"Eris Lifesciences Q1FY19 Results Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Eris Lifesciences Q1FY19 Results Conference Call hosted by Axis Capital Limited. Please note the duration of the call is 45 minutes only and at this time, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prakash Agarwal from Axis Capital. Thank you and over to you sir.

Prakash Agarwal: Thanks. I welcome all of you on behalf of Axis Capital for the Q1 FY19 Eris Lifesciences Conference Call represented by senior management team. Over to you, sir.

Amit Bakshi: Hi, thanks Prakash. Thanks for getting us on call and welcome everybody. This is for quarter one of the current year. Before I invite questions, just would like to take you through the numbers.

So on a consolidated basis, revenue grew by 35% to around 251 crores for this year and the EBITDA grew by 24% to around 89 crores in this quarter. The PAT had a very miserable growth because of reasons which we had mentioned in the presentation especially because quarter one is not a clear cut comparison with the last year quarter one; therefore in the presentation if you guys would have seen, I am taking a leaf out of quarter 4 last year which is technically no more appropriate to talk as a comparison, may be only for this quarter so that is how the numbers have panned out. We can have the questions now.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Anubhav Agarwal from Credit Suisse. Please go ahead.

Anubhav Agarwal: Sir, one question on the standalone business which includes Strides, whichever way I reverse calculated, it looks like we are just about half the run rate of acquired business, then when we acquired the business, Strides business was about 180 crores but looks like we are only achieving right now 20-25 crores a quarter. Would that be a fair assessment because this standalone growth which is 40% if I adjust on a 2-year basis, even adjusted GST does not look to be more than 7-8% growth as a CAGR?

Amit Bakshi: Just say the last portion once again Agarwal.

Anubhav Agarwal: What I am trying to do is if I assume Strides for zero in this quarter, then on a 2-year CAGR basis our growth is about 11%. If I assume 25 crores sales as Strides just as a number, then we come as a 4.5% CAGR growth over 2-year period and 5-6% if I add for GST back because I assume that on a 2-year CAGR basis, we should be growing at about 8-9% if Strides was not there. That is how I am calculating back that Strides for us looks like is not doing a 40-45 crores run rate what it should have been doing based on what we acquired, but it looks like doing only 20-25 crores right now?

Amit Bakshi: So the 20-25 crores of what you are saying is not correct. How I would like to put it as we have never put the numbers differently, so I would just try and explain it broadly. So, look last year, if you look at the entire industry, the growth was 6% as the IPM and chronic was worse than the acute portion, therefore when you look at this year, I think this is a fair understanding to do a quarter 4 versus quarter 1. If you look at quarter 4 which is technically with Strides the entire quarter, the growth between quarter 4 and quarter 1 for the IPM is around 4% and for us as per the LCD data is around 13% so if you are looking at a year to year because last year I remember reporting a 12% degrowth in the similar quarter for the standalone business, which was without Strides which has been mentioned in the presentation, so may be in your calculation between the two business entities there is a mismatch.

Anubhav Agarwal: Sir I was just thinking like you were comparing to quarter 4, but if I take your quarter 1 sales which you reported, let's say we had not acquired Strides, on a 2-year basis, we should have at least grown a 10% CAGR at least right, on a quarter 1 Q17 sales?

Amit Bakshi: Anubhav, I have not looked at a 2-year basis.

Anubhav Agarwal: I am just trying to say, because our business should at least grow 10% right, 1Q was a clean based, 1Q19 is a clean based.

Amit Bakshi: Okay, okay understood, so look Agarwal what is happening is this is a broad suggestion. When you want to look at a 2-year CAGR at this point of time we refrained from doing this in the first quarter because this year it seems that there will be a Q-o-Q growth which in a way which is unprecedented and then the last year plus this year put together, which looks like 10%, 11%, 12% growth between 8%, 10%, 11% growth across the industry. Therefore, I think if you are cutting it down in the quarter one and then try to make an assumption, I think you should wait a while and see how the other quarters pan out. The reference which I will give you from a straight point of view, let me give you an outside reference, so let me give you AICD reference. So AICD at the peak when you were talking about last quarter was reflecting around 18 crores a month for Strides business and if I remember correctly which I think I should then on the month of July, it was around 16.4 crores, which had gone down to around 14-14.5 crores in the fourth quarter so that is a better understanding from a market data point of view.

Anubhav Agarwal: Okay, sure, I will take that. Just couple of questions on the cost side, one is personal cost for us in the standalone business has increased significantly. It was about 35-36 crores gone to 43 crores and similar kind of increase I can see in other expenses as well, I don’t think you have added more reps now, so what has been this increase in both the items?

Amit Bakshi: Anubhav, if you look at sequentially the extra cost which you are seeing at the HR level is basically because of the increments which get affected in April so that is largely where we are putting the cost together that is on a sequential basis. If you look it from a year-to-year basis, yes there has been significant addition in number of people. So on the year-to-year basis, if I remember correctly, then there are two things which have moved up, the other expenditure, which is in the tune of around 22-24 crores and the HR cost which is around 12-14 crores. So while HR I told you it is a simple addition of people. For the other expenditure, there are two things, one is the last year base was absolutely low because the environment was such. The second reason is that there is some amount of frontloading in this year. This year is not something which is representative of all the quarters, so you will see this sequentially getting corrected to an extent.

Anubhav Agarwal: And when you say frontloading, is it the variable contribution to the field force when you say frontloading, which expense would you say another expense for your frontloading?

Amit Bakshi: So it is not, the variables cannot be frontloaded much because they work on system, more of the marketing cost, the selling cost is frontloaded.

Anubhav Agarwal: Okay, I have one just last question, clarity on this. When you did this comparison year-on-year, can you also explain because sequentially personal cost is also up 22%, so how do you explain the sequential increase from 36 crores to 44 crores?

Amit Bakshi: Okay, so there is Rs. 3 crores which is in benefit and rest of is in increment.

Anubhav Agarwal: 3 crores is what benefit, sorry?

Amit Bakshi: It is on HR benefit, so incentive which has been filed up. These are one-time benefit cost and the rest is the year-on-year increment.

Anubhav Agarwal: So these are kind of bonuses which you give out in first quarter?

Amit Bakshi: One time. You can consider as of now our run rate is going to be around 40-41.

Moderator: Thank you. Next question is from the line of Ravi Shrikant from Muthoot Finance. Please go ahead.

Ravi Shrikant: My first question was on recent articles mentioning about the shut downing the API factories in China so I just want in your opinion on this and how is it impacting our company and the second question was on the tax rate. Actually, if I see the tax rate before the acquisition of Strides, they were around 3.5%-4%, whereas it is now around 8%-9%. I think you have mentioned that you were looking at transferring some of the production of the Strides portfolio to your own factory which would reduce the tax rate and what is the situation on that?

Amit Bakshi: Your first question, I am not very eligible to give you big pictures, because we have no export business, but where we have got impacted in this quarter is that I think input cost because certain intermediaries, I think the large part of intermediaries are being imported from China, so there is some effect on the cost side for us. Regarding the other problem that they might be facing, I don't have much idea. Your second question about the tax rate volume, so we in the last call itself if you remember we had told you that we feel in the next couple of quarters the tax rate is going to around 7-8% where I think more or less wherever we are and why this impact has come, I think Sachin will explain this in a moment.

Sachin Shah: Because currently after the Strides acquisition, around 40% of our products are being outsourced from third party. So what he sells is now 60% of the entire contribution, so that is the reason of rising taxes.

Ravi Shrikant: So the contribution of Guwahati will go up over the coming quarters or?

Sachin Shah: It would gradually go up as and when we start, we had moved a lot of works inside the Guwahati, they have not come into sales as of now, but over this year what I see is 8%-9% should be the tax rate.

Ravi Shrikant: In the previous presentation, you had actually mentioned the market share for each drug, so can you just mention that number because it is not there in the presentation.

Amit Bakshi: Market share of each drug?

Ravi Shrikant: Sir, for example, you had given the market share?

Amit Bakshi: I think that is a very expensive question which we will have to deal offline.

Moderator: Thank you. The next question is from the line of Ashi Anand from Allegro Capital. Please go ahead.

Ashi Anand: Just taking up from the first question, if you just kind of doing the rough maths and saying that Strides was at about 180 crores run rate, it would seem like the quarterly number seems a bit low or just trying to understand without getting the actual number, has this Strides portfolio kind of decline from the time we required it and have you seen kind of a slowdown in growth of the base business?

Amit Bakshi: There are two components of these, one which I have been explaining in the last two quarters, not when you acquire it then you acquire a business, generally not everything is something which you take forward. So all businesses have certain amount of sale or certain product category which is not your strength area and you would like to drop, so a simple example just to put my point across in Strides is a business which works in hepatitis C, **(Inaudible) 14.00** business, which when we took as per the run rate was around 15 crores for the year. Now that business was an institution business where the gross margins were in the range of around 22%-25% and the net margins were actually in the zone of making no money at all, so we completely get that business out from what we have taken. So I think almost every time there is an acquisition. So to answer now specifically there will be two parts, one part which we have taken and which split in the entire business in it. I am happy to tell you that the largest brand which is the Raricap, the Renerve as well as the neuro brand like Serlift, all of them both in prescription and in the sales are showing a very good positive strength.

Ashi Anand: Would it be possible to quantify 180 crores run rate, what part of that turnover something that we are keen on kind of taking forward or things?

Amit Bakshi: Again my positive situation will be little off the cuff. So let me not do it, but as I told you I give you one example and every business has a tale, now 10-15%, 20% depending upon what kind of businesses they are so that tale has to be compromised over a period of time.

Ashi Anand: So would it be fair to say that whatever the pain has this already been taken care of and going forward, this is the run rate from which we should be growing or is there still kind of for certain part of the Strides business that would have a negative impact going forward?

Amit Bakshi: No we are very clear. We don't carry with products which are not able to sell so that pruning has been done in the first month itself. So there is no pruning needs to be done and how this business becomes immensely profitable is something which we will see in the next quarter.

Ashi Anand: Can I just ask one last question. Can you quantify what the intangible amortization impact would be for the Strides acquisition on a yearly basis?

Amit Bakshi: We don't have it ready, we can actually give you offline.

Moderator: Thank you. The next question is from the line of Aditya Kemkar from DSP Mutual Fund. Please go ahead.

Aditya Kemkar: Amit sir, sir just a couple of questions. Firstly, on capital deployment, so from where we stand today we obviously had very little debt even post the Strides acquisition, I am talking net debt, so incrementally going forward, how do you plan to deploy the cash that you generate from the business?

Amit Bakshi: Aditya, nothing changes in the philosophy, as far as net debt is concerned we are zero net debt today. In fact we have preponed certain amount of debt because the arbitrates was getting thinner by the day and capital employment, the philosophy remains. We are still looking out at something which we can acquire and grow plus all that money which will be required for organic business to grow the organic business, so that is where we stand.

Aditya Kemkar: Fair enough. What is the yardstick you used to justify or to evaluate an acquisition, do you look at payback period, do you look at IRR, do you look at ROE, is there any specific metric you look at when you say that this is a good price at which I can acquire a given business?

Amit Bakshi: Before all these metrics which you talk about, it is about how much sense does it make to the business, for example, if you go through our numbers this time, there is a 27 crores additional cost which has gone to other expenses and 12 crores which has gone into HR. So if you add 24 plus 12 which is 36 and put it on 90 which we are reporting that means, it is little weird, but just throwing a point that on an apple to apple basis that 61 could be 136. So what happens is if the business is on the right side if we know that the second point you see Q4 and Q1, the last quarter and this quarter, our gross margins have also been stabilized so after consuming the entire portfolio, the gross margin has stabilized to 84-85%. So somewhere in this slot which gives you growth opportunity which really does not take you to a detour from what your financial metrics are and most importantly right with right therapy and right pocket.

Aditya Kemkar: So even if an acquisition for instance if Strides met all these criteria, I am assuming that is why you bought it, but then how do you drive at the right valuation that you want to pay for it and to judge the valuation you left to look at some sort of financial metrics, right?

Amit Bakshi: Those are simpler things to really find out. As a buyer, we would always like to get it as in the best price possible. So that is the overload theory. But besides that, there will be some here and there. But you know in our country these are hard to come. So you are right, the real strength happens only when you are into a deal making.

Aditya Kemkar: Right and also a couple of questions on the regulatory side in the environment. Actually, before I go to that, so we have gross margins of 85% despite consuming the Strides portfolio. My understanding was the Strides portfolio had much lower gross margin. So how come despite consuming that business you have been able to report a similar gross margin that you were reporting even earlier. What have you changed in the Strides business to arrive at, to make them also as profitable as your legacy portfolio was?

Amit Bakshi: So Aditya two things. One is that Strides portfolio was never a bad portfolio. In the gross margin, we were on record saying that this is at 75% gross margin business when we took it. Within that 75, there were couple of areas. Like one of that is that it is illustrated from the Hepatitis C business point of view it was dragging it down. So that was simply one part. And the second part is that you know once those products were shifted, we gained some more percentage point there. And that's how it is shaping up.

Aditya Kemkar: Can that margin of the Strides business still go up further because you have not clearly shifted all the products. Guwahati is now only 60% of your sales. So you have not been able to shift the majority of Strides right?

Amit Bakshi: Yes, technically yes, because you know the biggest lever here is almost 80-100 crore brand in Renerve which we don't have the facility as of now in Guwahati. So the day that actually shift then that would be a bigger lever than anything else which is now remaining.

Aditya Kemkar: And how much time would that take in your assessment on it sir?

Amit Bakshi: So Aditya, there is no work in progress for that as of now.

Aditya Kemkar: So the central Government had actually some point in time said that they would want all the products that are non DPC or non NLEM products. They would want their price increases also to be linked with a WPI index, which will be more based on pharmaceutical components customized index for the pharmaceutical industry. And you know I believe that the non NLEM portfolio currently we are allowed to take a 10% price increase whereas if it gets linked to WPI then it will be restricted to the level of the WPI.

Amit Bakshi: To answer your question broadly we haven't studied what you are saying till this point of time because even there is nothing which has come to us. But very broadly speaking, I was going through a report which said that in the last one decade the price increment in the industry has only been 2%. Because in a silos we think that if this 10% allows, we can take 10% every time. But we actually operate in the real world where there is lot of competition, so competition anywhere has always been a bigger force than you know regulatory. And so it is not so clean that every year there is a 10% hike for your sales. So what we have done in this point of time is far below 10%. And this is a trend which is a real market trend. So it will remain tactically in this door whatever the regulations are.

Aditya Kemkar: Understood. Sir another question, actually I have 2 more. I am sorry I am taking a lot of time, pardon me. But one is on the growth rate that you are seeing on Kinedex and Aprica. They are a little uninspiring you know in terms of the growth one would have expected us to synergize and get out of these 2 products or these 2 branch or entities. So how do you see that even if we are going to acquire something in future, are you worried that we are probably not doing the best of our ability when it comes to inorganic growth in grooving the branch that we acquire.

Amit Bakshi: Aditya, your concerns are on the right side. The only caveat is that your concerns are standing out from a year which has been a very turbulent year across. And under such circumstances, typically people who grow from the growth industry suffer a bit. So I would like to say that these numbers are coming up as I indicated that we have seen quarter 4 and quarter 1 when the industry grew by 5%, we grew at 14%. I would have been happy to say what works and doesn't work. But my submission at this point in time is that all these things need to be given couple of more quarters for them to actually bloom out.

Aditya Kemkar: So the problem I am facing Amit sir, is that obviously the industry has gone through a turbulent patch and the growth numbers are not looking very inspiring, but at the same time there is an absence of sort of a formal guidance say even if not our exact number but our broad range of guidance from our side as well. So I don't really know how to model the company's growth path from this point forward. And which is why my questions are sort of hovering around this topic that even if we can't so tooling to Anubhav's question. If you look at a 2-year CAGR from Q1 '17 to Q2 '19 and assuming it did zero sales in Strides in this quarter which I am sure is not true. Despite that, you have a 11% CAGR in your legacy Eris business, the standalone sales. Now that 11% CAGR for a business of Eris's size is also uninspiring despite whatever we might attribute the market situation to.

Amit Bakshi: I would say yes and no. Why I say yes is of course in a growth situation, you would like to handsomely beat the market every time which is completely taken, no because you have to understand that growth and I have been repetitively saying this, that growth, market growth is very important component to people who are growing on top of the market. Also understand Aditya because very large part of our portfolio is chronic. We suffered a 7% I mean everybody suffered a 7% loss because of the GST transition that only added to. Sitting today, I can only explain it to you that if you want to model or whatever I can help you right now is, you look at a Q4 to Q1 which is right here right now. And the Q4 to Q1 if it is 18% then try and model around that. And that's the best advice which I can give you at this point of time.

Aditya Kemkar: Fair enough, so sir if I have to invert your question, invert your response and say that okay, if market growth is really so important to a company of our size as well because Sun Pharma says that market growth is important to them, I can understand that. They are a 9000 crore revenue company in India. A company of your size saying that market growth is a very important component is slightly discomforting to be really honest. But let's say if that statement I take it on face value, the fact is that the market has not grown well in FY18, then what would your expectation be for the market in FY19 and 20. I presume you would say it's higher than why would it be higher?

Amit Bakshi: So very clearly Aditya, I say the last year, the year gone by and this year, when you put together this number, right now this number is around 6%. But by the end of the year when these 2 numbers would be put together, you will see that the 2 years growth numbers would hover between 9 to 12% in that category. So that is going to happen and the larger part of this is going to come in this year, because last year was little down. And I don't know if I am not able to really communicate with you but I am not trying to say that markets are not important or as important, what I am trying to say is that a new company grows on the newer business. So a 100 crore market when it becomes 110 crore market, we strive to take a 10% share in the growth market. What happens when the growth market reduces, there is a negative impact. And that happens all the time. I am sure once you go through the data, you will find that this will come out at every regular interval.

Aditya Kemkar: Fair enough. Amit sir, last question on the cost side. This Chinese starting material inflation, I think the previous participant also asked that question, have you seen all the impact from that inflation in this quarter? Or do you feel that we had enough inventory in the quarter so that we could evade that cost inflation impact and we will see that cost inflation impact going forward in the coming quarters?

Amit Bakshi: So look, it would have been significant we would have made it a point to mention it in our PDF. Though it has risen, and it has risen sharply, what the total share of that is not very significant. So don't expect anything major from our portfolio point of view.

Moderator: Thank you. The next question is from the line of Prakash Agarwal from Axis Capital. Please go ahead.

Prakash Agarwal: Sir you mentioned about one can assume a Q&Q growth from here. You also mentioned about gross margins being steady and the operating cost going forward would be down by say at least I would assume 3 crores on employee costs and 10-12 crores on other costs. So would it be right to assume that the EBITDA margins from here can only go up?

Amit Bakshi: Yes so look Prakash, when you say this you are absolutely right. I told you there is a frontloading which has happened in this quarter, which is going to get even in the coming quarters. So that will always come in. I also told you that going forward our HR is going to swing between 40-41 crores. So that extra will also come back. So both these components are going to reflect in the numbers going forward.

Prakash Agarwal: Would that be fair, I mean EBITDA margin expansion should be there.

Amit Bakshi: No, you look at the history. Prakash last year our all other expenditure was 160-165 crores in that point. And we work on tight budget. So we do take liberties of shifting them here to here, but at the end of the year it's very tightly guarded.

Prakash Agarwal: And secondly on the balance sheet side, there is a comment in the presentation that the net debt is zero now what I understand, and you have paid about 100 crores of debt till July. Is that right?

Sachin Shah: Yes, Prakash. So we have paid 2 installments of 25 crores which is 50 crores, then prepaid 50 crores more, because the arbitrage of treasury, the other income in treasury were thin, so we have prepaid 50 crores as of now. And we intend to continue doing so in next 3 quarters also.

Prakash Agarwal: So how should we think about finance costs and other income going forward for what you have already reported?

Sachin Shah: The other income is what, this is something which I think, this should remain for the next 3 quarters because whatever is the increased treasury in liquid that we have we will use it for repayment.

Prakash Agarwal: And what was the cash flow generation for the quarter?

Sachin Shah: I will have to check on this.

Prakash Agarwal: Fair Enough. And Amit sir mentioned about one commentary on the chronic side that last year chronic was slower than acute. How are we witnessing in the first 4 months of the financial year?

Amit Bakshi: So Prakash, interestingly the first quarter the April-May-June was okay. But July we are seeing a very sharp turnaround. If my numbers are correct, then chronic grew by around 14% in the July and by all means I think this is the trend this would carry on.

Prakash Agarwal: And the last question from my side is looking at the Raricap and Renerve brands, how has been the traction. I mean the idea was that these are southern concentrated, in southern India and idea was to expand the presence across India. How has that been clocking a) and is there a thought of adding more therapy focus apart from the chronic diabetes and cardio that we have in the CNS and women healthcare we have added. Thank you.

Amit Bakshi: So Prakash, things are working out in the right direction. Couple of prescription data points is showing double digit growth in prescription in both these brands which we are talking about. And we will be entering into a couple, in fact we signed an agreement with a company called Biopelle of USA for cosmetology, dermatology. So that's something which will start happening in sometime from now. So yes in third quarter we will have some more expansion and this will be in the skincare, cosmetology, dermatology and one more in the nutrition side.

Prakash Agarwal: And the geographical expansion of brands sir?

Amit Bakshi: Yes, geography, it is stretching out well. So it is a mix of consolidation where it was failing and the stretch which is happening across. So metros have already started doing better and it is catching up.

Moderator: Thank you. The next question is from the line of Aditya Kemkar from DSP BlackRock. Please go ahead.

Aditya Kemkar: Sorry sir, I had a couple more questions. So sir on this IPM growth, Indian Pharmaceutical Market growth if you journey 3 years back, largely you know the average revenue growth that we used to see is to be 14-15% in the market. And if I am not wrong, the numbers used to be about 7-8% volume growth, 2 to 3% price growth and 3 to 4% new product introduction. With the Indian government being more strict or rather more focused on the patent protection of the innovators, do you think the new product launch opportunity has declined meaningfully or is it the 7 to 8% volume growth which used to be there earlier, has that declined meaningfully because you said price is around 2 to 3% still. So what has declined meaningfully tripling the overall IPM growth down to 10 to 12% which was earlier used to be 13 to 15%?

Amit Bakshi: So between 13 to 15% and 10 to 12%, it is the base effect which had been climbing up. But the stratification which you gave is completely alright. But I think Aditya going ahead what happens, the bucket will keep on shifting from one to the other. So what I mean is if there is not too many products to be launched then the penetration in the existing products will actually make up for lesser launch. And I think that is the better strategy for the brands as well as for the industry.

Aditya Kemkar: Right. And again, on the MNC pharma companies, you know when we speak to them they sound a lot more upbeat in terms of maintaining or even gaining market share against the domestic pharma companies and they cite their specialty relationship with the specialty doctors or the consultant practitioners as the key advantage. In my opinion, Eris has also always been a company that has been very good on the specialty doctors and consultant practitioners' side. So are you seeing in your interactions with those practitioners or doctors any meaningful change or their inclination turning more towards prescribing MNC pharma drugs given that some of those drugs have come at a lower price point because of DPCO or NLEM?

Amit Bakshi: So Aditya some talk here is they would really not fetch any meaning, what the data point I can give you, that if you look at the line numbers I know again the domestic pharma companies have done better than the multinational companies. That's what is out in the July numbers. So right now, that trend remains. So now what is happening at the, what people are talking I don't know. But it's not still showing up in the numbers.

Aditya Kemkar: Fair enough. In our prescription trends with the specialty practitioners and the consultant practitioners, are the prescriptions going double digit with those doctors for us as well?

Amit Bakshi: Yes, so the growth from the prescription point of view the growth is largely in line as per the industry. So we don't see anything changing from this side to the other side even in the prescription data.

Aditya Kemkar: Alright. And Amit sir, I know this maybe you have to guess but if you were to guess what percentage of our total prescription would come from specialty and consultant practitioners?

Amit Bakshi: So the last I remember was in the vicinity of 90%.

Aditya Kemkar: 90%? And there is no reason to believe that this mix would change despite a Kinedex, Aprica or Strides?

Amit Bakshi: No, this was including Kinedex and Aprica, not sure whether it was including Strides but it would largely not change.

Aditya Kemkar: And Strides when you acquired it was largely specialty or was it GP portfolio?

Amit Bakshi: No it was the prescription was largely specialty.

Aditya Kemkar: So you didn't have to do much work there in terms of changing it to specialty?

Amit Bakshi: Yes.

Moderator: Thank you. The next question is from the line of Ashi Anand from Allegro Capital. Please go ahead.

Ashi Anand: So some of the larger companies, pharma companies in India have started partnering or in-licensing products from MNCs?

Amit Bakshi: Yes.

Ashi Anand: Just trying to understand does this make sense for a company like us or not?

Amit Bakshi: Always makes tremendous sense for a company like us if we are able to get it at this stage of our journey. You know it will really help the organization and the management is working quite aggressively in getting that. There has been certain dialogue which has reached, you know some **ANDA** **41:33** exchange is all happening. So couple of quarter we should be having some of them.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments.

Amit Bakshi: Thank you for sharing time and we have to leave somewhere that is why we have to curtail this to 45 minutes. I hope we have been able to answer all your queries and thanks once again for being here.

Moderator: Thank you very much members of the management. Ladies and gentlemen, on behalf of Axis Capital Limited that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.