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Dear Sirs,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith transcript of our Conference Call which was held on Friday, 11th August, 2023 to discuss the Company's Q1FY24 earnings and business update.

Thanking you

Yours faithfully
For Ipca Laboratories Limited

HARISH
PANDURAN
G KAMATH

Digitally signed by HARISH PANDURANG KAMATH
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Harish P. Kamath
Corporate Counsel & Company Secretary

Encl: a/a

Ipca Laboratories Ltd.
www.ipca.com
125, Kandivli Industrial Estate, Kandivli (West), Mumbai 400 067 (Maharashtra), India | T: +91 22 6210 5000 F: +91 22 6210 5005
Regd. Office: 48, Kandivli Industrial Estate, Kandivli (West), Mumbai 400 067 (Maharashtra), India | T: +91 22 6647 4444
E: ipca@ipca.com CIN: L24239MH1949PLC007837

"Ipca Laboratories Limited Q1 FY24 Earnings Conference Call"

August 11, 2023

MANAGEMENT: **MR. A. K. JAIN – MANAGING DIRECTOR, IPCA LABORATORIES LIMITED**
MR. HARISH KAMATH – CORPORATE COUNSEL & COMPANY SECRETARY, IPCA LABORATORIES LIMITED

MODERATORS: **MR. NITIN AGARWAL – DAM CAPITAL ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to the Ipca Laboratories Q1 FY24 Earnings Conference Call hosted by DAM Capital Advisors Limited.

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 the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Nitin Agarwal from DAM Capital Advisors. Thank you and over to you, sir.

Nitin Agarwal: Thank you. Good afternoon, everyone and very warm welcome to Ipca Labs Q1 FY24 Earnings Call hosted by DAM Capital Advisors Limited.

On the call today, we have representing Ipca Labs management, Mr. A. K. Jain - Managing Director and Mr. Harish Kamath - Corporate Counsel and Company Secretary.

I will hand over the call to the Ipca management team to make the opening comments and then we will open the floor for questions. Please go ahead, sir.

A. K. Jain: Thanks, Nitin and DAM Capital for organizing this call. Good afternoon to all participants. Thank you for taking out time and joining us for Q1 FY24 Earning Call. Today's call and discussions and answer given may include some forward-looking statement based on our current business expectation that must be viewed in conjunction with risk that pharmaceutical business faces. Our actual and future financial performance may differ from what is projected and perceived. You may take your own judgment on the information provided during the call.

Domestic formulation business has delivered a growth of almost around 14% for the Q1 FY24. The impact of NLEM product price reduction in Q4 FY23 of around 16% on price control segment was partially offset with WIP based price increase taken in Q1 FY24. With two ranks gained over FY23 Ipca's rank in chronic segment and we have maintained 15th rank in acute segment as per IQVIA in this particular period and IQVIA TSA audit met June 23, Ipca has achieved a growth of around 13% as against the industry growth of around 11% as per IQVIA's data.

Export formulation business, more particularly our branded formulation business in Q1 has delivered a growth of around 23% for the quarter from Rs. 93 crores to around Rs. 114 crores for Q1 FY24. Our generic business, excluding institutional business has delivered a growth of 11% in Q1 FY24 from Rs. 212 crores to around Rs. 235 crores. Institutional antimalarial business declined from Rs. 97 crores in Q1 FY23 to Rs. 48 crores. The business is impacted largely due to lower business volumes from Artemether, Lumefantrine and Artesunate, Amodiaquine formulations. There were lower procurement by the global agencies and lower business of Artesunate injectable due to plant shutdown for upgradations of sterile Artesunate API section which now is operational and it may take around one more month to get its approval from WHO and business will resume, but we have already started the production of injectables here. API business in Q1 FY24 declined by around 23% from Rs. 384 crores to Rs. 295 crores for the quarter, mainly due to significant decline in antimalarial API business for the quarter from Rs. 63 crores to Rs. 19 crores, a decline of almost around Rs. 44 crores due to poor demand of our antimalarial APIs. The price decline on sartan APIs, due to significant decline in KSM prices in the market has also impacted overall value of the businesses.

Overall business guidelines for FY24, domestic business, we expect that industry will grow around 10% and our growth may remain around 12% to 14% for the domestic business. That is our guidelines. International branded promotional business we expected growth of around 12% to 14%. Our lower business growth is projected due to depreciation in global. Global has already touched almost around 96-97 level and there will be some impact on foreign currency realizations on that. Our generic business is expected to grow by around 7% to 8% in this particular year. Institutional generic antimalarial business is likely to decline by around 15% due to lower demand and also due to the antimalarial injectable, particularly Artesunate injectable because plant was closed in the first quarter of the current year. At API business, we see a decline of around 10% to 12% in the business due to lower realizations on the API, due to softer KSM pricing and also because of some decline in demand of antimalarial APIs. For FY24, overall growth forecast because of all these factors, more particularly on decline on institutional antimalarial business and also likely decline of API business will be likely to be around single digit to maybe around 6% to 8% for the year.

On business margin front, we expect our material cost to sales ratio to improve from around 35.5% in FY23 in the range of around 31.5% to 32%. This will deliver an improvement of around 3.5% to 4% for the year. This is mainly due to margin improvements on formulation business with lower input cost and overall improvement in productivity of the field force. Further cost optimization drive in the API production and overall we expect that EBITDA margin for the FY24, our expectations is around 19% to 19.5% for the year as against 16.22% in FY23. Having given the broad numbers, now I request the participants to ask the question.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Kunal Dhamesha from Macquarie. Please go ahead.

Kunal Dhamesha: Sir, the first one on the EBITDA margin guidance of around 19% to 19.5%, this you had said on the base of 16.5% what we said, right, so the base also includes other income and the guidance also?

Harish Kamath: No, we have we have excluded other income from both places. Now, our guidance will be excluding other income.

Kunal Dhamesha: But if I exclude other income from last year reported number, I get some around Rs. 927 crores EBITDA with a 15% margin?

A. K. Jain: Yes, it is around 16.26 excluding other income.

Kunal Dhamesha: Sure. I will check my number then. So, basically the entire 300 basis points margin improvement we are expecting from more or less gross margin improvement is what we are suggesting, is that the right way to understand?

A. K. Jain: Yes, it is a gross margin improvement.

Kunal Dhamesha: And probably because of the lower realization this time around API business is declining, but beyond FY25, what is the growth trajectory that we are aiming for this business?

A. K. Jain: I think this year is by and large antimalarial business is facing some problem because of lower demand from WHO business also and also our domestic business of APIs we have seen significant decline in first quarter and API exports has also declined in this particular quarter, so will you see that antimalarial demand maybe lower in the current financial year, but as far as WHO business is concerned, now we have started receiving good order and injectable business is largely impacted because of our plant was closed in the first quarter and we do almost around Rs. 90 crores worth of your antimalarial injectables exports, Artesunate injectable exports to all these global agencies. So, that business is impacted, but on a normalized basis, I think next year we should be able to deliver much better growth of around 10% to 12%.

Kunal Dhamesha: And on this planned closure for the injectable Artesunate, any particular reason that we have closed that plant and when is it expected to come back online?

A. K. Jain: That was basically we wanted to upgrade our sterile Artesunate API section, so that work is already completed and product is validated and we have filed with WHO all the validation data. So, normally it takes 60 days' time to get an approval, almost around 30 days are over, so maybe in a month's time we will get approval, but meantime, we have already started the productions. So, maybe I think even August and September will also get impacted because of the shipment will start happening only after the approval from WHO will be received for all the upgradation.

Kunal Dhamesha: And you said Rs. 90 crores is what the annual rate is for this shipment?

A. K. Jain: Yes, injectable business is around Rs. 90 crores annually.

Kunal Dhamesha: Annually?

A. K. Jain: Yes.

Moderator: Thank you. The next question is from the line of Surya Patra from Phillip Capital. Please go ahead.

Surya Patra: Sir, first question is on the gross margin front, so is it fair to believe that last 4 quarter where the gross margin levels were like 63-64 in that range, so that was a kind of phase of preparation and now we have come back to normalcy and if yes, what is driving this? So, like the challenges of the API is nowthat is how we should think for the cost optimization thing or the input prices are corrected to such a significant level, so hence the benefits have been driven, so could you give some more color to this, sir?

Harish Kamath: I think that formulation business improvement is good, so that is also driving. Then input costs are also lower. That is also helping and normally the current year also your API business is lower. API margins are normally lower than the formulation business, so overall on mix also, margins are improving and plus on API side, we are also taking furthermore, the cost optimizations and other drive. So, that is also resulting in better margins on API. So, overall all these factors will result into almost around 3.5% to 4% kind of improvement in the gross margins.

Surya Patra: And this is the sustainable one?

A. K. Jain: This is sustainable one, yes.

Surya Patra: Sir, the second thing is about the Unichem acquisition, so what is the way forward, sir, in fact the first part of the trade, we see this that has happened and so as you were mentioning that once the majority controlling stake that you acquire then you will start integrating because the management control that you will be having, so could you throw some light to that acquisition?

A. K. Jain: I think our open offer is opening on 28th of August and which will close, maybe around by 8 September or so, and all the payments will be made by around 20th of September, so practically by maybe September end and all, the whole process of integrations and all will start, but we have already started working on which are the products on which the market extensions are possible and we have started interacting with some of their teams, but practically on ground actions will start only after completely we are in the management here.

Surya Patra: So, that in number integration or the integration of the financials will only happen after the commencement?

Harish Kamath: Philip, it will start from September end because hopefully everything should be over by September 20 and we should be having management control over that company. So, second quarter result consolidation will happen from the date we got those control.

A. K. Jain: Maybe, I think few days consolidations would happen, but I think the major part will start happening from the third quarter onwards, yes.

Surya Patra: And sir, coming back to the domestic formulation business for Ipca, so positive surprise with the 20% plus kind of growth and all that, so any one-off kind of contribution that you have witnessed or how is it, sir?

A. K. Jain: No, we have done, I think business growth of around 14% in domestic formulation and that is on the back of our most of the therapies are doing well. In fact, if you look at the business growth, what we have in, pain management has delivered around 15% kind of growth, Cardiovascular and Antibacterials more or less around close to 10% kind of business growth on that, then our CNS business has grown by around 21%, Derma business has grown by around 24%, our Urology business has grown was around 26%, Ophthalmology by 15% and Neutra, we have small business which is declined by around 11% and Cough and Cold business has delivered around 11% kind of growth. Only segment where we have not received good growth is Antibacterial where the business growth was only around 5% in this quarter on the first quarter, yes. So, rest all businesses has done well in the quarter and both on Acute and Chronic we are bidding the market. In fact on Chronic, we had two rank jump in this particular period, but on Acute side we have maintained the rank just 15th in the overall as per IQVIA.

Surya Patra: Is it right that in the previous quarter we had seen some kind of a pressure for our key brand like Zerodol and all and now it is normalized, is that the right understanding and also about the field force addition that you had in the recent past, whether it is fully captured and you have started seeing a kind of at least expected level of contribution from that field force expansion?

A. K. Jain: Yes, field force expansion is also resulting in much better now and that is also helping us like say, your CNS business growth, because we have started one more division, so business growth is much better. In fact, on our Rheumatoid Arthritis division, the second division, in very first year, it has become productive and started delivering very good growth and margin also. And in Cardiovascular, that one division which we launched, which is Cardinova and it has reached to break even in very first year and another division which we have added, it may take one more year to get to the break even. As far as the Pain segment and more particularly on Zerodol side in that division also we have added almost around 300 people and there also we are seeing the overall good traction, but overall Pain market itself, the growth has come down and therefore earlier we used to have around 19% kind of growth on Pain segment, this quarter we had a growth of around 15% on Pain segment.

Moderator: Thank you. The next question is from the line of Rohan Vora from Purnartha Investment. Please go ahead.

Rohan Vora: So, my question was that when would we start seeing operating leverage flowing in from new field force that we hired in the last one year and the freight cost that has normalized, so when would that start flowing into EBITDA margins?

A. K. Jain: Let us say freight cost has already normalized and therefore you have seen that our energy cost has also somewhat stabilized and therefore in this quarter, if you see our manufacturing and other expenses had just moved by around 3% or so. So, there is not much of increase in other expenditure and as far as productivity is concerned, the major people were added one is in the Cardiovascular, Rheumatoid Arthritis and also in the division where we are marketing Zerodol. As I have already said that almost around 300 people are added close to that number in our Rheumatoid arthritis second division what we have started. That has become productive in very first year. One Cardiovascular we have started two division more, so one division has already received a breakeven in very first year, second division will reach to the breakeven level in next financial year. On Zerodol range where we have added people that is also resulting in the overall productivity increase, but overall on pain side, if we look at we were growing by almost around 19% or so. This quarter the growth is lower because the pain market itself growth has little come down. Then another area where we added the people was one in CNS segment and in very first year that division is also becoming productive and above breakeven. So, overall, the addition of the people, only division where the people will take little more time to become productive is the ophthalmic division where it will take almost around 3 years for people to become productive and start delivering breakeven, so it has been a good additions and we have already started gaining the productivity.

Moderator: Thank you. The next question is from the line of Harsh Bhatia from Bandhan AMC. Please go ahead.

Harsh Bhatia: Sir, I wanted to clarify one of the earlier statements that you made in terms of the guidance of 10% to 12% decline in the API business, so there is one element of the malaria API pricing taking a hit, is there anything incremental that is happening on the non-malarial API site?

A. K. Jain: Major impact has come of malaria and also if the impact has also come because all KSM prices are soft and because KSM prices are soft, the API pricings are also soft and more particularly on Sartans, the starting material used to be around $18 to $20 has come down to almost around $6.5 now. So, it is a significant decline on the KSM prices, which is resulting in almost around price of Losartan in the market used to be around $100 to $120, now it has come to maybe around close to the 55-60 level or so, so even though you have similar kind of volume there then because of price decline, your revenues are declining. So, that is also resulting in overall lower numbers for the API business.

Harsh Bhatia: So, it has more to do with the pricing aspect and very limited to do with the volume aspect?

A. K. Jain: I think on KSM level significant price decline has happened and that is resulting in and practically the KSM manufacturers are losing money now at that level. So, it is not that these things will continue for very long, maybe matter of 6 months, the KSM prices will again start rising.

Harsh Bhatia: And this shift in this KSM prices, is it happening from the domestic manufacturing side or is it happening from the import aspect?

A. K. Jain: Because import it is more and the domestic producers are also, they have to match the prices. Otherwise they will not be able to do the business, but it is more driven by your import side and domestic people are matching the pricing.

Harsh Bhatia: And the margin guidance at this time we have gained across other income, the 19%-19.5%, this is purely from the base business aspect, right? That does not include any aspect of the Unichem consolidation for the entire year?

A. K. Jain: No because Unichem, we are not in management right now. So, open offer gets completed and everything then only consolidations and everything will start.

Harsh Bhatia: And if it is possible, can you help us with productivity of the Zerodol division, if it is possible, the PCPM number?

A. K. Jain: Normally, we don't give the division wise productivity number, but overall our company as a whole on a field force size of almost around 6180 people, overall monthly productivity is around Rs. 4.22 lakhs which last year same period it was Rs. 4.08 lakhs.

Moderator: Thank you. The next question is from the line of Naresh Suthar from SBI Life insurance. Please go ahead.

Naresh Suthar: Sir, your guidance on this year’s margin, 19%-19.5, this includes the favorable mix in terms of higher India and lower API and other export markets, so next year when the product mix normalizes will you see some part of reversing in FY25 the margins similar to FY24 level or do you see more improvement from FY24 level?

A. K. Jain: The margins will definitely improve because our formulation business is rising faster and thus also the productivity of people will also go up.

Naresh Suthar: So, can you quantify how much product mix led the margin expansion you are seeing in FY24?

A. K. Jain: We have not done the working on overall basis, so I have not done the working on each element wise. Maybe I think when next time we have next quarter call, I think I will get those numbers also ready.

Moderator: Thank you. The next question is from the line of Kunal Dhamesha from Macquarie. Please go ahead.

Kunal Dhamesha: Sorry to half back on this topic, but somehow when I recheck my number without other income, we were at around 15% margin, so I am not sure where the discrepancy is coming from for the last year, I am seeing on a consolidated basis and if I include other income last year, it would be 16.5?

Harish Kamath: We are speaking all numbers on standalone basis and I think you are going for consolidated.

Kunal Dhamesha: And sir, this quarter then, any drag from some of our other subsidiaries like Onyx, Pisgah, if you can share some color there would be helpful?

A. K. Jain: The drag is only around Rs. 3 crore I think in the first quarter and things are improving there. On consolidation basis, if you look at my numbers, on standalone your profit after tax is around 166.58 and for giving the impact of consolidation, your PAT number is around 162.82 so it is around Rs. 3.76 crore.

Kunal Dhamesha: And any details on our CAPEX plans and any update in the existing work for the plants that is going on?

A. K. Jain: Overall CAPEX in current year is likely to be around Rs. 300 crores and the major additions is the one Bio-tech plant which we are building up in MP.

Kunal Dhamesha: And then what would be the CAPEX investment there and the bioreactor capacity?

A. K. Jain: It will be almost around Rs. 150 crores.

Kunal Dhamesha: And the bioreactor capacity, for that.

A. K. Jain: I think it is 1500 liter, I think 2000 liter and that is the kind of reactors are there and 1500 liter or something of that type.

Kunal Dhamesha: And this would be focusing more on the India and emerging market?

A. K. Jain: It is a developed market also. We have taken opinion on our clinical protocols from Europe, UK and I think US regulators also. So, our clinical designs are all based on checking those inputs, so filing will be for global market.

Kunal Dhamesha: And then last one on the KSM pricing, you alluded that KSM prices would again probably start going up, so to that extent, we would also be able to take the API price hike, is that the fair assumption?

A. K. Jain: It is a fair assumption, yes.

Kunal Dhamesha: So, we will have those contracts in which there will be escalation clauses based on KSM prices, right?

A. K. Jain: Normally, we don't find the long-term contracts for API site. It is only with MNCs or some kind of those customers, it may be around 6 month kind of contract, and in past also, we have been adjusting the prices, so there are no issues as far as passing on those kind of cost.

Moderator: Thank you. The next question is from the line of Rahul Jeewani from IFL Institutional Equities. Please go ahead.

Rahul Jeewani: Sir, our console EBITDA margins last year were 100 basis points lower than the standalone EBITDA margin, so do you think a similar drag would be there in FY24 as well from the various subsidiary of ours, so do you think that drag would come down?

A. K. Jain: The drag is already coming down. Practically in this quarter, this is around Rs. 3.5 crore and things are improving, so drag will come down.

Rahul Jeewani: Sir, that Rs. 3.5 crores drag is at PAT level, so what would be the drag at the EBITDA level for 1Q?

Harish Kamath: There is not much difference between, most of those companies there is no finance cost and only some depreciation, that is all, not much.

A. K. Jain: It is around half a percent point, yes.

Rahul Jeewani: And sir, after the acquisition of Rs. 33-Rs. 34 crores stake in Unichem for Rs. 950 crores, what is our cash balance as of now and after the open offer also loose, so do you think that we will have some sort of higher interest expense going forward?

A. K. Jain: Interest cost is overall our borrowing level will remain around Rs. 1,000 crore or so, net borrowing and since the interest rate has moved up both on Indian rupee and foreign currency loans, so earlier, all the foreign currency loans were very cheap. Now the interest rate is almost around 7%-7.5% kind of interest rate. So, at that level, your overall finance cost may be around Rs. 100-Rs. 120 crore for the year.

Rahul Jeewani: After factoring in whatever you need to pay for Unichem acquisition?

A. K. Jain: Yes.

Moderator: Thank you. The next question is from the line of Surya Patra from Phillip Capital. Please go ahead.

Surya Patra: Sir, if you can just update us about your US FDA facility inspection for the plant though and what is the kind of expectation on that US business front so far as our portfolio is concerned?

A. K. Jain: All the three sites are inspected and we have already replied. There are no repeat observations and also there are no kind of data integrity kind of issues. So, hopefully we should get cleared and I think it is only a matter of time because I think somewhere Ratlam inspection was closed in mid of the June, so probably 90 days thereafter or so I think hopefully we should hear from regulators.

Surya Patra: Sir, then hypothetically, if we assume that hopefully things are getting resolved by the second quarter or the best third quarter, so what would be our business model there in the US? So, our focus would be API to start with the old API product and the old file has to be activated, what will really happen and what timeframe that you anticipate to see some supply happening from your Indian facilities and how would that be complemented or not impacted by Unichem acquisition, if you can say something about that?

A. K. Jain: I think Unichem has much bigger platform of US sales. So, we would like to integrate those kind of platform. So, maybe that will become our frontend. So, we will definitely look at that. Right now, it will not be right on my part to comment on that part and we don't know how long it will take because sometimes the import alert lifting may take some time. So, right now, we cannot say that when the business would start. So, we will take call around that time, but our focus is likely to be more on formulations, not on API.

Surya Patra: About the formulation exports as when you are talking about the formulation business growth is looking strong, so could you talk something about the formulation export which has been subdued a bit since some time and whether this challenges what you have been facing in Europe and particularly in UK, all those things have got resolved and what is the current outlook in the key market that you are having for the formulation exports?

A. K. Jain: I think Europe has delivered very good growth; the UK has started coming back. I think Europe which includes UK also, last year, first quarter, the business was Rs. 73 crores, this year, first quarter it is around Rs. 119 crores. So, there is almost around 63% growth and this trend is continuing. I think for all of the year the UK may deliver almost around Rs. 130-Rs. 140 crores kind of business as against Rs. 64 crores what we had in last financial year. So, overall, we are seeing good tractions from European market and other markets like Australia, New Zealand and except South Africa where we may see some kind of decline because some of the tenders we have lost there and Canada business may remain some muted, but Australia, New Zealand and European business will do well. So, overall, looking at that, we have given the guidelines that in the current year or on generic formulation side, we should have around 7% to 8% kind of growth. First quarter, we have seen the growth of around 11% and on institutional generics, because up to second quarter, the business impact on injectable, so that will also result in lower growth and first quarter your antimalarial WHO qualified formulation business was lower. Of course, the orders have now started coming in and good orders are there in hand, but that will definitely impact not only first quarter, it has impacted and some impact will be there of these two factors in second quarter, but on third and fourth quarter there would be good recovery.

Surya Patra: And just one last question, sir about the facilities, so when the Unichem was not there in size, so we had a plan of having an end-to-end integrated operation by activating that Novel **(Inaudible) 38.14** site in Nagpur and hence KSM dedicated facilities in the Nagpur site and all, now with Unichem facilities are getting added post the acquisition, what thought process that we are currently having about capacity build up and for the integrated operation what we have been thinking long back?

A. K. Jain: We already have good amount of integrations from API to formulations close to almost around 54%-55% of our formulations are based on our own APIs overall on the company as a whole.

Surya Patra: I was talking about the KSM integration, sir?

A. K. Jain: KSM integration part, we are already working. We have set up our first plant on continuous process and I think that plant should start operating from maybe around October or November. It is under installation right now and once the validations and all start I think from that side, first product for Furosemide, one raw material will start producing in-house through the continuous process and we have around 2-3 more candidates in pipeline on which we are currently working and so far we have not placed the order. We will learn from this particular product and thereafter we will place the order and the plant cost is very small, it is not very large. This continuous process plant for one of the KSMs which we have set up may be around Rs. 25-Rs. 30 crores. So, plant cost on continuous process is not going to be very high, but overall it will result in much better throughput and also lower overhead cost.

Surya Patra: And if you can update about the Dewas site commissioning and execution and utilization, sir?

A. K. Jain: Dewas site is so far not inspected by any agencies. We have started filing, I think 4 products are validated from there and filed in various markets. Furthermore validations are happening from that site, so maybe I think by year end or so we may have some kind of domestic business or some small business coming in from the markets where no such inspections are required, but probably I think in the second-half of the current financial year, some inspections would start happening from European authorities and other and thereafter the business will scale up. So, for one year we have already discussed it earlier also that this is the cycle one has to follow that you do for validation of the batches, generate the three batches and thereafter file with regulators and once they inspect the plant, then only the business and approval come, then only all these export business will start. So, I think current year also this plant will continue to have losses, yes. Its continuously establishment and validation of products will do and generate stability data and filing work is currently happening.

Surya Patra: Just last one, sir on the Sartans, which is the key product for our API portfolio, we had seen some impurity challenges along with the industry last year and we have been trying to have new modified process approved from the regulators in the Europe, so that possibly we have already done and also in the recent past we have seen enhanced competition from the domestic leading large players also so far as API is concerned, so now having seen all these impurity challenges in the recent past and enhanced competition, what your outlook that you are having for your key portfolio that is Sartan?

A. K. Jain: I think impurity challenges, which were more particularly on Nitrosamine and Azido impurities and all now it is like whole industry is working for last 1-1/2, 2 years and most of the issues are now addressed, so this is all the thing of past. Somewhere the processes are filed, somewhere process filings are happening on the newer APIs and all, but recently regulators both US and Europe both have come out with the guidelines further and we don't foresee any reason on any of our API not meeting those kind of guidelines. So, now we don't have any kind of those challenges.

Surya Patra: But how do you address the competition, sir, enhance competition for short terms?

A. K. Jain: Sir, basically it is a cost reductions and on continuous basis working on to reduce the cost and process optimization that is the only answer and building the higher volumes.

Surya Patra: So, that means we can say that Sartan portfolio is kind of a normalized after seeing whatever the hiccups in the recent past?

A. K. Jain: Yes, it is in the process of normalization because some of the processes which were reduced cost processes which we have filed, I think some market we have received approvals, but in LATAM, Brazil and others, those approvals are still to come. So, somewhere the costs are still on higher side because as we had discussed earlier that our first focus was to come out with the process, so we have filed initially the process which has a little higher cost and thereafter we have come out with a much better process where the cost is much lower and that process filings has happened, but some market approvals are still pending.

Moderator: Thank you. The next question is from the line of Vaibhav Acharya from Honesty and Integrity. Please go ahead.

Vaibhav Acharya: Sir, just trying to understand from a longer term perspective that post the acquisition of the Unichem, I think we can make use of our Bayshore platform which we were earlier not probably able to optimize, so what is your thought on that and can it contribute significantly to Ipca's profitability on a consolidated basis going forward?

A. K. Jain: Unichem is much bigger platform than Bayshore and for our future US business we would like to use the Unichem platform rather than using the Bayshore platform. So, Bayshore, we will try to integrate with that of Unichem portfolio and we will integrate the entire team and other things so that there are more cost reductions on operating side would happen, so that is the thinking, but it all will start happening once we are there in the management.

Vaibhav Acharya: But. I think Unichem doesn't have any frontend which our Bayshore has, so Bayshore will continue to be Ipca's?

A. K. Jain: No, Unichem has a much bigger frontend. They are almost around more than 30 people, very good team and very good US business, yes.

Vaibhav Acharya: And when you provided your overall number obviously on a standalone basis you provided and we know some of the other existing subsidies that you have, but from September onwards for six months, the drag will also come from Unichem on a PAT or PBT basis, so just wanted to understand your thoughts on it, will there be any drag, it will be significant? How much that would be, I don't want an exact number, but a broad quantitative commentary would be helpful?

A. K. Jain: I think the Unichem is also improving their performance and we will only be able to provide you once we are there in the management. Right now, it will not be right for on my part to talk of that, yes.

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

A. K. Jain: Thank you. Thank you for participating in Q1 FY24 Conference Call of Ipca. Thank you all the participants. Thank you.

Moderator: Thank you. On behalf of DAM Capital Advisors Limited, we conclude today's conference. Thank you for joining, you may now disconnect your lines.