

August 4, 2022

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
Scrip code: 532531

The National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (E) Mumbai - 400 051
Scrip code: STAR

Dear Madam/ Sirs,

Sub: Earnings Call transcript pertaining to Unaudited Financial Results for the quarter ended June 30, 2022

Ref: 1) Earning Call held on July 29, 2022 pertaining to Unaudited Financial Results for the quarter ended June 30, 2022.

2) Earnings Call audio shared on July 30, 2022.

With reference to the above, please find enclosed herewith transcript of the Earnings Call held on July 29, 2022.

The said transcript is also available on the website of the Company at:
<https://www.strides.com/investor-annualreport.html>

Request you to kindly take the above on record.

Thanks & Regards,

For **Strides Pharma Science Limited**,

Manjula R
Company Secretary

Encl: a/a



“Strides Pharma Science Limited
Q1 FY2023 Earnings Conference Call”

July 29, 2022

MANAGEMENT:

1. MR. ARUN KUMAR

– FOUNDER, EXECUTIVE CHAIRPERSON &
MANAGING DIRECTOR

2. MR. BADREE KOMANDUR

– EXECUTIVE DIRECTOR - FINANCE & GROUP CFO

ANALYST:

MR. ABHISHEK SINGHAL

Moderator: Ladies and gentlemen, good day and welcome to Strides Pharma Science Limited Q1 FY2023 Earnings Conference Call. 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 now hand the conference over to Mr. Abhishek Singhal. Thank you, and over to you Sir!

Abhishek Singhal: A very good afternoon and thank you for joining us today for Strides earnings call for the first quarter ended FY2023. Today we have with us, Arun Kumar(Arun) – Founder, Executive Chairperson, and Managing Director, and Badree Komandur(Badree) – Executive Director (Finance) & Group CFO to share the highlights of the business and financials for the quarter. I hope you have gone through our results released and the quarterly investor presentation, which have been uploaded on our website as well as the stock exchange. The transcript of this call will be available in a week’s time on the company’s website. Please note that today’s discussions may be forward-looking in nature and must be viewed in relation to the risks pertaining to our business. After the end of this call, in case you have any further questions please feel free to reach out to the investor relations team. I now hand over the call to Arun to make the opening comments. Thank you.

Arun Kumar: Thank you Abhishek and good evening, everybody. Thank you for taking time today to what is otherwise a busy earnings day in the industry. I like to start by saying that we strongly believe that we have come back with momentum in terms of not only a course correction but also progressing towards building Strides into a profitable operation during the course of this financial year. We have had one of our most important quarters in terms of revenue growth and had that continued success with the US business although we had an adjustment of close to about \$5 million in sales, our US business adjusted is now at \$51 million for the quarter run rate and we are confident of growing significantly from there on Q-o-Q basis led by important product launches, almost 15 additional products are expected to be relaunched between the Endo acquired portfolio in the Strides portfolio including important approvals what we expect in a few weeks from now that will further aid the US growth and consequently reaffirm our \$250 million US revenue guidance. All our businesses have since recovered outside of the Chestnut Ridge integration that we are still working on. We got possession of the facility on announcements, but the business transition only completed on July 21, 2022, contractually, and we are now in the process of securing business, and bidding for new contracts, and we expect H2 to be strong performance quarters for the US business. Other businesses while they grew in constant currency, we

have challenges considering that the currencies we operate from ZAR to AUD to Euro and the Pound were weakened currencies and continue to see headwinds, but nonetheless, we believe that the business is on solid footings. We have over the quarter taken very strong measures of combing our business in terms of cost structure, profitability and portfolios, SKUs, other line items, and we are very aggressively focused on improving our cost structure, and some of that is already playing through. We grew 9% Q-o-Q but we had no increase in our opex which is great. Our salary cost is slightly elevated because of the addition of the Chestnut Ridge employee cost, but we believe that there would be a further improvement as we focus on optimization, which is an ongoing process. We have also improved our supply chain significantly, resulting in lower logistics costs, and consequently, we believe there would be more uplift in the quarters to come. Our business in the emerging markets delivered the strongest quarter supported by strong institutional business. It has always been lumpy as one would understand the nature of the business. But our branded Africa business continues to perform quite spectacular I must say, and we seem to gain important market share in the markets that we operate.

Coming to our other regulated markets, we have been flat in terms of growth but like I said it is mainly to do with currency adjustments, and we are progressing on taking off certain lines of businesses that do not make sense, and some of those costs have been incurred in the quarter but as quarters go by we will see improved opex leverage. We continue to stay invested with a guidance to reduce debt by 1000 Crores. We expect a significant part of the debt reduction to happen in Q2, we now have more clarity around our requested prepayment from our partners in Australia, and we are also very confident that our improved opex leverage, our inventory management will result in free cash generation, and also we have taken various other corporate actions that will result in achieving this target, so there is no change to that overall numbers that we indicated earlier. In regards to our associate company Stelis Biopharma Limited (Stelis) , we received an important EU-GMP certification for our two biopharmaceutical facilities. Although we have consolidated a fairly significant operating loss from Stelis, this is what we do with the nature of the business, we continue to secure customers and receive advance payments and sign contracts, but it is a function of invoicing and revenue recognition as per agreed CDMO norms that you see a disconnect between cash collection and invoice, this will continue to be the case even in Q2, but we will see an improved operational performance in H2 from Stelis. We are very excited about the new customers that we have onboarded, so we now have 14 customers in all since our inception in the last 18 months as a CDMO company and we hope that with recent EU-GMP approval we should have biological approvals within this financial year for the first product in the US and EU.

We continue to have our issues with Sputnik, unfortunately, we have not found a resolution in spite of our best efforts with regards to our disposal of 23 million doses that are in inventory, these doses currently have still good dating and we have given ourselves this quarter to find solutions both with RDIF and with the help of the Government of India. There are no efforts spared to try and secure markets and opportunities for Sputnik given the situation in Ukraine and Russia and the sanctions all of this is negatively impacted our ability to dispose of the stock that we have in hand, but we are pursuing all opportunities to ensure that we find good outcomes. Our own vaccine the AmbiVax vaccine which is our protein fusion vaccine to COVID, we got great outcomes with no significant safety issues and >90% seroconversion, we have now submitted all the relevant data to the FEC for approval for emergency use in India and then we will focus on building a booster study program as we believe that COVID although flu-like these days is here to stay and there would be opportunities for unique new vaccines that have been developed. With that my colleagues and I are more than happy to take questions and like always if some of you would like to contact us separately, we are always available to take your calls. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Vinay Bafna from ICICI Securities. Please go ahead.

Vinay Bafna: Thank you for the opportunity and good afternoon, everyone. My first question is on the institutional business we have seen a very healthy jump sequentially, on your earlier presentation you just mentioned that there is a healthy ramp up from offtake from one of the partners, could you probably give some more color into which therapies are supporting this business and what could be the study run rate for this business?

Arun Kumar: The institutional business as we know Vinay is very tender driven; we are qualified supplier to the global drug facility and to various other organizations that finance these programs. So we have been a little more aggressive than we normally are because the institutional business may not be extremely profitable but it does take care of significant under recoveries and cash flows. So, we have taken a position to be aggressive in this business. We will continue to see growth but there will be lumpiness because it is not often that you get such large contracts. Last year we did about less than \$30 million to \$40 million of antiretrovirals we believe based on a run rate we will do a lot more and that is mainly as we see the market being reoriented not only from a risk perspective to various alternative suppliers, but also as dominant players would have defaulted with supplies. So, we are now getting more and more focus on this business, practically it is an important business for the reasons I explained. I think we will see growth in this business, but there could be lumpiness Q-o-Q.

Vinay Bafna: Very helpful. I understand the tender business is under the contractual and generally when you get a contract how long does it last six months, five months, we have some visibilities on it correct?

Arun Kumar: Yes, so typically, you are contracted for a certain volume of the total offtake, typically being a Fringe player, we would not get larger shares, so for example if the total opportunities of billion dollars and the top three players would typically take 70% to 80% of volume. We will probably be in the Fringe remaining set of companies that get the balance of the opportunity. We have just been a little more aggressive there, so typically we have contracts visibility for long 12-month period, the current contracts that we have will ensure that we have at least 35% growth over the previous year, but I cannot give you more specifics on which quarter but yes on an annualized basis will be about 30%, 35% more than what we did last year.

Vinay Bafna: Understood. That is very helpful Sir. Two questions on the US business, so in this quarter we have done \$46 million, if I take into account a spillover of approximately \$51 million our target for the year is 250, so that is giving us a run rate of 65 to 70 odd million in the next three quarters, how do you see this ramp up shaping what kind of product launches or any specific opportunity important opportunity which you want to highlight it would help us bridge the gap?

Arun Kumar: Yes, like I said lot of our sales is based on the Endo portfolio that we acquired. We took possession of the front end marketing of the Endo product portfolio on July 21, 2022 and as we were transitioning this business from Endo to Strides. You obviously serve notice to your customers and then you have to re-bid, so we are in that process and because these are quite unique products there are not many players we are very confident of regaining the market share the sellers had in our products but this is a process which will take couple of weeks before we get the contracts. Outside of that we have like I said about 15 launches or relauches this year that is either because we got into cost leadership in certain products or that we have managed to get approvals for CB30's based on the kind of interventions we were doing to ensure that we are competitive .So we have about including some important approvals in the next couple of weeks, we would have about 15 additional products to be launched in the three quarters remaining.

Vinay Bafna: What I understand is probably Q2 would be step up from what Q1 will be, but big jump is going to come in H2 of FY2023 would that be a correct assumption?

- Arun Kumar:** Yes, there would be significant step up in Q2 also but it will not necessitate a massive step up in H2 but it is more skewed to H2 simply because of the reasons that I explained to you in terms of the re-launches.
- Vinay Bafna:** okay, got it. Last question is on the COVID vaccine so both AmbiVax and Sputnik, do you really think it is a very big opportunity there in the future for these kind of vaccines and especially considering the cases which are receiving a rather resilience which is building up within people as well as the hesitancy to take the vaccine?
- Arun Kumar:** A lot of valid points, the only advantage on Sputnik for us we are a CDMO for Sputnik, we have no rights to market the product as you know those rights in India and other markets stays with Dr. Reddy's, so, I cannot comment about Sputnik. I am just a contract manufacturer for them. But AmbiVax is the first thermostable vaccine and therefore it is very important from a logistics standpoint. This is positioned as a low cost vaccine predominantly for the African markets and even if 5% or 6% of the global population needs vaccine or a booster every six months, the opportunity is not in the magnitude of what we saw in the several waves of COVID but there are always opportunities. Are we banking big bucks on this, the answer is clearly no.
- Vinay Bafna:** Okay, Sir it is very clear. Just last bit on Sputnik, so in your statements you were saying that in this particular quarter we are looking out for some kind of a way out of solution for the Sputnik inventory which you have in your book, what could be your potential write off on these inventories that we have today may be two, three quarters down the line?
- Arun Kumar:** We cannot get into specific, it is a little too early for us to do that, let us complete our exercise this quarter, we do not want to be giving you numbers that gives us a distress position for us to undersell the product. We think the product is extremely valuable as it is, so we can speak about this in more granularity in our next quarter results.
- Vinay Bafna:** Thank you so much. This is very helpful.
- Moderator:** Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.
- Tushar Manudhane:** Thanks for the opportunity. Just on the US base it has been very steady for the past two quarters and despite the price erosion you are not changing much, so what is it that is benefitting Strides in particular if you could elaborate?
- Arun Kumar:** We have gone back to our previous strategy of focusing on products which are profitable where there is a low competition, remember we now have 250 approved ANDAs; we have

only commercialized about 50 or 55 of those products in the market today. We do have the luxury to pick and choose the product and the timing of our launch. It gives us the steady uptake and also ensures that it improves our gross margins because these products are significantly more profitable than the commodity products. So, we think we have another 50, 60 products in our portfolio that will meet our criteria of gross margins that we would like to be in the US. Every time we have launched three or four products per quarter the base which is not so great in terms of size gets more and more prominent.

Tushar Manudhane: Got it and with the addition of the step up in the US base in the second half that is nearly driving the operating leverage as well so that will be good margin, is that the case or you would be more or less similar on EBITDA margin?

Arun Kumar: Yes, right.

Tushar Manudhane: With respect to Sputnik, as it was alluded earlier, the contract was such that if the commercial scale up is being done then the product sale was very much sure irrespective of whether there is a success for that vaccine or not, was that a clause for our contract as well or this is a risk which we took in anticipation of better business outlook?

Arun Kumar: This is contractual for all the partners that engage with on the Sputnik program that there is a guaranteed uptake and that is what we are now battling with.

Tushar Manudhane: Got it Sir but unfortunately that is not happening, so is it getting into some legal tussle or something like that or it would be mutually resolved?

Arun Kumar: Well I think the first task is to mutually find solutions which is what we are doing, we are very engaged with our partners to find solutions and not that that we are not trying, we have also engaged with the Government of India to try and help but for now we are more focused on finding mutually satisfying solution which is what we said that in the next three months we are going to focus on.

Tushar Manudhane: Thanks a lot that answers my questions.

Moderator: Thank you. Our next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Good evening and thanks a lot for taking my question. Firstly on the US business this quarter gross margins are in line with the last quarter while I think we also had the aspiration of at least reaching midway of where we were before the fall which was around 60% and between 50% and 60%, so do we see any upside on that, so that is question

number one, secondly on the debt reduction part we have an aspiration of delivering 1000 Crores, so out of this around 500 odd Crores will come through the Australian partner, what is the remaining 500 Crores and how are we planning that given that we are also sort of making losses in the study business where we might have to fund them more, these are the two questions?

Arun Kumar: Yes, so we do not give regional wise gross margins, your first question really does not add up because we do not give gross margins by regions. On your second point there are certain refunds and the Australian asset together is a little more than 650 Crores that we have already secured and the balance 350 Crores comes from opex leverage because if you recall in Q4 sitting on significant amounts of inventory considering that we had a sharp drop in our sales in the regulated markets because of COVID, now a lot of that inventory is getting moved out consequently our working capital will commence to reduce from Q2 and Q3 leading to a final outcome of 1000 Crores that we have agreed. There is also some corporate actions around network optimization which will be completed by September but we are now very confident of getting to the 1000 Crores debt reduction that we have communicated.

Sarvesh Gupta: On overall company basis earlier we used to be around 60% and now we made like 50% this quarter, so is there an aspiration to reach 55%, do we think that is achievable or is this 50% a new norm at the company level?

Arun Kumar: No, it is not new norm, remember that there has been a significant growth in the institutional business which does not deliver 50%, so if you do an adjustment for that business where the gross margins are significantly lower almost half then actually there has been gross margin uptake for the rest of the business.

Sarvesh Gupta: Okay and do we see further upsides to this as far as US business is concerned?

Arun Kumar: Yes, we will.

Sarvesh Gupta: Any guidance you would want to give for your other regulated markets US you have said \$250 million in FY2023, but the other important piece is the other regulated markets?

Arun Kumar: In the last two years we have been trying to make a lot of noise about the other regulated markets but nobody seems to be very excited everybody is fixated about the US, so that is why we give a number for the US and this was that we are more excited than all of you are and we continue to grow but at this stage we refrain from giving a guidance.

Sarvesh Gupta: Understood Sir. Thank you and all the best.

- Moderator:** Thank you. The next question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.
- Nitin Agarwal:** Thanks for taking my question. In the presentation you talked about cost reduction being a major plan for this year, this quarter we still have reasonably high fixed cost in terms of staff **and other expenses** put together higher Q-o-Q as well as sequentially on a Y-o-Y basis, how should we look at this staff cost as we go through the quarter?
- Arun Kumar:** Yes, so the staff cost has got a certain element because we have had some high level exits as part of our reset strategy, consequently there were certain costs associated to those actions which is a one-off cost. Also in terms of our transaction accounting on the Chestnut Ridge facility we have certain benefits related to employee cost in the last quarter which is now normalized. So you should assume that including the typical increments and variable pay that we should be able to contain the spend at same or slightly lower than this number going forward throughout the year, that is how you should look at that. As far as opex is concerned you will notice that while growth increased by 9% Q-o-Q our opex actually dropped by 2% over the last quarter. You will see that to be the trend as we improve our supply chain and reduce our cost and that is where the leverage will start flowing through the business.
- Nitin Agarwal:** The staff cost you mentioned probably is flat with some reduction in the Q1 numbers but on the opex is there a possibility of absolute reduction or especially of sales you can see this number coming?
- Arun Kumar:** No, there is an absolute reduction in the works and it will not flow through throughout the year but in H2 you will see a new number which will be the new norm at which we will be in absolute terms the only variable factor there would be the freight cost that is depending upon sales.
- Nitin Agarwal:** Secondly, on the US business you talked about you have got 250 approved ANDAs in your assessment how many marketable opportunities are there in that portfolio **and how many will come** to the market over the next couple of years from a commercially viable perspective?
- Arun Kumar:** We mentioned that we have 60 products to launch in the next three years, we would achieve the first lot of 20 products this year, three products have been already launched in Q1 and we have about 16 products that will be launched in the rest of the quarters.

Nitin Agarwal: If you are looking out if you were to look through this entire 60 product launch over the next couple of years, just probably give us some sense on the size of the business you are looking at in that case?

Arun Kumar: No, these are very difficult times for us to hazard a guess. We are not really focused on revenues our focus in on gross margin expansion, these 60 products will deliver that goal for us to be where we traditionally used to be at the 22%-23% EBITDA. Our aim is to get there in the next four quarters to six quarters if not earlier.

Nitin Agarwal: By FY2024 end we should be back to the 21%-22% EBITDA margin?

Arun Kumar: Correct and these 60 products will play an important role but the growth is actually coming from the other regulated markets and although the topline growth is not visible in the other regulated market the margin expansion is actually happening in the other regulated markets and it will keep on increasing more in absolute numbers and in the other regulated markets we also have a fairly significant B2B model, so you will not see the percentage gross margins moving so we are positioning assets more for absolute gross margin growth. You will see that also in this quarter that we have actually added 30 Crores of incremental absolute gross margin and that is our focus first let us improve our gross margins, reduce our opex and let us not be so much worried about our percentage EBITDA. But going out in the year we are very close to where we used to be and in the next six quarters or seven quarters that is the new norm of what we used to be and that is what we are very confident of getting that and that may come at right sizing from network optimization because we have too much manufacturing infrastructure for the kind of business that we run today, all of that will flow through to deliver very different results.

Nitin Agarwal: On the debt number you talked about, just to understand that we have currently a gross debt about 2700 Crores – 2800 Crores you are talking of this gross debt going down to like by 1000 Crores at the end of the year, is what the guidance?

Arun Kumar: Correct. .

Nitin Agarwal: Okay and last if you can squeeze in more on Stelis you were talking about on the media about the value, some plans about the value unlocking in the business, if you can probably help us understand that a little bit more?

Arun Kumar: Yes, so basically, we committed to our investors that we will look at all options for Stelis, so we have now engaged with bankers to look at all our strategic options including raising a new cash into the business and we will keep you updated on progress. It is a value discovery process and then we will decide what is the best option for Strides and for Stelis.

If you all know that this is the high capex long gestation business, we are very happy with our order book but there are significant mismatches kind of magnified with our problems with Sputnik in terms of cash needs and what cash we generate from that business, so that is why we constantly consolidate a fair amount of losses on an equity accounting although Stelis is well funded to take care of those obligations. It is important to watch as to what we want to do. This business is extremely profitable adjusted for the base that we currently operate the business at 7% to 10% capacity and we really need to have all the capex that is required to ensure that some of the large companies that we are engaged with are very comfortable We are very focused in achieving this. We have appointed banker and we will keep you posted on the end of every quarter how that is going.

Nitin Agarwal:

Thank you and best of luck.

Moderator:

Thank you. The next question is from the line of Deepan from Trustline. Please go ahead.

Deepan:

Good evening everyone and thanks a lot for the opportunity. Firstly wanted to understand to the recent announcement of fund raising of NCDs for about 150 Crores, so earlier two quarters back we had a plan and Board approved for 4 million warrants and raising 194 Crores so what happened to that and is it additional to that or we have replaced the same?

Arun Kumar:

Warrants is not for 4 million, it is for 2 million warrants and that is for about 95 Crores and that is on track but that money goes onward for Stride's contribution to Stelis to maintain its ownership and that is why those warrants are used for. This is a temporary financing as we are ramping up our business as you can see, we obviously need working capital to support growth and as we get our debt reduced which will happen in Q2, Q3, Q4 we need to focus on achieving our near term goals and that is the reason why we sort an enabling resolution to get additional financing up to 150 Crores.

Deepan:

Okay, could you guide us on kind of cost of financing for this?

Arun Kumar:

We do not go into specifics. Our cost of money is approximately 9.5%-10% globally including exchange rate, cover and all of that, so this is a small amount of money in our total debt book it does not change the total net cost very significantly.

Deepan:

Okay. Thanks a lot and all the best.

Moderator:

Thank you. Our next question is from the line of Harshal Patil from Sharekhan. Please go ahead.

Harshal Patil: Good evening Sir and thank you for the opportunity. Just needed one clarification, most of the questions have been answered, so this was with respect to the US business, here we have been talking about a very strong product pipeline coming into the picture over the next one year to two years or three years timeline but as of now if you could just provide some inputs upon how has been the price erosion as it is getting worst or is it like looking getting better and with this new product launches how should we look upon at the margins for FY2023?

Arun Kumar: Yes, I think I answered most of those questions previously, but I will still answer that. We think the pricing pressures in the US market is more or less settled, it is still in sporadic or in specific products we find pressures when companies are looking for increased market share. Our model is to go back to our traditional portfolio of niche, complex or some kind of difficulty and out of our 250 products about 100 products meet that criteria and we are focusing on that and therefore we are not so much a me too player of generics in the US market. We probably slip back in the last couple of years to that model but we have now reset the company to the new model. We have exited a lot of products that do not make any sense for us and we are adding more products which are of value. So if you look at our portfolio in many products there are not many competitors and it is further magnified to the fact that there is no Indian competition and that helps the price positioning and the modelling of our business. So I would not want to comment generally but for the products that we operate in, we do see some cases that we get challenged, we let go off those businesses when the challenge is unfair to us. But now we are more and more winning back contracts at better terms, may be not the market share that we want but slowly we pick up market share over the period of time. So overall we think everybody has their own business model for the environment that they operate in, the environment that we operate in, we see more stabilities and will continue to focus on it given that we have a large portfolio to support it.

Harshal Patil: Got it Sir. Thank you and that was it from my side.

Moderator: Thank you. The next question would be from the line of Omkar as an individual Investor. Please go ahead.

Omkar: Good evening, just wanted to check from Endo portfolio product, are you getting manufactured at India or they are getting manufactured at US facility?

Arun Kumar: At the US facility.

Omkar: Because in Q2 you are saying you are bringing products back to India for a better margin, so that was the sentence I remember from your end, so they are getting manufactured at US only you are saying?

Arun Kumar: No, whatever is currently marketed is manufactured in the US plant and that plant is not a cheap manufacturing plant, being in the US obviously the cost of production is significantly higher; those products were where we do not make margins produced in US we have brought them to India.

Omkar: Slowly and steadily you will manufacture in India and you will export to US am I right?

Arun Kumar: Yes.

Omkar: Thanks for answering my questions. Thank you very much.

Moderator: Thank you. We have the followup question from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Sir just one question on the comment you have made in the call that earlier we were into products which were slightly more niche and differentiated and where it was less competition and some level of difficulty of production may be which is why there was less competition, so what was the thought process behind us slipping back into sort of a more less differentiated and me too sort of product, what was the thought process if we were to say because you said we slipped into that sort of territory, so what was the strategy behind doing that and hence it did not work well for us and now we are sort of reverting back to Indian model, if you can throw some light?

Arun Kumar: I think it is to do with the post COVID environment, right, so during COVID, if you look at small products and niche products they are typically acute products they are not chronic products, chronic products is where you get big volumes, big revenues and if you are fully integrated you often still make fairly significant margins. Our model has always been acute portfolio and during COVID there was no usage of acute products, usage dropped in many cases below 50%, so the company obviously needed a certain revenue line to keep the lights on and took a lot of this commodity portfolio for larger market share and obviously that strategy did not play through, so it is nothing to do with previous management or leadership or anything it is the environment in which kind of forces company to shift gears. We think that post COVID our tried and tested model works better and that is what we are doing.

- Sarvesh Gupta:** So, for the acute products for us which will left volume may be higher margin and more differentiated, now you feel that both pricing as well as volumes have stabilized to what they were before COVID?
- Arun Kumar:** Yes, and also what is done for us to start we see further reduction in the number of players because many of them exited because they did not make money, so the market option for us in some of these products have actually improved because we stayed invested with those products.
- Sarvesh Gupta:** Understood Sir. Thank you and all the best.
- Moderator:** Thank you. Ladies and gentlemen that would be our last question for today. I now hand the conference over to the management for their closing comments. Thank you and over to you!
- Arun Kumar:** Thank you, thank you all for joining in and like I mentioned in my opening statement if you have any specific questions, please do not hesitate to contact us and we will all just be available to answer them. Thank you and have a good weekend.
- Moderator:** Thank you very much. Ladies and gentlemen on behalf of Strides Pharma Science Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.
