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(Formerly known as Sequent Scientific Limited)
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November 17, 2026

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (East),
Mumbai - 400 051

Scrip code: 512529

Symbol: VIYASH

Dear Sir/ Madam,

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Earnings Call Transcript

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Call held on November 14, 2026, for the Q2 FY27 Financial Results.

The same is also available on the Company's website at: https://viyash.com/financial

This is for your information and appropriate dissemination.

Thanking you,

Yours faithfully,
For **Viyash Scientific Limited**
(Formerly known as Sequent Scientific Limited)

YOSHITA SUSMIT VORA
Digitally signed by YOSHITA SUSMIT VORA
Date: 2026.11.17 17:41:28 +05'30'

Yoshita Vora
Company Secretary & Compliance Officer

"Viyash Scientific Limited
Q2 FY27 Earnings Conference Call"
November 14, 2026

MANAGEMENT: **DR. HARIBABU BODEPUDI – MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER – VIYASH SCIENTIFIC LIMITED**
MR. RAJARAM NARAYANAN – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER, ANIMAL HEALTH – VIYASH SCIENTIFIC LIMITED
MR. RAMAKANT SINGANI – CHIEF FINANCIAL OFFICER – VIYASH SCIENTIFIC LIMITED

Moderator: Ladies and gentlemen, good day and Welcome to the Viyash Scientific Limited Q2 FY27 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 star then zero on your touch-tone phone. I now hand the conference over to Mr. Abhishek Singhal. Thank you, and over to you.

Abhishek Singhal Thank you, Nitya. A very good morning to all of you, and thank you for joining us today for Viyash Scientific Limited's earnings conference call for the second quarter and first half of financial year 2027, ended September 30, 2026. Today, we have with us Dr. Haribabu, Managing Director and Group CEO, Mr. Rajaram, Executive Director and CEO, Animal Health, and Mr. Ramakant, CFO of the company, to share the highlights of the business and financials for the quarter. I hope you have gone through our results release and the investor presentation, which have both been uploaded on our website as well as stock exchange..

The transcript for this call will be available in a week's time on the company's website. Please note that today's discussion will be forward-looking in nature and must be viewed in relation to the risks pertaining to our business. After the end of this call, in case you have any further questions, please feel free to reach out to the investor relation team. I now hand over the call to Dr. Haribabu to make his opening remarks.

Haribabu Bodepudi: Thanks, Abhishek. Good morning, everyone. Welcome to Viyash Scientific investor call for Q2 FY27. Thanks for taking the time to join us today. Hope everyone had a good Diwali. I am very happy to share that Q2 FY27 continues to build on the previous quarters with strong growth. This is now the fifth consecutive quarter of double-digit growth with strong margins and reducing debt. I believe now we are in good shape with strong financial strength and diversified business, helping us perform better than earlier standalone entities.

We have closed the acquisition of BioForLife effective from 1st October, and the results will be consolidated from Q3 FY27 onwards.

Now, let me talk about the performance in various segments.

First, to start with the consolidated level.

For the first half of FY27, revenue stands at INR1,934 crores, up by 17.8% year-on-year. Pre-ESOP EBITDA is at INR 412 crores, up by 30% year-on-year, with EBITDA margin at 21.3%. Profit after tax, INR 164 crores, and up by 50% higher than last year. Adjusted PAT with normalized ESOP cost is at INR 204 crores. Cash flow from operations, we generated INR 182 crores from first half.

Coming to the quarter two FY27, revenue is at INR 988 crores, up by 16.2% year-on-year, and pre-ESOP EBITDA is at INR 208 crores. Profit after tax was INR 85 crores, higher by 16% from last year. Adjusted PAT with normalized ESOP cost is at INR 110 crores. How we adjusted this ESOP cost? You know, last year and this year is merger and some exceptions on ESOP. Because of earlier ESOPs, whatever we allotted to employees, we have to honor those things. What you allotted versus the current price, we have to adjust that. There's a huge ESOP expenses

coming out this year. We considered normal run rate about INR 20-25 crores per year. In this calculation, we considered from next year onwards, after first quarter FY28, normalized ESOP cost will be around INR 25 crores. We have taken out INR 25 crores run rate from INR 42 crores of last quarter and calculated tax, Indian tax, around 25-26%, and arrived INR 110 crores from that.

Coming to the balance sheet level, net debt stands at INR 26 crores now, and net debt to LTM EBITDA is negligible now, down from 0.1x to zero almost last quarter, and 0.7x a year back. This is a direct result of strong operating performance and execution discipline we have spoken about over the last few calls. It gives us very strong base to pursue both our organic growth plans and inorganic opportunities.

Coming to each segment performance.

In formulation, Europe performance was led by strong volume growth across different countries. Emerging markets continue to show good growth numbers, led by strong volume growth in Brazil and volume as well as new product growth in Turkey. Indian formulation also witnessed strong growth across both own and distributed products. As you know, we distribute products for BI on companion animals.

Let me now share status on few strategic areas, we have been working on animal health formulation:

1) Starting with BioForLife integration. As I mentioned earlier, we have successfully completed the acquisition of BioForLife, with consolidation effective from October 1, 2026. We have started working on geo-extension of first list of 10 products in the gastro, dermatology and ophthalmology ranges in various countries where we have already front-end presence, which includes some of the countries in Europe, Brazil, LATAM, Turkey, and India. As we move ahead with integration, we expect significant benefit from cross-selling BFL and Alivira products across their core geographies, plus a strong platform to launch our new companion animal products. We expect the benefits to start flowing in next two-three years. As I mentioned earlier, for any new products or any expansion into the new markets, registration will take 15 -18 months, even for existing products. Once you start building marketing, it takes another six-eight months. All these benefits we can start seeing from two to three years, on both sides, expanding BFL products as well as launching our Alivira products into Italy.
2) Coming to expansion into new geographies, We completed registration of our entity in Vietnam, and product registration has been started already, and we expect commercial sales to start from early next year. We are working on few more countries to expand our products and animal presence in next year.
3) Coming to the new products, which is very important for midterm as well as long term to achieve our aspirations. New products are very critical in that perspective. As I mentioned earlier, in companion animal segment, for new product launch, day one is a key success to grow bigger.

That's how we initiated early for the 2029 launches. We have been working on multiple fronts for success of our day one launch strategy.

a) For any success, start with product selection. So, we spent lot of time last few months to identify the products, which are the big products, which are the large products where we can operate commercially. We already identified multiple new products with patent expiries up to 2035 in the companion animal segment for targeted launch in our key markets initially: Europe, Brazil, Turkey, Mexico, India, and Southeast Asia. Once we have some comfort next maybe 24 months, we are going to extend into other markets. Once you launch in Europe, once you get approval, few other similar markets like Australia and Canada, parallelly, we are going to start registration on those markets and start building commercial thing. Similarly, all emerging markets similar to LATAM or India, we are going to start working from maybe 12, 18 months.

b) Once we identify, then start with R&D: R&D is fully geared up now to meet all these launch timelines. Animal health R&D team size is doubled with all necessary infrastructure upgrades to accelerate development. Also, R&D spend has been increased threefold from last year. Our animal health R&D spend run rate used to be, before merger, around INR 3-4 crores in a quarter, which means around INR 12-15 crores. Now it has become three times. We are reaching to the run rate almost INR 10 crores per quarter. So, we are going to spend at least INR 40 crores annualized to take care of these all new launches. Most of the products are in the advanced stage of development.

c) Then once you prepare for R&D, most important aspect is manufacturing. So, we are working on multiple directions on manufacturing. One area, we decided to construct our own dedicated companion animal facility. We initiated this few month back. We are working very aggressively so it's progressing very well and tracking as we expected. This is going to be commissioned by Q1 FY28, and the time is sufficient to meet the launch requirements of FY29.

d) Then coming to API, as I mentioned earlier also, animal health, wherever we have gap in API we are trying to fill. [we have] ramped up R&D capacity, and R&D team repurposed almost three times to animal health. Large number of products have been initiated for development, and most of the critical products are in very advanced stage, either at validation stage or filing stage. Also, we are preparing/ gearing up actually to prepare for launch for those products. Today, whatever we do, manufacturing and requirement for next one or two years, we were able to expand /optimize capacities by 20%-25%. But future 2029, 2030 launches, where we see the bigger potential, we are going to initiate one more manufacturing line to animal health area. Mostly we will start in FY28 and complete in FY28.

e) In addition to preparing all internal things, we also have realized and identified few areas outside: We need local partnership to accelerate the launches. Countries like Brazil and Turkey, where we have strong presence, requires little bit local presence. If you have local presence, we can accelerate launch by 9- 12 months. That is what we realized and identified recently. Whatever we are doing, development in India, R&D center, we are trying to transfer technology and also started identifying few strategic partners locally, both Turkey and Brazil, to take advantage of early launch advantage.

f) After preparing all backend, as you know, we are working both on, trying to build our own frontend teams wherever it is required, in addition to looking at inorganic opportunities. Whatever we are looking, exploring inorganic opportunities, most of the opportunities available have strong frontend areas, not very strong backend. That is the reason we are trying to do both sides at the same time, prepare backend completely internally and work out the frontend, both actually building our frontend as well as looking for some inorganic opportunities.

Coming to our human health formulation. business continues to do well. All actions which have been initiated last couple of years are on track. Our focus remains on three things. As I mentioned my earlier calls also, last two years, we initiated many actions, especially on human health, optimizing the business, repurposing the manufacturing, moving from U.S. to India, especially matured products, to create some space for new launches in U.S. facility, and try to maximize vertical integrate and move from matured business into the differentiated product. That is how we started creating the R&D capabilities in different areas. New product development, continuously working on developing complex products, including high-potent molecules for differentiation. As I mentioned again, transferring large volume products to India to improve our cost position, which improves margins.

Recently, we commissioned a new oncology finished doses R&D centre. We started developing products from last few months in Hyderabad. This can handle high-potent products up to OEB 5 level. We can handle OEB 4 and 5, and very few companies have OEB 5 capabilities. That is going to have differentiation for us. Also, this lab can cater to our pilot scale batches also. As you guys know, finished product development start with R&D, then we have to go for pilot BE. That is where it requires pilot batches. Then goes to pivotal then exhibit batches, that goes to GMP approved site, whichever is the country requirement, like U.S. But in between that pilot BE requires approval from Indian agency. That is where this facility is going to fulfill the requirements. Instead of using third party for pilot BE, we are able to take pilot batches in this facility.

Also, we are working on strategic tie-ups with partners to manufacture all these high-potent molecules, whether it is solids or injectables, but mostly are the solids. With these actions, we will become fully integrated player for high-potent. As you know, we have very strong API presence in Onco products and strong R&D team. Then we have dedicated modules for onco products API, very large capacity. Then with finished product R&D and manufacturing, we can become fully integrated player for this.

Then coming to API and CMO, this is our core business and continues to grow well. We continue to focus on new product development, especially complex molecule in human health, and covering full animal health portfolio. When you are focusing more on new product, complex products, you know the gestation period also is little high. That's how we started two years back. From next year, maybe 2028, 2029 onwards, we will start getting products, some good products. Next year, we are expecting one good launch for Europe, very big launch. Hope everything goes well that. We can see continuously every year good launches from 2028, 2029 onwards.

As I mentioned, animal health R&D has been ramped up by three times to ensure all new product launches till 2035. Before merger, we used to track one or two products annually for validation. Now we are able to do five to eight products annually, and most of the products are going for filing. We continue to focus on market expansion and increasing our customer base for all key molecules across human and animal health.

As you know, we have number of products approved by US FDA, so we are trying to expand those products into other emerging markets. Now emerging markets also looking at approved product either in U.S. or Europe. That's where we are trying to take advantage of that. Working on APIs to integrate key finished products across human and animal health to become a sustainable player and maintain the market shares on that. That's proven last two years in human health. We have substantially differentiated our human health business. In CDMO, we continue to look for new opportunities with partners, both innovators as well as specialty generic companies.

Coming to the most important areas, quality and compliance. These are always our high priority areas: quality, compliance, and EHS. We continuously work to comply more than what is required statutory and look for continuous improvement on those things. We continue to have a strong focus on quality, compliance, and EHS. Last quarter, since we have multiple sites, every quarter ended up with some inspections. Last three months, we had one every month, a WHO-Geneva inspection, which is equally stringent or most stringent than U.S. We have multiple inspections. Two inspections, one is new plant what we built in Viyash. Other one is Mahad plant inspected and completed successfully. We also had one EU GMP audit last quarter and completed successfully without any major observations. We also received EIR for US FDA audit for U.S. facility. The inspection happened previous quarter, and we got a clean EIR. Our inspection track record and quality record, if you look at last couple of years from beginning, pretty well. We didn't have any concern at all on that.

I also want to mention, recently we have received two recognitions this quarter at the National Awards for Excellence. One is for CSR Excellence in Healthcare and Community Development and other for the best ESG performance. On ESG & sustainability, we continuously work very closely to reduce carbon footprint. We are also continuously adding green energy. Two years back, we added two megawatt. Now we are prepared almost, this month, we are going to commission 2.3 or 2.5 MW solar energy. Also, we are working with few partners to increase this utilization. Mostly, we are going to close this year another four, five megawatt capacity solar, which gives advantage on two things 1) Sustainability, all big customers look for these actions 2) also we are able to improve our opex position. There's a saving between conventional energy versus solar. These matters to us because they reflect the kind of sustainable, responsible growth we want this company to be known for, not just in the financial numbers.

Finally, to summarize, Q2 FY27 posted highest ever top line and bottom line with strong performance across segments. All our strategic projects across animal health, human health, R&D, and facility expansion are very well on track.

We believe H2 will also show strong performance, and overall year PAT actually is going to grow more than 50%. With that, I will now hand over to Ramakant, our CFO, to take you through

the detailed financials. After that, we will be happy to open the floor for questions and answers. Thank you.

Ramakant Singani: Thank you, Doctor. Good morning, everyone, and thank you for joining us on a Saturday morning. I am pleased to present the financials for the performance of Viyash Scientific for quarter ended September and half year ended September 2026. We have crossed the halfway mark of FY27 on a strong note with continued momentum in revenue growth, improved profitability, and sustained margins.

Our performance reflects the benefits of initiatives undertaken over the past year across our businesses, along with our continued focus on operational efficiency and disciplined cost management. Coming to the key financial highlights for the quarter, revenue from operations stood at INR 988 crores, registering a strong year-on-year growth of 16.2% and a sequential growth of 4.4%. Gross margin was at 53.7%, marginally lower than 55.5% in the same quarter last year.

Pre-ESOP EBITDA stood at INR 208 crores compared with INR 188 crores in Q2 FY26, representing a growth of 10.3%. EBITDA margin remains healthy at 21.1% compared with 22.1% in the corresponding quarter last year. Earnings before tax increased by 15% year on year to INR 118 crores from INR 102 crores in the quarter ended September 2025. Profit after tax grew 16.1% year on year to INR 85 crores compared to INR 73 crores in the same quarter last year.

Coming to H1 performance, revenue from operations stood at INR 1,934 crores, registering a strong year-on-year growth of 17.8%. Gross margin remained broadly stable at 53.9% compared to 53.8% in H1 FY26. Pre-ESOP EBITDA increased 30% year on year to INR 412 crores, with EBITDA margin expanding to 21.3% from 19.3% in the corresponding period last year. Earnings before tax increased 52.7% year on year to INR 230 crores compared to INR 151 crores in H1 FY26. Profit after tax increased 49.4% year on year to INR 164 crores compared to INR 110 crores in the corresponding period last year. Finance costs has declined to INR 26 crores in H1 FY27 from INR 38 crores in H1 FY26, reflecting the benefits of our continued focus on strengthening the balance sheet and reducing debt.

ESOP expense increased from INR 26 crores in H1 FY26 to INR 67 crores in H1 FY27, primarily on account of incremental ESOP grants pursuant to the scheme of amalgamation. ROCE ex-goodwill is now at a healthy level of 20%. We remain focused on cash generation, working capital discipline, and balance sheet optimization. The company's net debt position has improved significantly from INR 166 crores on March 2026 to INR 26 crores on 30th September 2026. We are now close to a zero-debt position. This provides us with adequate financial flexibility to support growth, be it organic or inorganic.

Update on the recent acquisition: The group completed acquisition of 100% of share capital of BioForLife Italia on 1st of October 2026. Consequently, BFL became a step-down wholly owned subsidiary of the company effective October 1st, 2026. With that, I conclude. Thank you for your attention. I would like to invite the moderator to open the floor for Q&A now.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is on the line of Gourav Bhama from JM Financial. Please go ahead.

Gourav Bhama: Hi, thank you for the opportunity. Am I audible?

Moderator: Yes, sir.

Gourav Bhama: Yes, hi. Thank you for the opportunity, sir. First, I would like to start with congratulating for the good set of numbers that you have delivered this quarter. It is very good to see that the company is also able to deliver a good revival of API business in Q2 as well as earlier guided in Q1. I had a couple of questions. The first one is for the U.S. business. Just trying to understand what is the reason for degrowth in the U.S. business, both Q-on-Q and as well as Y-on-Y?

Apart from that degrowth, again, if you can shed some sort of light on the base business, as in excluding the approvals that were received in FY27, and some sort of color, like guidance, what sort of growth are we expecting for FY27 as a whole?

Haribabu Bodepudi: Thank you. It is a good question. Thank you so much. So U.S., we have been doing last two, three years, many actions, optimizing many things. Especially Q2 last year, it was the biggest quarter for formulation and also the entire company turnaround in that quarter. The biggest reason was we had one of the product launch, exclusive launch.

So we were the only one, in one quarter, just 45 days, we got approval. We had CGT exclusivity for six months, but unfortunately, because of API delays, the API supplier was not able to supply. We were able to utilize that opportunity for one and a half month in Q2 FY26, which generated almost 5 million revenue top line and 90% plus gross margin.

That changes actually the numbers both top line and bottom line for the U.S. business, where we did Q1 around INR 78-80 crores FY26, from INR 78 crores we moved to INR126 crores, and which improved both top line, bottom line, EBITDA, everything actually substantially. After Q2, and there were few approvals on that product, and that revenue has come down. You know U.S., how it comes down after exclusivity, revenue, bottom line to normalize things.

So still we are able to manage that product 50% gross market share from Q3 onwards. So after Q2, business was very stabilized, especially that product. That is where you can see quarter-on-quarter is a similar thing, close to INR 100, INR 115 crores run rate on the top line. That is the main reason actually showing last year correspond quarter versus this quarter, declining actually both top line and bottom line.

At these levels where we can see INR 110-115 crores is the stable business, and we do not see any downsides from these things. So it is going to continue. So with all these things, still we are confident this year, we are going to grow double digit on that business. So that is where you can see, Q1 last year to this Q1, the growth showed 60%, but at the same time, Q2 to Q2, it is a negative growth. It is only because of that one product. Still we are in a strong position on that product.

Coming to the new product launches, FY27, we do not see any bigger launches. We are expecting next year one big launch exclusive, okay? At this time, we are only one filer. But if you are lucky, that is going to be big. Otherwise, we do not see any bigger launches this year.

There are few launches we are working on that. Last quarter also we launched two products, Fluvoxamine & Acamprosate. We are looking at good market for them, but we will know in next one or two quarters. Because all these things, whether with improved new product launch or not, we are confident to do 10% growth this year. Hope I answered your question.

Gourav Bhama: Yes, sir, you have. On the second question, sir, in terms of like, we have announced quite a few expansion plans, if you can give some sort of clarity on capex guidance for the next three years. As well as, if I remember correctly, last quarter we had 25 crores amortization of the goodwill. This year it was guided for 10 crores. Has that 10 crores amortization been realized, and if there is any guidance for that too going forward?

Haribabu Bodepudi: Yes. Let me start with amortization. Last quarter it was INR 25 crores. This quarter, I think it is INR 8.9 crores. Next quarter it is going to be INR 4 crores, I think with that it is going to close amortization.

Gourav Bhama: Yes.

Haribabu Bodepudi: This quarter INR 8.9 crores, next quarter INR 4 crores. Coming to the capex thing, okay? As I explained in my initial conversation, we are expanding in multiple areas where it is essential. We do not do a capacity expansion just for the sake of expansion to show number of 1,000 KL, all those things. That is where we started, there is a clear strategic direction why we wanted to do oncology finished doses. The reason is, you can see very few companies having fully integrated play oncology, either API or formulation or front end. We do not see any companies having such a fully integrated play. That is how we realized, since we are trying to move U.S. business into complex, moving out from mature to the complex, this is one of the key area we decided to invest, so we invested that.

Then other very strong focus area is the companion animal segment. I have been telling every call this is one of the highest growth business for the market, and also we are focusing a lot. Why? Because today competitive profile is completely different than human with limited competitor. All those competitors also, different profiles, so where we can compete, with our execution and regulatory understanding is much better.

That is how we initiated lot of things in companion animal things, started with R&D, FDF R&D, size doubled, infrastructure created, whatever is required for new technology, whether it is soft chews or hard tablets or spot-ons, whatever you name it. That is one area of R&D we spend. Animal health is gone to almost three-fold from initial quarters last year. Then to support manufacturing, that is where we repurposed the manufacturing, one of the facility in Ambernath. We were using this for domestic, those products we are trying to move out and get partners, and repurposing the facility , that is a quick action initiated and we are getting ready with that. With that, I think first off, we spent about INR 60 crores, and this year run rate can be maybe another INR 60 crore-INR 80 crores.

Altogether, maybe I can expect INR 140-150 crores this year. Next two, three years also, whatever we have planned, current plan, big strategy on companion animal, I think it goes with the same thing, INR150 crores, INR170 crores level. So which includes both growth capex as well as operational capex. Earlier, I think I indicated little more, but we are optimizing now. It is going to be next two years in range of around INR150 crores. Even this may go down, but we try to optimize. We always look at different strategies.

I do not like to create too much infrastructure always. Whatever necessary only we do. Like I said, we are trying to partner with a few companies in Turkey. Turkey also is managed very well on manufacturing. So having Turkey facility is advantage to move quickly on Europe and other countries. We are trying to minimize whatever is the capex, but at least I can see now it is INR 150 crores. Thank you.

Moderator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one. The next question is from the line of Kenil Mehta from Boring AMC. Please go ahead. Kenil Mehta, you may unmute your line.

Kenil Mehta: Okay. Sir, my first question is, how do you manage your relationship with the CDMO partners, innovators for the companion animal space as we are seeing higher off-patent clip over next few years? Because as we transition from launching our generics for this blockbuster brand, how will we manage our or protect our existing CDMO and API business, supplying them to their off-patent generics and branded patented business?

Haribabu Bodepudi: Okay. Currently, what we do with innovators, CDMO, majority is the farm animals (large volume products, mature products). We started few products in the companion animals API business. Okay. We have to see that, but API value is high, but volume is not comparable with farm animals. We are working on the API side relationship, continuously adding what products we can do, because since we have good relationship for mature products, once patent expiry, mostly they will look for alternatives. That's how they're looking at us. We are seeing that business, but it's not for new chemical entity for them. But once it's a patent expiry, they're trying to qualify our API business. We are not there still at new chemical entity.

Another conflict here, especially companion animal, as you know, we are going very aggressive on all these markets with front-end competition. Still, we are working on that, how to manage. Actually, API selling is not at all a issue. We don't see anything on mature products. Strategic tie-ups on that, still we are working various options. But at this point, actually, we have been working actively on API, and for few products we have started supplying qualification quantity. But we have to see how long it takes, three years, five years. Normally, it takes five years with innovator on any product. One or two products we have been supplying, but all blockbusters what you are anticipating, like Laners, oclacitinib, we are not there at this point. We are working on that. Next question.

Moderator: Thank you. Participants may press star and one to ask a question. The next question is from the line of Anubhav Sangal from Anand Rathi. Please go ahead.

Anubhav Sangal: Thank you for the opportunity, sir. I have two questions. First one would be, given the strong performance in the API business this quarter, can you please shed some light on the trajectory of the API business for the remainder of FY27, as well as any guidance you would like to give for FY28 and '29 as well? My second question is, would you be able to give me the contribution of the companion animal and farm animal in the overall formulation revenue, as well as the contribution of human formulations? Just a breakup of the revenue contribution of all three in the formulations, and if possible, a similar breakup for the API business.

Haribabu Bodepudi: Thank you for that question. API, first question to answer, second half is going to be much better than first half, that I can tell you. First half, there were many issues in war-related, okay, prices have gone up, whether we are able to maintain volumes. Most of the customers where there are mature products, they try to minimize inventory. That's affected definitely the first quarter. It's little improved in Q2, but still not fully. We see good traction, visibility from second half. We are going to do better as whatever I indicated earlier, 12%-13% we are going to do. At least that one, we are very confident on that.

Coming to the breakup, okay, last year, altogether we did about close to INR 1,500 crores API together, animal and human. This year is going to grow whatever I said, mid-teens level growth, both business are doing. Especially animal health is slightly bigger. Why? Because the base was low. Last year base was close to INR 400 crores. I also said it's going to grow 20% plus percentage. We are on track on that. Both business are tracking very well. Human health, since we are focusing a lot on new products, new validations, sometimes new products approvals, whatever we anticipate, may delay little bit sometimes, sometimes it gets advanced. But this year, we don't have so much luck actually. Few products are delayed from what we anticipated. One of the iron complex, it's a big thing, both top line as well as bottom line. We anticipated this year first half, but now we are anticipating second half. If it gets, it's much better. That's how human health is lot of new products focusing for future. Maybe here and there, timing one quarter here and there, but overall year we are going to track very well.

Animal health, whatever we had got earlier from SeQuent, we have ramped up, stepped up, increased capacity like in Albendazole, we increased more than double the capacity and is worked very well. It's tracking very well on that 20% thing.

Coming to your formulation, of course, whatever we have given this deck also, you can find out Europe and emerging markets, both animal health. Okay. India also. Only, U.S. is human. We're tracking around INR 400 crore-INR 420 crores. It's a 10% of the total revenue. You can imagine INR 4,000 crores plus revenue this year. That's a 10%. All other three, if you put together, that's animal health formulation.

Coming to companion animal business, this year, I think first half we did about close to $20 million. So, I think this year, companion animal, we are going to do, including the BFL, close to $30 million, which is actually growth of around 60%. It is a very fastest growing business. Since the base is low, it is showing 50%, 60%, but we are on track on that. So it is a $30 million this year. Major growth we are anticipating, of course, 2029 onwards, where the big launches are going to come, and we are preparing for day one.

You asked other question, API guidance for 2028, 2029. We see good product launches expected in 2028, 2029, if you get it. Otherwise also we will grow double digit.

We are on very well track whatever I guided or indicated earlier thing. Growth, 13%, 15% growth, we are very well on track on our business. I think I clarified all your two, three questions.

Moderator: Thank you. Participants who wish to ask a question, may press star and one. The next question is from the line of Vishal Manchanda from Systematix. Please go ahead.

Vishal Manchanda: Hi, good morning, and thanks for the opportunity. Sir, for the emerging markets, we have grown 40%, 39% on a YoY basis in the first half. Would it be possible for you to break this down between new products and base product growth, basically the base business growth and the new product launches?

Haribabu Bodepudi: So, just to give comfort, both business are growing. Brazil is mostly existing business volume. It has small new business [growth]. but Turkey actually it is a good, reasonable growth on the new product launches. These are the major two countries. Of course, Mexico is stable this year. So Turkey, we are growing very well on the new products, Vishal.

So coming to that 39%, we are very confident actually this growth. Quarter on quarter, it can change here and there, but when there is a launch, it can offset. Last quarter, we had launch, last two quarters. But that has very stabilized now. Volume is growing. Turkey also, we are expanding, optimizing the capacity. It will grow further from next year onwards. Couple of new launches are coming. It is the both.

Moderator: Thank you. The next question is from the line of Aman Goyal from IIFL Capital. Please go ahead.

Aman Goyal: Yes, thank you for the opportunity, sir. My question is on the gross margin. So, the gross margin was 53.7% last year against 55.5%, I mean, 53.7% current year, and last year it was 55.5%, and the Q1 it was 54%. So, can you help me, what is the reason for volatility of this gross margin, whether it is war-driven or raw material price related, or it is just our product mix has been changed?

Haribabu Bodepudi: So, it is a mix of all three, whatever you explained. One is, as I explained earlier also, last year Q2, we had one exclusive launch in U.S. formulation, almost $5 million with 90% + gross margin. That is the one reason last year was 55%+ percentage. Then when you look at last quarter, mostly we are tracking about 54%-55%. That is where earlier calls I also indicated 54%-55% is the reasonable what we can do the product mix today.

So this quarter slightly less is because of two, three reasons. One is, you know the raw material price increase. First quarter we were able to manage because we had inventory. Second quarter is fully impacted, whatever is the raw material / solvent hikes because of war. Some we were able to manage by increasing the price, but some actually we are not able to do. Small portion is coming because of that. Second thing is quarter-on-quarter little bit product mix change. Whatever is a few products come this quarter, few products come other quarter. It is basically that variation is because of the raw material solvents /price variance, around 0.3%-0.4%. We

are, of course, working continuously to increase the price as well as to improve the processes. We are working continuously. Without that actually, it could have been much bigger, but since we have very strong customer relationship and also process efficiency improvement capabilities, we are able to balance that. That is the main reason, 0.2%, 0.3% is because of solvents and a little bit because of thing. Major thing is the last year Q2 big USD 4- 5 million of the difference.

I am confident we will be on track on 54-55& kind of thing this year, next year. Once we move little complex products, it may improve.

Aman Goyal: Okay, sir. Last one is, what was the Europe constant currency growth? Given that we have given the target for 18%-20% growth for Europe in FY27 before BioForLife acquisition. So that guidance still valid?

Haribabu Bodepudi: Still, actually, I do not know whether we have given 18%, 20%. I do not remember. Whatever is mid-teens, more than double digits is quite possible, even constant currency. Because this exchange may be actually, whatever you said, 18%, but constant currency also we are going to grow double digit. There have few launches if it comes. Also, you know the Q3-Q4 is a little bit seasonal advantage, but you never know where we will end up. We thought Q2 we could have done little better in India. Rainy season, you know, there is no rains. Europe, how it is going to end, but we are confident it is going to grow that double digit on even constant currency.

Aman Goyal: Thank you, sir. That's it from my side.

Haribabu Bodepudi: Okay.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investment Managers Private Limited. Please go ahead.

Bharat Sheth: Hi. Good morning and congratulations to you and the whole team for good number. Hello? Am I audible?

Moderator: Yes, sir, you're audible. Please go ahead.

Bharat Sheth: Sir, I have questions. When we are talking, this year our first half, formulation is around 57% and API is around 43%. When we are expecting second half API to grow, and you said that next year also some of good product in API. How do we see the balancing in the current year, full year and next year between formulation and API business? If you can give some sense.

Haribabu Bodepudi: I didn't get complete question, but somehow I'm getting breaking. Ratio you're saying, ratio, right?

Bharat Sheth: Yes. How do we see, API is growing faster than formulation overall?

Haribabu Bodepudi: We can see actually formulation will grow little better, but ratio will not change much. Whatever I said, API we did last year INR 1,500 crores, INR 1,490. We are going to grow mid-teens. Today, I think it's around tracking 45%, 55% or 40%, 60%. The ratio will going to continue the similar fashion, 1% or 2% here and there, Bharat. It is not going to substantially differentiate for

this year, but future, midterm, going forward, after two years, formulation will grow because we are investing and expanding formulation, either.

Bharat Sheth: Correct

Haribabu Bodepudi: way of acquisitions or organic expansion. So definitely after two to three years, you can expect formulation will grow. So maybe that time 65, 35 or something. But at this point, the ratio will maintain same. I think it is 45. Okay, let me see that. Let me calculate. Yes, that is I think 45, 55. Yes, that is it.

Ramakant Singani: 55, 43 right now.

Haribabu Bodepudi: Yes, it is close to that, 1% or 2% here.

Bharat Sheth: Yes, sir. Is that fair enough? Yes, go ahead. Sorry, go ahead.

Haribabu Bodepudi: Formulations are doing good.

Bharat Sheth: To understand on the gross margin perspective, whether formulation vis-a-vis API and some of the new product that we, formulation that we say that we will be launching in 2027, 2028, as well as in API also probably one more product. How do we see the gross margin differential? How do we see this gross margin with the new launches coming up in future? This year you said that will remain around 54%, 55%, but how do we see this gross margin moving up with new products coming in?

Haribabu Bodepudi: Now, last two, three quarters after much with our actions, earlier there was a differentiation between few markets formulation, API, especially animal health, the gross margins were different. But last six, eight months, gross margins are becoming more or less same, whether it is API or formulation now. Maybe it varies from 2%, 3% from here and there, but gross margins are quite stable. I can see 54%-55% maintain next year also.

There are two things, Bharat-ji. New launches also, when you are looking at the regular new launch, the gross margins is more or less similar. If there is some exclusive launch, like whatever I said last year, Q2, one launch, where we have only one exclusive. If we get that, then there will be spikes. We have few things like what we call Para IV or NCE-1 and FTF or CGT.

This varies, very difficult to say sometimes that Para IV, you may end 2 players, you may end up 10 players. When you get exclusive thing, gross margin can differ. Otherwise, at this point, next two years, I practically, I feel it is a right number, 54%, 55% gross margin. One, the next business strategy, whatever is two things, human health, oncology, which comes 2029 or 2030, then companion animal comes. Companion animal gross margins are better. But the majority chunk is going to come from 29, because today still we are at 10% level. slowly growing. If you are lucky to get right acquisition next year, it will improve.

Bharat Sheth: Okay. And sir, one question for Ramakant ji. Sir, this year our ESOP cost is around INR 130 or INR 140 crores, whatever number, which including this INR 25 crores normal run rate. How do we see this playing out for full year and next year? How do we see moving up?

Ramakant Singani: Yes. For the current year, as you've seen for the first two quarters, the first quarter was around INR 20 crores and second quarter is around INR 42 crores.

Bharat Sheth: Okay.

Ramakant Singani: The next two quarters will also be around INR 40 crores each. So for this year, it would be about INR 148, INR 149 crores.

Bharat Sheth: Okay.

Ramakant Singani: In the next year, you will see a drop. In the next year, Q1 will be about INR 20 crores. The full year number would be about INR 32 crores. And beyond the next year, we are , next full year would be about INR 32 crores. Going forward, we are saying a stable state could be about INR 25 crores.

Bharat Sheth: Okay. And sir, I mean, since we are having a cash as well as, I mean, a debt also, are we looking for to repay the date or so bring down the interest cost? How should we think about that?

Haribabu Bodepudi: We are working multiple things, sir. One of the loan actually we have taken from India, right? That is the one thing we are looking at to repay. It is around INR 120 crores.

Bharat Sheth: Yes.

Haribabu Bodepudi: But remaining things we are still debating. You know why? Since we are looking for larger expansion, few acquisitions especially. I do not see any issue for capex, but when you are going for acquisition, still we are working on that, is it the right to repay or actually, our first priority is go for growth capex or acquisitions. So there is no immediate idea to repay immediately. There are two things. One is prepayment is one thing, and also minority stake acquisitions. We continuously reviewing that. Okay?

Bharat Sheth: Okay.

Haribabu Bodepudi: So the first priority is actually get something for acquisition or growth capex. But next one, two years, we are going to look at all other things. Maybe next year is going to be the peak year for acquisitions. Okay? Then after that, second year we may look at repay and acquire remaining stake from minority.

Bharat Sheth: Sir, our growth capex and acquisition, can you give whether it is in animal health formulation or health formulation or what kind of acquisition we are looking for in which kind of a market?

Haribabu Bodepudi: Whatever we have visibility looking immediately, animal health, more companion animal.

Bharat Sheth: Okay.

Haribabu Bodepudi: Okay. Second thing is we are looking at kind of specialty CDMO or specialty kind of product acquisitions. It is not specific to larger infrastructure kind of thing. We do not want to do a me-too acquisitions. We want to do little bit more specialty. You know we have large base now manufacturing.

We do not need actually manufacturing-related acquisitions. Mostly related to specific products like in-licensing products, since we are looking actually the faster growth. Few products we are looking at in-licensing and few things like company acquisition, those kind of things. But priority is companion animal, the first priority.

Bharat Sheth: And sir, recently we have entered into Vietnam market also. How big is the potential for in Vietnam? Which are other emerging market are we looking for taking entry? As well as in Europe also, we were thinking of entering into Germany. What stage we are?

Haribabu Bodepudi: At this stage, Vietnam is one of the big farm animal market, okay, at this point. Other than these few countries, Brazil, Turkey, all these things, Vietnam, Southeast Asia, that's one of the thing. Farm animals, but you don't see bigger new launches, all those things. It's a stable, mature kind of business. We are anticipating INR 3 - 5 million going forward next couple of years on that. But of course, with that, we are going to expand this companion animals if it's there.

And few other countries like, once we file in Europe, we can do the similar file or same file to countries like Australia, Canada. Those are the two countries we are exploring. So once you complete product development, registrations are going to happen in those countries. And we are trying to build front end also in those two countries on especially companion animal segment.

Other things, Africa, of course, it's a continuous focus. Today, all our manufacturing is coming from Europe or outside. We're trying to establish little bit more partners in India to capture these markets. That's the second phase of these things. And the biggest final, that's the second phase, I always keep in my mind, U.S. That can happen, okay? Because we don't want to mix up all these things.

If I look at only U.S. acquisition, we have to spend a lot of resources and time. So while without missing these immediate market, where we have strengths like Europe, these markets. Parallelly looking at U.S., if not today, so after two, three years, U.S. is the one of the key priority market for us. By that time, we assume companion animal business also will be more matured in supply chain perspective, and genericization also is going to improve. That's where we see. U.S. today, genericization is around 15%-20%. We see maybe after three, four years, it will move quickly. That's the time we want to prepare for that market.

Bharat Sheth: Okay, sir. Thank you and all the best.

Haribabu Bodepudi: Thank you.

Moderator: Thank you. The next question is from the line of Vishal Manchanda from Systematix. Please go ahead.

Vishal Manchanda: Yes. Hi. Thanks for the follow-up. Sir, when do we expect our oncology pipeline to start contributing to numbers materially?

Haribabu Bodepudi: 2029 or 2030. FY30, you can expect.

Vishal Manchanda: Okay. Okay. And, sir, you talked about an important launch this year and next year in the U.S. on the human formulation side. Are these patent-expired products or is there a litigation angle as well here?

Haribabu Bodepudi: I said next year. Okay. There is a small litigation, but we are very confident. It's an API patent expired. Formulation, there is one patent, we circumvented, but there's no litigation on that, Vishal Manchanda, much litigation. It's the thing is the first to file kind of thing. There's no player today. There's only one, so we are able to do quickly. I can tell you, we are the only one fully integrated. So, availability of API is very limited on that. And we are the first filer on that. These products, Vishal Manchanda, if you get first day one launch, you can ensure 50%-60% market share even after that somebody comes out. That's where we see the good value for this product.

Vishal Manchanda: Okay.

Haribabu Bodepudi: This product next year there's no- Today, that product size is about $90 million.

Vishal Manchanda: Okay.

Haribabu Bodepudi: Okay.

Vishal Manchanda: Got you, sir. And sir, just one final one on animal health. Is there a way to track, like, how can we figure out how well you can grow? Like, if you could share some number of filings that you do for certain markets, or kind of how do we gauge the growth rates for your animal health business? Some metrics around this that you can share.

Haribabu Bodepudi: Number of filings mislead you, Vishal Manchanda, to be frank with you, because we can say I filed 20, 30, but it's the most important thing is what kind of products and what kind of markets. Especially companion animal, two things, like BioForLife, there are multiple products, still they do 10 million actually. How can we expand those? But those are not the blockbusters. It's actually increase, small increase, 10%, 20% kind of thing. That's where extension, geo-extension, number of filings to other countries. That's where we file 40, 50 filings on that, but value can't.

But bigger chunk, what we are looking at the companion animal business is coming. Before going to companion, farm animals also, you know we had German business earlier. We shut down that and transferred product to other sites. Those products actually is doing very well, a few product. This year, I think we are tracking $4 million-$5 million, those products. Coming to this bigger things, because I don't know whether you looked at companion animal segment. Majority big blockbusters are expiring from 29 in major countries. 2028, if you have local manufacture. That's what I was trying to tell you. Brazil or Mexico, Turkey, if you able to do local manufacturing, we can advance at least nine to 12 months kind of things.

But launch expectation is 2029. 2029 means February expiry, so it comes to FY30. We can launch February or March, that comes to FY30. So, if I give you rough numbers for few products and three products, three, four products, it's coming to brand value today. Brand value is today is around $3 billion. Three products together, brand value.

And you can expect some growth in next three, four years by the time patent expiry. Generally, once it's expiry, volume growth also will happen. So, if I take brand value today and the brand value in FY30, so $3 billion, $3.2 billion, it will become close to $3.5 billion-$4 billion. Just three, four products. That's where we want to ensure everything. If I'm able to get actually 10%, 15% market share, even after price erosion, these products' price erosion is around 40%. Even if you take price erosion 60% with 10%, 15% market share is big, Vishal Manchanda. Those are the things

Vishal Manchanda: Right

Haribabu Bodepudi: we are focusing.

Vishal Manchanda: And sir, these kind of patent expiries of such size don't happen quite often, right? These will be like one of the Okay.

Haribabu Bodepudi: Yes. Our entire strategy is moving, launching matured products to launching day one, Vishal. That's the strategy we adopted after merger. But when you adopt these strategies, your gestation period is little high. We have to Gestation period and also investments also sizable. Like what I said, animal health earlier we used to do INR10, 12 crores, now it's become INR 40 crores. That's one of the reason I also used to tell in the calls why EBITDA margins are not growing, because we are investing for future only.

Vishal Manchanda: Got it, sir. Got it. Thank you very much.

Haribabu Bodepudi: You're welcome.

Moderator: Thank you. The next question is on the line of Amey Chalke from JMFL. Please go ahead.

Amey Chalke: Yes, thank you for taking my question. Most of my questions are answered. I had one or two small questions on some of our capabilities which are upcoming. In Ambernath, we are building a new companion animal facility. I just wanted to know the thought process here, how important this facility would be in our endeavor in getting market share in the companion space going ahead. Are our launches would be dependent on this commissioning of this facility going ahead, and how should we Or it can be launched in existing unit somewhere else?

Haribabu Bodepudi: We are adopting multiple strategies. One is, first thing is, there are very limited facilities for companion animals, because you know the difference between human tablets and companion animal. Size is different, flavors are different. You need even the technology similar, but quality of the equipments, dedication is required on that perspective. It's very important to have our own facility, because my strategy for entire companion animal differentiation is fully integrated strategy.

Today, whatever companies are having generic, either only front end or only finished product facilities in Europe. And India facilities, whoever is having, they're not very active for these developed countries. It's very important to have our own facility when you're targeting for bigger business. Whether it is sustainability or growing or flexibility is very important for that. That's how we are preparing for that site.

We are very much comfortable since the launch is going to happen 2029. The facility is getting ready first quarter itself next year. Then time cycle, 19-12 months, we are very comfortable to go for that. However, since the products are bigger, we don't want to miss that. That's where we are working actually these markets from Turkey with a partner, which is going to be Europe approved facility.

Mostly it's going to happen December, January, next December, January. We are also parallelly working on that. Anyway, we are launching in Turkey from that site. Worst case, we are going to have launch from that. If something like audit delayed, new audit because different reasons, we'll have backup site for that. It's very critical to have this site for long-term sustainability and growth. And of course, parallelly we have prepared for all these launches parallelly.

Amey Chalke: Got it. So basically, our filings are not restricted because of the site is under construction. That's what I wanted to understand.

Haribabu Bodepudi: Yes, we are actually we are in good time since the site is even ready by January, February. Looking worst case by first quarter, but it's getting there. So, we are going to file from this, but parallelly we are working other site also.

Amey Chalke: Got it. And second question I have on the oncology R&D center. What's our thought process here in the future? Like, are we going to have Paragraph IV oncology strategy going ahead, or what's the thought process here investing into R&D center in oncology?

Haribabu Bodepudi: Even today, we have large numbers of Para IV products. Oncology, when you are going, that's most important thing is you have to have new products. It's very difficult to grow on the existing product. That's the purpose of building this. Most of the products are Para IV kind of thing. Since we do all APIs for NCE-1 Para IV, most of the things, at least we cover 60%-70% of the portfolio. We would like to extend the same thing for formulation also. Most of the products are going to be either day one or day 181. Sometimes when you do Para IV, Para IV people started doing now even 20 years before launch. Even if you miss Para IV day one, actually we want to ensure for day 181.

Say, if it is a day one, what is critical? Timing is critical. If it is day 181, efficiency is critical. We are preparing for both. All our products are actually, it's very high value products, focus for U.S. markets, and try to extend for other markets. We are also started working with a few European countries to have partnership to extend the same products to Europe. Today plan is mostly U.S., but we have started working with European partners, the same product, how can we extend for Europe.

Amey Chalke: Sure. Thank you so much, sir. I will join back the queue.

Haribabu Bodepudi: Thank you.

Moderator: The next question is on the line of Chintan Modi from Oaklane Capital. Please go ahead.

Chintan Modi: Hi, sir. Thank you very much for the opportunity. Sir, you mentioned that the U.S. generic levels are about 15%-20%, and two, three years down the line, we will start seeing that improvement.

Could you also give us a similar number for European markets where we are present and how that is tracking?

Rajaram Narayanan: The overall generic market.

Haribabu Bodepudi: Oh, you are saying genericization. Sorry.

Chintan Modi: Generic.

Haribabu Bodepudi: Okay. It's, I think, 50%-60% of the market in Europe.

Chintan Modi: Sorry, sir, I missed that. 15 - 60?

Haribabu Bodepudi: 50 to 60% level.

Chintan Modi: 60% is the generic market in Europe.

Haribabu Bodepudi: Yes, the generic volume it is more. It is actually the confusion sometime is when you calculate the numbers. Still brand sells at very high price. So now Europe actually volume prospect, it is more to 50%. So always we track volume because value it always differentiate. Like U.S. market brand versus generic, 80/20. 80% value, 20% volume for brand. So whereas generic other way, but volume it is more to around 50% now Europe.

Chintan Modi: Okay. And sir, what number would have been this, let us say, about five years back or three years back? Some approximate number?

Haribabu Bodepudi: I think it is accelerated post-COVID, last three, four years. If you ask me before COVID, it is very little in Europe also. But post-COVID, actually gradually it is increasing. Since the pet population is growing. And treatment costs are also growing because pet care also every year additional tests, like how we do annual checkups. When you do annual checkup, you will end up adding one medicine or something. So pet care also moving into various segments. Even now they are moving into oncology segment. So that is where since expenses are growing and insurance coverage still it is not fully.

Definitely it is going to move faster. We believe actually next three, four years, once you see the bigger launches comes in, 2029, 2030, definitely it is going to move to 70%-80% level.

Chintan Modi: Got it. Got it. And sir, you mentioned that about $3 billion worth of market which will go to generic, 2029 onwards. Does this go generic for all the geographies together, or it is just trying to understand how the opportunity size is up for us?

Haribabu Bodepudi: 2029 is going to expire basic patents for all countries.

Chintan Modi: Okay.

Haribabu Bodepudi: For each country, there may be little different requirement. The majority countries where we are targeting, I said this $3 billion plus is all market. But our targeted market itself actually coming where we see, it is coming to close to $1.5 billion.

Rajaram Narayanan: Yes.

Haribabu Bodepudi: Okay, these are the things clearly visibility all patent expiry. It can be launched in 2029 now.

Chintan Modi: Okay.

Haribabu Bodepudi: 2029 calendar year. Calendar year. It may not be financial year because it is going to end February, March.

Chintan Modi: Understood. For that $1.5 billion, we exclude the U.S. market for now?

Haribabu Bodepudi: Yes, yes. Exclude the U.S. market.

Chintan Modi: Understood. I think one of our strategy has been to acquire and gain access to a lot of markets, which we have done with BioForLife acquisition also. Going ahead, do we expect more kind of these actions from our side? Is it possible or?

Haribabu Bodepudi: Straight answer is yes. We are exploring continuously on that. Definitely we would like to see, but we don't want to acquire just for sake of numbers. That's the reason we are looking at the strategic fit into our strategy. It's the right company to do that because that's where we are exploring, but definitely you can see, if not next two quarters, definitely you will see next year. Because all these things, you know, explore, you have to understand due diligence, there's various processes, market understanding, how to structure all those things. But you can see sizable next year. I can say that.

Chintan Modi: Mm-hmm. Understood. Our priority when we look at acquisition would be market access or product portfolio gap filling?

Haribabu Bodepudi: It is basically market access. Okay? And a little bit product gap filling. Especially companion animals since we are targeting most of the new products actually, basically market access. That is how, why we are doing parallelly this backend preparation, whether R&D, development or manufacturing or filing. You may not be able to get the right company having everything. Most of these companies actually heavily loaded on front end, market access. That is where my first preference is more market access. We are very strong in the backend execution. That is what I am looking. It is basically right products, right market.

Chintan Modi: Got it.

Haribabu Bodepudi: Not heavily driven on manufacturing.

Chintan Modi: Mm-hmm. Perfect, sir. Thank you very much. This was very helpful.

Moderator: Thank you. The next question is from the line of Gourav Bhama from JM Financial. Please go ahead.

Gourav Bhama: Hi, sir. Thank you for the follow-up opportunity. I had just two questions related to the earlier asked questions itself. One was on the U.S. front. You said that roughly 10% can be growth is something that can be expected from this business for the full year. But if I'm just doing a rough calculation, back-of-the-envelope calculation, if I just add the Q1 number, H1 number, and maintain the run rate seen in second quarter, like for third and fourth quarter, same sort of run rate being there in the numbers, I'm roughly getting a 30+ year-on-year growth for the U.S. business. Am I missing something that why are we guiding for 10% sort of growth for the U.S. business? Are we expecting some sort of-

Ramakant Singani: Sir, 30%.

Rajaram: Just a second. Huh? Are you calculating second half 30%, or are you calculating

Gourav Bhama: Year-on-year 30%, because I have added the entire first half, and then I've taken the second quarter amount and multiplied that by number by two. The flat Q2 number by two times. Basically, that turns out to be like INR 245 crores for the first half, plus INR 120 crores into two. So that number roughly translates to INR 480 crores, right? That's 32% growth year-on-year for the U.S. business at least. Am I missing something over here?

Ramakant Singani: Last year, U.S. business was about INR426 crores. So if you're looking at a number of INR 490, INR 480 crores, that's going to be about 15% growth.

Gourav Bhama: Understood.

Haribabu Bodepudi: We'll do that close to that number.

Gourav Bhama: Sure thing. Secondly, on the API side-

Haribabu Bodepudi: I said actually doubled, it doesn't mean exactly 10%, it may go. Also there is a constant currency also, right?

Gourav Bhama: Understood.

Haribabu Bodepudi: You are right, close to that.

Gourav Bhama: Understood. Secondly, on the API business, we are guiding for mid-teens. First half, we have done roughly 8% year-on-year growth. Are we expecting, like, I do understand that we are going to have a heavier second half, but to attain even an early or mid-teens, we need to have a high-teens growth for the API business. Do we have that sort of-

Haribabu Bodepudi: API is very strong in second half, if I have to tell you.

Ramakant Singani: Q2, if you look at Q2 performance, I think we have shown a growth of around 10-12% for Q2. Q1 was a bit low.

Haribabu Bodepudi: A bit low, but

Ramakant Singani: Largely influenced by the geopolitical situation where customers had

Haribabu Bodepudi: Whatever they are holding procurement, it is happening now. We see strong visibility in second half.

Ramakant Singani: Okay.

Haribabu Bodepudi: We can expect, yes.

Gourav Bhama: Thank you. That is it from my end.

Moderator: Thank you. The next question is from the line of Gaurav Shukla from Finvestors. Please go ahead.

Gaurav Shukla: I am audible, sir?

Moderator: Yes, sir.

Gaurav Shukla: Thank you, sir, for giving me opportunity to ask question. Sir, I want to ask, what is the current CDMO order pipeline, and how much of it is expected to convert into commercial revenue over the next 12-24 months?

Haribabu Bodepudi: So just to clarify, whatever CDMO revenue today, it is all commercial, 90%. CDMO revenue, the new thing is, as I explained, mostly validations, which are coming to, for example, this quarter, we may end up signing one product, close to $1.6 -1.7 million development cost, which is coming for launch 2034. These are the specialty companies what we do. So all innovators, I said, it is all 100% mature products, commercial products.

All new CDMO contracts are with specialty pharma companies. Actually, the expiry is mostly going actually around 2034-35, because those are the specialty products, where they do Para IV or some differentiation in the technology, the companies target actually eight to 10 years in advance on that. So these are the all revenue comes from validations, new CDMO from specialty. But commercial things all comes from innovators.

Like last quarter, we commercialized one product, albendazole for U.S. So that's coming 3, 4 million this year kind of thing. Basically, innovators with mature products, all specialty companies with the new products launch is going to happen little later.

Abhishek Singhal: Okay. Next question.

Moderator: Thank you. The next question is from the line of Kushal Goenka from Mangal Keshav. Please go ahead.

Kushal Goenka: Yes, hello, doctor. Hope you're doing well. My first question was on the ownership. As per my understanding, Carlyle invested in 2020, and they do have a finite life of seven to eight years, and we are close to that. Also recently, they did a block of around 11%. If I'm not mistaken, in one of the call, you had mentioned that they don't intend to exit. Any thoughts on the same? How do you see the ownership change or any timeline, any other information that you would like to share?

Haribabu Bodepudi: I can share what I think, but I can't give you Carlyle thoughts, whatever they think. Looking at the current scenario, you're right, Carlyle entered 2021. Definitely they look for. Next 12 to 15 months, I don't see anything. Even, as I mentioned earlier, if Carlyle divest, we want to bring highly credible mutual funds or whatever it is. last exit, whatever happened, you know, it comes by Kotak, Bandhan, Edelweiss, all. It's going to be more systematic. It's not just retail going, but I don't see anything.

Whatever I know, I can't confirm, I can't do anything, but next 12 months, I don't see anything on that. We are also looking now, we are going to be very open, Carlyle and myself, for this quarter. We are going to talk openly with you guys, whoever is interested, clear on that. At this point, what I know, next 12 months, they're not going to do.

Kushal Goenka: Okay. My next question was, now I understand that our revenue base is touching around INR 4,000 crores. However, the whole industry landscape of the Indian pharma space is changing, and we are trying to focus more on niche products, expanding our manufacturing capabilities, and doing our best to bring in more operational efficiencies. Is there a possibility that we can grow our top line at around 20%-25% for the next three, four years if we become a little more aggressive?

Haribabu Bodepudi: Just to tell you, this year we'll grow 20%+. First half, of course, even though in initial I guided mid-teens or whatever it is, whatever 27, I'm confident we'll grow 20%+. It's quite possible because if you see this company, we have strong infrastructure, we have strong R&D team, we have strong market presence, and most important is very strong balance sheet. 20%, even whatever I guided my aspiration 2032, reaching to a billion dollar. So we factored, I think, 17%-18% CAGR. So it's quite possible we are targeting, but in this thing there's organic and also inorganic. Some inorganic we expect? But more, I am more comfortable after three years because this business, organic, whatever you initiate, it comes minimum three, four years later. I can challenge anybody if somebody tells I can get tomorrow, it's impossible.

Whatever you get tomorrow, it is not a substantial thing. It is a marginal small thing. It requires a gestation period of three to five years. I am very confident after 2029, but going forward next two years also, yes, we are targeting. The mix of organic as well as once you look at, when I said next year, they are expecting sizable acquisition, then it is possible to do that. But if not 20%+, we will be close to that.

Kushal Goenka: Okay. Thanks, sir.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question for the day, and now I hand the conference over to the management for the closing remarks.

Haribabu Bodepudi: Thank you, guys. After having vacation, thanks for joining the call. I know after vacation today, weekend, that is one of the reason I said actually let us spend as much as possible. Whatever we say, we do it. That I can tell you confidently. We are going to do strong in the second half. All our actions, whatever we mentioned, we are going to track those things. Thank you. Thank you for your support, guys. Thank you.

Moderator: On behalf of Viyash Scientific Limited, that concludes this conference. Thank you for joining us, and now you may disconnect your lines.