Company Name: Beta Drugs Ltd

Quarter under review: Q2-FY27

Beta Drugs Ltd–Q2-FY27 Concall Highlights:

Beta Drugs Ltd. (Consolidated)								
INR In Mn	Q2-FY27	Q2-FY26	Y-o-Y	Q1-FY27	Q-o-Q	H1-FY27	H1-FY26	Y-o-Y
Operational Income	1,375	1,034	33.0%	1,255	9.5%	2,630	2,036	29.2%
EBITDA	303	213	42.1%	274	10.6%	576	410	40.6%
EBITDA M (%)	22.02%	20.61%	141 bps	21.80%	22 bps	21.92%	20.14%	178 bps
PAT	193	122	58.1%	165	17.0%	358	239	49.7%
PAT M (%)	14.03%	11.80%	223 bps	13.13%	90 bps	13.61%	11.75%	186 bps
Diluted EPS	16.59	12.01	38.1%	14.78	12.2%	31.37	23.69	32.4%

Operational Highlights:

- Branded Oncology grew 17% YoY in H1-FY27. Q2 was flat due to the debottlenecking shutdown (now complete) and platin API constraints, which shifted INR 6–7 crore of sales to H2. H2 is expected at about INR 80 crore vs INR 62 crore last year, targeting INR 150 crore for FY27.
- The company launched 4 new products in H1 (1 NDDS and 3 new formulations) and plans at least 4 more in H2. 5 brands now exceed INR 5 crore in sales, and the company received its first purchase order from Tata Hospitals.
- On the NPPA trade margin cap, of the INR 123 crore branded business in FY26, INR 60 crore is orals and INR 50 crore is scheduled injectables, both unaffected. The remaining INR 13 crore is non-scheduled injectables. Management expects zero or negligible impact on realisations and margins.
- The CMO business grew 21% in H1 on new customers and NDDS-led partnerships, with FY27 revenue guided at INR 180–190 crore. Exports grew 95% YoY in Q2 to about INR 43 crore in H1, with FY27 growth guided at about 30%.
- The company filed 76 dossiers in H1, including 4 in Europe, and received 35 new registrations, with about 50 more expected this year. The Azerbaijan audit was cleared, and an EU GMP audit is expected within the next 2–4 months.
- Nivian grew 75% pro-forma in H1, from INR 18 crore to INR 31 crore, led by deeper brand penetration and IVF chain empanelment, which now account for about 25% of sales. 2 more launches are planned in H2, targeting over 50% growth for FY27.
- Derma secondary sales grew 30% in H1, and PCPM rose 30% to about INR 2.5 lakh. The company signed an exclusive India licensing agreement with Frezyderm for high-end cosmeceuticals, targeting 20% growth in FY27.
- The API segment grew 29% in H1. The new intermediates plant goes live by December 2026–January 2027, and PIC/S approval for the API plant is expected in 1–2 months. This would open overseas API supply and strengthen DMF filings for regulated markets.
- The company expects to close FY27 at INR 535+ crore with EBITDA margin of 23–24%, and a stronger H2. It guides for 20–25% growth over the next 3–5 years toward its Vision 2030 target of INR 1,000 crore

Key Questions & Answers discussed during the Concall:

- **What will drive the EBITDA margin from about 22% to the guided 23–24%?** We expect margins to rise mainly on business mix. Branded business carries about 70% gross margin, exports 55–60% and CMO about 50%. Our backward-integrated API plant will lower costs and help us file dossiers for Europe, and operating leverage will add further. We see our margin guidance as conservative.
- **What is the update on Branded Oncology after the debottlenecking and supply constraints?** The debottlenecking is over, and both factories are now running at optimal production. About INR 6–7 crore of sales moved to H2, and we expect about INR 80 crore in H2 against INR 62 crore last year. We stay on track for about INR 150 crore in FY27, which is over 20% growth, and maintain our 20–22% guidance.
- **What is the organic growth rate in Branded Oncology, and how concentrated is the revenue?** We grow at 20–22% against a market growing at 10–15%, so we are gaining share from incumbents. Concentration is low, as only one brand exceeds INR 10 crore out of an annualised run rate of INR 150 crore. Brands typically plateau at INR 15–20 crore, so success depends on a basket of products.
- **How will the NPPA trade margin capping affect the business?** We expect no impact on our margins, growth or realisations. Of our INR 123 crore branded business in FY26, INR 60 crore is orals, which are sold mainly through distributors and are not affected. The injectables business is INR 63 crore, of which INR 50 crore is scheduled drugs whose MRP is already fixed by the government. The remaining INR 13 crore is non-scheduled injectables, which will also see no impact. We revised our MRPs in 2019 under a similar rule and saw no change in margins or realisations.
- **Will NDDS products earn higher margins in the CMO business?** Yes, the gross margin on NDDS products is much higher than on our other products. We will also offer our future NDDS pipeline to partners under CMO, as CMO has been integral to our growth.
- **How is the platin business placed given the flat H1?** Platin sales were flat because only 1–2 Indian manufacturers make the API. Where demand is 5,000 vials, for example, we can supply only 1,000–1,500. Government MRP increases have improved our realisations, and we hold orders in hand. We expect growth in H2, and for exports we can import API on an advance licence basis.
- **What are the margin and growth prospects for Nivian?** Gross margin is about 50% and EBITDA margin is about 18–18.5%, and we are yet to see synergy benefits from Beta. Once they flow in, we expect EBITDA margins of 23–25%. The market is large and fragmented beyond the top 2 players, so 30–35% growth over the next 2–3 years is possible.
- **What drove Nivian's growth, and will the remaining stake be acquired?** Growth is fully organic, driven by deeper penetration, higher prescriptions and empanelment in corporate IVF chains. The addressable market is INR 1,500–1,800 crore, and we plan a few launches in H2. We are also in final discussions with a partner to develop FSH, a recombinant product, for launch in 2–3 years, which could nearly double the addressable market. Buying the remaining 33% is open-ended, as we gave the founding team, with about 2 decades in IVF, equity to retain them.

- **Why is the export growth guidance lower, and what is the outlook?** Last year included a one-off order of about INR 25 crore. Excluding it, exports rose from about INR 16 crore to INR 43 crore in H1. We have guided low but want to deliver better. Exports are tender-driven, so orders can slip between years, but we expect about INR 300 crore in 3–4 years at roughly 30% CAGR.
- **What is the status of export registrations and the EU audit?** We filed 76 dossiers in H1, including 4 in Europe. We recently received 35 new registrations and expect about 50 more this year. We cleared the Azerbaijan audit and filed 20 dossiers, of which 12 registrations are expected in FY27. In total, 872 registrations are in the pipeline over the next 2–3 years. The EU now requires a filed dossier before an inspection, so we expect an audit letter in the next 2–4 months.
- **What is the status of the API capex and business?** The intermediates plant is the same plant as the KSM plant we discussed earlier. Almost all machinery is in place, and we expect it to go live by December 2026–January 2027. We have developed about 20 intermediates, so we can supply in-house instead of importing from China. We also expect PIC/S approval for the API plant in the next 1–2 months, which will open API supply to overseas markets.
- **What are the receivable days across segments?** Total receivable days are 116 against 113 in March 2026, a negligible increase. Credit terms are 75–90 days for CMO and 60–70 days for branded, and exports are on advance or LC payment. Institutional business of about INR 20–25 crore out of INR 150 crore can take 100–120 days, as government payments often cross 6 months.
- **Is the growth guidance conservative, and does the EBITDA margin include other income?** Yes, we prefer to under-promise and over-deliver. The EBITDA margin of 23.18% includes other income, and excluding it the margin is 22%. Our cost of debt is 8–9%. The convertible debentures, which carried about 7–7.5% interest, were converted into equity early this year, and this has lowered our interest cost.
- **What is the company's view on biosimilars, manufacturing outside India and the Vision 2030 target?** We want to enter biosimilars through a capital-efficient model, as they need high upfront investment and have long gestation periods. We may also set up local manufacturing in LATAM, North Africa, the Middle East and APAC, case by case. These are strategic bets even beyond 2030. We expect to reach INR 1,000 crore by FY30, led by branded oncology, Nivian and exports.
- **What is the plan for the land acquired for R&D?** We will not use it for any other purpose and plan to sell it. We have already paid for it and don't want to sell at lower margins, so we expect to sell it in another 6–12 months at a good price.

Key Participants:

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