"Strides Pharma Science Limited
Q1 FY24 Earnings Conference Call"

August 02, 2023

MANAGEMENT: **1. MR. ARUN KUMAR**
– FOUNDER, EXECUTIVE CHAIRPERSON & MANAGING DIRECTOR

2. MR. BADREE KOMANDUR
– EXECUTIVE DIRECTOR - FINANCE & GROUP CFO

2. MR. VIKESH KUMAR
– CFO - FRONT END BUSINESSES

INVESTOR RELATIONS: **MR. ABHISHEK SINGHAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY24 Earnings Conference Call of Strides Pharma Science Limited.

As a reminder, all participant lines will be in listen-only mode, and you can 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 now hand the conference over to Mr. Abhishek Singhal. Thank you, and over to you, Mr. Singhal.

Abhishek Singhal: A very good afternoon, and thank you for joining us today for Strides Earnings Call for the First Quarter Ended Financial Year 2024.

Today, we have Arun - Founder, Executive Chairperson, Managing Director, Badree, Executive Director (Finance), and Group CFO, to share the "Highlights of the Business and Financials for the Quarter."

I hope you have gone through our results release and the "Quarterly Investor Presentation" uploaded on our website and the Stock Exchange website. The transcript for this call will be available in a week on the company's website. Please note that today's discussion may be forward-looking and must be viewed concerning the risks of our business. After the end of this call, if you have any further questions, please feel free to contact the Investor Relation team. I now hand over the call to Arun to make his opening comments.

Arun Kumar: Good afternoon, and thank you, Abhishek. We appreciate everybody's time today for attending our call.

Let me start by saying this has been an extremely pleasing quarter in terms of performance. We have bounced back strongly with three consecutive quarters of EBITDA in greater of Rs. 150 crores coming from post-COVID, the reset is now complete, and continuingly, our revenues grew from Rs. 838 crores to Rs. 932 crores. However, our reported numbers have not been adjusted for the discontinued business. So, you may see those numbers as flat, but growth has been by 11%. Still, more importantly, we have increased our gross margin significantly by almost 600 basis points and 3.5-time growth in our EBITDA from Rs. 48 crores to Rs. 168 crores. Still, for Stelis's loss pickup, which we will continue till H1FY24 when Stelis becomes EBITDA positive, we have reported a Rs. 30 PAT for the first time after many quarters.

Overall, as you know, the Strides is focused on acute drugs. We have historically had a 45-55% split between our revenues in H1 and H2 in terms of linearity. From that perspective, we are bang on target to meet our EBITDA guidance and revenue growth that we hope to achieve during this financial year. Importantly, we have been focusing on cost control, and those actions have started flowing through and reduced our OpEx cost significantly, leading to an improved margin. We hope our EBITDA margin from the 18% levels now will inch more towards the historical 20% in the next couple of quarters, and our continued free cash generation will ensure that our debt book will be further improved.

We guided between Stelis and Strides for Rs. 500 crores reduction in debt. Most of you are familiar with the fact that we announced the sale of the vaccine/multimodal facility to Syngene for a consideration of Rs. 720 crores, which we hope to close by the end of Q3, and with those proceeds, we will beat the Rs. 500 crores guidance on debt reduction which will significantly improve the overall performance and the balance sheet of the company.

US business has grown significantly since we have an extensive seasonal product portfolio in the US, considering that we have had good growth in the US with almost 30% growth, Y-on-Y. This is a good start to our overall US strategy. We continue to have product leadership in several products and do not see any margin pressure on our portfolio. The business has stabilized, and the general sentiments around the US markets are playing through regarding improved margin expansions.

Our other regulated market grew by 15%, which remains a key focus market for us as we build out that market. As you probably know, our access market is lumpy; it depends very much on the tenders we win. It is a small part of our business these days, considering that we don't focus so much on the access markets, but we continue to stay invested heavily in our growth markets in Africa and emerging markets. Although these businesses are small, we believe that we will exit our growth markets from a very low base to almost $ 60-odd million this year. That is our target for the year, and with all of these initiatives paying through, we are very happy with the company's overall performance. We are confident we will take stronger Strides as we move forward in the following quarters.

Regarding Stelis, a significant associate of Strides, we have now de-risked this business completely. We have had a good beginning of the year. As you probably know, we got our FDA approvals for the site a couple of quarters before, and since then, we have been adding significant customer acquisitions. We have closed contracts of $25 million of CDMO work in Q1, which is greater than our last three years' CDMO book. Our commercial supplies started from the previous quarter. Our customer got the first approval for a product developed and produced at our site, and we now have customers who have received 3 product approvals. We will see a momentum of several product approvals coming our way. We are leading the Stelis operations through our complex manufacturing of devices and complex injectables. We just commissioned our drug substance plant, and I am very pleased to announce our largest drug substance award from a top ten pharmaceutical company that has come our way. This is a significant contract for developing partnering from a CDMO perspective for a key biologics product going off patent towards the end of the decade.

Post the Syngene transaction, our debt in Stelis, which was a high of Rs. 1,400 crores last year and is now about Rs. 740 crores. We will come down sub-Rs. 300 crores, significantly releasing the guarantees Strides has issued for Stelis. One of the larger questions many of our stakeholders have been asking me is about the family's commitment to running this business. We are pleased to come back and run the ship and have committed ourselves to build Strides into a significant player. Consequently, to ensure that there are no conflicts, we are proposing to combine the CDMO businesses of the group under Stelis so that we build Stelis into a multispecialty CDMO with capabilities in biologics, complex injectables, sterile injectables, which comes from the family offers, but also in other complex drug delivery systems. The intent is for Stelis to be a division of Strides and for Strides to have control. At this time, we have appointed a Big 4 valuation expert and a leading global banker for fairness opinions. We expect all of this to be in place in the next 12 weeks and therefore I am not in a position to give you granularity except to state that we will have a CDMO business of close to about $150 million in year 1 and it is a significantly profitable business from the beginning and it will unlock value for all stakeholders. This is of course subject to shareholder approvals, lender approvals, and other processes that are involved in such combinations, but the intent is to ensure that our interests are aligned with those of the Strides shareholders. This has been a call for quite some time since I have come back to run the business and I am glad we took this call, and we will give you more details in the next 12 weeks in terms of how and what this will all end up. All I can tell you is that the CDMO platform that we are building will be very differentiated, it will not have APIs or normal oral dosage formats but will be a pureplay specialty pharmaceutical CDMO and I am sure that this will create significant value to Strides' shareholders in the near term.

With that rather longish opening statement, I am happy to answer questions. I have with me, my colleagues Badree and Vikesh, who will support in any questions related to the financials or other parts of the business.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We will take the first question from the line of Shantanu Maheshwari, an Individual Investor. Please go ahead.

Shantanu Maheshwari: I have a few questions on our US business. First of all, our US business is at Rs. 57 million in quarter 1 FY24, any guidance you can provide on the growth of this business over the medium term or over the financial year FY24?

Arun Kumar: We think the US business will be steady this year at around $ 250 odd million. That is our target in terms of revenues. It is about $ 240 to $ 250 million range.

Shantanu Maheshwari: The second question is if you can provide your view around the current competitive scenario in the market as there are several reports on drug shortages in the US market, are there any short-term opportunities that you see emerging? What kind of price erosion that you are seeing in our current portfolio?

Arun Kumar: The US is witnessing the highest number of shortages since several years now in terms of number of products in the shortage list. We don't see any immediate upsides because most of the shortages are related to injectables. There is a lot more discipline in the supply situation in the orals. I think I don't see any immediate one-off upsides coming our way because firstly, we are in niche therapies and acute therapies only. So, we have a very good track record for compliance and for supplies, so we are not leading any supply shortages. So, we are meeting all our requirements and I don't see any significant movement of shortages coming our way in the kind of products that we offer.

Moderator: Thank you. We will take the next question from the line of Gaurang Sakare from Elara Capital. Please go ahead.

Gaurang Sakare: Congrats on a great set of numbers. So, just continuing on the US market, while, we may not be seeing any short-term opportunities, but do you feel that the long-term trend in US regarding price erosion or competitive scenario is changing, do you see that price erosion easing because some of your larger peers have reported that pricing scenario is improving in US, that is why I wanted to just have your thoughts on the topic?

Arun Kumar: If you see my calls, go back to my calls. Over the last three quarters, I have consistently said we don't see price erosions on our portfolio. I continue to maintain that, and that is because the nature of our portfolio is in acute therapy; there are few competitors, and the volumes are very small. I think it is more to do with the general commodity generics that we see stability from our perspective. So, I agree with the prevailing view of our larger peers, but overall, I think the buying universe is also becoming a lot more sensible in terms of being practical and not squeezing manufacturers out of the system as the cost for compliance increases, you can't be in a lose-lose situation. I think that is causing shortages, and the regulators and the senate is taking even the consolidators to task. All of this is playing out well for manufacturers, finally.

Gaurang Sakare: Secondly, regarding the combining CDMO business under Stelis, so for Strides, what would be the margin trajectory, let us say in next 2-3 years after the amalgamation and all these things are complete?

Arun Kumar: Stelis is a very large asset, right, and while we have over $400 million of contracts for commercial supply starting from FY27 and Stelis will be EBITDA positive from H2 onwards. CDMO business trades between 28% and 30% EBITDA and we think that will be the EBITDA that the business will continue once the biologics business starts commercial supplies, then this will be a very profitable part of the group's business in the future.

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

Nitin Agarwal: Arun, on the proposed Stelis restructuring of sorts that you are talking about, if you can give us some qualitative sense on what could be the nature of the business that will get created, post once approvals are through?

Arun Kumar: So, I just want to take this word, restructuring away from you because it is consolidating our businesses to make it an even more attractive company. And what this will include is delivery technologies, mainly programs like soft gelatins which we are a global leader. It will consist of complex injectables devices, particularly devices, and auto-injectors, one of the few players who can do that. We are huge in the GLP programs; two of our partners have already been first to file, so we have a strong presence there in the GLP programs and all the GLP programs, the old, the ones going off patent soon in a couple of years and the new ones that are going off patent even in mid-2030, we are the primary supplier for most of the GLP's that are going off place. We have complex injectables, lyophilization, and so that is the combination. So, we are not doing anything in APIs. We will not do anything in the standard vanilla oral dosage CDMOs.

Nitin Agarwal: And say 2–3-year period, what could be the size and scale of this business if you can hazard, maybe a possible guess around it?

Arun Kumar: So, pro forma day 1, subject to approvals, it will be approximately $150 plus million in revenues, of which about $50 or $60 million are related to Strides CDMO. So, incremental for Strides would be approximately $100 million of revenues in year one, and we believe the CDMO business will hit about $400 million in FY27.

Nitin Agarwal: That is a combined business?

Arun Kumar: The CDMO combined business, you are right.

Nitin Agarwal: So, that will include portions of biologics and everything else that is getting brought in now?

Arun Kumar: Correct and the biologics is all contracted. So, we have signed commercial sales agreement (CSA) which will deliver a little more than $100 million a year from FY27.

Nitin Agarwal: And from a CAPEX commitment perspective, for you to hit this milestone for the CDMO business and for whatever Strides intends to do in its own business, what kind of CAPEX are we looking at over this time horizon?

Arun Kumar: Basically, incremental CAPEX in a CDMO business is funded by partners. So, we don't see any near-term need for significant CAPEX. We only have 8000 liters of drug substance capacity, given that we have sold the large facility to Syngene. So, we will probably have to add more microbial and drug substance capacities, which will require approximately $30 million of new CAPEX to get to that $ 400-odd million of revenues that I am alluding to.

Nitin Agarwal: So, aside from this, excluding the Strides CDMO part of the business, how do you envisage the growth for the Strides business except for Stelis over the time horizon?

Arun Kumar: Nitin, at this time, this whole year, we are very focused on margin expansion. We have come a long way from where we started four quarters. So, our revenue CAGR is forecasted only at 15%, whereas our EBITDA CAGR has to be greater than that, and that is what we have achieved in the last four quarters, and that will be our focus also for the next year till FY25. The idea is to generate significant free cash and bring our debt to EBITDA on the combined entity to 102. So, once we do that, we can again press the accelerator. Remember, we have over 150 ANDAs that have yet to be commercialized. So, it is not a function of us waiting for the product to prove it is to launch and increase the market. It is a calibration of price discipline that we have brought about the business that we want to maintain for another year, and that is why our free cash generation has started to improve, and our debt is beginning to reduce. You will see a lot more free cash generation coming up in the subsequent quarters as we right-size the inefficiencies we acquired in the last couple of years. So, I am more focused on that Nitin to be candid and building out the CDMO business to be scaled because that is all contracted. We have 15 customers. We secured $25 million of CDMO contracts in the first three months of this year, more significant than the contracts we booked in the last three years. So, I am very bullish on building that part of the business. At the same time, the products division will continue to grow, and we will expand, not necessarily in the US, as much as it will expand in emerging markets and other regulated markets.

Nitin Agarwal: If I can squeeze one last one on $25 million contract that you mentioned that you won in Q1, typically, what is the period over which such contracts are executed?

Arun Kumar: Typically, a master service agreement is executed in as low as 12 months but not later than 24 months.

Moderator: Thank you. We will take the next question from the line of Janil Shah from JM Financial. Please go ahead.

Janil Shah: My first question is on the other expenses and employee costs have declined, so can you highlight what are the cost initiatives that we have taken, which has led to this decline?

Arun Kumar: I am going to request Vikesh who is our young CFO (Front End Businesses) to answer this question.

Vikesh Kumar: On the employees' cost and other expenses, one significant factor that has played out is our cost optimization initiatives. So, last year, we mentioned that we are doing a cost optimization at

Chestnut Ridge in our plant in the US. So, that has entirely played out from this quarter. So, that is one significant benefit. The freight costs have also improved. Outside of that, there is a small impact because of the exchange rate, which is positive. So, we expect overall both the operating and employee costs to settle at around Rs. 400 crores per quarter.

Janil Shah: And how much for the debt reduction are we looking at from here, obviously the Syngene 740, you are going to raise around Rs. 700 crores from Syngene sales?

Arun Kumar: So, we are asking for targets from Rs. 500 crores between the two companies and now closer to Rs. 700 crores.

Janil Shah: And what is the rationale for selling our unit 3? We are creating an entire CDMO business under one roof, so just a little more color on the same?

Arun Kumar: If I didn't sell it, then your question would be, why are you carrying so much debt? So, it is a chicken or egg situation. Given the challenges which led to the write-offs, we needed the right size of the Stelis balance sheet. It was strategic for us to do this transaction, and incremental capacities can always be added to our FDA complex very quickly. The facility that we built for, the multimodal facility, is extensive in terms of capacity, and it will take us a few more years of underutilization of that plant which has dragged down our P&L in Stelis and would not have allowed us to consolidate our CDMO's and create more value by being very comprehensive CDMO company. The whole CDMO process, therefore, got acceleration by that tactical or strategic move or the way you want to put it.

Moderator: Thank you. We will take our next question from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.

Abdulkader Puranwala: I had a question on the gross margins, so this quarter, there was a good swing in the gross margins, but going ahead, when we talk about the 60 product portfolio, what you have in the US and the rest 100 and 150 products you would be launching, the product realization if you see is close to $4 million on an annualized basis, so out of this 150, are we reasonable confident that you know whatever we are launching would not be margin dilutive and not only just drive revenue, but EBITDA as well?

Arun Kumar: So, Abdulkader, just for your benefit. Our gross margins have been in this range for the last three quarters. So, we increased the margins from 50 to 57 to 60 in the previous three quarters. So, we have been consistently improving our gross margin because of our pricing discipline. In our last calls, we mentioned that out of the 150-odd ANDAs we have, which we have yet to launch, only 60 qualified for our price discipline in terms of margins, gross margins, and EBITDA. So, you are right that our average revenue per product is about $4 million, but there are many products where our average revenues exceed $10 million. So, out of the Rs. 60 million, it will take care of growth, it will ensure that our gross margins don't drop, and it will also ensure that there is an

EBITDA flow through because cross margin is equal to EBITDA after a certain point in time, except for distribution costs. We don't intend to sell anything which does not meet the current gross margin criteria. So, I hope that addresses your question.

Abdulkader Puranwala: And sir, just one more on Stelis deal with Syngene, so the gross value of this deal is close to Rs. 702 crores, and the debt retirement we are talking about is roughly Rs. 400-Rs. 440 crores, so where are we using the balance amount from this deal?

Arun Kumar: Yes, certain CAPEX, creditors, and others will also be settled as part of this transaction and approximately Rs. 550 crores will go into Stelis; as you probably know that there is a debt reduction of close to about Rs. 400 crores, but there is also Rs. 150 crores that we reserve for our OpEx losses because we will be EBITDA positive only from H2.

Moderator: Thank you. We will take the next question from the line of Rohit Mundra, an Individual Investor. Please go ahead.

Rohit Mundra: Just following on your initial lines that you will be maintaining the guidance, so you had guided for an EBITDA of Rs. 700 to Rs. 750 crores for FY24, and if you were able to achieve that, it would imply a run rate of 180 to 200 odd crores over the next two quarters, so are we confident of achieving this same number over the next three quarters and what would be the drivers?

Arun Kumar: When I opened this statement, I did say that being the type of portfolio that we have historically for more than a decade, H2 is a typical 60% of our revenues and gross margins and EBITDA and 40% is for H1 because we have got a lot of seasonal products and we are very dependent on the flu season for several of our upsides in H2, and historically we have a much higher H2. So, if you look at that, we are already at around; if you look at the 45-55% split, then we are banned on target in Q1 regarding our EBITDA.

Moderator: Thank you. We will take the next question from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Congratulations on our steady set of numbers. So, the first question is on this proposed deal, so if I understand correctly, Strides holds around 30 odd percent in Stelis right now; now, in case some of the promoter businesses are merged into Stelis, that will mean further dilution of Strides' shareholding in Stelis, so how do we intend to increase the shareholding of Strides into Stelis, so that it becomes a majority shareholder as per the slide?

Arun Kumar: I also mentioned that Strides would wend its CDMO business into the Stelis infrastructure subject to, of course, shareholder approvals, and that will result in Strides having a lot more equity. As I said, the scheme, the valuation reports, and the fairness opinion will be available between 10 and 12 weeks from now, and the scheme details will be available then. It is a little too early for me to discuss specifics.

Sarvesh Gupta: So, this $50-$60 million of Strides CDMO business will also be down-streamed into Stelis. Is that the right understanding?

Arun Kumar: Yes.

Sarvesh Gupta: And secondly, on the debt reduction piece, so this Rs. 740 crores, so I understand Rs. 550 crore which you explained, but how much of that is going under transaction cost and capital gains of this Rs. 740 odd crores?

Arun Kumar: Capital gains are very marginal, and the transaction costs are also very marginal.

Sarvesh Gupta: So, this between 740 crores and 550 crore, which is 190 odd crores?

Arun Kumar: 702 crore is the deal value

Sarvesh Gupta: This Rs. 150 crore between 700 and 550 is going where?

Arun Kumar: It goes to creditors. Some CAPEX creditors are outstanding and go to the loss funding of Stelis. Stelis continues to lose money for this first half, and it will be cash positive from the next half of the financial year.

Sarvesh Gupta: And just to clarify on the CDMO plan, so overall, the plan is that at Stelis level, we want to increase the revenues to $400 million by FY27; it should carry 28% to 30% EBITDA and incremental CAPEX is $30 million from here, is that?

Arun Kumar: Correct.

Moderator: Thank you. We will take the next question from the line of Omkar, an Individual Investor. Please go ahead.

Omkar: Congratulations for good operating margin number in this quarter. So, last time, I got a very less time to ask my question, so please allow me to ask 2-3 questions properly this time. I remember your sentence in last conference call, stating Strides' focus will be on improvement in gross margin and operating profit margin, these both the things are in line with expectation and operating profit margin is improving. That is a great thing, but Strides was planning for US revenue around $65 to $70 million and again in this commentary, just now you said we have got a good Y-o-Y growth, but Q-o-Q US revenue gone down by 10%, any reason for it because we were planning $65 to $70 million revenue last year also?

Arun Kumar: No, we have never guided that we will be doing $65 to $70 million, so you are not paying attention to my commentary to say that historically Strides has significant sales in the US in H2. It is because we have many seasonal products linked to the flu season in the US. We have several products that meet that criteria. So, we have grown significantly Y-o-Y and are on the right trajectory to get to $240-$250 million in revenue this year. I guided that our US revenue had approximately $20 million last year of a specific contract that came as part of the end of the transaction, which is no longer there. So, the actual growth is going from 200 to 240 to 250. So, there is significant growth in the US core business because when we acquired the facility in New York, we had a one-off contract that lasted for about 24 months, which is no longer there, but it is in a minimal value. So, our core business has grown and has grown well. So, we have yet to tell you or anybody that we will do 70 million this quarter. We have increased Y-o-Y and Q-o-Q significantly because Q3 and Q4 were big quarters in the US because of the flu season; naturally, Q1 is good. Historically, this is the story for Strides for the last ten years. So, this is a phenomenon that has been around for a while.**Omkar:** So, you mean to say base is from 200 million, we will plan for 240 to 250 million this financial year?

Arun Kumar: Correct.

Omkar: And my second question regarding other regulated market revenue, which came from 40 million to 48 million in last quarter 4, thanks to Australian business in Q4, but again this quarter UK revenue back to 35 million, which is a little bit lesser as compared to our exit run rate of 40 million, so any specific reason other regulated market went down again from 48 to 35 million?

Arun Kumar: So, again, when we announced our Q4 results, we indicated a reorganization of how we will report. Earlier, our South African business was part of our other regulated market. Our South African business is now part of our emerging and gross markets. So, we have reported the reclassification of all the businesses in our Q4 results; if you don't have access to it, it is there on our website, but more than happy to send it to you.

Moderator: Thank you. Ladies and gentlemen, this will be the last question for today, which is from the line of Vishal Bohra from Emkay Ventures. Please go ahead.

Vishal Bohra: Congratulations to the management for a very good performance. Sir, first, just want to understand, it is more philosophical, Strides had done very well with the injectables portfolio, the Agila portfolio that was built earlier and sold off, I think more than 10 years back, then we were building this business under steady signs and we were looking to merge that earlier also, just want to understand now with the promoters finally deciding to consolidate these businesses under Stelis and taking a controlling stake through Strides, how do we look at say from a 3 to 5 year perspective, philosophically the promoters intention now to build this business again into a much bigger entity because historically Strides has been more about building niches and then moving and moving out, so in this round, how do you intend to build the business?

Arun Kumar: Yes, Vishal, I think the environment keeps changing, right. I don't think this is the time for us to build business to sell. This is the time for us to build business to consolidate which is what we are doing. Secondly, if you recall from 2017, when I stepped out from active operations, we invested in high CAPEX, long gestation businesses and typically it takes 3 to 4 years for these kind of complex businesses to make profits. It would have been extremely dilutive for Strides and its shareholders for us to build a business when we were already struggling through COVID and reset to carry forward the business, but now that the circumstances make us commit to Strides for long term, it is logical for us to consolidate our interest, so that we take away all these challenges around businesses that potentially would compete with Strides because now that if Stelis was a pure play biologics company, this was not required, but now that we are now converting it into multispecialty CDMO, then obviously there are conflicts which we are trying to avoid and we would like to avoid and we have been very focused on governance from the beginning. That is why we are taking great pains to appoint global advisors at great cost to ensure that everything is quite sure in terms of process. So, the reason why you are bringing a business now is it is accretive, it should be a creative to Strides. The incremental EBITDA and the margin should be accretive. It will discover significant value for Strides' shareholders in some parts of its business that is currently sitting in a products company and not getting valued correctly. So, I think all of this value unlock will benefit all stakeholders and remember that we have been a minority shareholder for Strides for many years, for many decades and it is in our interest to protect all shareholder interests. So, we just want to do everything proper, taking a little more time than we hope for, but when you see the fairness opinion and stuff like that and the names that we have used, I am sure you will be convinced that this is in the best interest of all stakeholders.

Vishal Bohra: And sir, if you can describe a bit more about the businesses that are being considered, what kind of contracts, you mentioned a bit about the capabilities, but the contract?

Arun Kumar: At this time, like I said, I started out in my opening that the reason why we decided to go public is that we have an in-principal approval of a board, and we are obliged to go public. I can't get into the granularity of the sum of parts of the business. All I can tell you that this will be a powerhouse CDMO with very highly differentiated and please bear with us, it is just 8 to 12 weeks away before you can get access to a lot more information and how we come about the sum of parts.

Vishal Bohra: Noted, but given that you are guiding this business to be say $400 million plus business another 3 years in the FY27 onwards, given that is very similar to the scale at which site itself is operating today since 3 years' time, this business would be a meaningful component of the overall business and from an attractiveness to potential investors perspective, possibly even more attractive than the generic formulations business, so any thoughts around this in the context of the overall scheme of things, Strides or is it too early to comment?

Arun Kumar: It is very early to comment, and I would strongly request you, Vishal to bear with us for 12 weeks. You will get a lot more granularity when we have information which is where third party organizations are currently conducting and then we can address more specifics around this.

Vishal Bohra: If I may just one last hiking question, this write-off on ranitidine, I think taken this quarter as well, it has been some time since we?

Arun Kumar: The tail end of our litigation cost for the class-action suits and all those things. So, it is more or less done with, only related to litigation.

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

Arun Kumar: Thank you. Thank you all for attending today's call and if you have any questions, please feel free to contact Abhishek or one of us in our Investor Relations group and we will be more than happy to address them. Thank you all.

Moderator: Thank you very much, sir. On behalf of Strides Pharma Science Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.

*****