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August 12, 2024

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G-Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400051.

Stock Symbol: JBCHEPHARM

Dear Sir,

Subject: Transcript of Investors/Analysts call

Ref.: Disclosure under regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 read with Schedule III and Regulation 46(2)(oa) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find Transcript of Conference Call which was scheduled for Investors and Analysts on August 9, 2024 at 2.00 p.m. IST in relation to results and developments for the first quarter ended on June 30, 2024. The same will also be available on the website of the Company www.jbpharma.com.

We request you to take this on record.

Thanking you,

Yours faithfully,
For J.B. Chemicals & Pharmaceuticals Limited

Sandeep Anil Phadnis

Digitally signed by Sandeep Anil Phadnis
Date: 2024.08.12 17:30:33 +05'30'

Sandeep Phadnis
Vice President – Secretarial
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J. B. Chemicals and Pharmaceuticals Limited

Q1 FY25 Earnings Conference Call
August 09, 2024

This transcript is published as is what we have received from our vendor who manages the conference call. We would request you to go through the audio recording in case you want to reconfirm anything that has been mentioned in the transcript

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Moderator	Ladies and gentlemen, good day and welcome to J. B. Pharma's Q1 FY25 Earnings Conference Call as on the 9th of August 2024.
	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 call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.
	I now hand the conference over to Mr. Jason D'souza - Executive Vice President at J. B. Pharma. Thank you and over to you, sir.
Jason D'souza	Thank you. Welcome to the Earnings Call of J. B. Pharma.
	We have with us today, Nikhil Chopra - CEO and Whole-Time Director; Kunal Khanna - President, Operation and Narayan Saraf - CFO at J. B. Chemicals and Pharmaceuticals Limited.
	Before we begin, I would like to state that some of the statements in today's discussion may be forward-looking in nature and may involve certain risks and uncertainties. A detailed statement in this regard is available in the Q1 FY25 results presentation that has been sent to you earlier.
	I would like to hand over the floor to Mr. Nikhil Chopra to begin the proceedings of the call for his "Opening Remarks".
Nikhil Chopra	Thank you, Jason, and a very warm welcome to each one of you. Thank you for taking the time to join us.

I will share my perspective on J. B. Pharma 1st Quarter Performance and give some Insights on the prospect for growth:

I am happy to share that J. B. Pharma has delivered a robust 1st Quarter. And also for the first time during any quarter, we have crossed quarterly sales of INR 1,000 crore. Reported revenue for Quarter 1 FY25 stood at Rs. 1,004 crore which is an increase of 12% year-on-year.

Gross profit margin stood at 66.2% higher by 80 basis points. Our operating EBITDA that is EBITDA excluding non-cash ESOP cost recorded a strong increase of 20% year-on-year to INR 292 crore.

I shall now move on to our “Business Updates”:

The domestic business has delivered traction with the revenue of Rs. 595 crore in Quarter 1, up 22% year-on-year. Excluding Ophthalmology, our domestic business has grown at 13% year-on-year. J. B. Pharma continues to be one of the fastest growing companies in top 25 in Indian pharma market where we have delivered 12% growth against industry 9% as per IQVIA Quarter 1 FY25 data. Amongst our big brands, Cilacar, Cilacar-T, Nicardia, Metrogyl, and Sporlac gained ranks as per IQVIA MAT June 2024 data. Along with the brands, our brand franchisee are also registering strong growth. Our volume growth as per IQVIA Q1 FY25 on a like to like basis was higher by 300 bps than the IPM volume growth.

I am also happy to share that with the recently added Ophthalmology portfolio, our domestic business now accounts for 60% of our overall topline in Quarter 1 FY25. This is a significant achievement considering domestic business was 44% overall in revenue in FY21, so from 44% in FY21 in Quarter 1 FY25, we are 60%.

Domestic business is contributing 60% to the overall revenue. The acquired portfolios are also sustaining momentum as per IQVIA MAT June 2024. Sporlac is Rs. 100 crore brand having delivered CAGR of 20% over 3 years.

Our Razel franchisee that is Rosuvastatin delivered a robust growth of 29% during the year to a revenue of Rs. 89 crore as per IQVIA MAT June 2024 data. Further, our Ophthalmology portfolio is scaling up well. We have had a smooth transition and have managed to attain revenue momentum for this portfolio in short period.

Let me turn the attention to our International Business where we have seen stable revenues of Rs. 409 crore during Quarter 1 FY25. International formulations grew at 5% year-on-year and if we exclude South Africa business, then the international formulations grew at 10% where ROW and Russia delivered robust growth.

In the CDMO segment, we saw some moderated quarter due to muted cough and cold season across the world. Revenues were at Rs. 106 crore for Quarter 1 FY25 for CDMO business. This business is likely to pick up in second-half of the year starting September month.

On the balance sheet:

We have further strengthened the organization. The operating cash flows have improved. We have reduced our Rs. 249 crore of debt in Quarter 1 FY25 and our net cash position has further strengthened. We are maintaining our operating EBITDA margin guidance in the range of 26% to 28%.

The domestic business should continue to grow better than the Indian pharma market, backed by strong brand franchisees and traction in the acquired portfolio. In CDMO, we expect realization momentum in the second-half as shared earlier. Russia and ROW business will continue to perform well and South Africa business should begin to record growth in second-half of the year.

As shared earlier, last 5 quarters, we had taken a haircut of around Rs. 150 crore for our South Africa business, which was more of tender business. We remain focused on making the organization progressive and future ready. That brings me to the conclusion of my opening remarks.

I would like to call on Mr. Narayan Saraf - our CFO, to share his views on the Financial Performance for the Quarter. Over to you, Narayan.

Narayan Saraf Thank you, Nikhil. A very good afternoon everyone and welcome to our Earnings Call.

I will now take you through the "Financial Highlights for the Quarter 1 FY25:

Revenues for the quarter were at Rs. 1,004 crore, representing an increase of 12% year-on-year. The domestic to international business mix was 59% to 41% respectively. The domestic business achieved revenues of Rs. 595 crore with growth of 22%. The international business remained flattish generating revenues of INR 409 crore. CDMO business was impacted due to muted season and the international formulations business excluding South Africa improved by 9% year-on-year.

Gross margins for the quarter stood at 66.2% expanding 80 basis points from last year's Quarter 1. In the quarter, our operating EBITDA excluding ESOP cost was at Rs. 292 crore, reflecting a 20% year-on-year growth. The margins were at 29% and expansion of 190 basis points as compared to 27.1% in the same quarter last year. On the expenses side, the total employee cost including ESOP increased by 12% to Rs. 167 crore. ESOP cost was at 4% of the reported EBITDA versus 5% year-on-year.

Other expense as a percentage to sales improved by 130 basis points positively impacted by continuous focus on optimization of overhead and marketing spends. Freight costs continue to be higher impacted by geopolitical issues.

Finance cost reduction is due to prepayment of term loan and hence profit after tax was at Rs. 177 crore, which increased 25% year-on-year.

I am happy to report that our gross debt as of 30th June 2024 came down to Rs. 108 crore from Rs. 357 crore as on 31st March 2024. While our operating margins have improved significantly in Q1 FY25, we reiterated our guidance for operating margins between 26% and 28%.

On the balance sheet side, we continue to focus on managing our working capital efficiently and improving on return on capital employed. Our operating cash flow continues to remain healthy and we are net cash positive of Rs. 313 crore. As we continue on this journey of growth and transformation, we remain confident on a positive outlook through opportunities for the Company and providing value to our stakeholders. That concludes my opening remarks.

I now request the operator to open the floor for the question and answer session. Thank you.

Moderator Thank you very much. We will now begin the question and answer session. The first question is from the line of Tausif from BNP Paribas. Please go ahead.

Tausif My first question is on the domestic business ophthalmic portfolio, is it possible can you share the overall growth of this business witnessed on Y-o-Y basis and also it has been almost 6 months of integration, what has been your key learning challenges and how do you see this business going ahead?

Kunal Khanna See, on the ophthalmic business side, we have been very positive on how the business is shaping up over the last 6 months. Our main focus was to kind of re-energize the brand assets which we have taken and we are seeing very good results after we have seen the transition happen on our side. Just to give you a sense, we have also kind of invested incrementally on the field course. So the reps who were working on the ground when it was taken from the erstwhile organization were close to 70. We have increased that field force size to closer to 105 and as a result of which we are seeing positive traction on the secondary demand as well. We have always maintained that this is a portfolio which we will grow closer to mid-teens just to give you a broad sense from an annualized run rate perspective. Last year, the portfolio clocked annualized sales of close to Rs. 160 crore. We maintained that the annualized run rate for this financial year for us will be Rs. 180 crore and plus. So that gives you a sense of the growth which we are looking at and from H2 onwards, this financial year, we will also be looking at adding some new introductions. Significant part of that will materialize in terms of commercial opportunity for us for the next financial year.

Tausif Sir, my second question is on the CDMO business after the muted start for the years, do you maintain your guidance for double digit growth for FY25 in this business?

Nikhil Chopra Yes. So what I shared earlier in my commentary is, September onwards, we will see that traction in this business. The way this business is positioned because of the extreme heat condition across the globe and because of the climatic conditions, our order books are more in place for Quarter 3 and Quarter 4. And there are a good number of new projects which are on. So by the end of the year, we should be able to deliver double digit growth for CDMO.

Moderator Thank you. The next question is from Rahul Jeewani from IIFL Securities Limited. Please go ahead.

Rahul Jeewani Sir, you indicated that the volume growth for us in the India business this quarter was 300 basis points ahead of the IPM volume growth rate. So can you just take out the 12% growth which we saw as per secondary data between volume price and new launches?

Kunal Khanna So volume growth has been the main driver for us, which has been (+4%). If we look at some of our key big large franchisees as well, Cilacar, for example, has grown at 13%, Cilacar combination T has grown at closer to 20% volume growth and even our Razel franchise as reflected in IMS is taking a volume growth of closer to 20% plus. Metrogyl is higher single digit volume growth, which is substantial for a mature brand like this. So overall, if you really look at it when we are looking at a 12%, 4% volume close to 6% is coming in terms of price and there are new introductions which are attributed closer to 2%. And we maintain that this volume growth, which we have always mentioned, we should be higher than IPM given the trends which we are seeing of our big brand franchisees, we will continue to drive that volume growth going ahead as well.

Rahul Jeewani And sir, on the gross margins, we have seen a very strong improvement this quarter and this was despite the dilutive impact of the Novartis Opthal acquisition. So can you please explain in terms of what is driving such a strong gross margin performance for us?

Nikhil Chopra So I think what was shared earlier, Rahul is if you look at overall in India, the growth which we are seeing in particularly volume is coming in the chronic part of the business. Overall the mix is improving, which is overall helping us in terms of deriving better gross margins. And in spite of what you shared, that Ophthal business being dilutive in gross margin, still we are able to maintain 65%-66% of gross margin. Also, this quarter we saw very good performance in our Russia business which also helped us in terms of maintaining our gross margins and this was particularly in our supply to CIS countries. That has helped us and that will continue to happen for Quarter 2 and Quarter 3 for Russia business and South Africa business, though it may be small, but overall, you should see topline growing and Quarter 1, our gross margin and profitability also have propelled up in a small way. So these all factors put together are helping us in maintaining gross margin 65% to 66% in spite of Ophthal business being dilutive in gross margins.

Rahul Jeewani And sir, you indicated that the CDMO business would pick up in the second-half of the year, and typically the domestic and the CDMO business are the highest EBITDA margin segments for us. So given that in 1st Quarter itself, we have delivered operating EBITDA margins of 29% and with the scale of which we anticipate in the CDMO portfolio in second-half. Do you think that we are being conservative on our operating margin guidance of 26% to 28%?

Nikhil Chopra See, Rahul, the way it works, if you look at overall the trajectory for India business being acute and this year acute portfolio has contributed overall as compared to where we were last year, but this subsides down in second-half of the year. So India business will continue to grow, but H1 you will see overall better mix and better gross margin for India business. That is point number one and point number two, the way things are happening in the rest of the world market and with the logistic issues that we are facing and material availability, keeping that into consideration, all those issues that is why the guidance continues to be 26% to 28% and what we want to also comment that our overall EBITDA margins would be on the higher side of the guidance that we are giving to the market.

Rahul Jeewani And sir, one last question from my end. So are you still evaluating deals in terms of acquisitions in the domestic market?

Nikhil Chopra So we continue to, we have a team of 5 people who continue to evaluate assets depending upon availability, brands, mid-size countries. So that is the process which continues to happen in the Company, Rahul.

Moderator Thank you. The next question is from Rashmi Shetty from Dolat Capital. Please go ahead

Rashmi Shetty When we see your Rantac and Metrogyl molecule, you are saying that from last few quarters and also you have also indicated in the presentation that it is growing at CAGR of 11%-12% over 2 years, so just need to understand the dynamics that how is this Ranitidine market and Metronidazole market is growing, even whether that entire molecule market is also growing in double digit or JB is able to take up more share and growing in double digits. And how is the pricing overall in these 2 molecules?

Kunal Khanna So we just explain you how the market is structured. In both these markets, we have a significant market share, right. So if the market has to grow, JB has to grow. That is point number one. What we have seen both in Metrogyl and Rantac, last year we saw the demand is slightly subdued and we maintained that it was because of the moderate seasonal sales. This year, however, we have seen a good offtake specifically for our Metronidazole molecule where even in IMS reflection you have seen a good volume growth and internally also if we really look at our numbers, our volume growth has been substantial. So we have been able to grow this by the fact that, WPI price benefit was not passed on to Metrogyl as a brand this year, but still it has shown very strong growth. And Metronidazole as a molecule category will continue to be goal standard because there is really no substitute for any anaerobic infection. There are some seasons where the demand tends to be subdued, but that is pretty much about it. Also we have done a lot of incremental innovation for this category, so we will continue to ensure that the molecule continues to be relevant innovation in terms of Metrogyl ER being an SKU where we are putting in a lot of trust that continues to be our focus area. Same goes for Ranitidine, yes, the demand was slightly under stress over the last 2 years, but the good thing to note is that now the steady state has been maintained and within the H2RA category, Ranitidine will continue to kind of drive the market in the Gastro segment. So we are not very stressed about that. We will continue to do life cycle management of this brand and that is how we are trying to grow the market and at the same time gain incremental market share as well.

Rashmi Shetty Sir, and the major growth is coming from the GPs, so it is a mix of both GPs and the specialists and is it something that are we seeing any shift from PPIs to this Ranitidine market?

Kunal Khanna For us, the demand continues to come from Consulting Physicians and GPs. For the life cycle management of certain SKUs, we tend to focus more on Gastro, so for example, Rantac OD, for example, the demand will come from Gastro NCP where that is for plain Rantac, it will come from GPCP, right. So that continues to be the trend for us. So could you repeat the second question?

Rashmi Shetty Are we seeing any shift from PPI to that is your Pantoprazole, Omeprazole, from there to this Ranitidine market, any shift is taking place because of the higher side effects or it is still the same?

Kunal Khanna Doctors continue to be guarded about the long-term side effects of PPI, but in all fairness, we don't see any significant prescription shifts happening as of now. As we mentioned, H2RA have their own relevance and they will continue to have their relevance in this segment.

Rashmi Shetty And my second question is on Azmarda, what is the monthly sales rendered you currently have, how is the pricing and the competitive scenario in that molecule?

Kunal Khanna So the market is consolidated for sure. Whatever initial intense competition we saw that has stabilized and it has become our game of top 4-5 players only. We are pleased to state that over the last 4 months, our demand has been steady moving up from 110,000 units to 120,000 units. So we believe our product has achieved a steady state demand of 120,000-125,000 units and we should only see volume growth of double digits from here on.

Moderator Thank you. The next question is from the line of Sumit Gupta from Centrum. Please go ahead.

Sumit Gupta Sir, just want to understand on the EBITDA margin, so what was the primary reason behind the improvement in the EBITDA margin?

Narayan Saraf So very clearly like I mentioned in my comments here as well, the primary division of EBITDA margin was better control on our overheads and marketing spends, which had given us almost 130 basis points of improvement as the operating leverage and secondly, it was by the gross margin where we clearly saw 80 basis points improvement resulting in almost 200 basis points improvement in EBITDA margin and the GC mainly came from better price mix and cost benefits.

Sumit Gupta And sir, just for bookkeeping business, what is the ESOP charge for FY25-FY27, how much is expected to be?

Narayan Saraf For the Q1, it is around 4%.

Kunal Khanna For the year, we had guided to around Rs. 42-Rs. 45 crore.

Sumit Gupta And sir, regarding the debt position, do you have any repayment plans?

Narayan Saraf Like I mentioned that we have already repaid almost around Rs. 249 odd crore of debt. Now, we are left with around Rs. 108 crore out of which we are expecting to pay everything by March of FY25. And there is equal installment which we pay every quarter.

Moderator Thank you. The next question is from the line of Alok Dalal from Jefferies. Please go ahead.

Alok Dalal Nikhil, the organic growth of 13% that you achieved in the quarter, is that sustainable for the full year?

Nikhil Chopra So we should be growing at mid-teens. That is what commentary we have been giving. We expect market to grow at around 8% to 10%, Indian pharma market. We should be able to grow between 12% and 14%. That is mid teen. That is what we have been guiding.

Alok Dalal And second question on new launches, so how many new launches are being planned, including line extensions and which areas will those be in?

Nikhil Chopra So our new launches will be in the world of Pediatrics, will be in the world of GI, will be in the world of Probiotics. That is how. Alok, we try to launch the products where at least we have the big franchises. So you will see us launching some new launches in the world of, last month only, we have launched a topical application for Metrogyl franchisee, then we are getting into the world of Sporlac franchisee, all those new launches. You will see one or two products being launched every two months. That is how trajectory you will see and new products today are contributing to around 2%-3% overall growth. And Alok, why I shared that we should be able to grow better than the market because you have to understand that if you look at today our presence in the categories where we are in India business, if you look at Cardiology market, which is going at 14%, our Cardiology growth is around 16%-17% portfolio, hypertension, heart failure, lipids, overall put together. Pediatric market is growing better than the Indian pharma market. Probiotic market is growing better than the Indian pharma market. Pediatric market is growing better than the Indian pharma market and we have now good dominant presence in all these categories. That is why at least we are confident in terms of delivering mid teen growth for India business.

Moderator Thank you.

Jason D'Souza We will just take a question which has come on the on the board. This is a question on interest cost, do we see interest cost coming down in the next few quarters?

Narayan Saraf So we do expect that the interest costs coming down to almost Rs. 3 crore for Q2 compared to in Q1, we incurred Rs. 6 crore because of the prepayment of loans. So this will continue to come down as you prepay all the loans by 31st March 2025.

Moderator Thank you. The next question is from Pranav Chawla from Antique Broking. Please go ahead.

Pranav Chawla Sir, can you just provide what is the update on our CDMO, we had planned some expansion, we were planning new client additions as well as expanding to new therapeutic areas. Is there an update on that?

Nikhil Chopra So already our lozenges have started going to four countries in Europe. That is, immunity and wellness lozenges we have supplied through our partner to Europe and by January 2025, it will be available probably in more parts of the Europe. That is point number one. This is lozenges for immunity and wellness, combination of Zinc, Vitamin C, Peppermint That is number one. Number two is you should see our Melatonin based lozenges, also should touch the market, probably some markets in Middle East and Southeast Asia by year end that should happen. Already, this work in progress happening for our pain lozenges Ibuprofen, which should see the daylight in mid of FY25 that should happen. By year end or by Quarter 4 financial year, a small quantity of our branded lozenges would also be made available through our partner in US. These are some of the progress that we have made in the world of lozenges and we continue to work on many other projects which at the right time we will be able to share. So these are some of the progresses that we have made in the world of lozenges.

Pranav Chawla Sir, what would be the rough impact of this Red Sea crisis on our other expenses?

Kunal Khanna So some of the logistics costs have certainly been kind of impacted. So freight costs, if you really look at route wise rates, they have for some, out of our 6-8 major dominant routes, 5-6 are already looking at, we are looking at pre-COVID levels and that is why we are keeping a very close watch on the emerging freight scenario. But that is primarily kind of impacted us a bit.

Pranav Chawla And one last question from my end. What is our MR count productivity and is there any plan to expand our field force in this system?

Kunal Khanna Apart from the nominal numbers which we spoke about in Ophthalmology, there is no real significant increase in MR count. So we continue to maintain the same number of reps as we have mentioned in the presentation also, close to 2300 reps plus managers and in the near term, we don't see any need for significant expansion.

Moderator Thank you. Next question is from Rahul Jeewani from IIFL Securities. Please go ahead.

Rahul Jeewani Sir, we obviously have been doing very well in the Cardiac portfolio, but can you indicate your plans in terms of the Diabetes segment? Because I think we were also trying to scale up in diabetes, so have you seen any traction there?

Nikhil Chopra Rahul, we had launched three products in diabetes that is Vildagliptin, Sitagliptin and Dapagliflozin. Unfortunately, couple of products, Vilda and Sita have not done well, but Dapa, though the market has progressed well, we continue to have run rate of around Rs. 15 crore annually. That is where we stand with the Dapa franchisee. Not any big plans we have for metabolics, but we will continue to look at what more we can do in the world of Cardiology with our existing franchisees.

Rahul Jeewani So within Cardiac, do you still see gaps in your portfolio?

Nikhil Chopra So recently we have in-license one product from Novartis that is Inclisiran which is for LDL and triglyceride lowering agent which is one of its kind. The cost of therapy is as high as Rs. 3 lakh a year and it is one injection on day one, second injection on month three and third injection is 6 months. That is a starting first year dose and then subsequently 2 injections in a year. We are one of the companies, Novartis has in-licensed this product to three companies in India and based on our cardiology presence, we were one of the partner who has been chosen. So we will continue to look at this type of opportunities whether it comes in terms of in-licensing, whether it comes in terms of partnering or tomorrow organically we want to launch any of the portfolio which can fulfill the gap and need in the market.

Rahul Jeewani So on this product, we are one of the three in-licensees for the product?

Nikhil Chopra Yes.

Rahul Jeewani And sir, on the export business, we started this rationalization of the South Africa tender business, I think in last year second quarter. And now it will be in the base going forward. So do you think that our export business growth would now start picking up from second quarter onwards, given that the South Africa nationalization would be in the base?

Nikhil Chopra So that is what I shared in my comment, Rahul that quarter to onwards you should start seeing mid teen growth happening for our South Africa business and that will contribute to growth for our international business in the coming time.

Rahul Jeewani And sir, in terms of outlook for the overall international business in terms of growth, because obviously we don't have the base for the South Africa business to model in that growth, but in terms of overall export business, how do you think the growth would pan out?

Nikhil Chopra So if you look at what I shared earlier, Rahul that see the way this business happens and I think earlier also was spoken about because of the entire logistic issues that we have been facing, material availability issues that we have been facing, the order book looks robust for Quarter 2 onwards that is where we stand. And you should see business coming back to double digit growth Quarter 3 onwards for this part of the world that should happen.

Moderator Thank you. The next question is from Vilina Jain from Perpetuity ventures. Please go ahead.

Vilina Jain Sir, could you highlight the margin benefit that we could get from improvement in the South Africa business?

Nikhil Chopra The South Africa business is Rs. 250 crore which is hardly contributing 5% of the revenue. It will have some impact, some improvement in terms of margin, but that would not be any big significant. That is how it will stand.

Moderator Thank you. The next question is from the line of Maulik Varia from B & K Securities. Please go ahead.

Maulik Varia I had one question regarding raw material cost, sorry, I joined a little late, so it is repetitive question. So there are geopolitical issues and are there any issues being faced by us? You mentioned something about raw material to previous participants, wanted a little more clarity on it, sir?

Kunal Khanna On the raw material side, what we maintained was that our gross margin should be in the range of 65%-66%, despite the fact that Ophthal portfolio has come in and our earlier estimate was that we will be able to maintain the steady state 65%-66% without Ophthal. Having said that we have shown that within Ophthal also because of the good product mix, good contribution from India, we have been able to drive good performance on the gross margin side and we should be able to maintain this range of 65%-66% going ahead also. Having said that, we are kind of watchful about what the situation is and the best we can do is try to focus on driving cost improvement initiatives and a lot of these initiatives around raw material, packaging materials have shown us benefits apart from the healthy product mix.

Moderator Thank you.

Jason D'Souza We just have another question on the board. The question is on Azmarda. What has been the overall performance of Azmarda and how is the market for Azmarda looking like for Sacubitril Valsartan?

Kunal Khanna The market for Sacubitril Valsartan heart failure continues to be extremely attractive. The last one year post the LOE event saw a significant influx of generics and that is why there was the competition intensified, probably more than what we had initially anticipated. But this is a molecule category which we believe will continue to grow in double digits volume terms for the next 5-6 years. We have already spoken about the fact that more than 10-15 million patients suffering less than 15% diagnosis. So there is no reason why the market should not expand and we will continue to be a dominant player in this category. The good thing now is that it is consolidated, so it has become a game of 4-5 key players and we continue to be among the top 3 players in this category. And we are also seeing good steady state demand improvement for our portfolio. So our run rate continues to be in the range of 120,000-125,000 units per month and we only expect double digit volume growth in this particular category going forward.

Moderator Thank you very much. That was the last question. I would now like to hand the conference over to Mr. Nikhil Chopra for closing comments.

Nikhil Chopra Thank you all for the participation in today's call. And as shared earlier, the Company is moving towards how we build the momentum in terms of what we have achieved over last 3-4 years. Quarterly run rate being now Rs. 1,000 crore, the onus in on us in terms of how we build on this trajectory that we have achieved which is a milestone for us and continue to grow the business, mid-teens and EBITDA margins as what we shared earlier between 26% and 28%. And deliver EBITDA margins on the higher side of the guidance that we have been giving and we want to grow the profits better than the topline and basically create value for all our stakeholders and build our organization which is more progressive and future ready. That is what is the intention going ahead. Thank you all.

Moderator Thank you very much. On behalf of J. B. Chemicals and Pharmaceuticals Limited, that concludes this conference. Thank you for joining us, ladies and gentlemen, you may now disconnect your lines.