“Eris Lifesciences Limited
Q4 & FY24 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY24 Earnings Conference Call of Eris Lifesciences Limited.

We have with us today on the call, Mr. Amit Bakshi - Chairman and Managing Director; and Mr. V. Krishnakumar - Chief Operating Officer and Executive Director.

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. Please note that this call is being recorded.

I now hand the conference over to Mr. V. Krishnakumar - Chief Operating Officer and Executive Director of the company. Thank you, and over to you, sir. Please go ahead.

V. Krishnakumar: Good afternoon and welcome to our Q4 and FY24 business update. Before we get into the quarter, this is a good time to recap the journey that we have been through over the last 24 months or so. It's been nothing short of transformative as far as our business and footprint are concerned.

It all began with the acquisition of Oaknet in May'22, followed by the acquisition of a suite of brands from Glenmark and Dr. Reddy's later that year. So, we put together a Dermatology franchise in FY23.

Then in the financial year that went by, we picked up the Biocon Nephro and Derma businesses in the month of November followed by two very pivotal and strategic deals in Q4 which kind of go hand-in-hand with each other. Firstly, the Swiss Parenterals Limited acquisition and then the acquisition of the Biocon Injectables business, which was announced in March and completed in April.

A total investment of more than Rs. 3,500 crores was made in the last 24 months, a big part of which has happened in the last few months. I will articulate more about this as we go ahead.

A quick update for all of you in terms of what we have started doing on the Q4 deals. Obviously, these are still early days. We will come back to you with a detailed update post the completion of Q1.

We acquired Swiss Parenterals, which had a FY23 revenue of Rs. 280 crores and a 27% EBITDA margin. The Eris equity stake in Swiss has been augmented to 70%. We have kick started the business integration. The Eris corporate team now oversees core business activities at Swiss.

Also, this is something that we had highlighted when we had shared the deal with you that we see a lot of manufacturing synergies between the Biocon portfolio and the Swiss manufacturing capabilities. Happy to share that we have initiated the manufacture of Biocon Injectable products at the Swiss units and this will ramp up. Swiss has an active R&D pipeline of more than 90 products. We are in the process of strengthening go-to-market activities including business development and regulatory. The other important initiative where we have already started work is to get the Eris Ahmedabad unit inspected by international regulatory authorities later this year. Because you might recall that we had spoken about initiating the export of oral solid dose forms as a completely new revenue line for the company, whereby we would leverage the manufacturing footprint at our Ahmedabad unit, and we would leverage the channel relationships of Swiss Parenterals. The first step in that direction has been taken where we are preparing the groundwork to get the plant inspected later this year.

As far as the Biocon Injectable business is concerned, we completed the acquisition in early April. It has brought power brands like Basalog, Insugen, Biomab, Canmab, Ivnex, and Biopiper to our portfolio. The revenue run rate at the time of acquisition was to the tune of Rs. 30 crores per month. This acquisition has resulted in a significant expansion of our covered market. We see that our covered market has expanded by more than Rs. 15,000 crores because of this acquisition.

We have added four divisions, Insulins, Critical Care, Oncology and Market Access. Insulins, Critical Care and Oncology is something that we have spoken to you before. Market Access is an interesting new revenue line that we have added. Market Access division is basically engaged in supplying the same suite of products to various Central and State government institutions. We have an active sales and marketing team of around 650 personnel, which includes 435 reps.

Another thing that we are very excited about is the kind of diversification that we were seeking in our therapeutic mix in the Domestic Formulations business, which is still the mainstay of the company, has now come about.

If we look at March'22 versus April'24 on a MAT basis, roughly a two-year period, our top three therapies, which are Oral Anti-Diabetes, Cardiovascular and VMN accounted for 80% of our business back then. Now, the concentration of these three therapies has been reduced to 54% after accounting for the fact that these therapies have delivered a 11% CAGR over this time period. Our emerging therapies, notably, Derma, Insulins, Women's Health, CNS, Oncology, Critical Care and Nephro, they now account for 40% of our business. We are happy with the way this has all come together and we believe that it sets a very good base for secular organic growth going forward.

Next, let us talk about the Q4 data from AWACS in terms of growth versus peers. The IPM growth for Q4 was 9.5% and Eris' growth was to the tune of 14.5%. So, happy to share that Eris continues to outperform the IPM and also continues to rank among the top 10 players by growth.

Moving on to the Q4 update in terms of primary numbers. Domestic Branded Formulations, our flagship segment, clocked a revenue of Rs. 480 crores in Q4 of this financial year. This accounted for 87% of our consolidated revenue for the quarter.

In terms of Q4 growth, the overall growth in Branded Formulations' revenue was 23% and the organic growth in Q4 was 15%. We expect to see a sustained 12% to 14% organic growth in our Domestic Formulations revenue in FY25 as well.

For the full financial year, Domestic Branded Formulations clocked a revenue of slightly over Rs. 1,900 crores. It accounted for 95% of our consolidated revenue and that implies a growth of 18% over last year. Again, we expect to see a 12% to 14% organic growth in this business in the current financial year and I am also happy to share that Eris MJ closed the year with Rs. 46 crores of revenue in its second year of operations and an exit run rate of Rs. 5 crores per month.

Coming to Domestic Formulations EBITDA. The Q4 EBITDA of the segment was Rs. 130 crores. This represents a 27% margin and a growth of 8% over Q4 of last year. There was a decline of 180 bps in Q4 gross margin due to the evolving product mix. There are new items that have been added to the portfolio including the Biocon segment that we have picked up in November. This product mix is expected to stabilize by the first half of this year.

For the full year, the EBITDA of the business segment was Rs. 656 crores, which represents a margin of 34% and an increase of 100 basis points over last year. This increase was driven by a couple of factors.

One is something that we have already recapped to you on previous occasions, which is the successful integration of and significant margin improvement in our Derma segment from 27% to 35%. The second driver is a major reduction in the EBITDA burn from Eris MJ. It was a Rs. 20 crores burn in FY23 which is at Rs. 8 crores burn this financial year, and we were looking to get to breakeven in Q4 and we are more or less there. Q4 EBITDA was around minus Rs. 1 crore.

We would like to share some clarifications on the Domestic Branded Formulations EBITDA. Starting with our reported formulations EBITDA of Rs. 656 crores for the year and Rs. 130 crores for the quarter, there were a couple of one-time non-recurring items, which we would like to call out. There is a bucket of Rs. 21 crores, which includes a few items, like donations, SAP implementation costs and deals related expenses. This aggregated to Rs. 21 crores in Q4 and hence for the financial year.

The second factor we would like to call out here is what we see as the excess Opex that we spent on the Ahmedabad plant. We have spent Rs. 30.5 crores as operating expenses for this plant which represents pretty much a fully loaded cost. However, the capacity utilization for the year was less than 20%. So, on a pro-rata basis, we have overspent here to the tune of Rs. 17 crores and this situation will get normalized by Q4 of this year. But after adjusting for these two anomalies in the numbers, the adjusted domestic formulations EBITDA is Rs. 695 crores, which represents a margin of 36%.

So, if there is one message that I would like to leave you with regarding the EBIDTA profile of the DBF business, it is that the fundamental characteristic and the fundamental margin profile of our Domestic Formulation segment is intact. It continues to be a 36% margin business.

Moving to the consolidated picture for the quarter and the year. Consolidated operating revenue for the quarter was Rs. 551 crores. This represents a growth of 37% and consolidated operating revenue for the year was Rs. 2,009 crores, which represents a growth of 19%.

Post-deal closing, Swiss Parenterals clocked a revenue of Rs. 55 crores, which is part of Q4 consolidated numbers. Q4 EBITDA stood at Rs. 148 crores with a 27% margin and 25% growth year-on-year. FY24 EBITDA stood at Rs. 675 crores with a 34% margin and 26% growth year-on-year. This implies a margin expansion of 174 bps.

Q4 PAT stood at around Rs. 80 crores with a 30% growth year-on-year and FY24 PAT stood at Rs. 397 crores, which implies a growth of 6%. This includes the impact of all acquisitions and non-recurring items.

Adjusted EBITDA for FY24 was Rs. 713 crores on a consolidated basis. This represents a 36% margin and a 33% growth year-on-year. Adjusted profit after tax for the year was Rs. 432 crores, which represents a 22% margin and a 16% growth year-on-year.

A little bit of clarification on the adjusted profit after tax. It really flows through from the adjustment that we spoke about in the EBITDA a couple of slides ago. There was an adjustment of Rs. 38.4 crores to the EBITDA because of non-recurring items. This flows through to PAT as well and the impact at the PAT level is Rs. 35.4 crores. The consolidated PAT is Rs. 397 on a reported basis and the adjusted PAT is Rs. 432.

Coming to the other important metrics for the year. We report one more year of strong Operating Cash Flow conversion. Our Operating Cash Flow to EBITDA for the year was 72%. Earnings per share reported for the year stood at Rs. 29, which represents a growth of 6% year-on-year and cash EPS, which excludes the effect of amortization, stood at Rs. 38, which is a growth of 14% for the year.

In-house manufacturing, which is basically at our Guwahati and Ahmedabad sites accounted for around 60% of Domestic Branded Formulations revenue this year. This is primarily on account of the evolving product/ business mix.

Consolidated debt on our balance sheet as of 31st March stood at around Rs. 2,700 crores. We expect that this will reduce by Rs. 400 crores in this financial year from internal accruals on the back of our continued healthy operating margin and strong OCF conversion.

In terms of return on capital employed, you can see that it was at 34% in FY22 and then in FY23 and FY24, the numbers stood at 20% and 11%, which were clearly driven by acquisitions where the gross-block impact has come into the base instantly, Amortization impact has also come in. But the integration, the margin improvement, the earnings growth - all those things, they take time, which is why when you look at the FY24 return on capital employed on an adjusted basis, it is a number of 19%. This adjustment is based on full year proforma EBIT of FY24 acquisitions and it excludes the impact of M&A related amortization.

Moving on to the guidance for the current financial year. As mentioned earlier, we reiterate an organic revenue growth guidance of 12% to 14% on our Domestic Formulations base business of FY24 and we expect to maintain a Domestic Formulations EBITDA margin of 36%.

On Swiss Parenterals and the most recent Biocon Injectables acquisition, we will share the FY25 revenue and EBITDA guidance post completion of Q1. We are in the process of putting things together. We have good visibility of more than 20 first-in-market launches through our own R&D pipeline.

When we spoke to you last time, we spoke about the benefits that are to be gained by insourcing the manufacturing of some of the Biocon products, whether it is Insulins or Oncology or Hormones. In order to achieve the insourcing, we are looking to set up these manufacturing blocks at our Ahmedabad facility and we estimate that we will have a capex of Rs. 70 to 80 crores around the same.

In terms of key considerations for the financial year, again, we have depreciation to the tune of Rs. 60 crores, amortization to the tune of Rs. 225 crores. Interest expense, we estimate around Rs. 240 crores.

As articulated on numerous occasions, we will continue paying cash tax at the MAT rate of 17%. We have an accumulated MAT credit of around Rs. 460 crores as of 31st March. We will progressively leverage the accumulated MAT credit over the next few years because of which Operating Cash Flow is expected to be maintained at 70% to 75% of EBITDA.

Debt reduction continues to be a very important strategic priority for us. The proforma EBITDA of FY24 of all the acquired businesses is more than Rs. 850 crores. On this basis and looking at an outstanding debt of around Rs. 3,000 crores, we are at a Debt to EBITDA ratio of 3.5x now and our priority is to reduce this to less than 2x in the next 18 months.

Towards this, we expect Rs. 400 crores of repayment through internal accruals this year and Rs. 600 crores of repayment through internal accruals in the next financial year. So, by the end of next financial year, we will be at a ratio of around 1.5x, which is something that we believe is a comfortable place to be in.

This concludes the presentation for this quarter. Now, we move on to Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Gagan Thareja from ASK Investment Managers. Please go ahead.

Gagan Thareja: I think you put out a filing on the stock exchange indicating that you intend to do a fund raise. Can you give us some idea of the magnitude of the fundraise and in what form you intend to do this and by what time?

Sachin Shah: We intend to raise NCDs of around Rs. 1,250 crores and repay the CPs which are due in first or second week of June.

Gagan Thareja: Is it also possible for you to apprise us of how the acquired brands from Reddy's and Glenmark have done for you this year? What are your strategies or thought processes to scale these businesses and likewise for the other acquired entities also if you could apprise us of what are your aspirations perhaps if not on a short one-year frame, but perhaps on a three-year frame and also give us your thoughts on the profitability matrices of these businesses going ahead?

Amit Bakshi: Hi, Gagan. Amit here. Gagan, look, Dermatology is clearly emerging as our fourth largest therapy now. Typically, we were strong in Diabetes, Cardiovascular and VMN. These were three categories which used to be very dominant.

We are looking at Dermatology to now become our fourth largest therapy. If I am not wrong, we are already featuring in the top 10 in Dermatology. There is some movement, noise in the data of the AWACS which happens when you kind of buy brands from outside.

I am seeing a very good traction between Dermatology and Cosmetology. We are still doing better in Dermatology. Glenmark brands were largely in Dermatology. That is one area where we are seeing a high-teens kind of growth. The Cosmetology piece hasn't done as well as the Derma piece. But I think we are learning the ropes there. Dermatology is a very large business - between Dermatology and Cosmetology, the clinical Dermatology is panning out well for us. We aspire to be one of the top 5 in Dermatology.

It is a big ask, not a very big ask, it is a decent ask. But we think we have the wherewithal to achieve that. Because inside if you look at the major brands, our major brands are showing much bigger growth than the overall growth of the business. That gives me a lot of confidence. I can tell you for sure that Dermatology will be one of our large plays.

Gagan Thareja: Is it possible to give us the numbers for Oaknet, Glenmark acquired and Reddy's acquired brands for FY24, both top line and margins, if possible?

Amit Bakshi: Margins we know. Oaknet margins are almost at the company level margins. I can safely tell you the margins are at around 35%. If you look at the AWACS data, it is all over the place. That is reporting a triple digit kind of a number. Kruti, am I right?

Kruti Raval: Yes.

Amit Bakshi: In most of the brands. It went down and then it came up. But what I can tell you is, we see a healthy teen, higher teen growth in the next 2 years when it comes to our large brands.

Gagan Thareja: For the primary sales, I mean secondary sales might, as you say, be all over the place. But for the primary sales that you would report in your own income statement, what would be...

Kruti Raval: All these pieces are now part of the DBF business and disclosing each brand or each therapy separately is not a part of our guidance. You will have to go by the secondary numbers as far as each brand or each therapy is concerned.

Gagan Thareja: For the MJ Biopharm piece, how is that working out in terms of monthly sales numbers and are you at a breakeven on that business now or what are the margins looking like there?

Amit Bakshi: Yes, Gagan, we told you in the presentation that in Q4 we are almost at breakeven. The loss was limited to Rs. 1 crore for a quarter. We are up there now and we are run-rating at Rs. 60 crores. But you will have to wait for this business because we are having two businesses in Insulin now. There is one large piece which has come from Biocon and then there is an MJ piece. I will tell you after the first quarter how do we manage both these brands. Right now we are managing both the brands within the company. But you need to give me one quarter to make it more clear.

Largely, the large portion of the growth will be driven by the Biocon brands because they are very large size brands. Basalog being Rs. 100 crores and Insugen being Rs. 100 crores, large availability across the country. So, both brands have a lot of juice.

Gagan Thareja: Also, could you perhaps clarify? I think Mankind also has an in-licensing arrangement with Biocon for Glargine if I understand it correctly and obviously, you will be up against their fairly comprehensive distribution. In addition to that, my understanding is that with Dapagliflozin and Gliptin all now becoming generic, price points are lower, and penetration is much higher volume wise and they tend to sort of delay the onset of Insulin usage. So, between these two, do you see these two in some way sort of the challenges that you might have to face in growing your own Insulin business?

Amit Bakshi: There is no science which says that these products will replace Insulin at any given point of time. Secondly, Insulin initiation in India has been very, very poor when compared to any of the western countries. That option has been very, very poor.

Even when we talk about developed countries like U.S. where the products have been available for a pretty long time, we really don't see a challenge for Insulin. So, Insulin markets in India are still very, very underpenetrated.

When you look at the science, it actually doesn't at any point of time say that these OHAs' would substitute for Insulin. So, we don't find the Insulin market going down at any point of time.

Gagan Thareja: From a competitive standpoint, how do you see the market with Mankind also entering this business?

Amit Bakshi: We want to believe we are good at Diabetes then we are good at Insulins. Insulin is a little bit more concentrated form in Diabetes. We believe we are good and up till this point of time, our two years of journey have actually been quite reasonably very good. Let's see where it goes from here.

Moderator: Thank you. The next question is from the line of Neelam Punjabi from Perpetuity. Please go ahead.

Neelam Punjabi: My first question is on the Swiss Parenterals portfolio. Have we launched anything from that portfolio in our Domestic Formulation segment?

Amit Bakshi: Yes, we have already. The idea was when we bought the Critical Care piece from Biocon, we wanted that to be shifted first to Swiss and then launch new products. I think that cycle has started and we believe by the end of this quarter, a large percentage, almost 60% of that portfolio should be manufactured with Swiss and there should be four to five new brands which should be launched manufactured by Swiss. So, that plan is on track.

Neelam Punjabi: Secondly, my question was on the net debt figures. So, Rs. 2,700 crores by 31st March 2024 that you all mentioned, that includes the potential pay-out for the Biocon acquisition, right?

V. Krishnakumar: Yes, just to clarify. The Biocon acquisition pay-out was completely factored into that and the Rs. 2,700 crores was as of 31st March, but for all practical purposes, we gave the debt figure at Rs. 3,000 because the Swiss Parenterals' augmentation of Eris' stakes from 51% to 70%, that resulted in the debt figure going up to Rs. 3,000, but that happened in the month of April. While 31st March is 2,700, our starting point for the debt is 3,000 and this includes everything, nothing has been left out.

Moderator: Thank you. The next question is from the line of Harith Ahamed from Avendus Spark. Please go ahead.

Harith Ahamed: In one of your slides, you had called out a Rs. 21 crores non-recurring item in 4Q. I missed the details around that. Can you clarify that?

V. Krishnakumar: Harith, is your question about the Rs. 21 crores non-recurring item?

Harith Ahamed: Yes.

V. Krishnakumar: As articulated earlier, this was a combination of factors including SAP implementation costs which is a one-time expense, deal related expense for the deals that we consummated in Q4 and some donation which is again of a one-time expense.

Harith Ahamed: You mentioned that the organic growth for the Branded Formulation business for the quarter is around 15%. The adjustment that you have done to arrive at this would be the sales from Swiss Parenterals and the Derma, Nephro business from Biocon. Is that correct understanding?

V. Krishnakumar: Yes, this is on a like-to-like base. Whatever was part of the business in Q4 of last year, that forms the base. Clearly there is no Swiss Parenterals. There is no Biocon because these businesses were not with us then. In fact, even the Dr. Reddy's is not part of this. This only includes what was there with us in the Q4 of last year.

Harith Ahamed: Even if I adjust for the one-off, there has been a non-recurring item that you called out of Rs. 21 crores. There has been a decline sequentially in our margins for 4Q versus the first three quarters in FY24. How should we think about this decline sequentially?

V. Krishnakumar: If we look at the quarter-on-quarter growth then I think the Q4 of last year versus Q4 of this year, the EBITDA margin growth is significantly good, right?

The growth is more than 30%. If you look at the legacy pattern, the data of the last two years also, you have seen that Q4 is a bit of a smallish quarter for the Domestic Formulation business. Q2 and Q3 are the largest quarters. Most of the year is actually made in these quarters. Rather than looking at the Q4 margin on a sequential quarter basis, I would ask you to look at it on a year-on-year basis, which is more representative.

Moderator: Thank you. The next question is from the line of Rahul Jeewani from IIFL Securities. Please go ahead.

Rahul Jeewani: Sir, on this organic growth of 15%, which we called out for Q4, can you similarly call out the organic growth for the full fiscal year '24?

V. Krishnakumar: I think it would be to the tune of 9% to 10%. Somewhere in that range.

Rahul Jeewani: We have started seeing some sort of a pickup happening in the Chronic segment recently with growth pickup in both Cardiac and Diabetes, which is where we seem to have benefited as far as organic growth during the quarter is concerned. Do you think that this momentum would sustain going into FY25 as well and that gives you confidence to deliver this 12% to 14% organic growth going forward?

Amit Bakshi: Rahul, what you are saying is right. But also remember what happens when bigger brands sit on the portfolio. You don't actually integrate the bigger brands. There is some loss which happens when you don't get people. Then there is some loss which happens at the smaller brand level also.

For Dermatology, if the same division has got a large 30, 40 crore brand, then what happens? 3, 5, 6 crore brands start getting into a little pressure on promotion there. From P1, P2, they get shifted to P4, P5.

While what you are saying at a larger level is right, but what is playing out is the time which we have spent and the promotion period which gets changed and then gets stabilized. Two factors together. I will give the second factor a little more weightage, but this is how it plays out and that is why you are seeing the whole growth coming back.

Rahul Jeewani: On this debt reduction target of 400 crore and 600 crore for the next two years, what would be the key variables to track for the debt reduction which you are planning?

V. Krishnakumar: Rahul, it's starting with EBITDA, operating cash conversion, which we are reasonably confident will be in the 70% to 75% range. Then after that, we have called out a capex of Rs. 70 to 80 crores per annum and we have set this year Rs. 240 crores for the interest charge. Whatever is left after that goes towards debt repayment. These are the key variables.

Rahul Jeewani: This 70, 80 crores capex which we are targeting for FY25, then ideally this number should come down next year, given that most of our capacity expansion plans would largely be over.

V. Krishnakumar: It all depends on how the next three units span out because we told you that we want to take the Biocon Injectables portfolio in-house, which has multiple components. One component is General Injectables, which is already gone into Swiss. Then you have Insulin, which is a specialized piece. You have Oncology. Then we have some Hormones. In order to bring these in-house, we have to create capacity in Ahmedabad. These are all units which require containment, and they are kind of different units. That is why we have called out a capex in '25 and '26. That is all that is there on the horizon for now.

Amit Bakshi: Rahul, if you look at the wheel, the therapy mix, while the newer therapies look little smaller at this point of time, but if you look at the order of the portfolio, there is a lot of evolution happening there. Insulins, Nephrology, Cancer, these are three large markets and these three are the highest growing markets also. Not Insulin, say Cancer, Oncology is growing by 17-18%, and Nephrology has also been growing at that level.

If you look at the whole wheel and you look at the newer additions, the newer addition, also the Immunology piece which we put in Dermatology, but that is where the nibs are kind of taking up and we are seeing almost 100% growth in that category. It makes a lot of sense for us to put these things together because the margin delta which you achieve by getting a Glimepiride metformin from a third party to in-house manufacturing is very small when compared to these products.

We would like to believe that these are therapies which will become bigger, which will always have some amount of barrier where not everybody will be able to enter, are the therapies which will become very large.

Our manufacturing plant, as I told you in the past years also, that we are now becoming a little more of a product company. You will see the investment in the production keep on coming here and there.

Rahul Jeewani: Last question from my end before I join back the queue. Can you talk about your rep expansion plans as far as the organic business is concerned and what is the current productivity of the organic business?

Amit Bakshi: The productivity at this point of time without Biocon is 5.2, 5.3, right? When we integrate everything, it will go closer to 6. Because Rahul, this Oncology, these portfolios generally have a very high productivity. We have no plan for organic addition at this point of time because almost 600 people have come in, in the last year. We must integrate them and get productivity up. I don't see any expansion, significant expansion even in the organic.

Moderator: Thank you. The next question is from the line of Prashant Nair from Ambit Capital. Please go ahead.

Prashant Nair: Two questions. Firstly, a couple of quarters back, you had outlined a few products that you were working on internally as part of your R&D program. Can you provide an update on how many of those you have launched in this fiscal and what is the pipeline for the next year?

Amit Bakshi: Yes. This fiscal, we have launched two products. We launched them in February, I think, in March. One of them is a combination of Gliclazide with Sitagliptin. We are waiting for the third triple drug approval; we need to do one more BE for that. That is in the process.

We have got another marketing authorization for the product, which is Dapagliflozin and Metoprolol. We see this as a very good drug for post-MI and for diabetic patients with CKD. That is one thing which the MA has already come. We are waiting for the final licenses. The next product which is in line is Dapagliflozin with Bisoprolol. That goes more into heart failure. These three are something which we think we should be able to launch in Q1 and then, the Q2 is a little silent. Q3 will then pick up very well.

Prashant Nair: The second question is, so now you have had some time in the market with the Diabetes products that have gone off patent. Vilda, Dapa, Sitagliptin, Linagliptin, also Sacubitril-Valsartan. Could you provide a sense of where you are in these products currently in terms of ranking? After this period of time in the market?

Amit Bakshi: I won't remember all of them. We will have to come back to you. The largest market has become the triple drug market Sitagliptin. Sorry, Dapa with Sita. That has become the largest market and there I think we rank number 3 and number 4 respectively for double drug and triple drug. Sacubitril-Valsartan, Zayo I am not happy with the way we have performed. We are kind of ramping it up. That's something where we have kind of not done well.

But Diabetes continues to do well. What we have done not exceptionally, but quite well is on the Linagliptin part. I think Linagliptin after the innovators, we are right up there. Linagliptin has worked us very well. Dapa combinations have worked very well for us. Sita, we didn't have a great start, but it picked up in between. I think we are now number three or number four. Vilda, we continue to be number one in the generic space.

That's how it's kind of stacked up, but we will be happy to provide you the latest numbers. We have not presented that data, but we ranked number two in overall value of new product launch. In MAT April data, we were ranked number two in overall new products launch.

Kruti Raval: If there are no more questions, can we close now?

Moderator: Yes, ma'am. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. V. Krishnakumar for closing comments. Over to you, sir.

V. Krishnakumar: In closing, we recorded a consolidated operating revenue of Rs. 2,009 crore rupees in FY24. Our consolidated EBITDA and PAT for the year were in line after adjusting for one-off on exceptional items. We clocked a 15% organic growth in our Domestic Branded Formulation business in Q4. With a significantly diversified therapy mix, we are well positioned to deliver a Domestic Formulations organic growth of 12% to 15% in FY25 as well.

Deleveraging our balance sheet continues to be a priority and we expect to get to a debt-to-EBITDA ratio of less than 2x by the end of September’25 starting with a repayment of Rs. 400 crores from internal accruals this financial year. Thank you all and have a good evening.

Moderator: Thank you very much, sir. Thank you, members of the management. Ladies and gentlemen, on behalf of Eris Lifesciences Limited, that concludes this conference. Thank you for joining us, and you may now exit the meeting.

This document has been revised to improve readability.