AUROBINDO

August 25, 2021

To Listing Department, **NATIONAL STOCK EXCHANGE OF INDIA LIMITED** Exchange Plaza, Bandra Kurla Complex, Bandra (E), **MUMBAI -400 051** **Company Code No. AUROPHARMA**	To The Corporate Relations Department **BSE LIMITED** Phiroz Jeejeebhoy Towers, 25th floor, Dalal Street, **MUMBAI -400 001** **Company Code No. 524804**

Dear Sirs,

Sub: Transcript of earnings call.

Please refer to our letter dated August 7, 2021 wherein we have intimated the schedule of Investors/ Analysts call on August 13, 2021. We are attaching herewith the Transcript of the analyst / investor call on the Un-audited Financial Results of the Company for the first quarter ended June 30, 2021 and the same is being uploaded on the website of the Company and is available in the following web link.

https://www.aurobindo.com/investors/results-reports-presentations/conference-call-transcripts/

Please take the information on record.

Thanking you,

Yours faithfully,
For AUROBINDO PHARMA LIMITED

B. Adi Reddy
Company Secretary

Encl: As above.

AUROBINDO PHARMA LTD. HYDERABAD, INDIA

“Aurobindo Pharma Q1 FY22 Earnings Conference Call”

August 13, 2021

MANAGEMENT: **MR. P.V. RAM PRASAD REDDY – CHAIRMAN, AUROBINDO PHARMA USA**
MR. N. GOVINDARAJAN – MANAGING DIRECTOR, AUROBINDO PHARMA LIMITED
MR. SANJEEV DANI – CHIEF OPERATIONS OFFICER & HEAD, FORMULATIONS, AUROBINDO PHARMA LIMITED
MR. SANTHANAM SUBRAMANIAN – CHIEF FINANCIAL OFFICER, AUROBINDO PHARMA LIMITED
MR. SWAMI IYER – CHIEF FINANCIAL OFFICER, AUROBINDO PHARMA USA
MR. ARVIND BOTHRA, INVESTOR RELATIONS, AUROBINDO PHARMA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Aurobindo Pharma Q1 FY'22 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. Arvind Bothra, Investor Relations. Thank you and over to you sir.

Arvind Bothra: Thank you. Good morning and a warm welcome to our First Quarter FY'22 Earnings Call. I'm Arvind Bothra from the Investor Relations team, Aurobindo Pharma Limited. We hope you have received the Q1 FY'22 Financials and the Press Release that we sent out yesterday. The same is also available on our website.

With me we have our senior management team, represented by Mr. P.V. Ram Prasad Reddy -- Chairman, Aurobindo, Pharma, USA, Mr. N. Govindarajan -- Managing Director Aurobindo Pharma Limited; Mr. Sanjeev Dani -- COO and Head, Formulations; Mr. Santhanam Subramanian -- CFO, and Mr. Swami Iyer – CFO, Aurobindo Pharma USA.

We will begin the call with Summary Highlights from the Management followed by an Interactive Q&A Session. Please note that some of the matters we discus today are forward-looking, including and without limitation, statements relating to the implementation of strategic actions, and other affirmations on our future business, business development and commercial performance. While these forward-looking statements exemplify our journey, judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other factors may cause actual development and results to differ from our expectations. Aurobindo Pharma undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances.

And with that, I will hand over the call to Mr. Santhanam Subramanian for the Q1 FY'22 Highlights. Over to you, Subbu.

Santhanam Subramanian: Thank you, Arvind. Good morning, everyone. I hope that all of you and your families are safe. So, while the fight against COVID-19 is ongoing, at Aurobindo we are committed to ensure the safety of our employees and to ensure business continuity is maintained. However, Q1 FY'22 witnessed an increase in overall cases which resulted in partial lockdown in various parts of the globe and affected the path to normalization. We will now discuss the Results for the First Quarter of the Fiscal Year FY'22 declared by the company. Please note that we'll be discussing ex-Natrol numbers throughout the call. For Q1, the company registered revenue of Rs.5,702 crores, an increase of 2.9% over last year. The EBITDA before FOREX and other income improved by 5.6% year-on-year to Rs.1,209 crores. EBITDA margin for the quarter was 21.2%, an improvement of 50 bps over was the corresponding previous period. The margins improved on a year-on-year basis despite lack of export incentive benefit, as well as continued ramp up in R&D spend during this quarter, which is accounting to almost

Rs.180 crores impact on a YoY basis. The net profit increased by 8.9% year-on-year to Rs.770 crores.

In terms of the business breakdown, formulations business in Q1 FY'22 witnessed a growth of 2.7% year-on-year to Rs.4,890 crores and contributed around 85.8% of the total revenue. API business contributed around 14.2% and clocked a revenue of Rs.812 crores for the year. For the quarter, the revenue from the US market declined by 1.5% year-on-year to Rs.2,681 crores. On a constant currency basis, US revenue marginally increased by 1% year-on-year to US$364 million.

We have received final approval for four ANDAs and launched five products in the quarter under review. We have filed eight ANDAs including two injectables during the quarter. Revenue for Aurobindo Pharma USA, the company making oral products in the US has decreased by 9% year-on-year for the quarter in US$ terms. Revenue for AuroMedics, the injectable business increased by 22% year-on-year to $62 million for the quarter and we hope to see continued growth as hospital footfalls improve. We have filed a total of 150 injectable ANDAs as on 30th June, '21, out of which 98, have received final approval and the balance 52 are under review. The company as on 30th June, '21 has filed 654 ANDAs on cumulative basis of which 451 has a final approval and 29 having tentative approvals including eight ANDAs which are tentatively approved under the PEPFAR and the balance 174 ANDAs under review. For the quarter, Europe formulations revenue clocked Rs.1,583 crores, an increase of 19.7% year-on-year growth. For the quarter, growth market witnessed a growth of 13.7% to Rs.329 crores. The quarter performance was led by strong growth in Brazil and South African business. For the quarter, ARV business stood at Rs.296 crores, degrowth of 30.3% year-on-year on a high base of last year. R&D expenditure is at Rs.358 crores during the quarter which is 6.3% of the revenue. Net organic CAPEX during the quarter is around $64 million, the average FOREX rate was 73.67 in June '21 and Rs.72.87 in March '21. Net cash investments at the end of June '21 was US$1.5 million. The average finance cost is 1.1%, mainly due to earning multiple currency loan. This is all from our end and we are happy to take your questions now. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Anubhav Agarwal from Credit Suisse. Please go ahead.

Anubhav Agarwal: You mentioned about acquiring certain ANDAs and brand. Can you talk about how many ANDAs and brands you bought in and what's the revenue contribution and some more details of the areas they are present in?

Swami Iyer: This quarter, we had purchased about nine, currently marketed OTC brands and six ANDAs. As we had articulated in the past on capital allocation, we look at opportunities that are cost beneficial and for product portfolio expansion. Typically, we evaluate medium size opportunities that can complement our portfolio and these nine currently marketed OTC brands

are available for revenue and we expect about $30 to $35 million in the first 12 months and we expect to grow these brands.

Anubhav Agarwal: So, that's about the OTC brand. So, was there any contribution from them in this quarter or they came only in the end of the quarter?

Swami Iyer: This we got in the middle of the quarter literally and it is in the transition period, we did not have much contribution during the quarter. But going forward, we expect some contribution on this.

Anubhav Agarwal: And what about the six ANDAs, which areas they are in, can you give some more details about this?

Swami Iyer: There are six ANDAs and some are ready for marketing, and they're currently marketed and one more ANDA will be launched in due course. We anticipate close to around $30 million annually from these ANDAs.

Anubhav Agarwal: The second question was on the Cronus acquisition. So can you talk about how many products can be commercialized in the next one year and the second year from the already few fixed products and the 22 which we have filed?

Santhanam Subramanian: I'll take this opportunity to talk about Cronus and give you a total overview for the benefit of the investors and analysts. the Cronus company was formed in 2015-16 and it has been going on and another company by name Cronus LLC is also there in the US. Cronus has subsidiarized the US company as on 1st July '21 to make it a 100% subsidiary. So, the numbers in the press release reflecting only the statutory numbers. However, if you take the pro forma financials of both the companies, last year the combined entity on a pro forma basis achieved more than $13 million turnover and this year already in the first half of the year, it has achieved more than $6.5 million and we are confident this will exceed the last year number during this year. If you really get into the overview of that, this company is located in Hyderabad on a 10-acre land which is a SEZ unit and the plant is constructed on 2.25 lakh square feet and they are working on multiple business segments; one is the orals and second is injectables, third is Cephalosporin injectables and CMOs etc., Total products as on date is around 67 products, out of that in pipeline are 40 injectables and other 27 non-injectable products. Exhibit batches pertaining to more than 32 products has been completed and filing has been completed for 22 products, and they got approval for 6 products. The unit is also having a very good R&D facility, etc and to some extent Aurobindo also supplying some APIs to them., Going forward, we see a lot of synergies, etc., in this company, and the company has already invested to the tune of more than $50 million by way of plant and machinery, intangibles under development, etc.We are doing only a primary infusion into the company there by acquiring a stake of 51% and we will be having the management control and we see a lot of growth coming 3-4 years down the line.

Anubhav Agarwal: Just one clarity, this $50 million is now what number after the infusion?

Santhanam Subramanian: No, that $50 million, the cash is getting into the system, so it becomes around more than $100 million.

Anubhav Agarwal: But can you also talk about let us say out of the six products when do we see them being launched in the market?

Santhanam Subramanian: Yes, six products are launched which are all mostly through CMOs and they have been working with multiple guys and the US inspection should have taken place as on March 2020, because of the COVID it got deferred and they're expecting the inspection to take place somewhere by end of this year or early next year. At that given point of time, the products which have been filed as on date is 22 which will be taken up and the management is pretty confident going forward that, things will look very good.

Moderator: The next question is from the line of Damayanti Kerai from HSBC Securities and Capital Markets. Please go ahead.

Damayanti Kerai: Sir, my question is again on Cronus. So, like what is the key rationale that we have looked into Animal Health business? We used to understand we are very well placed in terms of growth drivers on the pharma side where we are working on multiple future drivers. So what has really prompted to look you at the animal health business, like what kind of business attractiveness or long-term I'll say, positive future you've seen for the business?

Santhanam Subramanian: If you really see the market potential for 2021 is more than $10 bn and for the 67 products, the addressable market will be around $2 billion. As Govind has been mentioning in the past, we have different business segments run by separate management team and they will be growing the company in their own way, So, this also helps to increase our revenue share in the US market going forward. There are 40 products in injectables out of the 67 which also will help us to have a firm standing going forward in the animal health portfolio.

Damayanti Kerai: I just missed like revenues. You mentioned how much like?

Santhanam Subramanian: Proforma financials the turnover for last year is more than $13 million and this year management is confident they will exceed it. In the first half they've already achieved ~$6.3 million. This is achieved by the outsourcing products that are approved. For the real manufacturing, the inspection has to take place and all the 67 minus six, 61 products have to come into play, which is not there as on date. Down the line by April '23 onwards anytime the entire manufacturing will start contributing.

Damayanti Kerai: My second question is what is update on the COVID vaccine front? Last call you mentioned we will be starting some stockpiling manufacturing in July. So, just if you could update on the COVID vaccine front please?

N. Govindarajan: What we had mentioned in the last call, we had said that the clinical trial is yet to start and clinical trial is being initiated by Vaxxinity which used to be called as COVAXX. We mentioned that we see an opportunity in terms of doing contract manufacturing based on their Taiwan approval. They've already placed orders for 30 million doses. I think that they will pick up based on the approval in Taiwan, which is expected in the next few weeks to a month or so. Based on that, that contract manufacturing will pick up.

Damayanti Kerai: On the clinical studies which are ongoing for the vaccine, what is the current status?

N. Govindarajan: Clinical trial for PCV, phase-III has already been started and as far as the Vaxxinity vaccine is concerned, I think they are yet to start their phase-2/3 trials and have appointed certain CROs as well. They should initiate it in the next few weeks.

Moderator: Next question is from the line of Ritesh Rathod from Nippon India Mutual Fund. Please go ahead.

Ritesh Rathod: Can you help us understand the history of Cronus pharma in terms of how they have grown, have they done any acquisition, who are the owners of this Cronus Pharma, is it a related party transaction?

Santhanam Subramanian: This was started in 2015 and they have been putting a plant and that plant has been constructed near Shamshabad airport which is a SEZ zone and it's a very good plant. They were about to get the US inspection last year i.e. March '20 but somehow it has not happened due to COVID and this year it will happen. The US business has been run as selling and distribution arm and which have been made as a subsidiary company. We have also gone through the prescribed SEBI guidelines, etc., this is not a related party. However, we have taken the precautions to ensure the entire transaction is at arm's length and we have also consulted legal fraternity on the same.

Ritesh Rathod: And other 66 filings which they have under development, were they organically developed or there were some acquisition done in past?

Santhanam Subramanian: Out of the 67 products, six have been bought and they have been using outsourcing it. The other 61 products which have been organically developed and they are waiting for the inspection, I'm repeating, they're waiting for the inspection, and out of them 40 are injectables.

Ritesh Rathod: For the $107 million OTC brands and the ANDAs which you have acquired as well as this one, would you need a shareholder approval?

Santhanam Subramanian: We have consulted because these are all different transactions and these are only ANDAs, right, it is within the limit which has been prescribed and our Company Secretary as well as we have consulted the expert and shareholder approval was not required.

Ritesh Rathod: And even for this Cronus Pharma you won't require shareholder approval?

Santhanam Subramanian: It is not required.

Moderator: The next question is from the line of Shyam Srinivasan from Goldman Sachs. Please go ahead.

Shyam Srinivasan: I was asking about the global injectable sales. If I look at it, what was the number for the quarter? And if you can also share us, given the kind of we have moved things, we are trying to subsidiarize and make Eugia kind of this one structure, so can you help us understand where the overall revenues are, I know you've given a guidance in the past, but just to understand on the profitability front as well, can you help us understand that please?

Santhanam Subramanian: Yes, the global injectable number is around $102 million, I mean, we mentioned that next quarter we are ensuring it is there. Second is yes, we have taken the approvals and we have informed the stock exchanges and investor community that we are going to subsidiarize that and we have already taken necessary action. We have taken the one set of regulatory approvals, and the second set of regulatory approvals will happen. Hopefully everything goes well, by 31st August we will try to complete it.

Shyam Srinivasan: What is the profit margins for the global injectables, is there something that you're sharing at this point of time, how should we look at that business?

Santhanam Subramanian: We are not giving the injectable margin number. However, we are not inferior to any of the competition. We are not giving any specific numbers.

N. Govindarajan: To answer you, the long-term whatever we have projected last quarter, yes, still, that is true, that growth story is still intact.

Shyam Srinivasan: Govind, that was like $650 million - $700 million target for globally?

N. Govindarajan: Yes, that story is still intact and that is what is our goal and that's what we are working towards. This quarter-to-quarter differences may not matter. We are still confident about achieving that goal.

Shyam Srinivasan: Second question is on the US oral solids and the US performance has QoQ decline. So we are comparing like-for-like with 4Q, I'm not doing it with 1Q. So how are you seeing the scene there in terms of pricing environment, new launch momentum if you can help us understand?

Swami Iyer: We had slightly tepid growth during the Q1 of current year. We saw some price erosion during the quarter which was primarily due to buildup of inventory across suppliers due to decreased demand. So price erosion was in, I would say, upper single digit, percentage wise, it is higher than normal, we cannot estimate the duration at this point precisely. But we believe that the negative impact could be offset with higher volumes and new launches for the year. As you may know, we are today the largest supplier by volume and we plan to keep increasing this as we have a large portfolio.

Shyam Srinivasan: Swami, any launches that you would like to call out for the remainder of the year or are we sticking to the 30, 40-plus launches for the full year?

Swami Iyer: I would say about 30-plus launches in a year.

Moderator: The next question is from the line of Kunal Randeria from Edelweiss. Please go ahead.

Kunal Randeria: One clarification, so was the founder of Cronus Pharma associated with Aurobindo Pharma?

N. Govindarajan: We have dealt with them in the past, because in the past, there are transactions we have done and even today, we continue to do transactions with them on other entities.

Kunal Randeria: It does, but as of now he is not a part of Aurobindo Pharma, right?

N. Govindarajan: He has never been part of Aurobindo Pharma at all.

Kunal Randeria: You're developing five biosimilars. So can you share some timelines, because I think you have revealed that you may be filing sometime this year?

N. Govindarajan: As far as the first two products are concerned, we have clearly mentioned that those two products with an extended phase-1 would get filed during this financial year and seven months is a typical time when you would expect an approval because these are defined timelines for the first two products as far as Europe is concerned. There is one more product which will get ready, which will get filed by next financial year and you can expect every year one to two products getting added to the portfolio depending on the length of the trial. So as far as Europe is concerned whenever the filing happens, in 210 days you can get the approval. As far as US is concerned, depending on is it the first set of products or are already reviewed product; the timeline would be defined. You can take it as an approximately 12-18 months as a timeline for approval in the US depending on the complexity of the product.

Kunal Randeria: One more clarification on this. So first US filing will be after the European filing, correct?

P.V. Ram Prasad Reddy: Two products we are filing before March in Europe and UK. First product we are filing next month and subsequent year '22-23 we are expecting to file two products in the US.

Kunal Randeria: Do you see the R&D to go up more?

Santhanam Subramanian: Probably denominator will go up. So we maybe 5% to 6%, but depending upon how we see it., It depends upon many factors, while we are very clear we are going to do the clinical trials, etc., how to optimize it, we are working on that.

Moderator: The next question is from the line of Tushar Manudhane from Motilal Oswal. Please go ahead

Tushar Manudhane: Sir just would like to understand the progress on the PLI Scheme please?

N. Govindarajan: We have already sought some clarification from the government. Based on the outcome of that, we will decide the way forward. We are all geared up for moving forward, but we wanted certain clarifications which we already sought from the government and the project agency.

Tushar Manudhane: So the financial outlay would start from, let's say, in FY'22 or FY'23 onwards?

N. Govindarajan: Financial outlay will start during this financial year as well, depending on when we receive the clarification. If we receive the clarification, let's say and if it is meeting our requirement, the investments can start in the current financial year itself.

Tushar Manudhane: Sorry to drag on this, but can you just elaborate on this clarification like any major hurdle on starting this project?

N. Govindarajan: The clarification is in terms of including certain products as a part of that. If we take an example of Penicillin G, we also wanted clarification on whether 6 APA should be a part of that or not, because when we produce 6 APA, we need not necessarily isolate Penicillin G. Also 7 ACA along with that I think we wanted D 7 ACA which is also like a migration which is happening as a starting material for certain Cephalosporins.

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

Prakash: First question is on the USFDA update. We hear that inspection for one of your facilities have started. Is there an update please?

N. Govindarajan: Unit-1 was audited by USFDA for nine days and the audit got concluded yesterday. There is a form 483 issued with seven procedural observations. We will be responding as per the prescribed timeline and work with the agency towards resolving it.

Prakash: And just to clarify, these are foreign FDA inspectors or from the local agency?

N. Govindarajan: This is a foreigner based out of the Delhi office.

Prakash: Secondly, just picking up thoughts on the US pricing pressure that we are saying, QoQ, there has been some pressure. So, what is this pressure, I mean, what is changing in the market, I mean, we've been growing single digit, we have a very strong portfolio, pipeline launches are happening, so what are you reading on the market, what has really changed or do you think this is more temporary?

N. Govindarajan: Prakash, basically as Swami had explained earlier, our strong belief is that because of the pandemic, people have stocked more material than the need or the consumption. So, obviously, we see this as a time period or a phase where everybody has to liquidate the stock, which they

have stocked more than whatever is actually needed. There are certain things which are happening currently, may not be sustainable. So, what we are talking about is now the stock may not be only with the seller, also may be with the distributor. Once these are offloaded, we expect the normalcy to settle in and we always have maintained that a 5% erosion is something we also budget for, this time it has been more as already explained by Swami. So, this is a phase, in our opinion should pass. We are not giving a specific timeline because we need to know how much stock is being held by everyone. How much time would it take to get liquidated. That is the reason we are not giving a specific timeline. Since we have enough engines for the future, after this phase is over, we are still confident about the growth.

Prakash: This year we still maintain you'll be able to see growth on the last year's base?

N. Govindarajan: Depends on the stock liquidation as I had explained, because we don't want to give a general answer that yes, we are confident. Because in case if the liquidation takes some more time, in that case there might be some delay. As you are aware of it, I think we still have a significant portion of our products I think which are competitive, 60%, 65% of our portfolio is within the top1, 2 or maximum 3 in terms of market share ranking. So obviously, our story is intact, we are confident, as Swami had explained the products are awaiting approvals and would be launched and we're confident about the future. In this phase, we are not able to clearly say that like how long this phase will sustain, but we are absolutely confident about the growth as we progress beyond this phase.

Prakash: One more on the rationale or the thought process behind? So we already have a very-very strong pipeline of 174 products under different dosage forms. And we have gone and bought this $100 million asset which has some OTC and ANDA. So, on overall scheme of things we are doing depot, we are doing complex injectables, now we are working on biosimilar vaccines. So these are much larger assets. So, I'm just trying to understand the digression of buying such smaller assets, A and B also the veterinary piece coming in, I mean, what are we signaling in terms of filling up the gaps, do we see more such smaller assets going forward or we focus on the larger assets which we are developing organically?

N. Govindarajan: We are not talking about one against the other, number one. As far as ANDAs are concerned, they are absolutely complementary. Say today, in the generic industry, let us be clear about one particular fact, at the time of filing every product looks like a great product, and that's how every company works on every product. But at the time of launch, you cannot predict how many players would be there, how much erosion would happen. If you're getting an opportunity for a certain portfolio of products, which is going to complement your existing portfolio, you should go for it and that is the strategy which we have adopted in terms of getting those portfolios, because tomorrow, these products also has enough opportunity for their own growth. That was evaluated based on the future growth; hence we went ahead. As far as the veterinary business is concerned, the one part is like you have to remember most of these APIs, are also coming from our facility and we clearly see this is a good business to be in and that's how we are going ahead

with that. This doesn't mean that when we get into, let's say newer portfolio or existing portfolio, we dilute or we are defocusing on existing business, it doesn't mean that we will let it affect our other businesses. Hope that helps to clarify.

Prakash: I had a question regarding the rationale of buying these smaller assets? And do we see more of such assets in the future to fill up the gaps if any?

N. Govindarajan: I don't think that we appointed a banker to go and chase anything, as far as the smaller opportunities are concerned., As we had articulated in the past about the capital allocation, we are very clear that we are not looking for any large ticket acquisitions. But if there's an opportunity, let us say, a set of ANDAs available and which can complement to our portfolio, then definitely we will look at that. Even in the future, if anything comes up, we will look at that; either in Europe or the US I think we'll definitely look at it, but you will also agree with the fact that you will not get many such opportunities because as we have a large portfolio, only if that makes sense then we will be looking at it, not that we will be chasing anything.

Prakash: Subbu sir, on the gross margin side, one is US pricing pressure, the second I picked up is the ARV sales are down. But why gross margins have dropped, so, is it a function of raw material and lower sales or there is more to it and what is the outlook there sir?

Santhanam Subramanian: It is basically the change in the product mix, because in US typically the average margin will be more than the company average margin and if there is a drop in sales then obviously the gross margin will get reduced. Having said that, we have worked and ensured that overall, as a company the EBITDA margin is not affected.

Prakash: Yes, I could see significant cost controls, but question is on the gross margin outlook sir, so how do we see this going forward given the US pricing pressure is here to stay?

Santhanam Subramanian: You are right, but at this stage, as explained, we need to see on the price erosion and what is the impact. Probably, our endeavor will be always to ensure that we move towards 60, that is what we always aim for. We have the standard at 58 and will aim to move towards 60. Because of the COVID related and other things, we had a small setback but let's see whether it is a one off or not we will come to know down the line in two quarters.

Moderator: Thank you. The next question is from the line of Chirag Dagli from DHP Mutual Fund. Please go ahead.

Chirag Dagli: Are you seeing more players in your base products, the older generic products? And if you can just broadly state pricing erosion between what you see on the base and some of the larger products which are slightly less competitive, is there a marked difference in the high single digit erosion between these two categories?

N. Govindarajan: As far as the price erosion is concerned, it's not the question of new player entering, that is not the criteria, that is only possible for a few products. The major criteria is due to the stocking by all the players because when there is an opportunity everybody claims that this requirement is sustainable and they always would like to have more stock than what is needed, the offloading of such stock is what we are seeing as a major reason. Second, you are aware of the fact that for us any product, we don't highly depend on it. You know that our top-25 products are approximately around 32% in terms of our exposure. So, to that extent that any single product, our dependence is never high.

Chirag Dagli: On Cronus, if I heard this correctly, there is a primary infusion that your capital is going to go into the company, it's not like you're buying out. So point is, what is the use of that capital for Cronus… what are they going to do with that capital? And also is there debt on the books of Cronus?

Santhanam Subramanian: Money will be infused as a primary source and this money will be used to reduce the existing debt which is a high cost debt and second as we explained, we have to file another 45 products, for which we need to pay the filing fees and we need to incur the cost on account of exhibit batches, and this will be totally used for the business purposes in achieving the 67 ANDA approvals, unless they're not going to stop it here and they will try to look at more R&D-related work.

P.V. Ram Prasad Reddy: In case of Veterinary product filing, there are no ANDAs. Unlike human health products, we pay the money initially with the filing of ANDA, in veterinary drugs, the money is paid at the time of approval, we have to pay some money there for each product, that's what Subbu is telling.

Chirag Dagli: You said that there are six approvals that have already come through for this company, those filing fees…?

P.V. Ram Prasad Reddy: Three, this company has developed, three products are the labeling products. Labeling means they have taken somebody's veterinary label, Healthcare product, they're selling these products. These three products they have developed their own. But these products are filed in other units and they got approved and they are yet to launch, out of the six, mainly two products they would launch in the next month onwards and with the third-party units.

Chirag Dagli: Can you give the exact debt as on date on the Cronos books?

Santhanam Subramanian: I think bank debt must be around Rs 160 crores or Rs 165 crores

Chirag Dagli: Of that, Rs.165 crores is the debt and the balance will be obviously equity?

Santhanam Subramanian: Yes.

Moderator: Thank you. Next question is from the line of Harith Ahamed from Spark Capital Advisors. Please go ahead.

Harith Ahamed: You mentioned that the valuation that was done by PwC on Cronus Pharma. So will you be able to share that with investors?

Santhanam Subramanian: First of all, we need to take the consent of PwC and second, whether we need to share it, etc., we have to go through the process, understand what all the issues are, etc.

Harith Ahamed: Regarding the valuation for Cronos, it'll be useful if you can share this with the investors?

P.V. Ram Prasad Reddy: Any investor comes to our office; they can read it. But I don't know, Subbu, sharing, Govind has to tell.

Santhanam Subramanian: Even for sharing also, PwC's consent, we need to take it. But the simple logic, which I like to present is the six molecules, which has been outsourced is already generating revenue, more than $13 million, even the management is confident, and they were very excited about achieving more than $20 million in current year. Aurobindo as a company, we want to be very cautious in telling the guidance or anything, but their management team is excited in achieving more than $100 million in three years' time.

Moderator: Thank you. Ladies and gentlemen, this was the last question for today. We sincerely apologize for the bad connection quality.

Arvind Bothra: Good morning, everyone, again. I sincerely apologize for the pathetic quality of call today. Wish we could do something about it. But if any of your questions remain unanswered, please feel free to reach out to me and I'll try my best to address them at the earliest. I thank you for your patience and kindness today. Thanks a lot.

Moderator: On behalf of Aurobindo Pharma Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.