

## Viyash Scientific

12 August 2026

**Abhishek Singhal:** Thank you, Pari. A very good evening to all of you, and thank you for joining us today for the Viyash Scientific Ltd. earnings conference call for the first quarter of FY27. 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, both of which have been uploaded on our website as well as the stock exchange website. The transcript for this call will be available in a week's time on the company's website. Please note that today's discussion may be forward-looking in nature and must be viewed in relation to the risks pertaining to our business. At the end of this call, in case you have any further questions, please feel free to reach out to the investor relations team. I now hand over the call to Dr. Haribabu to make his opening remarks.

**Dr. Haribabu – MD & Group CEO:** Thank you, Abhishek. Good afternoon, everyone. Welcome to the Viyash Scientific Ltd. investor call for Q1 FY27. Thank you for taking the time to join us today. I am happy to say that Q1 FY27 was again a very good quarter for us. It shows that we are not a one-quarter story, but a company that delivers consistent results quarter after quarter. Our integration is now complete. This will be one of the few successful integrations you can find in the industry, and that too within a record period.

Starting with the quarter's performance, revenue from operations for Q1 FY27 was 946 crores, growing by 20% year-on-year. EBITDA was 205 crores, growing by 59% year-on-year, with the EBITDA margin at 21.6%, expanding by almost 530 basis points over last year. Profit after tax was 79 crores, which more than doubled year-on-year. Our EBITDA-to-PAT conversion is showing good improvement both year-on-year as well as quarter-on-quarter.

Our balance sheet continues to show improvement. Net debt has come down to 86 crores, and net debt-to-EBITDA is now 0.1x versus 0.24x last quarter and almost 1x a year ago. Therefore, in four quarters, we have gone from a leveraged combined entity to a company that is virtually debt-free on a net basis. This gives us tremendous opportunity with respect to brownfield expansion as well as exploring inorganic opportunities.

Coming to segment performance, our animal health formulation business continues to grow very strongly across all regions. We believe the growth will continue with our continuous focus on new product launches, geo-expansion of our existing products into other countries, expanding R&D, and accelerating new product development. We continue to invest in expanding our manufacturing operations. We are also seeing strong growth in the domestic market, up to 60%, and we are looking to expand our field force and product portfolio further to grow aggressively.

Coming to human formulations, our US business has grown by 60%, showing the results of our efforts to move towards backward-integrated, more complex products. That is now translating into real growth along with profitability improvement. API revenue has been broadly flat quarter-on-quarter due to timing issues on account of raw material price volatility, as customers were taking a wait-and-watch approach. As all of you know, the war is continuing, and nobody knows when it is going to end. During June, most customers wanted to wait and see how it would

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work out. However, now we see good traction, many orders are coming back, and I believe this quarter is going to be the best quarter for API for us.

Coming to where we are investing for growth, we have signed an SPA for the Bioforlife acquisition in Italy, and we are expecting to close the acquisition in the next few months, subject to the fulfilment of certain conditions as per the agreement. This acquisition, as I mentioned on the previous call, aligns with our focus on companion animals as the number-one strategic growth area for the next 5 years. Bioforlife gives us direct market access in Italy, one of the largest companion animal markets in Europe. It comes with a companion animal portfolio of about 85 products, which can be extended to our other core markets, and a sales force with about 85% vet-clinic coverage in Italy, plus strong local talent.

Combined with our BI partnership in India, which is now scaling up, and our own R&D and manufacturing investment in companion animals, this is a very meaningful step in building the entire companion animal platform across the world.

For farm animals, we are focusing on filling the white spaces in our current portfolio, as well as expanding the market for existing products into other geographies. We want to focus on new product development for molecules that have potential across multiple geographies. For human formulations, as I mentioned earlier, we will continue to focus on first-to-file opportunities, with more focus on high-potent, complex formulations supported by full backward integration in key molecules.

In API and CDMO, the focus is on day-one launches, complex molecules, and expanding our CDMO business to create differentiation. We have strong relationships with innovators across human as well as animal health, and strong manufacturing credentials, which help us create mutually beneficial partnership models on the CDMO front.

To summarize, Q1 FY27 shows continuity, sustained double-digit revenue growth, EBITDA margins of around 20–22%, as indicated earlier, and the strongest balance sheet in our history. With this platform and this balance sheet strength, we are very well positioned to continue investing organically in R&D and manufacturing, and selectively inorganically wherever we find the right asset, while maintaining discipline on margins.

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 – CFO:** Thank you, Doctor. Good afternoon, everyone, and thank you for joining us. I am pleased to present the financial performance of Viyash Scientific Ltd. for the first quarter of FY27. We have started FY27 on a strong note, with continued momentum in revenue growth, significant improvement in profitability, and sustained expansion in margins. Our performance reflects the benefits of initiatives undertaken over the past few quarters across businesses, along with our continued focus on operational efficiency and disciplined cost management.

Revenue from operations stood at 946 crores, registering strong year-on-year growth of 19.5% and sequential growth of 2.9%. Gross margin improved to 54.1%, compared with 51.9% in Q1 FY26, representing an improvement of approximately 220 basis points year-over-year. Adjusted EBITDA

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increased by 59.2% year-on-year to 205 crores, with the EBITDA margin expanding to 21.6%, compared with 16.2% in the corresponding quarter last year. Profit before tax increased by 132% year-on-year to 112 crores, compared with 48 crores in Q1 FY26. Profit after tax increased by 115% year-on-year to 79 crores, compared with 37 crores in Q1 FY26.

Our finance cost declined to 12.5 crores from 20.4 crores in Q1 FY26, reflecting the benefits of our continuous focus on balance sheet strengthening and debt reduction. Pursuant to the composite scheme of amalgamation and upon receipt of the necessary approvals during the quarter ended June 30, the company granted 1.3 crore employee stock options, representing 2.8% of the post-amalgamation paid-up share capital of the company. This resulted in an incremental expense of 19 crores for the quarter ended June 30, 2026. Profit before tax of 112 crores and profit after tax of 79 crores for the quarter ended June 30, 2026, are after considering the expense on account of these additional employee stock options.

We remain encouraged by the strong start to FY27 and continue to focus on disciplined execution and capital allocation to deliver sustainable and profitable growth. With that, I conclude my opening remarks. Thank you for your attention. I would now request the moderator to open the floor for the question-and-answer session.

**Abhishek Singhal:** Pari, we are ready to take questions.

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

The first question is from the line of Naman Bagrecha from IIFL Capital Services Limited. Please proceed with your question.

**Naman Bagrecha – IIFL Capital Services Limited:** Hello, good morning. Thank you for the opportunity. I had a couple of questions. Starting with the EU region, if we look at the year-on-year growth on a constant-currency basis, EU revenue has been largely flat. Is there anything to highlight here, and what would be the outlook?

**Dr. Haribabu – MD & Group CEO:** Naman, thank you. The EU region is actually showing 13% year-on-year growth in Q1. That is what we are saying.

**Naman Bagrecha – IIFL Capital Services Limited:** In euro terms, if I look at EUR 15.8 million as the sales figure versus EUR 15.9 million in Q1 FY26, it has been flat in euro terms.

**Dr. Haribabu – MD & Group CEO:** Yes, but if you look at it, the fourth quarter tends to involve some management of how the sales have progressed. On a full-year basis, the growth for the EU region will be closer to 20%. Therefore, some of this is a matter of phasing between one quarter and another. By and large, we are growing volume there, and the combination of volume growth and pricing growth should bring us back to the levels at which we have typically been, which should be in the range of 18–20% growth.

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This is more a question of how the quarter-on-quarter performance looks. The appropriate way to look at some of these businesses is on a year-to-year basis, because the EU is a group of markets where one market may show slightly lower sales in one particular quarter than in another quarter.

**Naman Bagrecha – IIFL Capital Services Limited:** Is there any seasonality, in terms of whether Q1 is lower than, for example, the fourth quarter?

**Dr. Haribabu – MD & Group CEO:** Generally, the third quarter is better. We generally see a peak around the second and third quarters. It is also a question of the fact that some businesses are tender-linked, while some are linked to outbreaks or vaccination-related issues. Therefore, you could see some movement on that account.

However, you tend to see higher growth typically in the third quarter and somewhat in the first quarter than in the fourth quarter. But we are really talking about growth. From a growth perspective, if you look at it quarter-on-quarter, it is more a question of the phasing between the same quarter last year and this quarter. There is nothing that indicates that this is disturbing. It is more a combination of steady volume growth, pricing growth, and foreign-exchange growth.

**Naman Bagrecha – IIFL Capital Services Limited:** I was actually comparing it only on a year-on-year basis, not on a quarter-on-quarter basis. Even on a year-on-year basis, it is sluggish specifically in euro terms.

**Dr. Haribabu – MD & Group CEO:** You mean year-on-year for Q1 FY27 versus Q1 FY26? Yes, but that is what I am saying. For the specific quarter, it is more a function of the phasing of the contracts that may have existed in the respective two quarters. The way to look at it is really on a full-year basis, when there can be movements between different quarters. The EU continues to be a market for us with growth closer to 18–20%.

**Naman Bagrecha – IIFL Capital Services Limited:** 18–20% growth on an INR basis, correct? Or on a...

**Dr. Haribabu – MD & Group CEO:** On an INR basis, on an INR basis. Also, as you know, we started building our presence in a few European countries after a few years. Our major countries, such as Spain, are doing extremely well, while a few other countries, such as {? Bremer, Benelux ?}, where we are placing products, are taking some time. However, we are very confident that we will grow much better this year.

**Naman Bagrecha – IIFL Capital Services Limited:** Understood. In terms of emerging markets, emerging markets have actually surprised positively in terms of growth this quarter. We were looking at more of a mid-teens kind of growth, but on a constant-currency basis, or if I look at it in dollar terms, it has grown by almost 23–24%. Do you expect this momentum to continue, and what were the drivers of such strong growth?

**Management:** Emerging markets, mainly Turkey and Brazil, have a very strong product pipeline. A few launches also took place over the last couple of quarters, and both countries started growing in volume. We have been seeing volume growth since last year. Earlier, Turkey used to be driven only by pricing increases, but over the last few quarters, we have seen good potential for volume growth. Looking at the volume and all our product launches, we are confident of growing at that level. That

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is how we see both markets performing extremely well.

These are the three countries—Turkey, Brazil, and Mexico—and all of them are performing extremely well in this business.

**Naman Bagrecha – IIFL Capital Services Limited:** Great. If I may, I have a couple of questions regarding the US business as well. It has also seen very strong growth, although on a lower base. Is there anything particular to highlight as to why there was almost 45% year-on-year growth in dollar terms?

**Management:** As I mentioned in earlier calls, we tried to restructure the business somewhat over the last 2–3 years. Post-COVID, we struggled somewhat with pricing issues since we had manufacturing in the US. That is how we started moving volume products to India, and we also tried to fully vertically integrate a couple of products.

Those actions took place over the last couple of years. A couple of products started shipping from India along with our API. That is where the margin profile improved, and we were also able to maintain our market share. Last year, of course, we had one good launch, and we were able to perform well. We still have a 50–55% market share.

These are some of the factors: changing the strategy, moving volume products to India, full integration with APIs, and adding a few new products. We also stepped up R&D slightly, and our R&D revenue has improved somewhat. All these actions worked out very well this year, and we expect them to continue on this path.

However, if you ask me whether it will be 50% growth, the answer is no. It will be stable. We are now very confident about growing this business on that path because almost all the products we develop for commercial launch are fully integrated, and we have strategically tied up with Indian manufacturers for all volume products. Therefore, we see strong growth potential in this business.

**Naman Bagrecha – IIFL Capital Services Limited:** To summarize and confirm my understanding, earlier, for some products, the API was not being manufactured in India, whereas now it is being manufactured in India. That is why we saw a margin improvement in the US business from FY24 to FY25. If I look at the overall segment, EBITDA margins have sharply improved from the single-digit percentage range to around 34–35%. Do you expect this level of EBITDA margin to continue for the US business?

**Management:** We expect this to continue.

**Naman Bagrecha – IIFL Capital Services Limited:** Also, could you highlight how animal API growth and human API growth have performed for the quarter?

**Management:** API is flat for a few reasons. We do not see any business loss in this. Basically, last quarter, especially Q2, everybody expected the war to end by June. In fact, it stopped for a few weeks, as you know. When raw material prices fell in the last quarter, we also increased the price. Therefore, most customers who had inventory tried to postpone their procurement somewhat.

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This continued for one month, but when they realized after July that the war was not going to end, we started receiving all the product orders again. This quarter is going to be a very good quarter for API, in my view. I think this quarter is going to be the best quarter in our history. We are seeing a lot of traction and many inquiries to return to this business.

It was only a timing issue. For a few weeks, everybody wanted to take advantage of the situation. If raw material or solvent prices came down, they thought they might get a better rate. However, prices have now stabilized, and everybody has understood and realized this. Therefore, this quarter is going to be good. It was only a timing issue; there is nothing wrong with the API business.

This quarter is going to be the best quarter for both animal health and human health. In animal health, we have been discussing capacity expansion for Albendazole and a couple of approvals. We have now expanded capacity. We also received US approval for the Vizag site. We expanded the Vizag site as well and have just started commercialization from July. This quarter is going to be the best quarter for API.

**Naman Bagrecha – IIFL Capital Services Limited:** Could you provide some colour on the revenue run rate for the animal API business? If I remember correctly, we had crossed the 100-crore mark.

**Management:** Yes, I mentioned earlier that it would grow by more than 20%, but it will grow somewhat more than that. Over 5 years, we are planning to grow by more than 20% in this business.

**Naman Bagrecha – IIFL Capital Services Limited:** One question for Ramakant. Could you highlight how we should look at the ESOP cost going forward? Should it be the 5-crore ESOP cost plus the additional {? 19 crore ?} cost for the US employees on a quarterly basis this year, or will it increase from Q2 onwards?

**Ramakant – CFO:** As we mentioned, 1.3 crore additional options were granted during the quarter. The charge for the quarter was about 19 crores. In total, the ESOP cost for Q1 was about 25 crores. The total for Q2, Q3, and Q4 would be about 40 crores. From next year onwards, it will come down.

**Management:** It is expected to remain broadly flat, with a small amount after the 1.3 crore options are completed. You know why this happened. We had an ESOP scheme in Viyash Scientific Ltd. When we carried out the amalgamation, this was clearly mentioned in the merger document as well. Since the allotment was delayed, the share price was high when it took place, at 230 rupees, and that is why the expense is higher.

It is expected to be completed mostly during this year and sometime in the first quarter of next year. After that, it will be a routine, very small expense. We do not see any major or one-time items after that.

**Operator:** Thank you. The next question is from the line of Sahil Singhvi from Monarch Network Capital. Please proceed with your question.

**Sahil Singhvi – Monarch Network Capital:** Thank you for the opportunity, and congratulations on an excellent set of numbers. With respect to the traction you are seeing on the API side, is it possible that we will exceed 20% growth for a couple of quarters going forward? Would that mean you would deliver higher growth for the full year than your guidance?

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**Management:** Regarding API, I mentioned that animal health API is going to grow by more than 20%. Overall, I mentioned double-digit growth of 13–14% this year. Next year, it is likely to increase because we have a few launches. This year, however, we can expect double-digit growth, perhaps at the mid-teens level overall.

The other API business is much larger than animal health. We see good traction, but in human health, most of the major product launches are going to come in the future. Therefore, this year we can expect mid-teens growth, around 13–15% overall.

**Sahil Singhvi – Monarch Network Capital:** Understood. Secondly, yesterday you also referred to adding new tablet capacity for a brand in animal health and building additional R&D capabilities. How are those initiatives progressing?

**Management:** R&D was already initiated last quarter. We hired the required people, and the approved equipment has also been started. Coming to manufacturing, we have finalized the design. It is mostly going to start in the next few weeks or next month, with a target to complete it by January–February so that we are ready to take exhibit batches. We are on track. It will mostly be completed by January–February.

**Sahil Singhvi – Monarch Network Capital:** One clarification from Ramakant. I believe you said that the ESOP cost could be roughly 40 crores for the 9 months. Is that the correct understanding?

**Ramakant – CFO:** For FY26, the total would be about 130 crores. For FY27, it should come down to around 40 crores for the remaining 3 quarters. That is correct.

**Sahil Singhvi – Monarch Network Capital:** I understand now. Thank you.

**Operator:** Thank you. The next question is from the line of Bharat Shah from Quest Investment Management Private Limited. Please proceed with your question.

**Bharat Shah – Quest Investment Management:** Good afternoon, and congratulations, Haribabu, Rajaram, and Ramakant, on the excellent performance. Hello?

**Management:** Yes, thank you, Bharat. Please go ahead.

**Bharat Shah – Quest Investment Management:** I have 1–2 questions. In your opening remarks, you mentioned growing the business of high-potent human healthcare. Could you provide some more colour on the current run rate and how we should view the capability and capacity that we have built? I understand that high-potent products are more complex and will also have a better EBITDA margin. Could you provide some more colour on that?

**Management:** High-potent products are mostly oncology products. We started building the API capability 2 years ago. Over the last 18–24 months, we built a potent R&D laboratory and manufacturing capabilities. Of course, we have three modules. We started developing many products over the last 2 years. That is the API side, and we started selling those products. We also partnered with many customers through partnerships, CDMO arrangements, or direct sales.

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This is one of the core businesses for the future. Over the last 12 months, we also initiated formulation development and partnerships in this area. As I indicated earlier, we are investing in formulation R&D and a high-potent laboratory. The laboratory is now complete and will become operational. In fact, last week we completed the high-potent formulation development laboratory.

We have started developing formulations for all high-potent products, and we have also tied up with a strategic manufacturer that has an oncology manufacturing site. We have aligned R&D and manufacturing, and we have started working with partners.

However, you have to keep in mind that this is a long-term opportunity. Unless you start developing high-potent products at least 5–7 years before patent expiry, you will not be able to obtain the business. Therefore, most of the revenue from the APIs and partnerships we are developing is going to start from 2029. The revenue from the larger formulation products will start after 2030.

We are geared up now. We have R&D, manufacturing, and a couple of partners, but we are waiting for filings and patent expiry, with patent expiry being the most important factor. We have already filed at least 5–6 API products. We expect the first product in 2029. If we obtain exclusivity for that product, there is also an opportunity for exclusivity, which would be significant. However, the majority of the revenue is going to come in the long term, after 2030.

**Bharat Shah – Quest Investment Management:** How many products do we have in this pipeline, including the first-to-file opportunities?

**Management:** I think I indicated last time that we have multiple API products, first-to-file products, and a few formulations. I do not have the exact number, but at least 50% of our portfolio is either first-to-file or first-to-launch.

**Bharat Shah – Quest Investment Management:** One more question for Ramakant. How should we view interest costs from here onwards on an annualized basis? Also, I understand that last time the MD mentioned some goodwill depreciation or a similar item.

**Management:** I can explain that to you. I am also learning a little about finance now. You must have seen goodwill amortization of 25 crores every quarter. This year, the first quarter included 25 crores, and next quarter it is going to be around 10–11 crores. After that, the 25 crores will not be reflected as depreciation. From the third quarter onwards, you can see an improvement of 15 crores.

**Management:** From the third quarter onwards, that {? 26 crores ?} will be available for PAT conversion. Regarding interest rates, we are currently working extensively on optimization. You can see that our finance costs are also continuously coming down. We are trying to restructure the areas with high interest costs. Last year, we restructured the Viyash Scientific Ltd. India debt. We are currently working on restructuring the Ireland interest costs.

We are working on various measures to reduce the interest burden as well as the tax component. I think the outlook for the next few years is good. Even today, compared with large companies in the industry, we are not paying excessively on these items, but we are going to save more.

**Bharat Shah – Quest Investment Management:** Thank you, and all the best.

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**Management:** Thank you.

**Operator:** Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one now. Thank you. The next question is from the line of {? Sajjal Kapoor from Nitya Pragya Thinking ?}. Please proceed with your question.

**Sajjal Kapoor – Nitya Pragya Thinking:** Thank you for giving me the opportunity, and good afternoon to the team. I have a couple of questions. First, as we move from integration into a much more complex phase of R&D, manufacturing, geographic expansion, and hopefully M&A, what are the key non-negotiable principles that management uses to ensure that growth does not compromise execution, quality, and cash generation? Thank you.

**Dr. Haribabu – MD & Group CEO:** If I had to put it into 3 things, the first is compliance. There is no second thought or discretion, whether it is regulatory compliance, financial compliance, statutory compliance, quality compliance, or EHS. There is no second thought on that. Governance is also important.

As you mentioned, we are going into multiple complex areas, but in fact, we are already present in most of them. Most of our team is very experienced in these areas. If you look at complex products such as oncology products, we have been working on them for the last 2–3 years, and the entire team is very experienced. We know the market, and we know the products. Therefore, that is not an issue.

The second point is that the overlap in the combined company is very limited to API. Formulations will continue to run in parallel across animal health and human health. These are the 2–3 key points. We will never compromise on compliance or governance. Financial discipline is also extremely important after seeing the Viyash Scientific Ltd. story over the last 4–5 years. We know what we can do.

We see many M&A opportunities continuing to arise, but we always look at opportunities that fit into our strategic direction, as defined. Whether it is companion animals, CDMO, or complex areas, we are going to remain focused on those areas. We are not going to acquire a business simply because our balance sheet is strong and we want to add numbers. That is not the plan. We will pursue only opportunities that fit into our strategic direction, whether through inorganic or organic expansion. I hope I have clarified your question.

**Sajjal Kapoor – Nitya Pragya Thinking:** Yes, that explains it. M&A is obviously one of the key areas. If we look at the history of Viyash Scientific Ltd., the earlier management used to pay single-digit EV/EBITDA multiples for most acquisitions, but it also depends on quality and strategic fit. Therefore, valuation alone can never be the criterion. You have answered all my questions.

Dr. Haribabu, my second question is this: given the long gestation periods and uncertainty in pharma, where the downside from major capital allocation decisions may take years to emerge, because this is a long-cycle business, capital allocation today may not deliver the desired outcome or may not even signal green or red for many years. In that context, what do you consider an appropriate level of personal economic exposure for those making such decisions? Does the current ownership and senior management structure—Carlyle has significant ownership—reflect

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that principle within the organization, not just at the senior management level but also at the middle-management level?

As a team, decisions are made at the management level and then presented to the board, while the downside, if any, may not emerge immediately. That is my question. Thank you.

**Dr. Haribabu – MD & Group CEO:** Thank you for that long question. The first thing is that whatever decisions we take in this company are intended to support the company's long-term growth. They are not based on the identity of the investors, whether management, Carlyle, or anyone else. In the investments we have made over the last 2 years, we have never compromised on the company's short-term or long-term benefits.

When you refer to a long gestation period and substantial capital requirements, that applies when you are setting up a new company or a new facility. For example, if I were setting up oncology as a separate vertical, that investment would be substantial and there would be significant risk because the gestation period would be long.

However, in our case, 90% of today's business is mature business, where we do not need to make excessive capital allocations. If you compare the existing business with the capex we are going to invest, it is not substantial. The existing business itself is capable of taking care of all these investments.

Because of this, we have a large portfolio and multiple geographies and businesses. There is no dependence on a single country, a single product, or a few products. That is where the risk is always mitigated. Our additional capital allocation is not significant compared with our existing business, which is why I do not see much risk.

Even the capex we have indicated, I think 250–300 crores for a year, is not large considering the company's size and business. That is why I do not see any risk from that perspective. Whether viewed from the investor's perspective or the company's perspective, I do not see significant risk considering our size and our level of investment. Thank you.

**Sajjal Kapoor – Nitya Pragya Thinking:** Thank you, Dr. Haribabu. That clarity of thought is remarkable and much appreciated. That is all from my side.

**Dr. Haribabu – MD & Group CEO:** Thank you.

**Operator:** Thank you. The next question is from the line of {? Chintan Sheth from Dyne Capital ?}. Please proceed with your question.

**Chintan Sheth – Dyne Capital:** Thank you for the opportunity, and congratulations on the excellent set of numbers. I have one question on minority interest. Last year, we had an 18% minority share of pre-minority profit. How should one look at minority interest going forward?

**Dr. Haribabu – MD & Group CEO:** We are continuously evaluating this. We have minority shareholders in 2 geographies: the US and Spain. Over the last few quarters, we were busy with integration and completing our roadmap for the strategic direction. We now have clarity on what we are going to do.

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We are continuously evaluating whether to buy back the minority interest. It is not an issue today, but we are exploring whether to buy it back now or invest in M&A opportunities and do it later. Over the next 1-2 years, it is going to be acquired 100%. That is our plan. We do not know whether it may happen soon, but we are going to complete it within the next 2 years.

Meanwhile, we are looking at various opportunities. For example, we are also exploring {? Bio-Sol ?} recently if something arises that can accelerate our strategic growth areas. We are exploring these opportunities and may come back soon with further information.

**Chintan Sheth – Dyne Capital:** How much annual outlay should we expect for pre-minority profit? Last year it was 18%.

**Management:** Minority interest for the quarter was around 17%, while last year's full-year figure was about 20%. You can assume that it will be around 15-17% of total PAT.

**Chintan Sheth – Dyne Capital:** Understood, 15-17% of PAT. Regarding capex, you mentioned 250-300 crores for the year. Is that the number we should watch?

**Management:** You mentioned total investment in the gross block of {? 250 to 300 crore ?} for the year. That should be the number. Yes, 250-300 crores.

**Chintan Sheth – Dyne Capital:** If I want to look at the business, what could be the split between human API and animal API? Also, within formulations, how much is human and how much is animal?

**Dr. Haribabu – MD & Group CEO:** In formulations, as reported in the analyst deck, Europe, emerging markets, and India together constitute animal health. Only the US is human health. We reported 126 crores of human health formulation revenue out of total formulation revenue of 554 crores.

**Chintan Sheth – Dyne Capital:** Understood.

**Dr. Haribabu – MD & Group CEO:** At this point, 100% of API is animal health, but human health API is now going to grow. The major portion will be human health, but animal health is growing very quickly this year.

**Chintan Sheth – Dyne Capital:** Within human API, do we expect the growth rate to increase? You mentioned that a positive impact is likely after {? FY... Q2 ?}. Do we expect stronger growth there compared with the overall business?

**Dr. Haribabu – MD & Group CEO:** As I mentioned earlier, human health is moving towards more complex areas, where products are coming out of patent somewhat later. The major growth is going to come from 2028-29 onwards. Until then, we anticipate 13-14% growth.

Sometimes, if we are fortunate enough to obtain 1 or 2 products when targeting a day-one launch, it can result in 1 player or 10 players. If we are the only player, it can be a significant opportunity. However, based on my experience, I expect 13-14% growth over the next 2 years. Later, from 2029, since more than 50% of these complex products are first-to-launch opportunities, we will have a bigger advantage.

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**Chintan Sheth – Dyne Capital:** Sorry, for the 13–14% growth you are referring to, is that for overall consolidated revenue or only human API?

**Dr. Haribabu – MD & Group CEO:** API. For human health, you can say overall growth of 13–15%. Animal health is going to grow by more than 20%, but since its contribution is small, you can take the average at around 13–15%.

When I say this, it is because around 80% of our portfolio comprises new products that we are developing and that have recently come out of patent. We do not develop too many mature or commodity products; that is not our strength. We start developing products with volume potential. We are trying to develop differentiated products where we can achieve good margins.

**Chintan Sheth – Dyne Capital:** How should one look at the overall growth pace of animal health formulations?

**Dr. Haribabu – MD & Group CEO:** It is good. We mentioned that revenue of \$1 billion in 2032 across the company will be achieved.

**Chintan Sheth – Dyne Capital:** Understood. All the best, and thank you for answering.

**Dr. Haribabu – MD & Group CEO:** Thank you.

**Operator:** Thank you. The next question is from the line of {? Shubham Agarwal from Burman Capital ?}. Please proceed with your question.

**Shubham Agarwal – Burman Capital:** Thank you for the opportunity. I have one question on Europe. We discussed 18–20% growth this year. Does that include the benefits from the new acquisition, the {? Bio-Sol ?} business, or are we expecting growth above 18–20%?

**Management:** No, this does not include anything from the acquisition. The acquisition has not yet closed. We expect it to be completed by {? Q1 end and Q2 start ?}. In FY27, general growth from volume plus price, excluding foreign exchange, should be double-digit. Then we will see what comes from {? Bio-Sol ?}.

**Shubham Agarwal – Burman Capital:** Understood. One more question: the emerging-market business grew by 36% this quarter. Is it possible to break this down between volume growth, pricing growth, and the benefit from favourable currency movements?

**Management:** We do not provide the breakdown, but I can say that it is primarily volume growth and new product launches.

**Management:** We had good volume growth last quarter. Emerging-market volume grew by more than 25%, at 25%. Therefore, the majority of the growth came from volume. Of course, there were 1 or 2 new launches, but you should not expect volume to grow by 25% every quarter. We can see good volume growth in these markets.

**Shubham Agarwal – Burman Capital:** Understood. Thank you for answering my question.

**Management:** Thank you.

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**Operator:** Thank you. The next question is from the line of Gaurav Shukla from Fininvestor. Please proceed with your question.

**Gaurav Shukla – Fininvestor:** Hello? Am I audible, sir?

**Management:** Yes, please go ahead.

**Gaurav Shukla – Fininvestor:** {? [unclear] ?}

**Operator:** Mr. Gaurav, we cannot hear you. Can you speak louder?

**Management:** Can you take the next question in the meantime?

**Gaurav Shukla – Fininvestor:** Am I audible, sir?

**Operator:** Okay.

**Gaurav Shukla – Fininvestor:** Am I audible, sir?

**Management:** It is still not clear. Please take the next question for now.

**Operator:** The next question is from the line of Kumar Saurav from Scientific Investing. Please proceed with your question.

**Kumar Saurav – Scientific Investing:** Congratulations on a great set of numbers, sir. My question is regarding GEM-API. You said that we have almost 50% of first-to-file opportunities. If I am not mistaken, some of those APIs are {? Mirabegron ?}, {? Pirfenidone ?}, and {? Nilotinib ?}. The brand TAM is around \$2 billion, if I am not mistaken. Could you highlight the target opportunity for us in terms of the opportunity size for these first-to-file products? What kind of market share do we plan to take in the initial years?

**Management:** When you compare brand TAM with API, it may be misleading. If I consider all our products and our development pipeline, the brand opportunity today is more than \$20 billion.

However, with APIs, you always have to discount depending on the level of price erosion that occurs when the generic is launched. Generally, APIs undergo price erosion of 95%. In the case of oncology or other high-potent products, we can expect at least 50–60% price erosion. API contribution is around 20% of the formulation value.

For every product we develop, we want to achieve as much market share as possible, with a majority market share of at least 25–30%. On average, however, we are expecting a 10–15% market share. One product may perform better, while other products may depend on the level of competition. Our general target is a 10–15% market share.

It is very difficult to estimate the opportunity based on a \$2 billion brand market, because we have to consider formulation price erosion, API contribution, and then 50–60% price erosion. That is why we need to evaluate each product individually.

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Our target is to launch on day one, take a reasonable market share, and, most importantly, ensure sustainability. If we enter on day one, the chances of sustainability are higher compared with entering later as an alternative API supplier.

**Kumar Saurav – Scientific Investing:** For my second and final question, as you said, we should expect around 15–17% growth over the next 2 years, after which some of these first-to-file launches will happen. Will we have a better growth runway from 2029, even beyond the 2032 aspiration?

Regarding the 2032 aspiration, is it something we are fairly confident about, or is it highly aspirational? Do we believe it is the bare minimum we will achieve, assuming things progress on a better track from 2029, when some of these molecules start coming through?

**Management:** I will not characterize it as either too ambitious or too conservative. We view it as realistic. If you calculate from the FY27 numbers, \$1 billion works out to an 18% CAGR. We consider that a very comfortable and practical aspiration.

We have clear plans for achieving it, both organically and inorganically. There are 2 factors. The first is the 18% CAGR. The second is that, considering our balance sheet, we have the flexibility to undertake some M&A, not merely for the sake of doing M&A.

Considering these 2 factors together, I am personally very confident that we will achieve it. I cannot say whether we will achieve more, but we will definitely achieve that.

**Kumar Saurav – Scientific Investing:** Great, sir. All the best.

**Management:** Thank you, and I wish you all the best.

**Operator:** Thank you. The next question is from the line of Mehul from Forty Cent. Please proceed with your question.

**Mehul – Forty Cent:** Good afternoon, sir. Thank you very much for the opportunity. My first question is regarding the acquisition in Italy. Once the acquisition is complete and we are able to leverage its capabilities in other parts of Europe, how much would it add to the top line in the next 1 year and in the next 2 years?

**Management:** The process normally takes 2 years. Once we complete the acquisition, which will mostly happen in the next 2–3 months, we have to start registering the products in other countries. In the first phase, we will register the products wherever we have a front-end presence, such as Spain, Turkey, or Brazil, and wherever the market is accessible to us.

All these processes normally take around 24 months. If we are fortunate, a few things may happen earlier, but the minimum expectation is 18–24 months. We expect bigger revenue to come after 24 months.

There are 2 elements to the strategy. The first is expanding these products into other regions wherever possible. The second is that we have started developing many new products. As I said, R&D has been ramped up, and the company has started developing animal health products. We are preparing our manufacturing plant by January.

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We are preparing for larger launches with full integration from 2029 onwards. These are the products that are mostly expected to launch in the future. 1 or 2 products are expected to come in 2027, and we are also targeting their launch.

Therefore, the process practically takes 2–3 years. You should not expect a significant increase from next year. The natural growth from Italy will be double-digit, but the larger growth will come after 2 years, by which time we will have completed the registrations and prepared for marketing.

**Mehul – Forty Cent:** After 2–3 years, what kind of top line will it contribute?

**Management:** We mentioned a \$150–200 million animal-health business by 2032. We are working towards that because this acquisition will serve as a launchpad for Europe.

When you develop and file a product in Europe, you begin by filing it in 1 country. Once the regulator in that country reviews it, the approval can be extended to other markets. Therefore, this will become a significant portion of the business, not only because of the Bioforlife products.

The intention behind the acquisition is not merely to promote those products. It is to use the business as a launchpad for all these opportunities. I may not be able to provide a separate figure for the Bioforlife products, but we are going to grow significantly. You can definitely expect 25–30% growth after 2028–29. We are also growing faster than that today, but the base is small. Therefore, we see good potential there.

**Mehul – Forty Cent:** This is very helpful. How much does API contribute to our overall top line?

**Management:** Overall, API contributes approximately 40%. If we put it at 60–40, roughly 55–60% growth is what we are looking for. Taken together, it may be 40% annually, perhaps 40–45%. You can expect around 40%.

**Mehul – Forty Cent:** Around 40% is the current contribution of API to the top line?

**Management:** Yes. Based on the approximately 4,000 crores we have assumed for this year, you can expect API to contribute more than 40%, in the range of 40–42% or 40–45%.

**Mehul – Forty Cent:** This API business is partly animal health and partly human health?

**Management:** Yes. The majority is human health at this point, but animal health is growing. Today, it is perhaps two-thirds human health and one-third animal health. Animal health is going to grow faster now.

**Mehul – Forty Cent:** Are the products we have for animal health entirely API products, or is there anything else as well?

**Management:** Animal health has a larger formulation business. If you look at animal health, the larger portion is formulations. We are now expanding API. We have API, but the larger business is formulations.

**Mehul – Forty Cent:** Is that a question or something else? Okay, done.

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**Operator:** The next question is from the line of Karan from Stable3. Please proceed with your question.

**Karan – Stable3:** Thank you very much for the opportunity. I have a couple of questions. My first question is about the Bioforlife acquisition. When Viyash Scientific Ltd. acquired Alivira, apart from the purchase price, there were many structural issues, including changes in local-market presence, restructuring, and insurance payouts. There were too many issues. That is an experience for corporate India, not just for pharma or for us specifically. Everyone who acquires a European business faces issues. The purchase price looks very attractive, but ultimately the costs become too high over the business life cycle.

In general, what guardrails have you put in place for the purchase of Bioforlife? Our past experience through the Alivira acquisition, as well as the broader Indian corporate experience of acquiring businesses in Europe, has been difficult.

**Management:** You are right about the experience from 5–10 years ago. All of us have learned from that. I have also seen an acquisition from my side.

In those days, Indian companies always wanted to acquire cheaply and manage the business like an Indian business. It never worked. We have now learned from those experiences and understand the complications and how the process works.

You cannot Indianize European operations. When you operate in Europe, you have to understand the European business and operate it accordingly. Unlike 5–10 years ago, when everyone thought that the products could be moved to India, we now have a very clear strategy.

It is a small business, but the most important aspect is using it as a launchpad, and we understand that. There is no manufacturing involved; it is primarily a branded business. Based on our earlier experience, we have taken care of the relevant issues, and we do not see any problem in this regard.

You can also see that over the last few years, Indian companies operating in Europe have been performing quite well. It is not only us, but we fully understand the sensitivity involved.

**Karan – Stable3:** Understood. It is very encouraging to hear that. My second question is about the rate of growth. Will the growth rate increase because of patent cliffs on both the animal-health and pharma sides? The animal-health patent cliff is expected in 2028–29 and the pharma patent cliff in 2029–30. Is that the right way to think about why growth will accelerate beyond this year?

**Management:** Regarding API, most of our human API portfolio is under development through 2040. Most of the products are coming after 2030. In animal health API, because there was some lag, we have taken products with development timelines extending to close to 2030.

However, the majority of the larger animal-health products are coming out of patent between 2027 and 2032–33. After 2033, most of the opportunities will be biological products. We are addressing both animal health as quickly as possible and, most importantly, trying to vertically integrate formulations in that area.

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For any product, whether human or animal health API, once you start developing it, the minimum gestation period is 3–5 years. This is a new company, and we started 2 years ago. Therefore, we can expect a minimum gestation period of 3–5 years.

That is why I always say that the majority of new-product revenue is going to come from 2029. Developing and manufacturing the product is not an issue. However, registration, tying up with a partner, and, more importantly, patent expiry all take their own time. The overall process takes a minimum of around 5 years. That is why we expect new-product revenue to start coming to us from 2029 onwards.

**Karan – Stable3:** Understood. Very helpful. Thank you, and congratulations.

**Management:** Thank you, and I wish you all the best.

**Operator:** Thank you. Ladies and gentlemen, that was the last question from the participants. I would now like to hand over the conference to management for closing comments. Over to you, sir.

**Management:** Thank you, everyone, for your continuous support. I can say that we are in a good position. Our team is committed, and we are going to perform well. That is what I can tell you. Thank you very much.

**Operator:** Thank you. On behalf of Viyash Scientific Ltd., that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.

**Operator:** Good morning, ladies and gentlemen. Welcome to the CEAT Limited Q1 FY25 earnings conference call. We have with us today Mr. Anant Goenka, Vice Chairman, CEAT Limited, and Mr. Kumar Subbiah, CFO, CEAT Limited. I now hand over the call to Mr. Anant Goenka for his opening remarks. Thank you, and over to you, sir.

**Anant Goenka – Vice Chairman:** Thank you. Good morning, everyone. Thank you for joining us today for our first-quarter results for FY25. We had a fairly good quarter in terms of our top line. Revenue grew by about 8% year-on-year, and overall margins have also remained quite healthy. However, we have seen some raw-material pressure beginning to emerge this quarter, and going forward, we expect that to remain somewhat challenging for the next couple of quarters.

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