



Bharat Parenterals Limited

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(WHO-GMP CERTIFIED ★ STAR EXPORT HOUSE)

Management Discussion & Analysis (Q2FY26)

Overview

Bharat Parenterals Limited ("BPL" or "the Company") continues to build on its strong foundation as an integrated pharmaceutical formulation manufacturer with a focus on injectables and complex generics. During Q2FY26, the Company navigated a challenging operating environment marked by inventory normalization and deferred institutional orders. While this led to lower reported revenues, underlying gross margins strengthened sharply, reflecting a continued shift toward higher-value products and operational efficiencies.

At the consolidated level, the performance was impacted by Innoxel Lifesciences Pvt. Ltd. ("Innoxel"), the Company's complex generics subsidiary, which remains in its pre-commercialization phase and is progressing toward key regulatory and commercialization milestones.

Standalone Performance

Revenue from Operations stood at ₹41.7 crore in Q2FY26, compared to ₹64.5 crore in Q2FY25 and ₹94.4 crore in Q1FY26, a decline of **35% YoY and 56% QoQ**. The decline primarily reflects subdued institutional offtake and a temporary slowdown in export dispatches, following an exceptionally strong Q1, and nearly a one-month production break in the general injectables line due to ongoing upgradation activity.

Despite lower revenue, **gross margins improved significantly to 44.1%**, up from 35.3% in Q2FY25 and 33.4% in Q1FY26, driven by a favorable product mix and operational cost optimization.

EBITDA stood at ₹2.3 crore versus ₹5.7 crore in Q2FY25 and ₹15.3 crore in Q1FY26. The **EBITDA margin** contracted to 5.6%, compared to 8.8% last year and 16.2% sequentially, due to lower volumes and ongoing brand-building expenses.

Profit After Tax (PAT) was ₹2.7 crore, compared to ₹5.5 crore in Q2FY25 and ₹10.0 crore in Q1FY26, translating to a **PAT margin of 6.5%** versus 8.5% last year. The decline is primarily volume-driven, while the gross margin improvement indicates underlying strength in the core business model.

Management remains confident of recovering growth momentum in H2FY26 as new orders ramp up and seasonal institutional demand normalizes.



Consolidated Performance

On a consolidated basis, **Revenue from Operations** was ₹64.6 crore compared to ₹71.6 crore in Q2FY25 and ₹116.0 crore in Q1FY26, reflecting a **10% YoY and 44% QoQ decline**.

Gross Profit increased **26% YoY** to ₹37.7 crore, with **gross margins at 58.3%** (up from 41.8% in Q2FY25), driven by a higher contribution from Innoxel's R&D and milestone income streams. However, consolidated **EBITDA** improved to ₹0.8 crore from a loss of ₹7.7 crore in Q2FY25, indicating a near break-even position compared to a negative base last year.

Innoxel's quarterly operating cost remained elevated at approximately ₹14–15 crore, in line with previous quarters, reflecting its continued R&D intensity. The **consolidated loss narrowed** to ₹8.6 crore from ₹17.5 crore YoY, marking a **51% improvement**, supported by higher-margin income streams and cost discipline.

Innoxel Lifesciences – Subsidiary Update

Innoxel Lifesciences continues to progress on its journey to become a differentiated complex generics and specialty injectables company targeting regulated markets such as the U.S. and Europe. As of Q2FY26:

- **Portfolio:** ~20 active products under development, including 505(b)(2) NDAs, complex ANDAs, and long-acting injectables.
- **Pipeline Expansion:** Over 40 molecules in lifetime pipeline; multiple under evaluation for out-licensing.
- **Revenue Model:** Licensing income and milestone payments from global MNC partners; manufacturing and profit-sharing to follow post-approvals.
- **Regulatory Milestones:** EU inspection expected by H2FY26; first commercial filing targeted around Q1FY27.
- **Financials:** Quarterly costs remain around ₹14–15 crore; milestone revenues expected to resume from H2FY26.
- **Strategic Focus:** Veterinary injectables as near-term commercialization channel, while human long-acting injectables continue under development.

Innoxel's path to commercialization remains on track, with the Company expecting material revenue recognition and PAT breakeven in FY27 as regulatory approvals and CMO contracts begin contributing.



Outlook

BPL (Standalone):

The Company remains confident about its growth trajectory, maintaining FY26 revenue guidance of 12–14%, supported by a strong order book, expanded distribution footprint, and improved capacity utilization. EBITDA margins are expected to improve to 15–17%, driven by operating leverage, higher institutional offtake, and continued focus on complex injectables. The performance in H2FY26 is expected to strengthen as institutional orders normalize and the upgraded general injectables line resumes full operations.

Innoxel Lifesciences:

Innoxel is expected to generate ₹65–70 crore in revenue in FY26, with a stable quarterly cost base of ₹15–16 crore. The business is poised to achieve operational break-even through milestone-driven product revenues. Commercial CMO supplies are anticipated to commence in Q1 FY27, following the scheduled EU-GMP inspection in FY26. The Company continues to build on its differentiated portfolio of complex and long-acting injectables, reinforcing its strategic positioning in the regulated markets.

Varenyam Healthcare:

Revenue for Varenyam Healthcare is projected at ₹60–65 crore in FY26, marking a 20–21% year-on-year growth. Expansion into new therapeutic areas and deeper penetration in existing segments will continue to drive growth in the domestic formulations business.

At a consolidated level, BPL expects performance to strengthen in **H2FY26**, supported by a recovery in the standalone operations and milestone-linked income from Innoxel. The Company remains on course to achieve **positive consolidated PAT by FY27**, underpinned by expanding product portfolios, improving operating leverage, and enhanced visibility in high-value institutional and export markets.

For, Bharat Parenterals Limited



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