partnered with various clients, which are medium to large pharma giants based in the United States and the EU, for 10 of our products so far. And we expect to partner several of our other products in the coming months. These products are either complex ANDAs or 505(b)(2)s. The complexity of the products selected by Innoxel will ensure that only a handful of companies will either enter these projects or would have a facility to enter these projects, thus ensuring limited competition and limited price erosion.

Moving on to Varennyam Healthcare. Varennyam Healthcare is a branded generic marketing company with focus on the domestic markets within India. Currently, it is in top five when we talk about anaesthesia, pain management, and critical care products. Varennyam was the first

company in India to launch a Sugammadex molecule in joint venture effort with BDR Pharmaceuticals.

Currently, there are about 45 brands already in the market and presence in almost all of top corporate hospital chains in the country, along with multi-speciality hospitals and nursing homes in metro, mega, and tier one and tier two cities across India. The company aims to start two other divisions in other therapeutic segments over the next two to three years, thus leveraging the distribution and operations already in place.

With BPL's acquisition of Varennyam Healthcare, Varennyam will be able to capitalize on the internal manufacturing prowess of BPL, which will help both the organizations in future growth in volumes and therapeutic segments. Moving on, Varennyam Biolifesciences is another pre-infiltrated project which is coming up with aim to cater to the emerging regulated markets like Brazil, Colombia, South Africa, Australia, to name a few.

Varennyam Biolifesciences Census will be aiming to get UGMP approval along with the other approvals and will be leveraging product baskets of Innoxel as well as of BPL to cater to various customers in these markets. The plant is expected to be operational by 2027 and the current pace of construction is in line with the same.

To summarize, BPL will continue its efforts in increasing product and market penetration in the ROW markets and within India. Innoxel will be focused on the US and the EU markets. Varennyam Health will continue to grow the domestic branded business and Varennyam Biolifesciences Census will target the emerging regulated markets within LATAM, Africa, and Oceania regions of the globe.

With this, the BPL group is very well poised with each of the businesses having its focused target markets and product categories. Each of the businesses are non-conflicting, thus ensuring maximized value creation individually and collectively as a group. With the above, I will conclude my presentation and we can now head to the Q&A.

Moderator: Thank you very much, sir. We will now begin the question and answer session. The first question is from the line of Dhvij Patel from Finterest Capital. You may proceed.

Dhvij Patel: Hello, sir. So, my first question would be, you know, could you throw some insight on the geographic landscapes that Innoxel and Varennyam are working on and for that, what kind of margins will we be able to, you know, achieve? Varennyam is for emerging markets and Innoxel is for the developed markets like the US. So, what kind of margins will we be able to see coming in?

Bhahim Desai: Sure. So, Innoxel, like we said, that would be primarily for the United States and a few selected Western European countries. The way in which the business is shaped up, we have two models, which is CDMO as well as CMO. CDMO model is where the products that we have developed in-house are out-licensed with a front-end marketing partner who would then be marketing these products in these geographies and would be paying three separate revenues to Innoxel. One would be the out-licensing fee.

The second would be the commercial production cost of the products and third would be a profit share. Now, depending on the product, the product category size, the market opportunity, the time of entrance, the fee varies from a few hundred thousand dollars. I'm talking about the licensing fee, a few hundred thousand dollars to a few million dollars. The commercial manufacturing revenues may vary from 20% to 30% in terms of the gross margins.

And then the profit share varies from 15% all the way up to 50% based on the time of partnership as well as the investment that the partner or the company ourselves have done. So if I have to broadly give you one percentage figure, it would be very difficult since the model is quite complex. But I can say that the margins would be higher of 30% net at Innoxel for the US and the EU business.

Coming to Varenym Biolifesciences, since it is for the emerging regulated markets, these would be your either Central or Eastern European countries, Brazil, Colombia, South Africa and Australia and others, which are in the emerging market space but also under the regulated space. These would be a little bit lower in terms of marginalization in comparison to the US.

Bharat R. Desai: And the major advantage with the Varenym Biolifesciences will be the products are ready. Here the scaling up in the exhibit batch that all processes have been already done at Innoxel. So that will save considerable time and we will be able to easily transfer all these products. Development time and all that will be saved considerably.

Dhvij Patel: I just wanted to confirm, we are a 51% holder in Innoxel. Is my understanding correct?

Bhahim Desai: That was before the last round where we had right of first refusal and we took additional 10% stake at Innoxel, taking Bharat Parental's overall percentage at 56%.

Dhvij Patel: So what kind of other partners are we associated with and are they helping us grow Innoxel? Yes.

Bhahim Desai: We only are working with one other group. It's a technocrat group by the name of Seven Oaks. Primarily they consist of three to four gentlemen and all are into varied other ancillary US-oriented businesses. One is a scientist who is developing all these products and is responsible for the innovations in product and R&D. The other gentleman works with a CRO for clinical end-trial in terms of products which require a clinical-oriented...

Bharat R. Desai: And the core area is oncology, at US?

Bhahim Desai: Yes. The third partner has a GMP-GxP consultancy company which also is oriented for the US and EU markets. And the fourth guy works with out-licensing and in-licensing deals and has also prior experience of US markets. So just one group consisting of four members and the other group would be Bharat Parenterals. It's a very straightforward structure.

Dhvij Patel: Okay, sir. Thank you so much. I'll get back in the queue.

- Moderator:** Thank you. The next question is from the line of Dhruvesh Sanghvi from Prospero Tree Asset Management. You may proceed.
- Dhruvesh Sanghvi:** Hello, Bharat bhai and Bhahim. Congratulations and thanks for hosting this call.
- Bhahim Desai:** Thank you, Dhruvesh. How are you?
- Dhruvesh Sanghvi:** All good, sir. Thank you, sir. So, sir, a couple of questions. So is my understanding right that so far we have done out-licensing agreements with partners worth INR100 crores out of which INR25 crores is already recognized until 31st March 2025 and INR75 crores is pending or is that number revised upwards?
- Bhahim Desai:** No, no. So that's the number has been revised. And as we are talking about two separate things, like I was saying earlier, as you already know, that Innoxel consists of CDMO as well as CMO. So the number that you are referring to, INR25 crores, not only is for the milestone payments of the CDMO, but also from the CMO business. So there is a, I would say that only 20% of the overall deals signed have been the milestone payments have been realized with the rest to follow between now and the next couple of years.
- Dhruvesh Sanghvi:** Okay. Can we put a number to both the kind of out-licensing arrangement or it's difficult because it is connected to CMOs?
- Bhahim Desai:** Sorry, can you please repeat?
- Dhruvesh Sanghvi:** I'm saying, can we put a number to the out-licensing deals already signed that so-and-so revenues will flow in next 2 years or it is difficult because it is also linked to the manufacturing?
- Bhahim Desai:** It's very difficult at this moment to give you that, when and which year we'll be able to realize 100%. But, yes.
- Bharat R. Desai:** Yes, I as per the estimation, in the current year, since we see a way -- we have been very, conservative figure about the deal sign, the milestone payment will be ranging between INR70 crores to INR75 crores. But CMO, everything depends on when we will get the license for us to manufacture commercial. So that CMO revenue, we have not added. Since, that is very, very difficult to know about. So I think what we have considered is only the licensing, I mean the agreement licensing fees.
- Bhahim Desai:** And again, we have to understand that even in a CMO revenue, the timing of revenue is not really in our hands after approval as well because our partners need to file the product with either the FD or the EU and then further get approval from these authorities and then consecutively place the order for commercial batches.
- So, there is a possibility of some delay based on their filings or the approval that we get towards the end of it. But what we have projected in this coming year for Innoxel, we are not counting the CMO revenues in this year. We are only looking for the milestone payments in this year, which, like sir said, would be around INR70 crores.

- Dhruvesh Sanghvi:** And on the margins, because you said that, of course, it is extremely difficult and there are three moving parts. But net-net, you said that if I have to put a ballpark number, it will be 30% net. Did you mean operating margins or net profit margin?
- Bhahim Desai:** No, no. I didn't mean operating margins. I was referring to net margins. Around 30% of net margin is what I meant. Yes.
- Dhruvesh Sanghvi:** Yes. OK. I mean, just a clarification there. Thanks. And if I may, just for the benefit, because this query has come up in general discussion also. So I believe we have done the capex of INR250 crores. And if you can highlight what will be the capex required in Innoxel, only in Innoxel, ahead. And what was the split, broad split of INR250 crores in terms of land, buildings and capitalized items like salaries and regulatory expenses? Some ballpark numbers, if you have it handy. That's it from my side. Thank you.
- Bhahim Desai:** Yes. So, yes. So the broad ballpark number is INR250 crores, correct. The Gross Block, if I have to consider the land and the plant and machinery, would be roughly around INR200 crores. And the capex costs would be around the balance of it, which would be comprising of R&D as well as employee costs. Right. So that's a very broad number. On a detailed manner, maybe I can connect with you at a later point and give you all the details.
- Dhruvesh Sanghvi:** No, perfect, sir. And what is the planned capex in the next 1 year in Innoxel?
- Bhahim Desai:** So there is as such, as we speak, there is no planned capex except for one of the skids which we are installing for one of the projects. Since the skid installation is part of our deal that we have signed with our client, we are not considering into a direct capex at our end. So I would like to say that we don't have any planned capex in this coming year as of now.
- Dhruvesh Sanghvi:** Sure. I have one more question related to Vareniam Life Sciences. What is the status of capex there?
- Bhahim Desai:** Vareniam Bio Life Sciences, we have projected the overall project to be between INR120 crores to INR150 crores. And that's the extent of it based on the lines that we have targeted as of now.
- Dhruvesh Sanghvi:** How much have we spent already there?
- Bhahim Desai:** Around INR30 crores is already spent. And rest is under, as we speak, is under construction.
- Dhruvesh Sanghvi:** Will we end up doing it in this 1 year or it will take more time?
- Bhahim Desai:** Like I said, that by '27, the operational, we are ready to be operational by '27. And as of now, we are on track to meet that timeline. So construction should be completed in due course of time.
- Dhruvesh Sanghvi:** Thank you. Thanks a lot, Bhahim.
- Moderator:** Thank you. The next question is from the line of Aryaa from Prospero Tree. You may proceed.

- Aryaa:** Hi. Actually, my questions are answered. Thanks for the opportunity.
- Moderator:** Thank you. The next question is from the line of Saloni M from Molecule Ventures. You may proceed. As there's no response from the current participant, we'll move on to the next participant. The next question is from the line of Shailesh Kumar from an Individual Investor. You may proceed.
- Shailesh Kumar:** Thanks for the opportunity. I have a couple of housekeeping questions. What kind of pricing power do you enjoy in various markets you are operating in, and especially in the domestic market? I mean, do you get some kind of premium or you have to, you offer your product on the best pricing basis? That is the first question.
- And the second question is capacity utilization across your various manufacturing facilities, including your Vadodara plant, a new Innoxel injectable unit. These two are my questions.
- Bhahim Desai:** Sure. So as far as the margins are concerned, we work with various markets, as we have already spoken for the ROW markets. The margins are always quite tight, but typically we work within a broad margin of 25% to 35% percent on export oriented orders. When it comes to other regulated markets where we would be starting exports in due course of time, there the margins are obviously expected to be a little bit better on a higher end.
- As far as domestic markets are concerned, domestic market, the area in which we operate is a high competition market because we deal directly with the hospitals and corporate chains. But again, I would like to say that we would be roughly around 30% to 35% in terms of margins when we talk about domestic business.
- And yes, there is obviously a brand goodwill which is created in the market through continuous working, constant quality that has been given in both in terms of product and in terms of service, which ensures that a branded generic is always fetching a better price than a PCD company selling the product directly in the market. So that would be my answer for the first part of the question.
- For the second part of the question, for capacity utilization, currently Innoxel is of an initial phase for me to give you an answer on capacity utilization. Since commercial manufacturing and dispatches are still not, they've not started yet. But as far as Bharat Parenterals is concerned, I would say that we would be on an overall basis, would be operating around 60%, 65% capacity, but individually on different lines, that way a value may vary because obviously not all lines are engaged equally at all given point in time.
- Shailesh Kumar:** Yes. Thank you. Thanks very much.
- Bhahim Desai:** Yes.
- Moderator:** Thank you. The next question is from the line of Gaurav Agrawal from Nine One Capital. You may proceed.

- Gaurav Agrawal:** Thank you, sir. And thank you for conducting the call. So firstly, I think you mentioned to the previous participant that some investment is left at the Innoxel level, so can you help me, I couldn't listen to that particular part. How much money are we going to spend in this financial year on capex at Innoxel?
- Bhahim Desai:** No, no, I think I'm sorry, but I instead said that there is no planned capex at Innoxel for this particular year. I didn't say there was any capex planned. Yes.
- Gaurav Agrawal:** Okay. So at Varenym, maybe I think you mentioned, I think 120 is what we are looking to spend. 30 is already spent. So the remaining 90 is what we are looking to spend in this financial year FY '26.
- Bhahim Desai:** So 120 is the overall cost, 120 to 150, which is pegged for Varenym Bio Lifesciences. Since it's an ongoing project, I wouldn't say that 90 would be utilized in this year. But in the duration of between construction validation and hence the commercialization, that would be the overall expense that we are looking at. So for this year, maybe later at the second half of the year, I'll be able to give you a more accurate answer on what amount is spent or would be spent by end of this year.
- Gaurav Agrawal:** Okay. And so for Innoxel you are saying for FY '26, INR70 crores kind of revenue from these licensing agreements. And on that, you are expecting 30% kind of post-tax margins, right? PAT margins.
- Bhahim Desai:** No, no, no, no, no, sir. 30% would be overall once the commercial revenues start. Right now, we are looking to operationally break even in this FY '26 at Innoxel. And INR70 crores in terms of our top line revenue would be enough for us to operationally break even, which is our first milestone. And from next year and the year after that, we are expecting the revenues to increase significantly, which would then lead us to be profitable. And that number is what I was referring to earlier.
- Gaurav Agrawal:** Okay. Okay. So this helps us understand this thing that we spent INR250 CR on the capex at the Innoxel event. So we have 55% stake, right? And the remaining 45% stake is held by the R&D partners. So the understanding here is that the Bharat Parenterals will spend and undertake capex for the manufacturing and to develop all those capabilities. While the other partners who are our R&D partners, they'll bring the R&D and technology know-how. They won't be bringing any money or any investment, per se, into the Innoxel.
- Bhahim Desai:** I think this is a, I mean, good understanding what you have said. I mean, it's more likely that.
- Gaurav Agrawal:** Perfect. It's very good arrangement, yes.
- Bhahim Desai:** Yes, I would also like to add that being said that, in the past, they have brought in money as well. It's not only that they bring the tech. But yes, it's a good understanding overall what you just said.

- Gaurav Agrawal:** Okay. Okay. And so that team, you know, I'm sure you would have done your own homework on this. But if you can also help us understand about that R&D team, you know, how many products have they developed in the past? Which areas, you know, are they expert of? So any data that you can share about their experience in developing these products?
- Bharat R. Desai:** I think we will not be able to give any data because it is totally against our understanding. It's a confidential data of their own companies. And that company is not a participant in this our -- this arrangement. So it will not be appropriate for us to disclose anything on that. But having said, they have -- I can just give you an outline that they have developed almost 55-60 complex generics worldwide. They have given to good companies. And those are good companies. You know, the top 200 companies in the world. I mean, those are their partners, yes.
- Gaurav Agrawal:** Great. So just a data question. You have INR170 crores rupees of Trade receivables. Of this, how much would this over 6 months?
- Bharat R. Desai:** In fact, you know, around from the 180 you mean?
- Gaurav Agrawal:** 172, sorry to be precise, Trade receivables at the console level, INR172 CR.
- Bhahim Desai:** We'll have to break it down. As of now, I don't have that number in front of me. I can send that number shortly.
- Gaurav Agrawal:** That's qualitatively...
- Bharat R. Desai:** I can roughly tell you around INR65, INR70 CR is older than, you know, 6 months, 180 days. And mainly there are the two government supplies. One is at Mozambique and one is at Ghana. And both the countries went, underwent, you know, the election during last 8 months, 8, 9 months. And the new government in place is, you know, just started acting on. But I'm more than sure that before the end of the first quarter, we will receive the entire sum. I mean, with that return communication we are working on.
- Bhahim Desai:** Yes.
- Gaurav Agrawal:** And so if I have an opportunity to ask one more question, you have INR180 crores of debt. So for this financial year, will we see that our debt level is increasing or not? Then on what will be the yearly interest outgo? And do we see any challenge? You know, because we have a lot of investments to make, a lot of operating costs to incur. And, you know, INR180 crores debt also to service. So any challenge that you see and any further equity dilution or fund raise that you guys planned for this year, financial '26?
- Bharat R. Desai:** See, if I would like to reply you, I mean, if we get these two, our, I mean, the outstanding in the next 2 months, we will be more than at ease, you know, because all other debts are the regular one, which are receivable within 90 to 100 days. And, you know, so that maintains. And if you see that our average cost of, I mean, on the interest is not significantly increased. This year it is increased by INR1 crores. Again, the 5.5, it is around 6.5 if I'm not wrong. So in this current

year, I'm more than sure that that will reduce significantly because we will get these realization and the utilization of the bank fund will be reduced a lot.

Bhahim Desai: And also to answer your other question, we are, as of now, there is no planned fund raise or there is no requirement that we are looking for raising additional funds at this moment.

Bharat R. Desai: I couldn't listen to your last part, the last 10 seconds. I think there was some problem.

Bhahim Desai: At BPL and -- at BPL line...

Gaurav Agrawal: Hello?

Bhahim Desai: Yes.

Gaurav Agrawal: I couldn't listen to your last part, the last 10 seconds. I think there was some problem in the network.

Bhahim Desai: I think it was the same thing, what I was repeating that there is no requirement of any fund raise at this point.

Gaurav Agrawal: Great, sir. Great. All the best, sir, for these two or three different entities and look forward to connecting to the next quarters.

Bharat R. Desai: In fact, I am more than happy to tell that in the last 13 months, 14 months to make sure that we are meeting the revised Schedule M need as per the new directive of the DCGI. I'm talking about the BPL, which is a 30-year-old facility. Innoxel is now USFDA approved, so there is absolutely no, but I mean, whatever gaps were there we are 100% met with and we have spent almost INR14 crores plus in last 13, 14 months, which has taken care to upgrade, meet the revised Schedule M and with that, I mean, expanding our capacity in Beta Lactam area in specific.

Gaurav Agrawal: Okay. Sure. Thank you so much.

Bharat R. Desai: And we are opting for EU GMP for Beta Lactam this year.

Gaurav Agrawal: Thank you, sir.

Moderator: Thank you, sir. The next question is from the line of Dhwani Desai from Turtle Capital. You may proceed.

Dhwani Desai: Hi, good afternoon, everyone and congratulations for FDI audit. That's a big milestone, surely.

Bharat R. Desai: Thank you.

Dhwani Desai: Yes. So my first question, sir, is that you mentioned that we have 20 products in Innoxel which are developed out of that seven, if I heard correctly, are kind of out licensed or tied up. That number is 10.

Bharat R. Desai: That number is 10.

Dhwanil Desai: Yes, that number is 10. Okay. So, basically, sir, are these, so what I wanted to understand is this INR250 crores facility that you have put up in order to fill the capacity to an optimal level, how many products would you need to kind of commercialize to reach at the optimal level?

Bhahim Desai: So first of all Dhwanil. The thing is that I was saying earlier that Innoxel has two models, which is CDMO as well as CMO. Now, CDMO is the model where we have our own products and our own development. And currently, we started with a basket of 2022-odd products, which we intend to take it up to 40 to 45 in the next three to four years.

Now, these are the products which are in general as well as onco category, but one thing common in all of them is that they are complex and complexity-based products. Either it could be complex development, or it could be complex manufacturing. That is the criteria for us to select these products.

So volumes are not something that we look at in terms of our own product that we develop. Second model is the contract manufacturing model, where we obviously take on products which our clients have developed and they are only looking to get it manufactured at our facility.

So those are the products where the forecasts of these products are given by our clients and we manufacture for them. So there isn't any number that I can give you at this moment, which can maybe say like put my facility at 80% utilization space as of now. But for the sake of clarity, what I can tell you that at this moment we can take at least have 40 or 50 of these programs running at the same time, and we would be at a comfortable utilization of our facilities. And still have room for more in terms of taking on newer projects.

Dhwanil Desai: Got it. Now the question on the CDMO side, I think in the model generally that is prevalent in the industry. So the registration will happen on Innoxel's name or will it happen in the partner's name? How does that work? CMO, of course, you mentioned that the partner will take care of the registration. So how does it work in the CDMO side?

Bhahim Desai: So Innoxel since start, there is one thing that we have been very clear on that Innoxel will not be owning the ANDAs or the 55B2 registrations. That would be on our partners. We would be partnering before at various stages of development and then ultimately the filing of the product would be our partner's responsibility. So to answer your question, the name on the ANDA or the 55B2 would be our partners. It would not be of Innoxel.

Dhwanil Desai: Got it. And in the pipeline that you have indicated in the Innoxel, I see lots of 505B2 products and typically they're not very easy to make. So what is it that we have done over the years to kind of come out with a product pipeline and a developed product basket to end up with such an impressive portfolio? What have we done right? Is it that the know-how brought in by the remaining partners in the firm have given us this kind of this kind of a product pipeline, some thoughts on that?

- Bhahim Desai:** Yes, sure. So basically, yes, we have partnered with a group of technocrats, which we already said and their experiences is primarily in to development of complex generics and their past experiences and know-how of ensuring that these products right from development to tech transfer to manufacturing and then later on commercialization brings us that comfort level as well as that know-how at Innoxel level and that's how we have been able to in a short span of time, build up a product portfolio, which comprises of various difficult molecules.
- Both again, I would like to say, we only don't have 55B2s. We have a good mix of complex ANDAs as well as 55B2s.
- Dhwanil Desai:** Got it. And last question. So you mentioned that we are looking at, at some point in time whenever capacity gets utilized to a good level at 30%, kind of a margin at margin levels, but again, as you are saying that even if you run at 40, 45 programs, you will still have capacity available with you. So it appears that the glide path to that 30% number is still three, four years away. Gradually we'll keep on improving margin, maybe in the third or fourth year, we'll reach that number. Is that the right way to think?
- Bhahim Desai:** I would say no to that, because for us what is important is that we get our products to the market as soon as possible. Since we work in our own products under the CDMO model, we have three streams of revenue. And the last piece of revenue is profit share. As soon as the products are commercialized in these markets and once we see the profit share back to us, based on the commercial success of these products, the bottom line improves significantly.
- And there we don't need the capacity utilization to be say maybe 60% or 70% for us to reach that number. So it's not necessary that it may take four years. I will not comment on the timeline because again, it's too nascent of us to comment. But yes, it could be sooner.
- Bharat R. Desai:** And honestly speaking, at present we have completed two phases in facilities. The third phase will come still, maybe in another 12 months to 18 months. The third phase will come because we have got at present the General Onco injectable and General Onco liquid oil, but still one new line we are planning, which will come in a time. So that will also give us more scope for expanding the revenues.
- Dhwanil Desai:** Just one request, I'm looking for a company for the first time, but it's pretty complex in terms of multiple companies addressing multiple market segments and the product baskets are also very different. So very difficult to get a lot of information on the call. So if you can allow for one on one meeting, that would be very useful. Just a request from my side?
- Bhahim Desai:** Sure, no problem. You can always reach out to PhillipCapital and get in touch with us at a later stage.
- Dhwanil Desai:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sagar Arya from Xponent Tribe. You may proceed.

- Sagar Arya:** Sir I have very basic question, since this is the first time looking at this company and we are doing this call. Firstly, on the standalone business that we have, what portion of the business is tender driven or institutional here? Could you give us a sense please?
- Bhahim Desai:** So on the standalone level, as of now we've maintained that split around 50%. Every year it's a little bit different. So on an average, if I have to put a number, it would be 50% institutional, 50% non-institutional.
- Sagar Arya:** Okay. So by institutional, you mean this is a domestic focused business where you're supplying to hospitals, etcetera,
- Bharat R. Desai:** It's the state and central government the tenders where we directly participate. And I'm happy to tell that we are one of the strong partners to the central government, the national program for the malaria and Anti TB and HIV, all the three measures, we have our supplies.
- Bhahim Desai:** But outside of domestic, we have other institutional businesses in terms of exports as well?
- Bharat R. Desai:** And we also claim ourselves that we are the largest. We are the one who have manufactured, I mean, the largest medicine kit in the world, which comprises of 48 different medicinal and surgical products. So the one box is got all the 48 products. So it's the largest kit available in the world, which we are manufacturing.
- Sagar Arya:** Understood. And then Varenym health where you're guiding around INR60 crores, INR65 crores of revenue. What is that business? Is that the hospital business or what is that it would be?
- Bhahim Desai:** So Varenym Healthcare is a generic, branded generic business in the domestic space. And it is mainly more. It's partly prescription, but also partly hospital business. So there we deal with corporate chains like Apollo, NH, Manipal Group of Hospitals, RG Stones, etcetera of the country, along with other multi specialties, which are more state oriented as well.
- Sagar Arya:** Understood. And what kind of margins do we make here for Varenym Healthcare?
- Bhahim Desai:** Varenym Healthcare broadly operates in between 30% to 35% or 30% to 40% of margin, depending on various products and various brands. So that's the broad category of margins. But yes, 30 to 35 would be an average margin that I can tell you.
- Sagar Arya:** And this is 35% EBITDA sir or net?
- Bhahim Desai:** No, this would be EBITDA.
- Sagar Arya:** Okay. So the other institutional business that you just mentioned, tender driven and the export business in BPL would be about between 15% to 18% and this would be about 30% to 35%, correct?
- Bhahim Desai:** Yes.

- Sagar Arya:** In terms of EBITDA. Understood. On the Innoxel piece, when we increase the stake to 56% from 51%, what is the money that we paid for that stake?
- Bhahim Desai:** We put in roughly around INR65 crores for an additional 10% stake at Innoxel.
- Sagar Arya:** Did you say 65 or 55 sorry?
- Bhahim Desai:** 65. 64.80 to be precise.
- Sagar Arya:** Sorry. So INR65 crores for 10% stake and after that we have currently 56% is what you said?
- Bhahim Desai:** Yes. Because there are only two parties to it. So we also got diluted in taking that additional 10%. So overall right now we are looking at a 56% stake.
- Sagar Arya:** Understood. And this could help me understand or give me more flavor of the portfolio here. I understand you do injectables 505B2, but it would be great if you can just give some examples in terms of the kind of portfolio that you are doing, especially for your CDMO piece. And if we were to look at these 2025 molecules that you're talking about, how should we look at the addressable market? What is the visibility that you have from these molecules over the next few years? How should we as investors be looking at the growth for the next three to four years?
- Bhahim Desai:** We would not be able to give you in terms of any product details due to confidentiality reasons, obviously. But what I can do is I can tell you that we are working with products which are therapeutic like we are as an organization therapeutically agnostic. Since we are not front ending any of these products, we are not into direct marketing of these products. It gives us that leverage and that freedom to get into products without being in the same therapy segment.
- So what that enables us to then find the right partner in that therapy area to then further market in the respective territories, which is what we have done so far. From the products that are already signed, I would say the addressable market overall, all the molecules put together would be upwards of a few billion dollars, but again, we are talking about being the first or the second entrant in this market and a few of them are also in the 55B2 space.
- So we can only have a comparable market, not the direct market of it. Since 55B2 does not have any prior market in it and we have to create one. So an addressable market, I would say upwards of a few billion dollars put together of the products that we have already signed.
- Sagar Arya:** And these additional products that you are talking about that are there in the pipeline, are these also all injectables or what would be the mix between oral and injectable?
- Bhahim Desai:** We have overall in our portfolio, the number of projects, we have a good healthy split of maybe 60 to 40 between injectables and oral liquids. So we have two categories, two doses formed, it's injectables and oral liquids. And in general, as well as Onco category, both of them.
- Sagar Arya:** Okay. And in what kind of revenues can we generate from this INR250 crores capex that you've done Innoxel?

- Bhahim Desai:** I would say towards the peak of the organization, we are looking at an asset turnover of maybe three to four times of the current levels that we've invested in. So that's broadly what I can say at this moment.
- Sagar Arya:** So this three to four is basically, so on INR250 crores you're saying about 750 is what we can generate, is it?
- Bhahim Desai:** At peak.
- Sagar Arya:** At peak and when are we expected to hit that peak?
- Bhahim Desai:** So we're looking to reach around that point in the next 5 to 6 years. So 2030 to 2031 is when we are looking at our peak revenues.
- Sagar Arya:** Understood, sir. Thank you. Shruti,
- Moderator:** Thank you. Due to time constraint, that was the last question. I now hand the conference over to the management for closing comments. Over to you, sir.
- Bharat R. Desai:** Thank you very much. Thank you all once again for spending your valuable time with us today. We truly appreciate the thoughtful questions and the keen interest you have shown in Bharat Parenterals Limited and group companies. As we discussed, we are at a very important stage in our journey. Deepening our focus on complex injectables, expanding our presence in regulated and emerging markets and staying firmly committed to quality and compliances.
- Milestones like the successful USFD inspection at Innoxel reaffirm that we are building on solid ground. I want to express my special thanks to the entire team at PhillipCapital for continued engagement and support. We deeply value the trust and confidence you place in us and we look forward to strengthening this relationship as we move ahead. We are excited about the opportunities ahead and are committed to creating long-term, sustainable value for all our stakeholders. Thank you once again for your time, your interest and your partnership. God bless you and all your beloved family. Jai Hind.
- Moderator:** Thank you. On behalf of PhillipCapital India Private PCG Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.
- Bharat R. Desai:** Thank you.