



Remus Pharmaceuticals Limited

H2 FY'25 Earnings Conference Call

May 19, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 19, 2025 will prevail

Moderator: Ladies and gentlemen, good day and welcome to the Remus Pharmaceuticals Limited H2 and FY'2025 Earnings Conference Call.

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

I now hand the conference over to Ms. Nupur Jainkunia from Valorem Advisors. Please go ahead.

Nupur Jainkunia: Thank you. Good evening everyone and a very warm welcome to you all. My name is Nupur Jainkunia from Valorem Advisors. We represent the investor relations of Remus Pharmaceuticals Limited. On behalf of the Company, I would like to thank you all for participating in today's Earnings Call for the Second Half and the Financial Year ended 2025.

Before we begin, let me mention a quick cautionary statement. Some of the statements made in today's Earnings Call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by information currently available to management. Audiences are caution not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's Earnings Call is purely to educate and bring awareness about the Company's fundamental business and financial quarter as well as year under review.

Now let me introduce you to the management participating with us in today's Earnings Call, and hand it over to them for opening remarks. We have with us, Mr. Arpit Shah – Managing Director and Ms. Anjali Shah – Chief Financial Officer of the Company.

Without any further delay, I request Ms. Anjali Shah to start with financial highlight for the period under review, followed by operational highlights from Mr. Arpit Shah. Thank you, and over to you, ma'am.

Anjali Shah:

Thank you Nupur. Good evening everyone, and thank you for joining us today. We welcome you all to the Earnings Conference Call for the Second Half and the Financial Year Ended 2025. Let me start by giving you the financial highlights of our standalone business first:

So with effect, from April 1st, 2024, we have adopted the Indian accounting standards, that is IndAS to be in line with the international standards, ensuring greater transparency and comparability in our financial statements. Accordingly, we have restated our previous and corresponding periods as well to make it IndAS compliant.

So to start with in H2 FY'25 our revenues were reported at INR 41.49 crores on standalone basis, which grew by 14% on year-on-year basis. The EBITDA stood at Rs.15.70 crores, with a growth of around 15% year-on-year. And the net profit stood at Rs.10.71 crores, representing a growth of 22% year-on-year. For the full year FY'2025 our revenues were reported at Rs.79.16 crores, which represents a growth of 23% year-on-year. And the EBITDA stood at Rs.28.88 crores, growing by 26% year-on-year basis. The net profit stood at INR 19.90 crores on standalone basis, representing a growth of around 18% year-on-year basis.

Moving on to our consolidated results:

For H2 FY'25 the revenues were reported at Rs.347.75 crores, which represent a growth of 88% on a year-on-year basis. Although it is important to note that these periods are not exactly comparable with the previous H2 FY'24 as the acquisition of our US subsidiary was resulted into a partial consolidation in the previous period. This is the full period where we are covering the complete operations of our subsidiaries.

Moving ahead, the EBITDA was at Rs.27.15 crores, which grew by around 29% year-on-year basis and our net profit before non-controlling interest or

minority interest, as we say, stood at Rs.20.57 crores which represent the growth of 10% year-on-year basis. And our net profit after minority interest allocated to Remus, stood at Rs.16.01 crores for the second half of FY'2025.

Moving on, for the financial year ending 2025:

The consolidated revenues stood at INR 620.36 crores, which marked an increase of 191% which is on account of the partial consolidation in the previous period for the US entity, this is the full period where we have covered this complete financial for the subsidiary. The EBITDA stood at Rs.50.67 crores, with an increase of 59% year-on-year basis. And the net profit before minority interest or non-controlling interest stood at INR.38.42 crores, representing a growth of 58% year-on-year basis. And our net profit allocated to Remus is at INR 29.07 crores for the FY'2025 on consolidated basis.

So these were the financial highlights.

Now, I would like our Managing Director to give you give some insight on our operational highlights for the period under review. Thank you and over to you, sir.

Arpit Shah:

Thank you Anjali, and good evening everyone. I am happy to share with you the performance highlights of our Company for the second half of FY'25. A period that marks a significant step forward in our journey as a global healthcare Company. At Remus, we continue to take great pride in our strong and growing international presence. Today, we work closely in more than 40 countries for export of our pharmaceutical finished formulations, our best footprints lie in Latin America where we have built not just the reach but the real trust. What sets us apart is our ability to enter markets with new products in a record time so as to take the first mover advantage in short span of time. We have been able to do so because of strength in research and development and our experience in regulatory and compliance affairs. Today, more than 95% of our exports are from advanced and niche formulations, ranging from tablets and capsules to injections, inhalers, soft gels and oral suspensions. This ensures safe, reliable and effective care for the patients across the world. We operate through a robust network of B2B, B2C and institutional partnerships,

and through our subsidiaries, we are building our own brands to engage directly with healthcare professionals, prescribers and patients.

Now let me walk you through the progress we have made in the second half of FY'25. During this period, we have made significant headway in entering new markets and registering new products across different countries. We successfully commercial over 10 off patent pharmaceutical products, adding momentum to our global portfolio. We have also filed 170 new trademarks and registration of products, out of which 35 have been secured and approved, further expanding our global brand presence in B2B and B2C markets.

On regulatory front we have achieved remarkable progress as we begin our product registration in several new countries, like Bosnia, Kosovo, Mexico, Tanzania, Azerbaijan, Mauritius, Bhutan and Cambodia. Simultaneously, we initiated our own brand and marketing process in key Latin American markets like Chile, Peru, Dominican Republic and El Salvador. Speaking of Latin America, this region continues to be a powerhouse of our opportunities for us, our first operational subsidiary in Bolivia under Relius, have launched more than 15 products as of now, across private market, pharmacies chain, private hospitals and government institutions. We also offer a series of impactful engagement events, including a brand awareness conference attended by more than 55 doctors, pharmacy representatives, and several targeted programs for gynecology, general practitioners and hematologists. Our brand is not just expanding, it's being embraced by the patients and the health professional. This progress reflects the dedication of our team, the strength of our strategy and our collective ambition to bring high quality, affordable healthcare to more people around the world. As we look ahead, the Company has maintained the growth trajectory for the second half of the previous financial year and has exceeded our expectations. The growth that we have achieved during the financial year testifies the hard work and dedication of our team.

Going forward we are looking forward to expand our reach to new markets and product segments. We are confident that our strong and strategic performance will continue to drive our growth in the future. With this, we now open the floor for questions-and-answer session. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Shubham Gupta from L&MIIT. Please go ahead.

Shubham Gupta: Wanted to understand, how is the business different from Senores pharmaceutical business and what are the key drivers right now and why, along with the top line growth there was some growth in bottom line also, but the bottom line growth was not that much so wanted your take on that?

Arpit Shah: Hi Shubham good evening. In regards to the connection that Senores and Remus. Remus is a completely different as a business operandi and a business model where we are not restricted to have one manufacturer and register our products or market those products and develop. So, in Remus, under Remus, we are purely into marketing and distribution, branding and doing a B2C and B2B in the segments of B2C and B2B where Senores has a manufacturing arm that has negligible sales related when it comes to Remus. So our 90%, 95% of the products are outsourced, which is not in-house, but are being developed and made in another CMOS per se. So, there has been a lot of and again, Remus being only present in emerging markets, rest of the world markets, while Senores continues to have major business in regulated market. So for us our distribution channels as well as in terms of our modus operandi and the way we are lined up in branding our products, registering those products in different markets has no overlap or conflict with the other Company. So from that perspective, I have just answered your question, and from the bottom line, Anjali is going to answer that.

Anjali Shah: Hi Shubham. So as per your question in regards to the increase in sales increase in the top line versus increase in the bottom line. The reason here for consolidated results is that, we are consolidating total three subsidiaries along with our main holding Company and out of that the US subsidiary has a business model which is a high volume, low margin business model. Due to which if you compare the growth in the turnover versus the growth in the bottom line, it will differ because that US subsidiary is more focused on the business model of more on the side of the ROI, instead of.

Shubham Gupta: You were basically explaining, because of some US subsidiaries there was not much growth in the bottom line because we were consolidating some of the subsidiaries.

Anjali Shah: Yes, so I was just giving you an insight that on consolidated levels, we are consolidating three subsidiaries with our holding Company. So out of those three subsidiaries, one is our US subsidiary, which is also into RLD distribution. So in RLD distribution, it is more focused, the business model is more focused on higher volumes as compared to like focus on the margins, in comparison to that, it is more focused on the higher volumes through which we earn the margins in the absolute terms. So accordingly, the growth in sales will not be seen, will not be comparable with the growth in the margins. And that is the reason that it is not proportionate. So it is just because of the different subsidiaries consolidating along with the holding Company, which is resulting into this difference or variation.

Shubham Gupta: Okay. One more question is, do you have some projections for the next year H1 and H2?

Anjali Shah: Sorry, your voice is again not clear?

Shubham Gupta: So just wanted to check if you have some projections for the next financial year, and one more question basically, I saw that you also spend 3% of the revenue on R&D. So how that will help for this, because what I have heard most of the time is, Remus is basically a distribution Company for pharmaceuticals, but it's also doing R&D along with it. So, how the R&D basically helps you?

Anjali Shah: So, in regards to your question and about the projections, we will continue with a sustainable growth in the current revenue, there will not be such kind of exorbitant growth which you have seen because that was just because of the consolidation. Now we will see a sustainable growth in the revenue, which we will see in the next coming year. As per your question in regards to the R&D cost, which we are incurring at Remus level. So, that cost is around 2% to 3% and the reason that we are incurring that cost, that was your question at first, is that the R&D is required. We are registering in multiple regions, multiple

countries if you have gone through the Company overview. We are registering multiple products with multiple countries. So whenever we are registering, we have to do certain level of research and development, or level of development that this product will be supplied to your country if it is approved in your ministry of health. So that is where the development process comes in picture, and that is a key matter in Remus business which we need to incur. So that cost is around 2% to 3% of our turnover. And it will continue to remain on the same level in future as well.

Shubham Gupta: Okay. Do you also expect margin improvements in future?

Swapnil Shah: Hi Shubham this is Swapnil. So to answer your questions with the margin and everything. So currently, the Remus is focused as the team suggested on our own branding, on B2C model of the business. So likes of all the Indian generic players that you see today similar business that we are developing for the Latin American market, that you will see in consistent years, more and more products getting launched with our own branding that will drive to margin expansion. At the same time, there are more products that are being registered across the different markets that we are operating in. And you must have seen in the presentation which other territories where you started in existing territories where we have grown our product basket, that will again drive our revenue, as well as profitability going forward in next year or so.

Moderator: Thank you. Our next question comes from the line of Gautam Chopra from VPL. Please go ahead.

Gautam Chopra: I saw the announcement around the Singapore expansion, where you are opening an office in Singapore. So, I was asking around that, what is the vision over there?

Arpit Shah: So from Singapore, it's not going to be our, it is going to be our subsidiary but it's going to be a branch, but not subsidiary. So actually, we are looking to have an office in Singapore from where as a branch office we are going to operate out of it. Previously, several months back, we decided Dubai, but then we have dropped the plan and now, we decided finally to go for Singapore as our branch office.

Swapnil Shah: Just to what Arpit said, Singapore demonstrates lot of flexibility on doing business, and for us being a large part of business being international. Such subsidiary really helps us in terms of, feasibility of doing business, and that was we realize it becomes a very strategic to have an offshore arm, and that's how the strategic Singapore branch office has been planned as we speak.

Gautam Chopra: Sure, thank you. If I can slip another question, this is regarding the gross margin you gave some guidance around the gross margin, like the overall gross margin would remain at 40% and the B2C share should improve which was around 65% to 70% gross margin. Can you please elaborate if the margin stays the same with the current landscape, plus any increase in the B2C share?

Arpit Shah: So basically, what we have been trying to work is, yes of course, we started with B2B but now we are also moving towards B2C where our brands are being registered trademarks, to ensure that we have a long and sustainable B2C business across the country that we have been doing. On that front, the margins of course on B2C are higher and we anticipate that in next H1, H2 and the coming years after, we will see an exponential growth when it comes to the gross margins. As currently we have been doing 10% to 15% of B2C, which eventually is going to be by end of this year, we will have at least 25% to 30% of B2C business, the business coming from B2C as well. So we see a sustainable growth in terms of our GP as well. So, the margins will of course have a strong improvement on those front as well.

Gautam Chopra: Thank you. And also, we talked about semaglutide in the last concall in H1, there have been some updates on Mounjaro, by Eli Lilly, any strategic change that we might see going forward because you were trying to do something on that front in new molecules?

Arpit Shah: So, on the molecule sector, I will be a little short on it that, those products that we have already in our portfolio has been developed, and already the filing of those products has commenced at our end. So, if you are quite aware of it, that several countries where we operate has been patented. So at least from the filing perspective, we have already start our exercise, both in injections, PFS as well as tablets, all the strength across both products. So, the filing is in process, and we also see that as and when we start commercializing of these

products in the market where we don't encounter the patent issue, those sales and revenues will also be coming pretty soon, probably H2 is what we are aiming.

Gautam Chopra: Thanks, that's nice. And sir you talked about the SKUs probably, can you tell us what is the run rate for the new products that your guys are launching, you gave some target around +200 B2C and +2000 new products in the coming years?

Swapnil Shah: Just one second, just to add to what Arpit said. So, as you mentioned, semaglutide, Mounjaro and couple of other molecules, Rybelsus is the semaglutide oral solid. So as a weight loss category that is going to be focused for us as well going forward for all the market that we are currently operating in. So that will also give you visibility on multiple products that are going into the weight loss side, going forward in the markets that we are operating in.

Gautam Chopra: Okay, thank you. So the pricing would, currently the pricing for the innovator drugs is pretty high. So do we see a lot of market because of the pricing of the innovator drugs, because we would price it a bit lower, right?

Arpit Shah: Right.

Swapnil Shah: So, begin with the pricing will definitely going to be a lot higher. But again as I said, as more and more players coming in, it will have its own impact. But as I said again, on a B2C we are building a branded generics portfolio right in the market that we are operating in. So as you know, branded generics, the price erosion doesn't happen the way it happens on a typical generic that exists in this market. So of course, there is going to be little bit on price pressure, but we feel we are going to be able to maintain healthy profit margins on these products.

Gautam Chopra: Thanks. Just my last question around the new product launches and the B2C SKUs, you guided like 2000?

Arpit Shah: So B2C product this year as we speak we already have 570 of them. And as and when the week passed by, we have an average of filing new products to B2C so, we are looking at at least a year from now we are looking at around

250 products on the B2C level. And of course, the B2B itself is we are also filing product under B2B as well. So all put together that is what the numbers that we anticipate would be from the filing perspective, would be those numbers.

Moderator: Thank you. As there are no further questions from the line of participants. I now hand the conference over to the management for closing comments.

Arpit Shah: Thank you all for taking time and participating in our earnings call today. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about our Company, please reach out to our newly appointed investor relationship manager at Valorem Advisors. Thank you so much and have a good day.

Moderator: Thank you. On behalf of Remus Pharmaceuticals Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.