Bharat Parenterals

Operator: Ladies and gentlemen, good day and welcome to the Bharat Parenterals Limited Q2 and H1 FY27 earnings conference call hosted by PhillipCapital PCG. As a reminder, all participant lines will be in 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Bahim Desai, Strategy and Investor Relations, from Bharat Parenterals Limited. Thank you, and over to you, Bahim.

Bahim Desai – Director, Strategy and Investor Relations: Thank you. Good afternoon, everyone, and a warm welcome to the Q2 and H1 FY27 earnings call of Bharat Parenterals Limited. I am Bahim Desai, Director, Strategy and Investor Relations.

I hope you have had a chance to look at our results, the investor presentation, and the management discussion and analysis. All of them are on the stock exchange and on our website.

Before I begin, a quick disclaimer: some of what I say today is forward-looking. It reflects our current expectations and carries risks and uncertainties. Therefore, actual results may differ.

In May, I called FY26 our bridge year, and I said FY27 is where we expect the commercial inflection. I am pleased to say that Q2 is the first quarter where that inflection shows up in the group's profit. Our teams have worked towards this for several years, so I want to walk you through it carefully—what drove it, what is structural, and what will move around from quarter to quarter.

Let me give you the consolidated picture first, and then I will go business by business. Consolidated revenue for the quarter was 136.3 crores. That is up 110% from 64.6 crores in Q2 last year and up 45% on a Q1 FY27 basis. Last year's Q2 was a soft base. Export shipments were deferred, and our general injectables line was shut for close to a month. Therefore, I would point you to the 45% sequential growth as the cleaner measure of progress, and even on that basis, it is a strong quarter.

EBITDA was 26.6 crores, 23.6 crores, at a margin of 17.3%. A year ago, it was 0.8 crores. Last quarter, it was 8.5 crores at 9.1%. Therefore, the margin expanded by more than 800 basis points in a single quarter.

Profit after tax was 11.8 crores against a loss of 8.6 crores in Q2 last year and a loss of 3.6 crores in Q1. Of that 11.8 crores, 9.4 crores belongs to BPL shareholders. The remaining 2.4 crores is our minority partners' share of Innoxel's profit, since we own 55.9% of Innoxel.

For the first half, revenue was 230 crores, up 27%. EBITDA was 32.1 crores, up 120%, and the margin moved to 14% from 8.1%. Profit after tax was 8.3 crores against a loss of 9.5 crores. Profit attributable to owners was 10.4 crores, roughly 10 times the 1 crore of H1 last year. The minority share is still a loss of about 2.2 crores for the half because Innoxel's first quarter was a loss.

Just as important as the numbers is where they are coming from. Innoxel and Varenne Healthcare, our high-margin growth platforms, together made up 45% of our revenue before eliminations this quarter, up from about 40% a year ago. Innoxel is now the largest EBITDA contributor in the group, producing more than 60% of the EBITDA across our four companies. That is the shift in the mix our

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strategy was built around.

Going to BPL standalone now. Coming to the standalone business, which is the parent company and the foundation of the group, revenue for the quarter was 78.6 crores, up 88.4% year-on-year and 41.5% on Q1 FY27. Part of the year-on-year jump is a recovery from last year's weak Q2, so the sequential growth is the better guide. For the half year, standalone revenue was 134.1 crores against 136.1 crores last year, which is broadly flat. That is the honest comparison, and it means that the second half has to carry the year's growth.

This was an execution quarter. Our domestic tender book came down from 119 crores at the end of June to 65 crores at the end of September, largely as we supplied against it. Capacity utilization tells the same story. In the first half, the general block ran at 70% against 48.5% for FY26. Beta-lactam was at 33%, and cephalosporins were at 31.5% against 21% and 24%, respectively, last year. That leaves meaningful headroom. We do not need new capacity to deliver the standalone growth we have guided, and the additional volume can be absorbed on our existing cost base.

Our total order book stood at 117 crores at the end of September across domestic tenders, exports, and international tenders, which gives us good visibility into the second half.

Now, margins. I want to be straightforward with you here. EBITDA was 7 crores, three times last year's 2.3 crores, but the margin was 9%, down from 12.3% in Q1 FY27. The reason is input material cost. Prices of several of our inputs rose sharply because of the ongoing geopolitical conflicts. Our material cost went up by about 5 percentage points of revenue in a single quarter, and the gross margin came down to 35% from 40% in Q1 and 44.1% in Q2 last year.

What was within our control, we managed well. Employee cost fell to 9.3% of revenue from 11.7%. Operating expenses grew 33% year-on-year against revenue growth of 88%. Profit after tax was 5.4 crores, up 98.7%, and net margins improved to 6.9% from 6.6% in Q1 and 6.5% a year ago.

I will also be clear about the risk. A good part of our order book was priced before input costs went up. Until those prices ease or the books turn over to orders priced at current costs, margins on that book will stay under some pressure. For the first half, standalone EBITDA was 13.9 crores at 10.3%. That is inside our 10-15% range even after absorbing this quarter's input cost increase.

The balance sheet continues to strengthen. The standalone business generated 65 crores of cash from operations in the half and spent about 15 crores on capex, leaving roughly 50 crores of free cash. Trade receivables are down to 105 crores from 120 crores in March and 130 crores a year ago. Debt to equity is 0.08 times. You will also see investments go from about 1 crore to 56 crores. This is surplus cash placed in various market instruments, not new investments in businesses.

Moving on to Innoxel Lifesciences. I will spend a little more time on Innoxel because this is the quarter where its model started to show in the numbers. Revenue was 44.5 crores, up 253% year-on-year, and more than double Q1's 21.4 crores. EBITDA was 14.6 crores at a 33% margin against losses of 2.1 crores a year ago and 1.8 crores in Q1 FY27. Innoxel also made a profit after tax of 5.4 crores after losses of 11 crores a year ago and 10.4 crores last quarter.

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This is the operating leverage we have been talking about. Innoxel's cost base is largely fixed. Between Q1 and Q2, revenue went up by 23.1 crores, and EBITDA went up by 16.5 crores. Put simply, most of each additional rupee of revenue is now flowing through to profit.

I would keep the 33% in context. This revenue is still mostly licensing, milestone, and development income, and that arrives when our partners reach milestones, not evenly every quarter. A lighter milestone quarter will bring the margin down, so the half year is the more representative read. Innoxel's H1 revenue was 65.9 crores, up 219%, and already close to the 72.4 crores it did in the entirety of FY26. EBITDA for the half was 12.8 crores, just under the 20% floor of our margin guidance. After tax, the half is still at a loss of about 4.9 crores because of the first quarter.

The bigger news came after the quarter closed. On October 20, the first product Innoxel makes under a CMO agreement was exported to the US by our sponsor partner. This is a milestone we have been building towards since Innoxel was founded, and it moves Innoxel from development and validation work into recurring commercial supply. In May, I said we expected first commercial supply in Q2. It came about 3 weeks into Q3. None of that supply revenue is in these numbers. It builds through the second half, but this year will still be mainly a licensing and milestone year for Innoxel, with manufacturing revenue starting.

We expect the second contract manufacturing product to be commercialized within FY27 upon receiving the approvals from the US FDA. The platform behind this is in place. Innoxel has its EIR from the US FDA inspections and its EU GMP certificate from the Belgian regulator covering all four lines. That combination is not common for a dedicated contract manufacturer, and it is what our partners are building their US programs on. As always, I will not name our partners or the molecules. Those agreements are under confidentiality.

Moving on to Varenne Healthcare. This is our domestic branded business, which I founded in 2016. Quarter two revenue was 19.7 crores, up 33.2% year-on-year. EBITDA was 1.8 crores at a 9.2% margin, and profit after tax was 1 crore. Revenue was down 21.5% vis-à-vis Q1 FY27, which is this business's normal cycle. Our sales are highest in Q1 and taper through to Q4. Therefore, Varenne is best judged on year-on-year and half-year numbers.

On that basis, H1 revenue was 44.9 crores, up 43.2% year-on-year, at an EBITDA margin of 11%, with profit after tax of 3.8 crores. Our guidance for the year is 20-25% growth at an 8-13% margin. Therefore, we are running well ahead on growth and inside the band on margins. We ended September with 229 approved field representatives against our target of 250 by year-end. Our second division, Dua, in gynecology and women's health, launches later this year and takes the franchise beyond the anesthesia and critical care portfolio we have built in the hospitals. It will be a cost before it is revenue, and that is already built into our margin range.

Moving on to Varenne Biolifesciences. VBPL is pre-revenue. Its operating cost in Q2 was 0.14 crores, and capital work in progress stood at 33.7 crores. We are targeting completion of the construction by Q2 of calendar year 2028, subject to commissioning and regulatory approvals.

Moving on. Cash generation from the group was strong in the half. Consolidated cash from operations was 83.3 crores, more than double the 38.4 crores we generated in the whole of FY26. Before tax paid, 39.4 crores of that came from operations and 48.4 crores from releasing working

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capital. The first number reflects our underlying earnings power, and it is encouraging to see it build. The second is a release that we would

Management: not expect to repeat at the same scale. Consolidated borrowings stood at 160 crores at the end of September, most of it being at Innoxel.

On September 29, our board approved a preferential issue of 9,12,759 shares at 1,522.85 rupees per share, raising approximately 139 crores from 15 non-promoter investors. WhiteOak funds are the largest participants, with Nine Rivers Capital's Aurum Rising Fund being the second largest, with Ashoka India Equity and Perpetuity among the other investors.

Shareholders approved the issue at our EGM on October 23. Up to 135 crores will go into our subsidiaries over the next 2 years, and CRISIL Ratings is the monitoring agency. After allotment, promoter holdings moved from 67.2% to just under 60%, at 59.3%. There is no promoter pledge. This money is not in the September 30 balance sheet.

To the investors who have joined us, thank you. We see your participation as an endorsement of the path we have set out, and we take the responsibility that comes with it very seriously.

Lastly, since August 17, our shares have also been tradeable on NSE under the symbol BPLPHARMA, and our shareholder base grew by 22% from the June quarter-end to the September quarter-end.

On the guidance front, we are maintaining our FY27 guidance. Innoxel and Varenne Healthcare are running ahead on growth in the first half, and the standalone business goes into the second half with the order book and the capacity to deliver.

For the standalone business, revenue growth of 10-15% on the FY26 base of 234 crores and an EBITDA margin of 10-15% remains consistent, in line with what we guided at the start of the year.

For Innoxel, revenue growth of 35-45% at a margin of 20-25%, with out-licensing income of roughly 80-90 crores. The first half is well ahead on revenue and just under the band on the margins front. Because milestones do not come in a straight line, we would rather see the second-half licensing timing and the supply ramp before we look at these ranges again.

For Varenne Healthcare, growth of 20-25% at a margin of 8-13% was the guidance. The half year is ahead on growth, but the business tapers going into Q4, and the new division is still a cost, so we are not revising at present.

Varenne Biolifesciences stays pre-revenue this year.

With that, I will hand it back to the moderator. We are happy to take your questions.

Operator: Thank you. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Hemal B with Equicorp Partners. Please go ahead.

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Hemal B – Equicorp Partners: Thank you for the opportunity, sir. I hope I am audible.

Management: Yes, you are.

Hemal B – Equicorp Partners: Starting with, sir, congratulations on a good set of results. Starting with Innoxel, I think we have about 42 total assets, about 8 of our assets are at the D stage, and 5 are in the pre-filing stage. If you could give some understanding of the typical gestation period when we actually go from a D or a B stage to filing and commercialization? How many of these 13 advanced-stage assets do you expect to be launched across FY28, FY29, and FY30? And what kind of potential do you actually see in these assets?

Management: To answer your question about the gestation period, firstly, thank you for your congratulations on the set of results. Going forward, as far as the gestation period is concerned, it depends on the type of filing that we are going ahead with. If it is an ANDA filing, the gestation period is much shorter because the stability requirement for an ANDA filing remains 6 months on the exhibit batches. If it is a 505(b)(2) NDA filing, then the stability requirement for filing is 12 months of real-time data. Generally, an ANDA takes roughly 15-18 months from the manufacturing of exhibit batches to approval, obviously depending on the US FDA.

Typically, this is a much longer process when we talk about a 505(b)(2) NDA. In Innoxel's pipeline, we have a mix of both ANDAs as well as 505(b)(2) NDAs. To answer your question on FY28, FY29, and FY30, I would say most of our assets that are currently under development would be in the market by FY30. Sequentially, FY28 would be our ANDAs that we expect to be there, as well as a couple of our 505(b)(2) NDAs that would be filed this year. We are looking at filing various products between now and the end of the year. Therefore, we expect the approvals to come in 12-15 months, making it possible for us to launch in calendar year 2028, which would be FY29.

Hemal B – Equicorp Partners: With respect to scaling the liposomal and extended-release injectables that we have in our portfolio, I think it is very difficult because, if you see, scaling them up without altering their drugs' pharmacokinetic release profile is a very difficult task. With the newly installed liposomal skid that we have in our general block, have we completed the exhibit batches, and how are the yields? Are we seeing yield losses or yield gains? How do you see the scale-up progressing here?

Management: The scale-up process is almost completed. We are going for exhibit batches sometime in November. Therefore, we are not too far away from taking our scale-up exhibit batches for our liposomal program. Following the installation of this skid, there were qualification activities. We had to qualify the line first in order to start the scale-up process. Subsequently, you are right, it does take a lot of effort to ensure that the lab scale versus an actual commercial scale-up is in line with the parameters of the product. It does take a few attempts to do that.

As far as our current progress is concerned, we are seeing results that are absolutely in line with the results that were there in the lab. Therefore, we are confident that we will be able to take our exhibit batches in November and subsequently be ready for filing the product in Q1 of next financial year.

Hemal B – Equicorp Partners: With respect to our focus, I think we are currently mostly focused on oncology and the CNS side. We also have good expertise in extended-release and depot

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technology. In terms of the significant capacity that is actually unutilized, are you evaluating opportunities on the GLP-1 sterile side or on specialized hormone capabilities? We also have depot therapies in place.

Management: At Innoxel, we have a good number of projects across various lines. As far as capacity utilization is concerned, Innoxel is not the typical CMO that relies on capacity utilization in order to generate revenues. Therefore, I would not say that you necessarily need to look at capacity utilization in order to see the revenues on the books of Innoxel. The products and the kinds of projects that we are undertaking are usually complex in nature, have lower volume thresholds than general generics, and have a higher margin as well as cost base. Therefore, capacity utilization or blocking of capacity is not to be looked at in terms of revenues at Innoxel.

Hemal B – Equicorp Partners: We have about 4 European partners with whom we are working for some US filings. Is it part of our strategy that we want to act as a regulatory bridge and also as a CMO or CDMO partner for mid-sized European clients that want to enter the US but do not have FDA certification for their sterile facilities? Can we provide end-to-end service and also help them scale up?

Management: We work with global clients. Predominantly, we want to work with clients who operate within the US, but we are also catering to a few other markets. These markets include Western European countries, the UK market, and the Canadian markets. Therefore, any clients operating within these markets are the clients that we would want to onboard.

As far as our European clients who we already have on board are concerned, they are a mixed bag. A lot of these clients are already present in the US but have partnered with us for specific products. A few of our European clients are not necessarily for the US markets; they are for the EU and UK markets as well. Therefore, regarding the point you mentioned about a regulatory bridge, yes, we would want a few more European clients so that our entire business is not concentrated in the US markets. That is exactly how our deals have been structured, and our products and geographies have been selected along with our partners to mitigate that risk.

Hemal B – Equicorp Partners: On the standalone side, what would be the split between oral solids and sterile FDF, and going forward, how do you see it? If I look at some of the Indian pharma peers, the mid-sized ones are exiting oral solids because it is very competitive, and they are moving into sterile injectables where they see better margins. Please share your understanding here. Going forward, do you see the potential for the general block, where a lot of oral solids, or OSDs, are made, to be repurposed for some other use if you see a lot of competitive intensity or pricing issues from some of the Chinese peers?

Management: As far as the oral solids and injectable split is concerned, our core competency in the standalone business remains injectables. Roughly 40-45% to 50% of our total revenue comes from injectable products. The next biggest category under which revenue comes from the standalone business is oral solids. Therefore, I would say that oral solids would predominantly have more margin pressure because the entry barriers are lower in comparison to sterile injectable products.

At the same time, the products, the market, the brands, and the way of doing business matter. I do not necessarily need to consider removing the entire section to make way for something else going

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forward. I would say that working on a well-defined strategy and well-defined markets with a good business model is something to be considered and looked at.

Hemal B – Equicorp Partners: How are the margins working on the newly launched therapies, the specialized one being the ertapenem therapy, versus our legacy portfolio? How do you see the churn happening between new therapies and old therapies in terms of the ratio and the percentage on the revenue side?

Management: The new therapies and the new products that we have developed and work on are usually more differentiated. The number of competitors for those products would be lower than for the typical age-old generic products that used to have a lot of volumes at our end.

At the same time, it is a volume and value split. You have to understand that there is a reason why antibiotics and the generic side have a certain volume that newer therapies may not be able to generate. It is a good split at our end right now where we are trying to grow our value realizations and our bottom-line realizations through new products, while keeping a stable base with the older products having a greater volume contribution to the overall business.

Hemal B – Equicorp Partners: Thank you very much for the opportunity. I have more questions, but I will get back into the queue to give others an opportunity. Thank you.

Management: Thank you.

Operator: The next question comes from the line of Aryan Bhatia with InCred Research. Please go ahead.

Aryan Bhatia – InCred Research: Hi. Thank you for the opportunity. My question is on our standalone business. We were looking for an EU GMP audit in this financial year after the upgrade of some of our lines. I wanted to know the update and when we can expect the audit. Continuing on this, this quarter on the standalone side, we posted 80 crores of top line. How much is the contribution from the deferred export tender?

Management: As far as the EU GMP inspections are concerned, right now we are preparing for them. All the necessary [trails off]

Management: HVAC changes in our water systems, ORABS upgrades, and QC lab expansions are completed. We will disclose the inspection and the outcome as and when it happens. Since we do not have the dates yet from the regulators, it would be premature for me to give you a timeline. We do expect it in this financial year, but we cannot give you an expected timeline as of now since we do not have a confirmed date from the regulator. As far as the other question is concerned, can you please repeat your other question?

Aryan Bhatia – InCred Research: My question was on the deferred export tenders. In this quarter, on the standalone side, we posted 80 crores, right? I wanted to know how much is from the deferred export tender.

Management: That would be somewhere close to 30-odd crores. Part of it was also in Q1. Between Q1 and Q2, that was completed. In Q2, I would say that approximately 25-30 crores would be from

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that.

Aryan Bhatia – InCred Research: Understood. My second question is on Innoxel. At the start of the financial year, we were guiding for 35-40% growth on the 72-crore base in FY26. If I look at H1, we have already done 65 crores of revenue. How should we think about H2? We will have some commercial supply in Q3 as well as Q4. Should we not be posting more than 35-40% growth in the overall financial year? On the margin side as well, considering that CMO will be present in H2, how should we think about the margins?

Management: As I have already mentioned in my earnings address, most of Innoxel's revenue is going to come from milestones and licensing income, and that can be lumpy in terms of when it is realized. Therefore, I will wait for Q3 before I give any guidance revision on Innoxel's numbers, if at all there is one. We have to see what kind of licensing and milestones can be achieved in H2. We are currently doing that exercise as we speak. At the end of Q3, we will be in a position to give you a better answer on the final numbers expected at Innoxel. As things stand, we are going to achieve the numbers that we have guided on. That is quite clear.

On the margins front, as I said, the higher the base, the higher the margin percentage looks. In a quarter where the overall numbers from milestones and licensing income are on the lower end, the margin percentage can come down on that basis. This is why we would maintain our guidance of 20-25% for the entire year as of now. If there are any revisions, those revisions will be given at the end of Q3.

Aryan Bhatia – InCred Research: Understood. My last question is on our fund raise. We have done a 139-crore preferential issue. Will the investment be solely for the Varenne Bio subsidiary, or will it be used for Innoxel as well?

Management: It is earmarked for all the subsidiaries as and when the requirements arise and based on the earnings potential of each of these subsidiaries. As and when the investments happen, an agency that has been appointed for monitoring will make the subsequent disclosures. As of now, I do not have a split that can be given.

Aryan Bhatia – InCred Research: Understood. Thank you for the answers, and best of luck for the future.

Management: Thank you.

Operator: The next question comes from the line of Nishit Sanghavi with Prospero Tree. Please go ahead.

Nishit Sanghavi – Prospero Tree: Hi. My name is Dhruvesh here. It is a great set of numbers, and thank you for the opportunity. I wanted to ask, in terms of Innoxel, do we estimate that we will easily cross 300 crores in FY29 now? With the pipeline established, could you give some broader number for FY29, if possible?

Management: Again, this is something that I would not be comfortable answering at present because FY29 is still a year and a half before it starts. Closer to FY28, I will be able to give you a more confident answer on that number. Based on the work with which we are going ahead and the

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number of approvals that we are expecting, there is a good likelihood that it can happen, but I can comment on the certainty only sometime next year, not this year.

Nishit Sanghavi – Prospero Tree: To understand the margin profile for Innoxel once it scales above a certain number, let us say the 200–300-crore range, can we say that this is not a model that will only give us 25–30% EBITDA margins, but in fact it should easily be more than 50% or perhaps 60–65% if we scale to that number? What margin profile should we consider?

Management: Margin improvement will happen. The way the Innoxel model works, there are 3 different revenue streams that Innoxel has. Licensing and milestone income is one part of it. The commercial part, which started in October, would be the second part, and the last part would be a profit share once our own developed products hit the market. When we reach the profit-share stage, we expect margins to shoot up because that profit share goes straight to the bottom line. It can go above 35–40% as well. I would not give a clear number yet. Again, I would wait for things to pan out before giving a certain number.

Nishit Sanghavi – Prospero Tree: You used the term profit share. Will this be profit share molecule by molecule, or revenue sharing? How will we calculate the costing that the partner is going to provide to us?

Management: Each of our contracts includes a definition of sales, net sales, and profit-share calculations. There is a fixed formula. It is not revenue sharing because no one will give any part of the revenue before taking the costs that they would incur in selling those products in the relevant market. Therefore, we are looking at a profit share and not a revenue share, and as I said, everything is set out in the individual contracts.

Nishit Sanghavi – Prospero Tree: Even though I understand that we have not earmarked internally how much of the 135 crores will go where, the question comes from the angle that, in the presentation, we said we would require 300 crores for Varenne, out of which we have only spent 30–40 crores so far in building that entity. Naturally, my sense was that Innoxel would also require some money for future expansions, more product additions, or perhaps some lines. Without quoting the numbers, can you give us some sense? There is still a large gap between what you will need and what you have. Where will it come from? Should we expect more dilution, or is there some [cut off]

Management: No, we expect no further dilution at this moment in time. Looking at the current revenue streams that we have across various businesses, the free cash flow at the standalone level, and the money raised in the current preferential issue, we are very well positioned to fund everything internally at this moment in time, both at Varenne Bio and at Innoxel, including whatever further is required at both these entities. Obviously, Varenne Bio is not going to be funded 100% through equity alone. There would be certain bank debt on the books of Varenne. Therefore, using bank debt as well as equity, the balance of the capex would be funded at Varenne as well as Innoxel.

Nishit Sanghavi – Prospero Tree: I was pleasantly surprised by Varenne Bio's expansion plan. Initially, we were focusing only on non-US and non-Europe, and now we are seeing the entire biologics shift there. Can you give us some sense of where the confidence is coming from? What opportunities are you seeing? Part of it is given in the presentation, but could you explain what has shifted in your mind, where the opportunity is arising, and provide more detail on the change of

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plan?

Management: I would probably be repeating a lot of what is in the presentation, so please bear with me. Customers are very short of qualified mammalian scale-up capacity. Biologics developers often lack the capacity to take a molecule from clinical supply to commercial scale. Therefore, a CDMO partner that does both is a stickier business than an ROW formulation plant copying the Innoxel model. That is the reason for the pivot.

There are also many opportunities coming from other SRA countries outside the US from a biologics perspective. Not many operators in the biosimilars and biologics space operate in all these markets. There is constantly a supply gap that you can see. The need for these products is rising, with chronic therapies for various lifestyle-related ailments and the era in which we live also continuing to drive this rise across the globe.

Therefore, I would say that the opportunities are there. Sooner or later, there would be a shift, and many companies would enter this space as well. We acted on it sooner. Apart from that, the confidence comes from the fact that we have successfully executed a model in the past through Innoxel. Similarly, we would be working for Varenne Bio as well, where we would be able to successfully scale up a plant where we were previously not present from a standalone US perspective. That is the underlying confidence and the business opportunity that made us pivot.

Nishit Sanghavi – Prospero Tree: Thank you, Bhavin. Bhavin, thank you very much.

Operator: The next question comes from the line of Vishal Prasad with Rajmahal Capital. Please go ahead.

Vishal Prasad – Rajmahal Capital: Thank you. Let us talk about 505(b)(2), where we partner with others. When you launch the molecule in the US, what kind of marketing effort is required? If the current market size is 500 million, is it feasible to capture 10% of it in 2-3 years after launching?

Management: A 505(b)(2) NDA requires marketing support first of all. It is not a distribution play like an ANDA. Therefore, the right front-end marketing partner is very important. Since we are therapeutically agnostic and have no role in, or front-end marketing of, our own, we partner with companies that already have some exposure in those therapeutic segments. The addition of our product becomes a synergistic effect for them and their marketing team. That is how we try to identify our front-end marketing partners, specifically for 505(b)(2) NDAs.

Regarding market conversion, as you said, if the market is 500 million, can we capture 10% within 2-3 years? That entirely depends on how good your 505(b)(2) NDA is. In the US, even if you change one of the excipients, it could be classified as a 505(b)(2) NDA. If you are not solving an actual problem, and the other molecules already available in the market are not solving a problem to a lesser extent, then the likelihood of your 505(b)(2) NDA becoming a commercial success goes down. If your 505(b)(2) NDA is able to solve an unmet patient requirement, helps doctors administer the product effectively, and has an inherent advantage over existing therapeutics, then conversion can definitely be 10% or perhaps higher in the first couple of years itself.

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Vishal Prasad – Rajmahal Capital: Given that we have a few molecules and you must have looked at the kinds of problems we are trying to solve, do you think we have something that will enable us to execute and capture perhaps 10% of the market 2–3 years after launching? Is there something you see that can happen?

Management: Our partners are definitely very confident about many of our 505(b)(2) NDAs, and we [trails off]

Vishal Prasad – Rajmahal Capital: ...will be able to capture 10–20% of the market within a couple of years of launch.

Management: Obviously, as of now, I can only give you a sense based on what our partners tell us because the products are still to be launched. However, based on our partners' confidence, we get the confidence that, at least in the first couple of years, we can expect 10–15% market conversion in the 505(b)(2) NDAs that we are operating in. That is not a bad number to begin with. It would be a sizable and good number for us at Innoxel as well.

Vishal Prasad – Rajmahal Capital: I am trying to understand the difference between 505(b)(2) and ANDA. When somebody launches a generic product after patent expiry, there is significant price correction. In our case, when we go with a 505(b)(2) and there is a patented molecule available, if that is selling for $100, what will be the differential between our product and the patented product?

Management: That depends on the pricing strategy our partner adopts. Since they are the ones marketing the product and holding the IP, usually their sales and marketing team takes a call on the pricing strategy. However, a 505(b)(2) NDA will be at a discount of at least 20–30% or 40% from the innovator product on the market. It would still be well above the generic level.

Our 505(b)(2) NDAs that are currently at advanced stages and those that we will be filing are not genericized. Only the innovator would be present in our case. That eliminates competition from a pricing perspective with any generic players in the immediate future. Therefore, there would be at least a couple of years, or 2–3 years, when there would not be any generic entry, and it would just be our 505(b)(2) NDA and the innovator.

Vishal Prasad – Rajmahal Capital: You mentioned that 2–3 years down the line, we will have a runway of at least 2–3 years. Once the patent expires and we have generic products in the market, what usually happens to 505(b)(2) molecules? Do they leave the market, or do they remain there with significant price correction?

Management: On the contrary, if your 505(b)(2) has an advantage over the generic or the innovator, and that is why the market adapts and converts from the innovator to your product, it is not only about the pricing aspect. That continues. Obviously, there would be some pressure on the margin side because the insurance companies would put a lot of pressure on our front-end marketing partners to provide some further rebates on the 505(b)(2). However, it would not become a completely genericized version.

There is a good life for every 505(b)(2). I would again say that it depends on how good the 505(b)(2) is and what unmet need it is solving. If there is a genuine case of an unmet need and a

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patient-compliance issue that is being solved, generic entry does not really make a big dent in the pricing structure of the 505(b)(2) NDA.

Vishal Prasad - Rajmahal Capital: Let us say there is a molecule worth $500 million and our partner is able to capture $50 million from it. What comes to us? I know all the NDAs and contracts are different, but can you give us some sense? Out of 50 million, does something come to us—10 million, 20 million, or how does it work?

Management: It is a very difficult question for me to answer right now because it is quite hypothetical at the moment. I cannot give you a straight answer about what would flow to us because each contract is different, product pricing is different, and the margin structure of each product would be different. I can only say that typically these companies do not work below 70-80% gross margins. The rest is up to you to interpret. However, I cannot give a single figure for what could flow from 50 million to Innoxel.

Vishal Prasad - Rajmahal Capital: Are we going to manufacture everything at Innoxel, or will we outsource some of it as well?

Management: No. Everything would be at Innoxel.

Vishal Prasad - Rajmahal Capital: I think that is all. Thank you, and--

Management: Thank you.

Operator: The next question comes from the line of Kaushal Sharma with Equinox Capital Venture. Please go ahead.

Kaushal Sharma - Equinox Capital Venture: Hi, sir. Very good {? evening ?}. Am I audible?

Management: Yes, you are audible.

Kaushal Sharma - Equinox Capital Venture: I want to understand your out-licensing business model at Innoxel. Total revenue was around 66 crores in H1, out of which approximately 45 crores was in Q2. How much of the revenue proportion is upfront fees or milestone-based? Could you explain the terms of the milestone-based model, the existing projects based on milestones and upfront fees, and the potential for this kind of revenue going forward?

Management: I am sorry, you will have to repeat your question. I did not understand.

Kaushal Sharma - Equinox Capital Venture: You have out-licensing income at Innoxel of approximately 45 crores in Q2 and 65 crores overall in H1. I want to understand whether this out-licensing income is bifurcated into upfront fees that we charge or is milestone-based. How are you recognizing the revenue, what are the terms, what is the revenue potential, and what are the existing projects as of now?

Management: The number of projects has already been well disclosed by us. We are currently working on 48 distinct projects under both CDMO and CMO arrangements across 18-19 different clients. As far as revenue recognition is concerned, upfront revenues are basically our first milestones upon signing a contract. That usually constitutes 10% or less of total revenue at Innoxel.

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It is a very small amount.

Most of the revenue is recognized as and when we hit a particular milestone. Those milestones can be completion of a tech-transfer process from our lab to the manufacturing site, a scale-up batch, exhibit batches, 6-month stability data, filing of a product, or approval of a product. There are various milestones, and we recognize revenue only once we hit those milestones. They are not recognized upfront when the milestones have not been achieved.

Kaushal Sharma - Equinox Capital Venture: What is the period of a milestone? How long will it continue in terms of revenue recognition once you sign the deal?

Management: It depends on the product and the kind of product it is, whether it is an ANDA filing or a 505(b)(2) NDA filing. The gestation period from signing a contract to the commercial execution of that particular contract depends on the product and the filing route that we take. The milestones are usually recognized from the time that we sign for the product all the way up to when the product is ready for commercialization.

As I said, it depends. For an ANDA, it could be 15-18 months; for a 505(b)(2) NDA, it could be 2.5-3 years as well. It depends on the product and the filing route for the product.

Kaushal Sharma - Equinox Capital Venture: What potential deals are we going to sign in out-licensing in FY27 and FY28?

Management: We target at least 12-15 new deals every year. That is our normal target. As of now, in H1, we have signed 6 deals. We are in advanced talks with 6-7 other customers for various projects. We are in advanced due diligence. Therefore, we can expect that at the end of Q3, we should be sitting at 10-12 signed contracts, which would be in FY27. For FY28, I will not be able to give you a number as of now.

Kaushal Sharma - Equinox Capital Venture: What are the deal economics for slightly bigger and core deals where the revenues can be on a recurring basis? Can you shed some light on it?

Management: Sorry?

Kaushal Sharma - Equinox Capital Venture: I mean the deeper deal revenue from this out-licensing activity on a recurring basis in general.

Management: I am unable to understand your question. Can you please repeat? Can you be a bit--

Kaushal Sharma - Equinox Capital Venture: You mentioned that we signed 6 deals in H1 FY26. What is the revenue potential of the deals that we are going to sign going forward?

Management: The revenue potential depends on the product. I will not be able to give a generalized answer as of now. Milestone revenues or licensing revenues are one-time revenue, so we do not consider that as our potential revenue. What we consider is how well the molecule can perform once it is commercialized, because that forms part of recurring revenue for Innoxel. I do not have a summation at the moment of the total value of the 6 deals signed.

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Kaushal Sharma – Equinox Capital Venture: Understood. My next question is on your CMO product launch that you just mentioned. On October 20, you launched a CMO product. What is the fully ramped-up revenue potential from this, and what share of the dedicated lines would it use as of now?

Management: The first commercial order has just been exported. We are waiting for our partner to give us some sort of binding forecast on this product. This question can be answered better next quarter, when the sales process has already started and the partner gives us a binding forecast for this particular product. Then I will be able to give you a better-suited answer about the revenue potential in terms of fixed manufacturing revenues that we can expect from this product.

Kaushal Sharma – Equinox Capital Venture: My last question is on the standalone side. Our revenue mix is increasingly moving toward the tendering business rather than the branded business, and the gross margin has been affected. What kind of revenue mix are we targeting going forward? Currently, 52% of revenue is coming from the tendering business. Could you explain the gross margin for the branded, export, and tender businesses?

Management: If you look at last year and last quarter, that mix was somewhere close to 78:22. Therefore, we are actually increasing our focus on the branded business more than the tender business. The tenders that have already been undertaken have to be supplied; we cannot get out of them. However, our growth engine is now coming from newer registrations, more dossier filings, new country registrations, and exploring new countries through EU GMP and PIC/S approvals that will subsequently come to the standalone business.

While the tender business is ongoing, our continued focus is to grow outside the tender space. Whatever has been under contract has been supplied and will be supplied. Going forward, the growth engine will not be tenders; it will be more of the branded business.

Kaushal Sharma – Equinox Capital Venture: Is there any differential margin between the two, such as gross margin?

Management: I can only give the EBITDA numbers at present. I cannot give a differential gross margin.

Kaushal Sharma – Equinox Capital Venture: The EBITDA number would be helpful for us.

Management: I have already given it on a standalone basis: 10–15% EBITDA margins at the standalone business this year. That is the expectation that we have.

Kaushal Sharma – Equinox Capital Venture: What is the bifurcation between the branded and tender products on EBITDA?

Management: I do not have that information on hand at the moment.

Kaushal Sharma – Equinox Capital Venture: Thank you very much for answering the questions.

Management: Thank you.

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Operator: The next question comes from the line of Manpreet Arora with Northern Lights Wealth. Please go ahead.

Manpreet Arora – Northern Lights Wealth: Thank you. I have a clarification first. Slide 34 of your presentation says the order book is 180 crores as of September 30. However, the rest of the presentation talks about an order book of 117 crores. Which is the correct number?

Management: [pause] Sorry. I think that is an error on our side. I will ask my team to correct it. That was the old number. The correct number is what I just mentioned and what was presented on the first slide under the standalone business section of the presentation.

Manpreet Arora – Northern Lights Wealth: So, 117 crores? 117?

Management: Yes, that is the correct number.

Manpreet Arora – Northern Lights Wealth: Thank you. My first question is on CMO versus CDMO. I understand that CDMO is where we develop the molecule and also receive a profit share. Is it fair to assume that all the CMO contracts are probably ANDA filings and our 505(b)(2)s are CDMOs?

Management: No. It is a mix. We also work as a CMO for various 505(b)(2) NDA programs of our partners. The way to look at this is [cut off]

Management: that it is not the case that a CMO would be an ANDA and a CDMO would be a 505(b)(2). We have our own products, which are split between both, and we also have CMO products, where a few are ANDA products and a few are 505(b)(2) products.

Manpreet Arora – Northern Lights Wealth: Which means there will be some 505(b)(2) products where we will not have a profit share.

Management: Correct. For any CMO product, whether it is an ANDA or a 505(b)(2), there will not be any profit share attached to it. That is the understanding. Only CDMO products will have a profit share.

Manpreet Arora – Northern Lights Wealth: You have said that your first own CDMO product will be in Q3 FY28. Can you also indicate when you expect the first 505(b)(2) to start?

Management: The Q3 FY28 product is a 505(b)(2). It is not an ANDA; it is a 505(b)(2).

Manpreet Arora – Northern Lights Wealth: Your wording was “first own CDMO product.” I am asking whether there is a 505(b)(2) where we are the CMO that may start earlier.

Management: As a CMO, for a 505(b)(2) NDA that can start earlier, I still have to check. I do not have that information off the top of my head right now. [pause] I shall get back to you on that information. I do not have it offhand right now. However, our first 505(b)(2) that is a CDMO product and not a CMO product is the Q3 FY28 product that I mentioned.

Manpreet Arora – Northern Lights Wealth: You beautifully explained how the 505(b)(2) economics will work and how it is a marketing arrangement rather than a distribution arrangement. We also have ANDAs for which we are CMOs, which means they are already probably generic products.

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What will define our success in that business, since they are already generics and there will already be some pricing pressure?

Management: The way to look at the {? Enoxil ?} CMO business is that {? Enoxil ?} is a complex generics manufacturing site. Even our CMO projects are not plain-vanilla generic projects. Our CMO projects are differentiated products with difficulty either in manufacturing requirements or in formulations that would not be available from 20 different generic players in the market. Therefore, we are looking at limited competition.

A lot of our CMO projects are also 505(b)(2) products, which generally eliminates any and all competition because there would be only one first filer under the 505(b)(2) category. Apart from that, usually all our products are products where there is some value addition by {? Enoxil ?} in terms of the facility, manpower, and talent pool that we have to successfully make those kinds of products.

As far as margins are concerned, our CMO margins are also well above the industry average, and we expect future CMO deals to remain in the same complex space and not in the vanilla generic space.

Manpreet Arora – Northern Lights Wealth: Wonderful. Thank you.

Management: Thank you.

Operator: The next question comes from the line of Henal B with Equicorp Partners. Please go ahead.

Henal B – Equicorp Partners: Thank you again for the opportunity. If I look at our healthcare division, including the {? Varenium ?} healthcare business, our current portfolio is primarily focused on acute care. You mentioned anesthesia and some critical care. Do we have plans to launch some of the complex molecules available at {? Enoxil ?}, or use some of the capabilities of {? Enoxil ?} and its delivery systems, for Indian hospitals? Or are domestic price ceilings currently too low to justify any transfer?

Management: We have considered how we can utilize these complexity-based products for the Indian markets, but unfortunately, the pricing dynamics do not work in our favor right now. The Indian markets are quite price-sensitive, and the product costing coming out of {? Enoxil ?} does not support us in launching these products in India. As of now, we do not have any immediate plans to launch any {? Enoxil ?} products through {? Varenium ?} in India. That can change from product to product in the future. When something of that sort happens, I will share the information through disclosures.

Henal B – Equicorp Partners: In the {? VBL ?}, we are also working a lot in oncology, and we have recently seen the Supreme Court introduce trade-margin rationalization. Could this regulatory disruption also be addressed under {? Varenium Healthcare ?}, where the company could try to develop a cost-effective solution in the generic oncology space, at least initially? We could try to capture market share as soon as possible. This would work not just for India but also for Europe, because in Europe, compared to the US market where tenders are more on a pan-US basis, the

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market is very regional, and you have to operate country by country and region by region. Could this help us pursue this two-pronged strategy?

Management: Keeping our cost of goods low is one of our primary tasks as a manufacturer, but at the same time, we have to see what molecule it is. As a generalized statement, yes, at {? Varenium Bio ?} we would want to keep our COGS as low as possible. It is also not an exact replica of {? Enoxil ?}, so the products that we deal with will not be as complex as those at {? Enoxil ?}.

There will be some cost rationalization at {? Varenium Bio ?}, but as a general strategy, it will not define {? Varenium Bio ?} as a cost haven to enter generic oncology products within India or Europe. At the same time, the cost of goods will be lower than at {? Enoxil ?}. That is all I can say at the moment.

Henal B – Equicorp Partners: Lastly, with respect to the {? VBL ?} business, I think you increased your capex, and many plans have been altered and become more expansive. We planned Phase 2 ADC capabilities, and many global players are investing hundreds of millions of dollars. Right now, our plan is only for a 300-crore capex. Is there something more that we plan to do here and the other plans have not been released, or is there something specific that we plan to target? Across many molecules that are expiring, I think the value is about $230 billion or more. Will we focus on autoimmune diseases, oncology, or something else? More clarity would help us understand what can happen in {? VBL ?}.

Management: This is the Phase 1 capex that we have catered to, and under Phase 1 we intend to establish a CDMO. Our idea is to have R&D and a pilot scale with a small commercial scale-up. The second phase would have larger bioreactors, which would obviously require additional capex at that point in time.

Right now, the focus is on getting the site completely ready, qualifying the site, and obtaining the regulatory approvals so that the commercialization cycles can start. The main way to look at this is that we are not competing with other giants. We are not competing with the likes of Aurobindo, which has signed a deal with Merck for 15,000 kL capacities for their innovator product. That is not what we are targeting.

We are targeting biosimilar players and biologics innovators who want smaller setups for improving their processes, obtaining their clinical batches and filing batches, and subsequently scaling up to commercial production. Those are the clients we are currently targeting, and that is the real shortage the market is currently seeing. There are large capacities for commercial products and commercial production, but there are not as many capacities for [cut off]

Bahim Desai: taking scale-ups and regulatory batches.

Manpreet Arora – Northern Lights Wealth: After Q2 FY28, when the facility actually starts commercial runs, how do you see the timeline for obtaining approvals and customers? Do you currently have customers at the enquiry stage, and as we commercialize with certain approvals, will we move forward with taking test batches from laboratory scale to commercial scale?

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Bahim Desai: Business development runs alongside construction. As soon as there is something substantial, or if any substantial and material contracts are signed, we will put that disclosure out. Right now, I would leave it at that. Apart from that, what was your other question? The second question?

Manpreet Arora – Northern Lights Wealth: Once we commercialize the facility in Q2 FY28, how quickly do you see us obtaining regulatory approvals?

Bahim Desai: Again, this is too far out for me to give you a firm answer. It is not completely in our control either. We can be ready for the regulatory audits and file the products, but when the regulators come is not within our control. When we are closer to the time when we are ready to file the product, I will be able to give a better answer. Right now, whatever I say would be speculative.

Manpreet Arora – Northern Lights Wealth: We will be therapy-agnostic. Based on customer needs and requirements, we will be therapy [crosstalk] agnostic.

Bahim Desai: [crosstalk] Correct. Correct. Correct.

Manpreet Arora – Northern Lights Wealth: Thank you very much for the opportunity. I wish the team all the very best. It was very interesting hearing you.

Bahim Desai: Thank you.

Operator: The next question comes from the line of Ankit Zaveri, an individual investor. Please go ahead.

Ankit Zaveri – Individual Investor: Thank you for the opportunity. Congratulations on the US commercial launch.

Operator: I am sorry to interrupt, Ankit. You are not audible. Please use your phone in handset mode if you are on a hands-free device.

Ankit Zaveri – Individual Investor: Can you hear me now, sir?

Operator: Yes.

Ankit Zaveri – Individual Investor: Congratulations, sir, on the US commercial launch. Is this CMO product in the injectable or depot category, or the oral liquid category? Without naming the partner, can you give some insight into whether the partner is a generic ANDA filer or a specialty pharma company?

Bahim Desai: It is an oral liquid product, which has been supplied as of now—the first product. As far as the partner is concerned, the partner is a specialty generics player within the US market. I think that answers both your questions.

Ankit Zaveri – Individual Investor: Thank you. At the 33rd AGM, you spoke about reporting against your milestones with the same candor you have always shown. Now that H1 is complete and commercial supply has also commenced, how are you tracking against the milestone you set for yourself at the AGM? What has gone better than expected, and where are you still working to close

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the gap?

Bahim Desai: You will have to explain that a bit. I did not understand the question. Can you please explain again?

Ankit Zaveri – Individual Investor: At the recent AGM, you spoke about reporting against your milestones with the same candor you have always shown. I am asking that now H1 is complete and commercial supply has also begun, how are you tracking against the milestone you set for yourself?

Bahim Desai: As I have always said, and as we as an organization have always done, we will continue to provide disclosures as and when we have something meaningful. As far as the milestones are concerned, we are on track as we speak for the year-end. None of our products is delayed in terms of timelines from our end. We expect our products to be filed with the US FDA within the timelines stipulated by the organization from time to time.

On the other businesses, we are also on track to meet all the guidance that we gave at the start of the year. I think that is all I can say. I do not know whether I have answered your question correctly because I am still not able to understand exactly what the question is.

Ankit Zaveri – Individual Investor: No, sir. Thank you. I got my answer, and all the best for the future.

Bahim Desai: Thank you.

Operator: The next question comes from the line of Vishal Prasad with Rajmahal Capital. Please go ahead.

Vishal Prasad – Rajmahal Capital: Thank you. For Varenne Bio, you mentioned that Varenne would work with innovators as well. Since we are involved in ANDAs and 505(b)(2), most innovators become concerned about their IP because we are also involved in a different set of businesses. What are we doing, or what will we do, to make innovators comfortable doing business with us?

Bahim Desai: When I spoke about Varenne Bioviz Life Sciences working with innovators, I was referring to biologics. ANDAs and 505(b)(2) are part of Innoxel Life Sciences, which involves a completely different set of products that cannot be replicated or copied at Varenne Bioviz Life Sciences. Therefore, there is no question of an innovator worrying that we will copy anything.

As far as innovators are concerned, the contracts are quite robust, and usually there is no copying. Most innovators already have many patents filed around the product. Therefore, they have ring-fenced their product and technology. We simply help them scale up that product.

As far as that is concerned, I do not think it is a valid concern that any innovator would have. The 505(b)(2), as I said, is for small molecules, while biologics come under large molecules. They are completely different sets of products, and they are at different companies to begin with. Therefore, I do not foresee any problems with the innovators or innovators having any problems with us.

Vishal Prasad – Rajmahal Capital: Have we spoken with innovators for Varenne Bio?

Bahim Desai: As I have already said, construction is ongoing, and business development runs alongside construction. When there is anything meaningful, I will provide those disclosures. At this

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moment, I have nothing further to add in this regard.

Vishal Prasad – Rajmahal Capital: You mentioned that 300 crores is the Phase 1 capex, which will include both the oncology and biologics blocks. The 2,000-capacity facility that we are putting up—will this come within the 150 crores of capex we are spending on biologics, or will it come in Phase 2?

Bahim Desai: Right now, it will fall under both Phase 1 and Phase 2. There would be one 2,000-kiloliter tank right now, and the subsequent Phase 2 would have additional capacities of 2,000 and more.

Vishal Prasad – Rajmahal Capital: You mentioned that it will be bigger in Phase 2. Did you mean that the 2,000 capacity will become bigger, or can we go for larger capacities as well?

Bahim Desai: At this moment, we are building Phase 1, which is still a couple of years away. Talking about Phase 2 would purely be speculative because the timing and the opportunity at that point may be different. Contracts would be in hand, and the need for expansion would be clearer in terms of a business case. Therefore, giving you an answer would be quite vague at this moment. We will wait for the Phase 1 build-out to be completed, and once we are ready for Phase 2 expansion, I will be in a better position to give you an answer that is more accurate.

Vishal Prasad – Rajmahal Capital: Thank you.

Bahim Desai: Yes.

Bahim Desai: [long pause] Are there any more questions, or are we done with the Q&A round?

Operator: [pause] The next question comes from the line of Manpreet Arora with Northern Lights Wealth. Please go ahead.

Manpreet Arora – Northern Lights Wealth: Thank you for the follow-up. One question on Varenne Healthcare: you mentioned that you will enter the gynecology division. Can you highlight which sub-therapies in gynecology you are considering, such as hormones, fertility, or contraception?

Bahim Desai: As a division, we will look at it holistically as women's health. It will not be limited to a single area such as prenatal or postnatal care. We are looking at prenatal, postnatal, premenopausal, and postmenopausal medicines.

In Phase 1, we do not have any plans to launch hormones. There will be a phased launch in this division, with more products that can be used across a broader section of women's health planned for Phase 1. I will not be able to give the exact details at the moment since we have not yet launched the products. Once the launches start, I will be in a better position to provide a detailed analysis of the products launched.

In Phase 1, there are no hormones or contraceptives, as you pointed out. Hormones are planned for the next phases of launch within this division.

Manpreet Arora – Northern Lights Wealth: Will these be mostly oral solids or injectables?

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Bahim Desai: Sorry?

Manpreet Arora – Northern Lights Wealth: Will these be injectables or oral solids?

Bahim Desai: They will be oral solids. There will be a few injectables as well, but most of them will be oral solids.

Operator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Bahim Desai for the closing remarks.

Bahim Desai: Thank you. To sum up, Q2 is the quarter in which the group moved from a loss to a profit, and Innoxel moved from an EBITDA loss to a 33% margin. US commercial supply started on October 20 and is not yet included in these numbers. The standalone business recovered strongly on volume and nearly doubled its profit, even as input costs outside our control weighed on gross margins.

There is more work ahead, but the pieces we have spent the last few years putting in place are now starting to work together, and we go into the second half with momentum. I want to thank our teams at Bharat Parenterals, Innoxel Life Sciences, Varenne Healthcare, and Varenne Bio Life Sciences, our new shareholders, and all of you for your time and questions today. Thank you, and Victory to India.

Operator: Thank you, sir. Ladies and gentlemen, on behalf of PhillipCapital PCG, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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