Management Discussion

Abhishek Singhal - Investor Relations, Viyash Scientific Limited
Thank you, Nisha. 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. Hari Babu, Managing Director and Group CEO, Mr. Rajaram, Executive Director and CEO Animal Health, and Mr. Ramakant, CFO of the company. Share the highlights of the business and financials for the quarter. I hope you've gone through our results release and the investor presentation, which have both been uploaded on our website as well as 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. After 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 - Managing Director and Group CEO, Viyash Scientific Limited
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'm very happy to share that Q2 FY27 continues to build on the previous quarters. With strong growth. This is now the 5th 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 Bio4Life 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 FY27, revenue stands at INR1,934 crores, up by 17.8% year on year. Pre-THOP EBITDA is at INR412 crores, up by 30% year on year, with EBITDA margin at 21.3%. Profit after tax INR164 crores and up by 50% higher than last year. Adjusted PAT with normalized pre-THOP cost is at INR204 crores.

cash flow from operations we generated 182 crores from first half coming to quarter two FY27 revenue is at INR 988 crores up by 16.2 percent year on year and pre-ESOP of EBITDA is at 208 crores profit after tax was 85 crores Higher by 16% from last year. Adjusted PAT with normalized ESOP cost is at INR110 crores. How we adjusted this ESOP cost? You know, last year and this year is a budget year and some exceptions on the ESOP because of earlier ESOPs, whatever we allotted to employees, we have to honor those things.

And when we allotted versus the current price, we have to adjust that. So there's a use of expenses coming out this year. So we consider normal run rate about 20-25 crores per year. In this calculation, we considered from next year onwards, after first quarter FY28, normalized use of cost will be around 25 crores. So we have taken out 25 crores run rate from 42 crores of last quarter. And calculated tax, Indian tax, around 25-26%, and arrived under INR10 crores from that. Coming to the balance sheet level, net debt stands at INR26 crores now, and now net debt to LTM EBITDA is negligible now, down from 0.1% 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, and, and 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 BIA on companion animals. Let me now share status on few strategic areas. We have been working on animal health formulation. Start with Bio4Life integration. As I mentioned earlier, we have successfully completed the acquisition of Bio4Life with consolidation effective from 1st October 2026. We have started working on geo-extension of first list of 10 products in the gastro, dermatology, orthology ranges in various countries where we have already front-end presence, like, uh, 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 Aloe Vera 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 2-3 years. As I mentioned earlier, any new product or any expansion into the new markets, registration will take 15-18 months, even for existing products. And once you start building marketing, it takes another 6-8 months. So all these benefits we can start seeing from 2-3 years.

Both sides, expanding BFL products as well as launching our aloe vera products into Italy. Coming to expansion into new geographies, 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. And we are working few more countries to expand our production animal presence in next year. Coming to the new products, which is very important for midterm as well as long term to achieve our aspirations, uh, new products are very critical on that perspective.

As I mentioned earlier, in compound and animal segments, new product launch Day 1 is the key success to grow bigger. That's how we initiated early for the next 29 launches. We have been working on multiple fronts for success of our day 1 launch strategy. For any success, start with product selection. So we spend a lot of time last few months to identify the products, which are the big products Which are the large products where we operate commercially. We identified the products. 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. The same thing, all emerging markets similar to LATAM or India-related thing. We are going to start working from maybe 12 to 18 months. So once we identify, then start with R&D. R&D is fully geared up now to meet all these launch timelines, especially animal health R&D team size is doubled with all necessary infrastructure upgrades to accelerate development And also R&D has-- R&D spend has been increased threefold from last year.

Our annual spend run rate used to be before merger, it's around 3-4 crores in a quarter, which means around 12-15 crores. Now it's become 3 times. We are reaching to the run rate almost 10 crores per quarter. So we are going to spend at least 40 crores annualized to take care of these all new launches. And most of the products are in the advanced stage of development. Then once you prepare for R&D, most important aspect is manufacturing. So we are working multiple directions on

manufacturing. One area, we decided to construct our own Dedicated companion animal facility.

We initiated a few months back. We are very-- working very aggressively. So it's progressing very well and tracking as we expected. And this is going to be commissioned by Q1 FY28. And the time is sufficient to meet the launch requirements FY29. Then coming to API, as I mentioned earlier also, animal health, wherever we have gaps, all trying to fill. Ramped up R&D capacity and R&D team repurposed almost 3 times to animal health, and large number of products have been initiated for development, and most of the critical products are in very well advanced stage, either at validation stage or filing stage.

And also we are preparing, gearing up actually to prepare launch for those products. Today, whatever we do manufacturing and requires for next 1 or 2 years expansion, we were able to expand optimized capacities by improving 20-25% capacity. But future '29-'30 launches where we see the bigger potential, we are going to initiate one more manufacturing blind to animal health area. Mostly we'll start in FY28 and complete in FY28. In addition to preparing all internal things, we also realized and identified few areas we need local partnership to accelerate 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 to 12 months. That's what we realized and identified recently. Whatever we are doing development in India R&D center, we are trying to transfer technology. And I also started identifying few strategic partners locally, both Turkey and Brazil. To take advantage of early launch advantage. Then after preparing all backend, frontend, as you know, we are working both, trying to build our own frontend teams wherever it's required, in addition to looking at inorganic opportunities.

Whatever we are looking, exploring inorganic opportunities, most of the opportunities available strong front-end areas, not very strong back-end. That's the reason we are trying to do both sides at the same time, prepare back-end completely internally and work out the front-end, both actually building out front-end 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 3 things. As I mentioned, uh, my earlier calls also, last 2 years we initiated many actions, especially on human health, optimizing the business, repurposing the manufacturing, moving from, uh, US to India, especially mature products, to create some space for new launches in US facilities. And try to maximize vertical integrate and move from mature business into the differentiated product. That's how we started creating 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. We started developing products from last few months in Hyderabad. This can handle high potent products up to OEB 5 level. So we can handle OEB 4 and 5. And you know, very few companies having OEB 5 capabilities. That's going to differentiate for us. And also this phase, this can cater our pilot-scale batches also. As you guys know, finished product development starts with R&D, then we have to go for pilot bio.

That's where it requires pilot batches, then goes to pivotal, that exhibit batches, that goes to GMP approved by whichever is the country required, like US. But in between, that pilot bio requires approval from Indian agencies. That's where this facility is going to fulfill the requirements. So

instead of using third parties for pilot bio, we are able to take pilot batches in this facility. And also we are working 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 iPortent. As you know, we have very strong API presence in OncoProducts, strong R&D team. Then we have dedicated modules for OncoProducts API, very large capacity. Then with finished product R&D and manufacturing, we can become fully integrated player for Then coming to API and CMO 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 2 years back. From next year, maybe '28, '29 onwards, we have started getting products, some good products. Next year we are expecting one good launch for Europe, very big launch. Hope everything goes well that, and we can see continuously every year good launches from '28, '29 onwards. As I mentioned, animal health R&D has been ramped up by 3 times. To ensure all new product launches till 2025.

Before Medjet, we used to track 1 or 2 products annually for validation. Now we are able to do 5 to 8 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 US 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 2 years. Human health, we have substantially differentiated that human health business. And 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 statutorily and look for continuous improvement on those things. We continue to have a strong focus on quality, compliance, and EHS. And last quarter, you know, since we have multiple sites, every quarter ended up some inspections. Last 3 months we had every 1 month there's a WHO Geneva inspection, which is equally stringent or most stringent than US. We have multiple inspections, 2 inspections. One is new plant what we built in VIYASH, other one is Mahat plant inspected and completed successfully.

And we also had one US GMP audit last quarter. And completed successfully without any major observations. We also received EAR for US FDA audit for US facility, the AFCO. The inspection happened previous quarter and we got EAR clean. So 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. So I also want to mention recently we have received 2 recognitions this quarter at the National Awards for Excellence.

One is for CSR Excellence in Healthcare and Community Development for the best ESG performance. You know, ESG sustainability, we continuously work very closely to reduce carbon footprint. We are also continuously adding green energy. 2 years back we added 2 megawatts. Now we are prepared almost-- this month we are going to commission 2.3 or 2.5 megawatt solar energy. And also we are working with a few partners to increase this utilization. Mostly we are going to close

this year another 4 or 5 megawatt capacity solar, which gives advantage to things, uh, sustainability.

All big customers look for these actions, and also we are able to improve our OPEX position. There is a saving between conventional energy versus solar. So these are-- 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 EBITDA actually is going to grow more than 50%.

With that, with that, now I will now hand over to Ramakanta, our CFO, to take you through the detailed financials. After that, we'll be happy to open the floor for questions and answers. Thank you.

Ramakant Singani - Chief Financial Officer, Viyash Scientific Limited
Thank you, Doctor. Good morning everyone, and thank you for joining us on a Saturday morning. I am pleased to present the financial performance of Viyash Scientific for quarter ended September and half year ended September 26th. We have crossed the halfway mark of FY25-27 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 INR988 crore, 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 INR208 crore compared with INR188 crore 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 INR118 crore from INR102 crore in the quarter ended September 25th.

Profit after tax grew 16.1% year-on-year to INR85 crore compared to INR73 crores in the same quarter last year. Coming to H1 performance, revenue from operations stood at INR1,934 crore, registering a strong year-on-year growth of 17.8%. Gross margins remained broadly stable at 53.9% compared to 53.8% in H1 FY26. Pre-ESOP EBITDA increased 30% year-on-year to INR412 crore, 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 INR230 crore compared to INR151 crore in H1 FY26.

Profit before tax increased 49.4% year on year to INR164 crore compared to INR110 crore in the corresponding period last year. Finance cost has declined to INR26 crores in H1 FY27 from INR38 crores in FY26, reflecting the benefits of our continued focus strengthening the balance sheet and reducing debt. ESOP expense increased from INR26 crore in H1 FY26 to INR67 crore 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 INR166 crore on March 26th, 2026 to INR26 crore on September 30th, 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 Bioferlife Italy on October 1st, 2026. Consequently, BFL became a step-down wholly owned subsidiary of the company effective 1st October 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.

Questions & Answers

Operator
Thank you very much. We will now begin the question -and -answer session. [Operator Instructions] The first question is from the line of Gaurav Bhamar from JM Financial. Please go ahead.

Gourav Bhama - Analyst, JM Financial
Hi, thank you for the opportunity. Am I audible?

Operator
Yes, sir.

Gourav Bhama - Analyst, JM Financial
Yeah, hi, uh, thank you for the opportunity, sir. Uh, first I'd like to, uh, start with congratulating for the good set of numbers that you have delivered this quarter. It's very, uh, good to see that the company is also able to deliver a good revival of API business in Q2 as was earlier guided in Q1. I had a small question, I had a couple of questions. The first one is for the US business. Just trying to understand that what is the reason for degrowth in the US business both Q1, Q1 as well as YOY on YOY?

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

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Thank you, it's a good question. Thank you so much. So yes, uh, you know, we have been doing last 2-3 years many actions, optimizing many Especially Q2 last year, it was the biggest quarter for formulation and also the entire company turnaround in this 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 CZT exclusivity 6 months, but unfortunately Because of API delays, that API supplier was not able to supply.

We could able to utilize that opportunity one of-- 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 US business. Where we were, where we did Q1 around 78-80 crores, uh, FY26. From 78 crores moved to 126 crores, and which improved both top line, bottom line, EBITDA, everything has changed substantially after Q2. And there were few approvals on that product, and that revenue has come down.

You know, you saw it comes down, 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's where you can see, uh, quarter on quarter is a similar thing, close to 100-115 crores run rate on the top line. That's 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 under 10, under 15 crores is the stable business and we don't see any downsides from these things.

So it's 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's where you can see Q1 last year to this Q1, the growth showed 60%, but at the same time Q2 to Q2, it's a negative growth. It's only because of that one product. Uh, still we are in a strong position on that product. And coming to the new product launches, so FY27, we don't 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's going to be big.

Otherwise, we don't see any bigger launches this year. There are few launches working on that. Last quarter also we launched one product, fluoxamine and dicompensate, and we are looking actually the good market, but we'll know in next one or 2 quarters. With 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 - Analyst, JM Financial
Yes sir, you have, you have. And on the second question, so in terms of like, uh, we have announced quite a few expansion plans. If you can give some sort of, uh, clarity on CapEx guidance for the next 3 years. As well as, uh, if I remember correctly, last quarter we had INR25 crore amortization of the goodwill. This year it was guided for INR10 crore. Has that INR10 crore amortization been realized? And if there's any guidance for that too going forward?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Yeah. So let me start with amortization. Last quarter it was INR25 crores. This quarter I think it's INR8.9 crores. And next quarter it's going to be INR4 crores. I think with, with that it's going to close amortization.

Gourav Bhama - Analyst, JM Financial
Yes,

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So this quarter 8.9, next quarter 4%. So coming to the capital, uh, CapEx thing, okay, as I explained in my initial conversation, we are expanding in multiple areas where it's essential. We don't do a CapEx expansion just for sake of expansion to show number of, uh, thousand kgs, all those That's where we started. There's a clear strategic direction why we wanted to do oncology finished doses. And you can-- the reason is, so you can see very few companies having fully integrated play oncology, either API or formulation or front end.

We don't see any companies having such a fully integrated play. That's how we realized since we are trying to move this business into complex moving out from mature to the complex. So this is one of the key areas we decided to invest. So we invested that. Then other very strong focused area is the companion animal segment. I've been telling every call this, 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, limited competitor, and all those competitors also different profiles where we can compete with our execution and regulatory understanding much better.

So that's how we initiated a lot of things in, uh, companion animal things, started with R&D, FDF R&D, size doubled, infrastructure created, whatever is required for new technology, whether it is soft

shoes or tablets or spot-ons, whatever you name it. That's one area, and we spend-- animal health is gone to almost 3/4 from initial quarters last year. Then to support manufacturing, that's where we repurposed the manufacturing, one of the facilities in Badna. We were using for domestic. Those products we are trying to move out and get partners.

And repurposing, that's a quicker action initiated and getting ready with that. So with that, I think first off we spend about 60 crores, and this year rent rate can be maybe, um, another 60-80 crores. So altogether, maybe I, I can expect 140 to 150 crores this year. Next 2-3 years also Whatever we have planned, current plan, big strategy on component animals, I think it goes with the same thing, 150-170 crores level. So which includes both growth CapEx as well as operational CapEx. Earlier I think I indicated little more, but we optimize now.

It's going to be next 2 years, it's range of around 150 crores. And even it may go down, but we try to optimize. We always look at different strategies. I, I don't 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 manufacturing. So having Turkey facility is an advantage to move quickly Europe and other countries. So we are trying to minimize whatever is the CapEx, but at least I can see now it's 150 crores on rate. Thank you.

Operator
Thank you. [Operator Instructions] The next question is for the-- is from the line of Kennel Mehta from Boring AMC. Please go ahead. Colonel Mehta, you may unmute your line.

Kenil Mehta - Analyst, Boring AMC
Sir, my first question is, how do you how do you manage our relationship with the CDMO partners, innovators for the company and animal space as we are seeing higher occupancy for next few years? Because as we transition to 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?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
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. So we are working on the API side relationship, continuously adding what products we can do, because since we are-- we have good relationship for mature products, once patent expires expiry, mostly they will look for alternatives.

So that's how they are looking us. So we are seeing that business, but it's not for new chemical entity for them. But once it's a patent expiry, they are trying to qualify us API business. We are not there still at new chemical entity. And another conflict here, especially compound and animal, as you know, we are going very aggressive on all 3 markets with front-end competition. So still we are working on that, uh, how to manage actually. API selling is not at all an issue. We don't see anything on that mature products.

So strategic tie-ups on that, still we are working various options. But at this point, actually, uh, we have been working actively API and few products started supplying qualification. But we have to see how long it takes, 3 years, 5 years. Normally it takes 5 years with innovators, any product on that. Okay. So 1 or 2 products we have been supplying, but all blood clusters what you are anticipating,

okay, like LANAS, Fasitinibol, we are not there at this point. We are working on that.

Operator
Thank you. [Operator Instructions] The next question is from the line of Anubhav Sangal from Anand Rathi. Please go ahead.

Anubhav Sangal - Analyst, Anand Rathi
Thank you for the opportunity, sir. I have 2 questions. Uh, first one would be, uh, given the strong performance in the API business this quarter, Uh, 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? And my second question is, uh, would you be able to give me the contribution of the companion animal and farm animal, uh, in the overall formulation revenue as well as the contribution of human formulations? Just a breakup of the revenue contribution of all 3 in the formulations. And, uh, if possible, a similar breakup for the API business.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So API, thank you for that question. API, first, uh, for the first question answer, uh, second half is going to be much better than first half, that I can tell you. You know, first half there were many issues in the war-related, uh, 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 was-- that's affected definitely first quarter, and it's little improved in Q2, but it's not fully. And we see good traction visibility from second half, so 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, uh, okay, last year, you know, altogether we did about close to INR1,500 crores API together, animal and human. So this year is going to grow whatever I said, mid-teens level growth. Both businesses are doing Especially animal health is slightly bigger. Why? Because the base was low last year. Base was close to INR400 crores. I also said it's going to grow 20+ percentage. We are on track on that. So both businesses are tracking very well.

Human health, you know, since we are focusing a lot on new products, new validations, sometimes New products approvals, whatever we anticipate, may delay a little bit sometimes. Sometimes it gets advanced, but this year we don't have so much luck actually. Few products are delayed what we anticipated. One of the iron complex, uh, 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 its much better. So that's how human health is.

Lot of new products focusing for future. So 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 gaps earlier sequence, we ramped up, stepped up, increased capacity. Like albendazole, we increased more than double capacity. Work very well, uh, so it's tracking very well on that, uh, 20% thing. Coming to our, uh, formulation, uh, of course, whatever, uh, we have given this, uh, deck also, you can find out, uh, Europe and emerging markets mostly animal health, okay?

India also. Only US is the only, uh, human. It's-- we are tracking around 400-420 crores It's the 10% of the total revenue. So you can imagine INR4,000+ revenue this year. So that's the 10%. So all other 3, if you put together, that's animal health formulation. And coming to companion animal business, this year I think first half we did about close to INR20 million. Not, not 20 million, sorry. Yeah, so I think this year companion animal we are going to do, including BFL, uh, close to 30

million, and which is actually growth of around 60%.

And it's, uh, and it's a very fastest growing business. You can, since the base is low, it's showing 50-60%, but we are on track on that. So it's 30 million this year. And major growth we are anticipating, of course, '29 onwards, where the big launches are going to come, and we are preparing for day one. And you asked other question, API guidance for '28-'29. We see good, good product launches expectation '28-'29 if you get IT, otherwise also we'll grow double digit. And we are in 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 2-3 questions.

Operator
Thank you. [Operator Instructions] The next question is from the line of Vishal Manchanda from Systematics. Please go ahead.

Vishal Manchanda - Analyst, Systematix Group
Hi, good morning and thanks for the opportunity. Uh, so 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.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So just to give comfort, both businesses are growing. Okay, Brazil is mostly existing business volume. Okay, it's a small new business, but Turkey actually. Good reasonable growth on the new product launches. These are the major 2 countries. Of course, Mexico is stable this year. So Turkey, we are growing very well on the new products, uh, Vishal. So coming to that 39%, still, uh, we, we are very confident actually this growth, uh, okay, quarter on quarter it can change here and there, but When there is a launch, it can upside.

Last quarter we had launch, last 2 quarters, but that's very stabilized now. Volume is growing. Turkey also, we are expanding, optimizing the capacity. It's grow further from next year onwards. Couple of new launches are coming. It's, it's the both.

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

Aman Goyal - Analyst, IIFL Capital
Yeah, thank you for the opportunity, sir. Uh, my question is on the gross margin. So, uh, the gross margin was 53.7% last year against 55.5-- I mean, 53.7% year current year, and last year it was 55.5%, and 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?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So it's a mix of all 3, whatever you explained. One is, as I explained earlier also, last year Q2 we had one exclusive launch in US formulation, almost 5 million with 90+ percent gross margin. That's, that's the one reason last year was 55+ percentage. Then when you look at last quarter, mostly we are tracking about 54 to 55. That's where earlier calls I also indicated 54 to 55 is the reasonable what we do the product mix today. Okay, so this quarter slightly less is because of 2, 3 reasons. One is, you know, the raw material price increase.

Okay, first quarter we are able to manage because we had inventory. Second quarter is fully

impacted, whatever is the raw material solvent spikes because of war. Some we could able to manage by increasing the price, but some actually we we are not able to do. The small portion is coming because of that. And second thing is quarter on quarter, little bit product mix change. Whatever is a few products comes this quarter, few products comes-- it's basically that variation is the basic because of the raw material solvents price variance around 0.3-0.4%.

But we are, of course, we are working continuously to increase the price as well as to improve the processes. We are working continuously. We thought 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. So that's the main reason 0.23% is because of solvents and a little bit because of thing, but major thing is the last year Q2, big 4-5 million difference. And we'll be-- I am confident we'll be on track on 54-55 kind of thing this year, next year. Once we move little complex products, it may improve.

Aman Goyal - Analyst, IIFL Capital
Okay, okay, sir. And the last one is, what was the euro constant currency growth? And given that we have given the target for 18 to 20%, growth on Europe in FY27 for Biofor Life acquisition so that guidance still valid?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
still actually I I don't know whether we have given 18-20 percent I don't remember but whatever is maintenance more then double digits is quite possible even constant currency because we are going to grow double digit. There are few launches if it comes. And also, you know, the Q3, Q4 is a little bit seasonal advantage, but you never know where we'll end up. We thought Q2 we could have done a little better in India, rainy season. You don't-- you know, there's no rains. But Europe, how it's going to end, but we are confident it's going to grow that. Double digit on even constant currency.

Aman Goyal - Analyst, IIFL Capital
Thank you, sir. That's it from my side.

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

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
Hi, good morning and congratulations to you and the whole team for good numbers. Hello?

Operator
I'm audible yes sir you audible please go ahead.

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
sir I have question say when we are talking say this year our first half I mean proportion is around 457 and API is around 43 percent and when we are expecting second half to API to grow and every view said that next year all between formulation and API business, if you can give something.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
I didn't get complete question, but sometimes in between breaking ratio you are saying ratio right.

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
So how do we see I mean API is growing faster than formulation overall.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
[Foreign Speech] 1500 [Foreign Speech] 1490 [Foreign Speech] and we are going to grow mitti okay today I think it's around tracking 45-55 and 40-60 the ratio will be going to continue the similar pattern one and two percent It's not going to substantially differentiate for this year, but future midterm going forward after 2 years, formulation will grow because we are investing and expanding formulation, you know, either

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
Correct.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Way of acquisitions or organic expansion. So definitely after 2-3 years you can expect formulation will grow. So maybe the time 65-35 or something, but at this point the ratio will maintain same. I think it's a 45. Okay, let me see that. Let me calculate. Yeah, that's I think 45-55. Yeah, that's it.

Unidentified Speaker - Unidentified Speaker, Viyash Scientific Limited
57-43, right?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Yeah, it's close to that,

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
1 or 2 percentage. Yeah, good. Sorry, sorry, go ahead.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Okay.

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
To understand on the gross margin perspective, whether with the formulation vis-a-vis API and some of the new product that we-- a formulation that we say that will be launching in '27-'28, as well as in API also probably one more product. And so how do we see the gross margin differential? So, and 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 a new product coming in?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So now last, uh, 2-3 quarters after March, with our actions earlier, there was a differentiation between few markets-- formulation, API, especially animal health. The gross margins was different. But last 6-8 months, gross margins are becoming more or less same, whether it is API formulation or maybe it varies from 2-3% from here and there. But gross margins are quite stable, and I can see 54-55 maintain next year also. There are 2 things, 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. So we have few things like what we call Para 4 or N7, N1, or actually CZT. Okay, this where is very difficult to say sometimes that Para 4 4, uh,

you may end up actually 2 players, you may end up actually 10 players. So when you get exclusive thing, gross margin can difference. But otherwise, at this point, next 2 years, I, I practically, I, I feel it's the right number, 54-55 gross margin.

Once the next business strategy, whatever is 2 things, human health, oncology which comes '29 or '30, then compound animal comes. Compound animal gross margins are better, but there's a majority junk is going to come from '29 because today still we are at 10% level, slowly growing. Okay, if you are lucky, if you are lucky to get right acquisition next year, it will improve.

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
Okay, and so one question for, uh, this year [Foreign Speech] this is off cost is around 130 and 40 crore what could be whatever number which including this 25 crore normal run rate so how do we see this playing out for full year and next year how do we see moving up?

Ramakant Singani - Chief Financial Officer, Viyash Scientific Limited
So for the current year as you've seen for the first The next 2 quarters will also be around 40 crores each. So for this year it would be about 148-149 crores.

Vishal Manchanda - Analyst, Systematix Group
In the next year you will see a drop. In the next year Q1 will be about 20 crores. The full year number would be about 32 crores. And beyond the next year, yeah, next full year would be about 32 crores. Going forward we are saying a stable state could be about 25 crores.

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
Okay, okay. And yeah, I mean, since we are, I mean, having a case as well as, I mean, a date also, so are we looking for to repay the date or so bring down the interest cost? How should we think about that?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So we are working multiple things. So one of the loan actually we have taken from India, right? That's the one thing we are looking at. To repay. It's around 120 crores. But remaining things we are still debating. You know why? Since we are looking for larger expansion, few acquisitions especially. I don't 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's no immediate idea to repay immediately. The 2 things, one is, uh, repayment is one thing, and also minority stake acquisitions. We continuously reviewing in this. Okay,

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
Okay.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So the first priority is actually get something for acquisition or growth CapEx. So, but next 1-2 years we are going to look at all other things because we 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 - Analyst, Quest Investment Managers Private Limited
So, 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, I mean, looking for in Which kind of a

business?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Whatever we have visibility looking immediately, animal health, more companion animal.

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
Okay, okay.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So as an internal expansion and that. And second thing is we are looking at kind of specialty CDM or specialty kind of product acquisitions. It's not specific to larger infrastructure kind of thing. We don't want to do-- it's a me-too acquisitions. We want to do a little bit more specialty. You know, we have large base now manufacturing, so we don't need actually manufacturing-related acquisitions, mostly related to specific products like in-licensing products. Since we are looking actually the faster growth, a few products we are looking at in-licensing and a few things like company acquisitions. Those kind of things. But priority is company enablement, the first priority.

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
And so recently we have entered into Vietnam market also. So how big is the potential, uh, for in Vietnam? Which are other, I mean, uh, emerging market are we looking, uh, for taking entry? And as well as in Europe also, we were thinking of entering into Germany. So what stage we are?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
At this stage, Vietnam is one of the big farm animal markets, okay, at this point. So other than these few countries, Brazil, Turkey, all these things, Vietnam, Southeast Asia, that's one of the things, farm animals. But you don't see bigger new launches, all those things. It's a stable, mature kind of business. We are anticipating $3 to $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 2 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 those 2 countries on especially companion animal segment. Other things, Africa, of course it's a continuous focus. So today all our manufacturing is coming from Europe or outside. We're trying to establish a little bit more partners in India to capture these markets. So that's the second phase on these things. And the biggest final, that's the second phase, I always keep in my mind, US.

So that can happen, okay, because we don't want to mix up all these things. If I look at only US acquisition, we have to spend a lot of resources and time. So while without missing this immediate where we have strengths like Europe, these markets. Parallelly looking at US, if not today, after 2-3 years, US is 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 US today, genericization is around 15-20%. We see maybe after 3-4 years it will move quickly. That's the time we want to prepare for that market.

Bharat Sheth - Analyst, Quest Investment Managers Private Limited
Okay, sir. Thank you and all the best.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Thank you.

Operator
Thank you. The next question is from the line of Vishal Manchanda from Systematics. Please go ahead.

Vishal Manchanda - Analyst, Systematix Group
Yeah, hi, thanks for the follow-up. Sir, when do we expect our oncology pipeline to start contributing to numbers materially?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Uh, '29 or '30. By '30 you can expect.

Vishal Manchanda - Analyst, Systematix Group
Okay, okay. And, uh, sir, you talked about the, uh, talked about an important launch this year and next year in the US on the human formulation side. So the So whether these are patent expired products or there are-- there is a litigation angle as well here.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
I said next year, okay? That's, uh, there is a small litigation but we are very confident. It's API patent expired formulation. There is one patent, we circumvented, but there's no litigation on that. We shall-- much litigation. It's the thing is the first 2 file kind of thing. There's no layer today, there's only one. So we are able to do quickly. Uh, 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, 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. Okay, this product, today that product size is about, uh, $90 million US.

Vishal Manchanda - Analyst, Systematix Group
Okay,

Vishal Manchanda - Analyst, Systematix Group
Got you. Uh, and so just one, uh, final one on animal health. Uh, is there a, is there a way to track, like, how can we figure out how well you can grow, like if you could share some, uh, 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.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Number of filings mislead you, uh, Misha, to be frank with you, because we can say I filed 20, 30, but it's the most important, uh, thing is what kind of products and what kind of markets. So especially companion animal, 2 things like Bio4Life, there are multiple products, still they do 10 million actually. How can we expand those? But those are not the blockbusters. It's actually, uh, increase, small increase, 10%, 20% kind of thing. That's where extension, geo-extension, number of filings to other countries.

So that's where we file 40, 50 filings on that, but value can't. But bigger jank, what we are looking at, the companion animal business is coming. Okay, before going to companion farm animals also, you know, we had German business earlier. We shut down that and transfer product to other sites.

Those products actually is doing very well. A few products this year, I think we are tracking $4-5 million. Those few products. And coming to this bigger things, okay, I don't know whether you looked at companion animal segment.

Majority big blockbusters are expiring from 29 major countries. Countries 28, if you have local manufacturing, that's what I was trying to tell you. Brazil or Mexico, Turkey, if you able to do local manufacturing, we can advance that at least 9 to 12 months kind of things. But launch expectation is '29. '29 means February expiry, so it comes to, uh, FY30. Okay, we can launch February or March, that comes to FY30. So if I give you rough numbers for a few products, and that's 3 products, 3-4 products, it Coming to brand value today, brand value today is around three billion.

Okay, three products together brand value, and you can expect some growth in next three four years by the time patent expires. Generally, once it's expiry, volume growth also will happen. So if I take brand value today and the brand value in FY thirty, so three billion three. 3.2, it will become close to 3.5 to 4 billion. Just 3-4 products. That's where we want to ensure everything. If I am 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. Those are the things we are focusing.

Vishal Manchanda - Analyst, Systematix Group
And so these kind of patent expiries of such size don't happen quite often, right? And these will be like one of the-- okay,

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
yeah, it's our entire strategy is moving launching mature products to launching day one. That's the strategy we adopted after merger, but These, when you adopt these strategies, your gestation period is little high. We have to pick gestation period and also investments also sizable. Like what I said, animal health earlier we used to do 10-12 crores, now it's become 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 on that.

Vishal Manchanda - Analyst, Systematix Group
Got it, sir. Got it. Thank you very much.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Welcome.

Operator
Thank you. The next question is on the line of Ameya C from GMFL. Please go ahead.

Amey Chalke - Analyst, JM Financial Institutional Securities
Yeah, thank you for, for taking my question. Uh, most of my questions are answered. Just I had one or two small questions on the some of our capabilities which are upcoming. So, uh, in Ambarnath, we are, uh, uh, building a new companion animal facility. Just wanted to know thought process here, how important this facility would be in our endeavor in, uh, getting market share in the companion space going ahead. Uh, are our launches will be dependent on this commissioning of this facility going ahead, and how should we-- or it will-- it can be launched existing units somewhere else?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So 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 is similar, but the quality of the equipment improvements, dedication is required on that perspective. It's very important to have our own facility because my strategy for entire company animal differentiation is fully integrated strategy.

Today, whatever companies are having, generate either only front end or only finished product facilities in Europe, and India facilities, whoever is having, they are not very active at this developed countries. So it's very important to have our own facility when you are targeting for bigger business. So whether it is sustainability or growing, flexibility is very important for that. So that's how we are preparing for that side. We are very much comfortable since the launch is going to happen '29.

So the facility is getting ready first quarter itself. So then approach time cycle, 9 to 12 months, we are very comfortable to go for that. But 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 approach facility. Mostly it's going to happen December, January, next December, January. So we are also parallelly working on that. Anyway, we are launching in Turkey from that site.

So worst case, we are going to launch from that. If something actually-- audit delayed, new audit because of different reasons-- we'll have backup site for that. So it's very critical to have this site for long-term sustainability and growth. And of course, parallelly, we prepared for all these launches parallel.

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

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Yeah, we are, we are actually, we are in good time since this site is even ready by January, February. Looking worst case by first quarter, but it's getting there. So we'll be, we are going to file from this, but parallelly we are working other sites also.

Amey Chalke - Analyst, JM Financial Institutional Securities
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, uh, are we going to have a Parafor oncology strategy going ahead, or what's the thought process here investing into R&D center in oncology?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Even today we have large numbers of Parafor products. So oncology, when you are going, that's most important thing is you have to have new products. Okay, it's very difficult to grow on the existing product. That's the purpose of building this. It's-- most of the products are para-4 kind of things since we do all APIs for NCE-1 para-4. Most of the things, at least we cover 60-70% of the portfolio. So we would like to extend the same thing for formulation also. So most of the products are going to be Either day 1 or day 181.

Sometimes when you do Para 4, uh, Para 4 people started doing now even 20 years before launch. So even if you miss Para 4 day 1, actually we want to ensure for day 181. Say taking some-- if it is

the day 1, what is critical? Timing is critical. If it is day 181, efficiency is critical. So we are preparing for both, but all our products are actually-- it's very high-value products focused for US markets and try to extend for other markets. We have also started working with a few European countries to have partnership to extend the same products to Europe.

Today plan is mostly US, but we have started working with European partners, the same product, how can we expand.

Amey Chalke - Analyst, JM Financial Institutional Securities
Sure, thank you so much, sir. I will join back with you.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Thank you.

Operator
The next question is from the line of Chintan Modi from Oakland Capital. Please go ahead.

Chintan Modi - Analyst, Oaklane Capital
Yeah, hi sir, thank you very much for the opportunity. Uh, so you mentioned that US generic levels are about 15-20%. And two three years down the line, we'll start seeing that improvement. Could you also give us a similar number for European markets where we are present and how that is tracking?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Europe animal health. Just one minute. So Europe is between thirty five and

Chintan Modi - Analyst, Oaklane Capital
The overall generic market.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
overseas no

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Generation is about percentage of generation oh you are saying generation sorry.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
50 to 60 percent sorry

Chintan Modi - Analyst, Oaklane Capital
Sir I missed that 15 to 60 50

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
50 to 60 percent level 50 percent

Chintan Modi - Analyst, Oaklane Capital
is the generation market in European

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Volume, it's more. It's actually the confusion sometimes is when you calculate the numbers, still brands sell at very high price. So now Europe, actually volume perspective, it's more to 50%. So always we track volume because value is always differentiate, like US market brand versus generic,

80-20. Okay, 80% value, 20% volume for brand. So whereas generic other way, but volume, it's moved to around 50% now. Okay.

Chintan Modi - Analyst, Oaklane Capital
And sir, what number would have been this, let's say, about 5 years back or 3 years back? Some approximate number?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
I think it's accelerated post-COVID. Last 3-4 years, if you ask me, before COVID it's very little in Europe also. But post-COVID, actually gradually it's increasing since the population-- pet population is growing and treatment costs are also growing because the pet care also every year additional tests like how we do annual checkups. When you go 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's where since expenses are growing And insurance coverage still it's not fully. So definitely it's going to move faster. We believe actually next 3-4 years, once you see the bigger launches comes in, 29-30, definitely it's going to move to 70-80%.

Chintan Modi - Analyst, Oaklane Capital
Got it, got it. And so, uh, you mentioned that about $3 billion worth of market which will go for generic. Uh, '29 onwards. So does this go, uh, generic for all the geographies together, or, uh, it's, uh, just trying to understand how the opportunity sizes up for us.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
'29 is going to expiry basic patents for all countries. For each country there may be a little different requirement. The majority countries where we are targeting, I said this 3+ billion is all market, but our targeted market itself actually coming where we see it's coming to close to $1.5 billion.

Chintan Modi - Analyst, Oaklane Capital
Okay,

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
these are the things clearly visibility. All patent expiry, it can be launched in '29 now.

Chintan Modi - Analyst, Oaklane Capital
Okay,

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
'29 calendar year, calendar year. It may not be financial year because it's going to end February, March.

Chintan Modi - Analyst, Oaklane Capital
Understood. So for that $1.5 billion, we exclude the US market for now, or yes,

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Yes, exclude the US market.

Chintan Modi - Analyst, Oaklane Capital
Understood. And sir, uh, I think one of our strategy has been to acquire and gain access to a lot of markets, which we have done with Bio4Life acquisition also. So, uh, going ahead, uh, do we expect

more kind of these actions from our side? Is it possible?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
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, and it's the right company to do that because that's where we are exploring. But Definitely you can see, uh, if not next 2 quarters, definitely we'll 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 - Analyst, Oaklane Capital
Understood. So our priority in, uh, when we look at acquisition would be market access or product portfolio gap filling?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
It's, uh, basically market access, okay, and a little bit product gap filling, especially companion animals since we are targeting most of the new products. So basically market access, that's how why we are doing parallelly this backend preparation with R&D development or manufacturing or filing, you may not able to get the right company having everything. So most of these companies actually heavily loaded on the front end market access. That's where my first preference is more market access. So we are very strong in the back end execution. So that's what I am looking. It's basically right products, right market. Not heavily driven on manufacturing.

Chintan Modi - Analyst, Oaklane Capital
Hmm, perfect, sir. Uh, thank you very much. This was very helpful.

Operator
Thank you. The next question is from the line of Gaurav Bama from JM Financial. Please go ahead.

Gourav Bhama - Analyst, JM Financial
Hi, sir. Thank you for the follow-up opportunity. I had just 2 questions related to the earlier asked questions itself. One was on the US 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 2nd quarter, like for 3rd and 4th quarter, same sort of run rate being there in the numbers. I'm roughly getting a 30 plus year on year growth for US, for the US business. Am I missing something that why are we guiding for 10% sort of growth for the US business? Are we expecting some sort of 30%?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Just a second. Are you are you calculating second half 30% or are you calculating year

Gourav Bhama - Analyst, JM Financial
on year 30%? Because I have added the entire first half and then I have taken the second quarter [Foreign Speech] amount and multiplied that by number by two. The flat Q2 number by 2 times. So basically that turns out to be like, uh, 245 CR for the first half plus 120 CR into 2. So that number roughly translates to 480 CR, right? That's, uh, 32% growth year on year for the US business at

least. Am I missing something? Last year,

Ramakant Singani - Chief Financial Officer, Viyash Scientific Limited
last year US business was about 426 crores. So if you are looking at a number of 490, 480 crosses, that's going to be about 15 percent crosses.

Gourav Bhama - Analyst, JM Financial
Unbacked.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So we'll do that close to that numbers.

Gourav Bhama - Analyst, JM Financial
Shorting. And secondly, on the API side. I side actually

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Double digit doesn't mean exactly 10 percent it may go.

Gourav Bhama - Analyst, JM Financial
Understood. And secondly, on the API business, we are guiding for mid-teens. Uh, first half we have done roughly 8% year-on-year growth. So are we expecting-- like, I do understand that we are going to have a heavier second half, but to attain even a mid-teens, we need to have a high teens growth for the API business. Are we like, uh, 2 years? That's all.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Yeah, the API is very strong in second half, if I had to tell you.

Ramakant Singani - Chief Financial Officer, Viyash Scientific Limited
Q2, if you look at Q2 performance, I think we have shown a growth of around 20% for Q2. Q1 was a bit low, but largely influenced by the geopolitical situation where customers had-- so whatever they're holding procurement, it's happening now. We see strong visibility in second half. Okay, we can expect.

Gourav Bhama - Analyst, JM Financial
Thank you. That's it for my.

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

Gaurav Shukla - Analyst, Finvestors
I'm audible, sir?

Operator
Yes, sir.

Gaurav Shukla - Analyst, Finvestors
Thank you, sir, for giving me the opportunity to ask questions. 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 to 24 months?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So just to clarify, whatever CDMO revenue today, it's all commercial, 95%, 90%. Okay, CDMO revenue, the new thing is, as I explained, mostly validations, okay, which are coming to, for example, this quarter we may end up signing one product, okay, close to 1.6, 1.7 million development cost, which is coming for launch 2034. Okay, these are the specialty companies what we do. So all innovators, I said it's all 100% mature products, commercial products. So All new CDMO contracts are with specialty pharma companies actually.

The expiry is mostly going actually beyond 2034-35 because those are the specialty products. When they do Para 4 or some differentiation in the technology, the companies target actually 8 to 10 years in advance on that. So these are all revenue comes from validations, new CDMO EDMO, some specialty. But commercial things all comes from innovators. Like last quarter we commercialized one product, albendazole for use. So that's coming 3-4 million this year kind of thing. So basically innovators with mature products, the all specialty companies with the new products launch is going to happen a little later.

Okay, want to open today whatever it

Gaurav Shukla - Analyst, Finvestors
So okay, next question.

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

Kushal Goenka - Analyst, Mangal Keshav
Yeah, hello doctor, hope you're doing well. Uh, my first question was on the ownership. Uh, so as per my understanding, Carlyle invested in 2020 and they do have a finite life of 7 to 8 years and we are close to that. Also recently they did a block of around 11%, and if I am not mistaken, in one of the calls you had mentioned that they don't intend to exit. So any thoughts on the same? How do you see the ownership change, or any timeline, any other information that you would like to share?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
I, I can share what I think, but I can't give you actually Carlisle thoughts, whatever they think. But looking at the current scenario, you're right, actually Carlisle entered 2021, definitely they look for. But next 12 to 15 months, I don't see anything. But even actually, as I mentioned earlier, Carlisle, the divers-- actually we want to bring actually highly credible mutual funds or whatever it is. So last exit, whatever happened, you know, actually it comes by Kotak, Mahindra, Edelweiss, all.

So it's more-- it's going to be more systematic. So it's not just retail going, but we don't-- I don't see anything, whatever I know, okay? I can't confirm, I can't do anything, but next 12 months I don't see anything on that. And we are also looking now, we are going to be very and myself, at this point, we are going to talk openly with you guys, whoever is interested, clear on that. But at this point, what I know, next 12 months they're not going to do.

Kushal Goenka - Analyst, Mangal Keshav
Okay, okay. So my next question was, now I understand that our revenue base is touching around INR4,000 crore. 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 3-4 years if we become little more aggressive?

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
So just to tell you, this year we'll grow 20%, okay? First step, because even though in initial I guided mid-teens or whatever it is, whatever, 27 I am confident we'll grow 20% plus. It's quite possible because if you see this company, we have strong infrastructure, we have strong R&D team, we have strong R&D market presence, and most important is very strong balance sheet. 20%, even whatever I guided my aspiration to 2032 reaching to a billion dollars. So we factored, I think, 17-18%, uh, CAGR.

So it's quite possible we are targeting, but in this thing actually there is organic and also inorganic. What inorganic we expect, but more and more comfortable after 3 years because this business organic, whatever you initiate It comes minimum 3-4 years, okay? I can challenge anybody. If somebody tells I can get tomorrow, it's impossible. So whatever you get tomorrow, it's not substantial thing, it's a marginal small thing. So it requires the gestation period is 3 to 5 years. I am very confident after '29, but going forward next 2 years also, yes, we are targeting, okay, the mix of organic as well as once you look at, uh, when I said next year we are expecting sizable acquisition, then it's possible to do that.

But we'll-- if not 20+, we'll be close to that.

Operator
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.

Dr. Haribabu - Managing Director and Group CEO, Viyash Scientific Limited
Thank you guys. After having vacation, thanks for joining the call. I know after vacation today weekend, that's one of the reason I said actually let's spend as much as possible. Whatever we say, we do it. That's I can tell you confidently. So we are going to do strong in Q2, and all our actions, whatever we mentioned, we are going to track those things. Thank you, thank you for your support, guys. Thank you.

Operator
[Operator Closing Remarks]