



“RPG Life Sciences Limited
Q2 FY2022 Earnings Conference Call”

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Moderator: Ladies and gentlemen, Good day, and welcome to the Q2 FY2022 Results Conference Call of RPG Life Sciences, hosted by Emkay Global Financial Services. We have with us today Mr. Yugal Sikri – MD and Mr. Vishal Shah – CFO. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after today’s presentation. Should you need assistance during the conference, please signal an operator by pressing “*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Kunal Dhamesha of Emkay Global Financial Services. Thank you and over to you Sir!

Kunal Dhamesha: Good evening everyone, I would like to welcome Mr. Yugal Sikri – Managing Director and Mr. Vishal Shah – Chief Financial Officer of RPG Life Sciences and thank them for this opportunity. I shall now hand over the call to the management for the opening remarks. Over to you Sir!

Yugal Sikri: Thank you Kunal. Good afternoon to everyone. Thank you for joining us on this earnings call. I hope you and your near and dear ones are all safe and healthy. We are in the midst of festive season now with Diwali just a couple of days away let me start by offering my warm Greetings and Happy Diwali wishes to all of you.

It is my pleasure to share with you briefly first the market context, second our priority during COVID and how we fared there and third brief highlights of our performance during H1 FY2022.

First taking up the market context, we close to over 100 Crores vaccinations and over 52% of Indian people vaccinated with the first dose, our operating business environment is witnessing revival. So it is true for Indian pharma market which initially witnessed very high growth 40%, 50% plus but now monthly growths are stabilizing with the September having registered 12% growth.

Let me now share with you what our priorities have been during the entire COVID period and how have we fared there. We have had priorities around 60 parameters one as colleagues, cash, cost, communities, demand and supply.

On the colleague front thanks to our relentless focus and a 40 point chart which we created for our self our plants do not have any activities now. Our high gear vaccination drive has resulted in close to 100% of our colleagues having got the first dose and I am pleased to share with you 87% of our colleagues have also been given the second dose so therefore 87% of our colleagues are now fully vaccinated.

On the cost front our cost control measures have resulted in significant reduction in our opex which has helped us to improve our EBITDA margins consistently. On the cash front too we are not only a debt free company having paid over 50 Crores debt, but we have been able to generate cash surplus to the tune of 60 Crores during this period.

On the communities front, a) being a pharmaceutical company we did committed our faith in assuring that our medicines are available to every needy patient, we did not shut our plant and we made sure that every single request which came to us for life saving medicines gets delivered at the door step. We also launched a “SafeSeniors” app, we also had an initiative called Swayam Health which provides for the paramedic training and third we also had the opportunity and privilege to have portable fever clinics under RPG Foundation launched in the select states of Maharashtra.

On the demand side though doctor clinics have come back to normal now but on the specialty side, the chemotherapies and the transplants continue to be a bit lower than what it used to be at the pre-COVID level.

On the supply front, our supplies have been normal but issues are around the prices of the API, RM, PM, etc. Now let me come to the brief highlights on our business performance at the company level. H1 recorded healthy double-digit growth in both revenues and profits.

Revenues grew at 17%, PBT grew at 51% YoY. Our profit margins record setting trajectory continued. EBITDA margin reached 22.6% up 330 basis points year-on-year basis and PBT margins reached 18.9% up by 430 basis points year-on-year basis and you would recall that this EBITDA margin drive is going on for the last almost about 8 to 9 quarters relentlessly.

All the sales hygiene parameters whether it is sales returns, expiries, account receivables inventories, etc., all are well entrenched in the healthy zone now. Our company as I said continued to be debt free and in the quarter gone by we generated highest ever net cash flow from operations which was to the tune of 39.1 Crores.

All the three segments registered consistent growth in both revenue and profits and with respect to profit both value and margin. On domestic formulation front which makes up about 2/3rd of our business. Revenues grew at 21% which is significantly higher than the market growth and this performance was driven by the five pillars of turnaround strategy which I had mentioned in my earlier discussion which is one quickly to recap product portfolio rejuvenation, second strategic brand asset building out of our legacy product and what we call as iconic text book brands and third was customer coverage deepening, fourth the salesforce effectiveness enhancement and productivity enhancements and the fifth was profitability improvement through a host of measures like efficient manufacturing

operations, opex control and sales hygiene improvement. All the five pillars I am glad to share with you are reflecting results.

Our new product contribution which we launch over the last few quarters has contributed 16% to domestic formulation sales. Our legacy brands are all growing at a good double digit growth through life cycle management, line extension launches and even making use of digital what we call as Phygital now and expansion of our customer portfolio with regards to the new customer segments. Our targeted customer coverage is between 50% and 90% depending on the customer category. Our productivity has moved from 3.5 lakhs to 5 lakh plus now. Our EBITDA margins as you all know are at healthy double digit.

Coming to international formulations which contributes 17% of our overall revenues. It shows a growth of 6% and that too largely due to political unrest in one of our key markets Myanmar. However the rest of the business in international formulations did demonstrate a robust healthy double digit growth.

In international formulations, we continue to stay focused on building our niche portfolio in immunosuppressant basket, we continue to maximize our existing and new products with some specific competitive advantage, we continue to expand our footprints in emerging market where we have filed around over 50 registrations and also strengthening our formulation manufacturing facility to make it PICS approvable going forward.

We have F2 plant which is already approved by EU this is the extended part of the plant which we call as F1. This would help us to stepwise build up our global business going forward.

On the API front which contributes 18% of our overall business we recorded a good growth of 19%. Here again we continued to focus on our business continuity, focus on niche products, niche markets, expansion into new products new customers and new markets and we have plans also to go forward in making our API plant also better.

Lastly other than the business performance in all the segments there are two more important areas we are working on which is a part of our transformation agenda and these are bringing in digitalization across frontend, backend and support functions.

A slew of initiatives have been launched therewith and first is I would recall as industry first anytime anywhere doctor support initiative called RPGServ we offer 15 services to 6 different kind of customer segments and we have reached, we have ramped up I was mentioning about our digitalization initiative and the first initiative is RPGServ which is anytime anywhere doctor support initiative, launch of Chatbot for 17000 doctors it offer 15

services under 6 different segments and it is showing a good traction, it is the right times and Phygital is the need it is helping us to increase our share of voice. Number two at the backend also we have launched different digital initiatives like e-Quality Management System, e-Document Management System and so on and so forth and similarly the employee connect, the salesforce connect, learning systems are all in the process of getting digitalized or they have been digitalized already and the second point other than digitalization is creating happy and performance driven culture. We are the first group who have adopted happiness as our corporate theme and we have a six point framework we also have put in place the measurement to so that we know what is the happiness quotient of our people.

Lastly, going forward our priorities are 100% of our employees need to get fully vaccinated and this includes our contract employees, second to maintain growth momentum in the company across the segments with the growth higher than the market and continue to stay on our strategic priority which is one focus on profitable growth, providing top focus to our domestic formulation business, to work relentlessly on product portfolio rejuvenation, productivity enhancement and on the international front our strategic priority is to build up the business in a step wise manner by adding new products, new customers and new markets as well as make sure that manufacturing capabilities and capacities are also accordingly ramped up, enhancing digitalization drive and as I mentioned earlier building happy and performance culture is another important strategic priority for us.

Here I stop and look forward to questions if you have for us. Thank you.

Moderator: Thank you. Ladies and gentlemen we will now begin the question and answer session. We have the first question from the line of Rajat Srivastava from InCred AMC. Please go ahead.

Rajat Srivastava: Congrats Sir on the good set of results. Sir my first question is in your opening comments you mentioned that you will be doing some cost control measures can you give some more color like what are you doing there with regards to cost control?

Yugal Sikri: The cost control measures I just talked about encompass one manpower cost. We have made sure that we look at our organization structure, address span of control issues, address productivity related issues that are one area. Second area is the manufacturing efficiencies enhancement and third area is the sales hygiene control because that also results into leakage and I am happy to share with you that our expiries have come down to a significant level now which has helped us to reduce our cost these are the few areas which I can mention to you.

Rajat Srivastava: Sir secondly you have reported some 21% YoY growth in the first half of FY2022 will it be possible for you to break this into price growth, volume growth and growth from new product launches?

Yugal Sikri: Largely the good news is that the growth has largely come from the volumes which are 10% plus. The price growth is in the range of 4% to 5% and so also the new introductions. Good news again there is volume growth has come from not only the new products but the legacy products like Lomotil, Lomofen, Naprosyn, Serenace, Tricaine these are the legacy products which we have significantly contributed to our volume growth.

Rajat Srivastava: Sir what would be the contribution of Immunosuppressant's and biosimilars in your total domestic piece?

Yugal Sikri: Yes, the Immunosuppressant's as you know are very important niche segment for us together in the company business it accounts for 25% to our business and it is spread across the domestic formulation international formulations and API and talking about the, MABs, MABs account now closet to about 9% of our domestic formulation business.

Rajat Srivastava: Sir now that you started to generate significant amount of cash can you throw some light on what do you intent to do with this cash like are you looking at inorganic opportunities or anything else are you look?

Yugal Sikri: Yes, I think you said it. Whatever the cash has been generated now we want to make you that cash to improve the company business which is we are open to the inorganic opportunities and as you know that inorganic opportunities the right kind of inorganic opportunities takes own time, we have our strategic priorities on product portfolio what we want to develop going forward which I have been mentioning in chronic and specialty and so that is where we expect that we will be able to use our cash we also want to use this cash for investing in our plants to make them come to the best standards globally and that is where we intent to use the cash.

Rajat Srivastava: Thanks for taking my question Sir and all the best.

Moderator: Thank you. We have the next question from the line of Aditya Khemka from InCred AMC. Please go ahead.

Aditya Khemka: I have a question on the manpower cost you mentioned that you guys have had some cost control measures there but if I look at your manpower cost for the past five, six quarters we have been more than that actually 10 quarters your cost has been between this 23 Crores, 24 Crores, 25 Crores range and winning in a market share in India the average salary increment

would be around 5%, 6% but not more so are we actively reducing number of people in the organization because I do not see any reduction in the force so reduction in the corporate overheads just wanted to understand?

Yugal Sikri: Actually the line of was not clear I just wanted to reconfirm that you want to know about what we are doing on the manpower optimization is that correct?

Aditya Khemka: Yes correct.

Yugal Sikri: We look at manpower in two distinct ways: one is the manpower which is bringing in the revenues and the other is the manpower which is more on the administration side. So what we did was that we have revisited our entire frontend which is salesforce organization and have made sure that that we did in the course about eight or nine quarters back was that we optimize the span of control there, we had removed the certain very low productivity territories etc. Having done now our focus there is to ramp up the customer coverage and therefore wherever there is a need for us to add the representatives at which we had initially low productivity at quarter we had removed we are now using those currently to see that we are able to ramp up our business you know in our business is share of voice is very important customer coverage is very important is what we are trying to do and on the other hand the manpower in the administrative areas are the ones which we are looking at in optimizing which is in our plants, which is in our offices that is where the optimization drive is currently on. So that is how we are dealing with the manpower related cost and manpower issues.

Aditya Khemka: Sir what is the number of medical representatives we will add to that in the organization.

Yugal Sikri: This is a little less than 500 today.

Aditya Khemka: If I look at three years out, where can this number be, it can be 600, 700, 800 where we have plan to be in three years?

Yugal Sikri: I would let to answer that question little differently and that is because I do not look at the salesforce numbers per se. I look at the customer coverage the targeted therapies, customers we need to improve our coverage and yes there is a scope for us to improve our customer coverages there in the field of cardiology, in the field of diabetology in the field of nephrology we are hovering around 85% plus but another important segment for us is consulting physicians as well as general practitioners that is where we need to ramp up our customer coverage more and that is how we will increase the field force number one, number two is as we make certain targeted therapies like cardiovascular, metabolic disorder, urology, haematology we want to grow them there again we have to increase our

customer coverage so these are identified focus therapies and maybe we have reached the number what you are saying but I look at from the view point of customer coverage rather than increasing the field force numbers per se.

Aditya Khemka: On the gross margins in 2Q we have seen actually an increase in gross margin if I am not mistaken, whereas what we had been hearing in the industry is that the cost of API had gone up and the cost of freight has gone up so can you help us understand that how the gross margins has extended by your rated cost of goods gone up?

Yugal Sikri: Yes, I think the cost of goods is a function of product mix and manufacturing efficiencies and on the manufacturing efficiencies there is a relentless work which is going on which is helping us now. Number two the H1 product mix also has been pretty good. We have been able to sell profitable products in our domestic formulation business and also we have three business segments domestic formulations, international formulations and APIs. I am happy to share with you that all the three segments now are showing improvement in the gross margins and because of the profitable product mix, manufacturing efficiencies enhancement etc. So yes we are also impacted by the increased cost of solvents, packing material, aluminum foil, cartons, etc., etc., but what is helping us is the product mix and the manufacturing efficiency enhancement drive which we have taken within our factories that is what is helping us. So that is what has contributed towards gross margin expansion.

Aditya Khemka: Congratulations and all the best.

Moderator: Thank you. We have the next question from the line of Samarth Singh from TPF Capital. Please go ahead.

Samarth Singh: My question is on the immunosuppressant's basket that we have domestically; I think it is largely Azoran based, could you just talk about how we look at this market and are we following up with the either the Tacrolimus or Cyclosporine any of the other sort of molecules in this basket?

Yugal Sikri: Thanks for that question. As I mentioned Immunosuppressant basket is important for us that is a very important niche for us and as you rightly mentioned Immunosuppressant's basket covers Azathioprine, Mycophenolate, Tacrolimus and Cyclosporine and we have a major presence in Azathioprine where we hold close to 70% market share and other three molecules which we have just mentioned which is Mycophenolate, Tacrolimus and Cyclosporine are relatively larger molecules in terms of the size where our share is limited. Now what we are trying to do is since we have excellent customer coverage of nephrologists we have also got into the Rheumatology and select kind of Gastroenterology and going forward for the Dermatology because these are other three important segments

who prescribe Immunosuppressant basket. We want to improve our share in these all these four molecules and since we have good equity with these customers we have almost over 90% customer coverage of these segments particularly Nephrology, Rheumatology we are ramping up, we have picked up this as a critical basket for us plus we are integrated backend to frontend, we have manufactured Azathioprine, we also formulate Azathioprine we have got also bit of scale there because we sell the world type of API through our API business unit, we sell internationally also the major seller is Azathioprine so we sell this in the EU markets, Australia and the Canada and we are also selling this piece to the domestic formulation in the RoW markets. So put together I think it is helping us our intent is now to make sure that we progress on the Mycophenolate, Tacrolimus and Cyclosporine apart from the Azathioprine alone.

Samarth Singh: Just one more question on Sodium Valproate I think we were not being able to get up full potential revenue from this because there were some patients switch trial, they were still pending so has that happened yet?

Yugal Sikri: Yes, I think you recall my last conversation very well yes we had launched the product in the UK market and because of the COVID the customer, the patient switch trials had not commenced but I am pleased to share with you that I just had the interaction last week with our team which have marked in the product there, there is a traction happening there, of course not to the extent we thought pre-COVID but it has started happening but good news is that the patients who have taken this complex generic product what is the prolonged release version of Sodium Valproate are experiencing good levels of Sodium Valproate in their blood and as we go along hopefully this will move further we are not only restricting to UK market we are taking Sodium Valproate to other regulated markets as well and I think there will be a good traction coming. Apart from this particular product we have yet another product from Sodium Valproate worked out and that also belongs to the similar category and we hope to get excellent mileage for this product for Sodium Valproate in our Australia market as well.

Samarth Singh: Just one last question could you just explain to me our right to play in the MABs space what is it that we are bringing to the table and trying to achieve there?

Yugal Sikri: We all know that MABs is a category of future. Globally also the MABs has taken over 30% share. In top 25 product globally if you see they are all biologics or biologic origin so not to be in this market is not a choice now we are a forward-looking company we ought to be in this category of future with this thought in mind and with good presence in the specialty segment we thought that gives us a right to play and so we have launched the range of monoclonal antibody products which is Adalimumab, Bevacizumab, Trastuzumab, Rituximab, all of these we have launched end and these products are being promoted to the

right therapy segments for example haematology we have got excellent traction there, we have got good promotional strategy because we are talking about bio-similarity which is very important for us to educate doctors about bio-similarity because doctors has so far being prescribing chemical drugs and therefore to understand bio-similarity is also an important area which is what we are trying to do and with good relationship with the consumer segments and good medical marketing focus and good expansion coverage strategy in these areas, I think they are giving us good traction. We also have a good presence in Oncology and they have four products like Rituximab, products like Trastuzumab are finding good traction there and as I said we have forayed into haematology segment and that is where Adalimumab and the Rituximab is helping us that gives us the right to play in this market.

Samarth Singh:

Thank you very much.

Moderator:

Thank you. We have the next question from the line of Nimish Mehta from Research Delta Advisors. Please go ahead.

Nimish Mehta:

Congrats for a great performance. My question is actually in general on the domestic market and not specifically for our company but Sir what do you see the outlook on domestic market I mean despite COVID base last year last quarter there has been so much growth in the market overall do you think this is sustainable do you think any new trend like trade generics has taking up and like if we have spent what is our strategy on that lines? Thank you.

Yugal Sikri:

Now if you see how India pharma market is panning out since last five, six months, you would have seen that there was a sudden jump in the growth in the two months April and May almost 40% to 50% was the growth and that was largely because of the base effect then we saw that the acute was not performing well, it was chronic which is performing well so acute had to pickup given our demographics, given our scheme patterns, given our health scenario which picked up now and you would see now for the last four months the growth are stabilizing in April the growth was 51.5% in May it was 47.8% and from June onwards we at 14%, 13%, 17% and now the last months there was 12.4% growth and in this 12.4% growth if you see there is some contribution of COVID related therapy. Now you would look and observe the trend clearly that the growth are coming back to almost pre-COVID level, pre COVID the growth is 8% to 9% to 10% if you have 12% growth out of which you remove around 1.5%, 2% growth coming from the COVID therapy we are lending up at 9% to 10% growth level and which is what was expected. That is what the market pattern is currently indicating to us as far as we are concerned we are staying put with our strategy we are having wonderful iconic products in just into spinal therapy which is Lomotil, Lomofen, Tricaine, etc., on the pain side we have Naprosyn, on the

neuropsychiatry side we have Serenace, Haloperidol, and we have launched a range of MABs, on the nephro side we have range of the Immunosuppressant's and good number of products in the dialysis range, I think we are well entrenched to make sure that we are able to maximize on the market potential available number one. Number two our base is also relatively small so you want to also make sure that we grow faster than the market and make up the lost time which we had in RPG Life Sciences that is our strategy in the current segment. Our portfolio is very good we are present in the right segment and we are entering into the right segment which is chronic and specialty and that is what will help RPG Life Sciences going forward. In fact the entire range of new products which we have planned is in these areas so that we are able to have a wholesome opportunities maximization which is available to us in the pharma market today. I hope that answers your question.

Nimish Mehta:

This is very helpful. A followup on that in fact when we mentioned about new products which are likely to grow significantly so like so far we have seen significant growth coming from our legacy brand so say three, four or five years down the line you see by way of the new products that are they likely to take over as the top brands that we have today in our portfolio I mean how do you use that because that is going to be the growth amongst we are on is what I understand the role of new products especially in the next four, five years?

Yugal Sikri:

I think the way we have strategized we want to be strong in the chronic segment, we want to be stronger in the specialty segment and that is where we are launching the products and you would be happy to know that the initial results are quite promising. Today whatever products we have launched in the last two years or so they contribute 16% to our business today which is a testimony that we are moving in the right direction and the new products as I mentioned are in the three areas we have a lot of scope to grow even in our legacy products where a good number of lifecycle management or line extension opportunities have been identified. We have identified as many as 20 plus line extension opportunity and we have launched six line extension in the last seven, eight quarters. So that will help us to grow our legacy products and the new products are concerned we have lined up MABs, we have lined up chronic products we have lined up products like haematology, high end of gastroenterology areas and so I feel that going forward the contribution of new product should be significant alongside the existing products which will also grow through our diligent life cycle management strategy which I just talk about.

Nimish Mehta:

Thank you very much. If I may squeeze one last question on the international market side how many products are we likely to launch especially I am talking about the regulated market so that is where the launch pipeline or the launch momentum has not been very strong, so is that likely to improve from now on what could be your number if you can give in terms of new product launches when say European and other regulated markets? Thank you very much.

Yugal Sikri:

Thanks for that question. Our drive to have new products, new customers and new markets is continuing very strongly now in the international formulation business also. In the last half if you see which has gone by 22% of this international formulation business sales is coming from the new products and these three products are as I mentioned earlier is in line with three things when we look at the product expansion; one is we want to be strong in the niche area of Immunosuppressant so there are Mycophenolate there is a range of Tacrolimus formulations which we are developing now and we hope to take these products to the regulated markets, the markets of Europe and Australia, Canada etc. that is with respect to Immunosuppressant. We have Azoran already we do not have Mycophenolate, Tacrolimus that is where we are developing the products, a complete range and we are taking them in those markets number one. Number two I mentioned that we will not launch any product where there is too much of competition you know have to what is happening in the international market today so what we have done is we have identified again we have the niche product either the product has the complex generic or the product must have some kind of special conditions to manufacture and that is the Sodium Valproate, complex generic in the picture and that is where our Nicorandil comes into picture, so these are the kind of the products, which we are working on. We also having launched the prolong to these formulations and have got the approval of a very tricky product called Sodium Valproate from UK NHS our R&D confidence has bolstered up so this platform technology also we want to use it for other products going forward. So niche products, complex generic and special conditions, number one, second is Immunosuppressant coverage of all the four molecules across the markets and the third is the new product going forward which are in line with the two steps which I mentioned will drive our business going forward. That is one drive or the second driver of growth is that we have taken Sodium Valproate only to UK market. Now we worked on Australia we are taking these products with other markets also so that we are able to maximize the R&D work which we did from these products going forward that is our strategy going forward. Third we are also looking at the markets like we develop markets like US where we can we have our API available we can do the tech transfer to our US FDA approved facility and from there supplying our API to already a formulation market here who have this presence the US we are identifying those areas also with a good amount of work happening those areas also so that we are able to make our productive in the US market.

Nimish Mehta:

This is very encouraging. Thank you very much and best of luck for the future.

Moderator:

Thank you. We have the next question from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij: Congrats on a good performance for last couple of quarters. My first question is on the could you talk about our capacity utilization currently as well as our capex plan for this year and next year and what kind of peak revenue we can achieve from the current capacity.

Yugal Sikri: In terms of the capacities I maintained which I mentioned earlier capacities would not be the constraint for the business expansion for sure. We have currently if I take my current capacities in the API plant and the formulation plant, we are on the two shifts working, on all the days working as per the industry practice, we have our current capacity utilization is only to the tune of 50% in the API and similar situation is there in the Ankleshwar formulation plant. If I take the 6 days working two shifts working I have a capacity utilization currently about 38%, 40% of course currently we are not running the second shift we are running with the first shift it is close to about 70%, in the formulation plant that is on the tablet side. There are significant capacities available both for the liquids and the capsules in the Ankleshwar plant for us. So as I mentioned that is not going to be the constraint going forward. In fact what we have done is now that we work on getting the business trust and then we look at the expansion the capacity which is required that helps us to be targeted expansion and that also helps us for good capacity utilization. In fact the last year a couple of new opportunities and new customers which we got we followed that strategy and that is also helping us to make sure that the money spent on capex is fully utilized so that is our strategy and therefore the best capex allocation is not the constraint at all and will not be the constraint going forward that much I can assure you. Hope that answers your question.

Aman Vij: Yes that is helpful. Second question is on the volume growth side so H1 we did a double digit volume growth, so do you think we can take this performance in H2 and say in FY2023 with the new products coming in?

Yugal Sikri: I have always maintained that we will strive to get consistent growth. Our growth should be higher than the market growth and that is what I can and the whole team is working towards and that would be through new products as well as the legacy products as well as expansion in our international formulation business that is what we are working towards.

Aman Vij: The next question is on the API contribution part so this segment has started to grow for us so going forward do you think this can become a 100 Crores, 150 Crores segment for us on an annualized basis?

Yugal Sikri: Yes, the API as I mentioned is also doing well now and we have plans for few new products in the API segment. We have also plans to look at the capacity expansion also or plant upgradation also that these are the thoughts which are there with us going forward and API

will also contribute it a bit yes what you mentioned the numbers we are targeting those numbers which you mentioned.

Aman Vij: Final question is on the chronic and specialty side. Sir as of now could you talk about the contribution of these two segments and what are our targets and because as far as I can see we have MABs and Gliptins specialty and chronic so any other products we are targeting or do we think for next two three years these two three categories can take us to the next growth level?

Yugal Sikri: I think, you said it yourself the focus is on chronic. Our presence in chronic is very limited now and we have a significant opportunities available in the CVM segment. Of course it is tough because there are well entrenched players already in the market so it will be a bit slower game, but I am sure it is going to be a longer lasting game for us. So that is on the cardiovascular. We have a good number of products identified both in the cardiovascular as well as diabetes or metabolic disorder area, which we are executing now. In fact, we have the new product to lined up for the next three years which we are executing now. So I feel chronic would contribute significantly though it will be little slow to start because of the competitive nature of the market. Second is the specialty. I think there is a very good opportunity available to us in the specialty segment, since we acted a bit smartly because we forayed into rheumatology because rheumatologist prescribe our Immunosuppressant basket also plus we launch rheumatology specific products like Adalimumab and Rituximab and we now launched JAK Inhibitor called Tofacitinib and that has helped us to have a good traction in the rheumatology segment which is just entered couple of years back and same is true for Gastroenterology. There again the Immunosuppressant basket has a good scope to prescription and then we can launch some gastro specific products also there particularly the high end ones and the going forward the plan is similar plan exists for dermatology because dermatology also has a good support for Immunosuppressant plus we launch some high-end derma products going forward but that is the plan going forward in the next three four years as we go along and that is what should help us to continue our growth journey going forward.

Aman Vij: Could you talk about the rough mix we are targeting between the specialty product and our lifecycle management products or the immunosuppressant basket three year hence?

Yugal Sikri: Three years hence I hope we should be able to reach somewhere 60:40 or the 45:55 with 55 or 60 coming from the mass products and remaining coming from the specialties. Currently it is 2/3rd 1/3rd ?

Aman Vij: That is very helpful. Thank you for answering all the questions.



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Moderator: Thank you. As there are no further questions from participants I hand the conference over to the management for closing comments. Please go ahead Sir.

Yugal Sikri: Let me thank everyone for taking time off and attending this earning call. I am deeply inducted and hope to see you in our next earning call. Thank you so much and as I say bye to you I wish Happy Diwali and a great festive season ahead and I also wish that we get fully vaccinated soon so that we all can resume our pre-COVID life ASAP. So thank you very much for all your support and being here and asking questions. Thank you.

Moderator: Thank you members of the management. Ladies and gentlemen on behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.