



June 2, 2022

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Dalal Street, Fort  
Mumbai - 400 001

**National Stock Exchange of India Limited**  
Exchange Plaza  
Bandra Kurla Complex  
Bandra (E)  
Mumbai - 400 051

Dear Sirs,

**Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of the earnings conference call for the quarter and year ended March 31, 2022**

Pursuant to Regulations 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the transcript of Analyst and Investor Conference Call for Audited financial results for the quarter and financial year ended March 31, 2022 conducted after the meeting of Board of Directors held on Friday, May 27, 2022.

The link to access the transcript of the earnings conference call is given below:

<https://www.jubilantpharmova.com/Uploads/files/84q2consfileJubilantPharmova'sQ4FY22EarningsCallTranscript.pdf>

This is for your information and records.

Thanking you,

Yours faithfully,

Rajiv Shah  
Company Secretary

Encl.: as above

A Jubilant Bhartia Company

OUR VALUES



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**Jubilant Pharmova Limited**  
**Q4 FY22 Earnings Conference Call**  
**May 27, 2022**

**Moderator:**

Ladies and gentlemen, good day and welcome to Jubilant Pharmova Limited earnings Conference Call for investors and analysts for the quarter and year ended March 31, 2022. 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 “\*” and then “0” on your touch tone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vineet Mayer, head investor relations. Thank you and over to you, sir.

**Vineet Mayer:**

Thank you. Inba. Good evening everyone. Thank you for being with us on our Q4’FY22 earnings conference call.

I would like to remind you that some of the statements made on the call today could be forward-looking in nature and a detailed disclaimer in this regard has been included in the press release that has been shared on our website. On the call today, we have Mr. Shyam Bhartia – Chairman; Mr. Hari Bhartia – Co-Chairman and Managing Director; Mr Arvind Chokhany - Group CFO; Mr. Pramod Yadav – CEO, Jubilant Pharma; Mr. Giuliano Perfetti – CEO Jubilant Biosys; Mr. Syed Kazmi – CEO, Jubilant Therapeutics and Mr. Arun Sharma – CFO, Jubilant Pharmova

I now invite Mr. Shyam Bhartia to share his comments.



**Shyam Bhartia:**

Thank you, Vineet. Good evening, everyone. I hope you and your family are safe and healthy.

In FY 2022, the Company reported stable revenues, despite COVID-19 challenges, due to the diverse range of our businesses. Improved performance in Specialty Pharma business and strong growth in the Contract Research business was offset by lower revenues in the CMO, API and Generics businesses. In Q4'FY22, the Company witnessed healthy improvement in operating performance sequentially due to growth in both Pharmaceuticals and Contract Research businesses, however on a YoY basis performance stood lower due to weaker performance in the Pharmaceuticals segment.

The Pharmaceuticals segment sequentially witnessed healthy improvement in revenues in all businesses. On a YoY basis, we witnessed growth in Radiopharma and Allergy Immunotherapy businesses while lower performance in CMO business due to tapering of COVID related revenues, lower volumes in Generics business due to import alert and lower volumes in API business.

The Contract Research and Development Services business, continued to witness strong growth both on a YoY and sequential basis driven by robust demand from our customers for our Drug Discovery Services.

In the Proprietary Novel Drugs business, our lead program – LSD1/HDAC6 inhibitor has successfully started Phase I/ II trials. Additional IND filings with FDA for pipeline programs are expected to follow in FY 23.

I am glad to share that the API demerger is progressing as per plan and is expected to be effective from July 2022 onwards with April 1, 2022 as the appointed date. This demerger will enable to create Synergies between CRO & CDMO businesses and help in supporting our customers for their needs from early stage of research to commercialization of active ingredients, and will provide competitive edge to this business.



I am also glad to share that the Board has recommended a final dividend of 500% i.e. Rs 5 per equity share of face value of Re 1 each for the financial year 2022.

I would like to mention that over the medium term, we have strong growth levers in all our businesses. To drive growth in these businesses, Company will continue to invest accordingly.

With this I hand over to Pramod to discuss the pharma business.

**Pramod Yadav:**

Thank you, Mr. Bhartia, a very good evening to all of you.

Revenue was at Rs 1,380 Crore versus Rs 1,486 Crore in Q4'FY21. Radiopharma business witnessed improvement in sales both YoY and sequentially, driven by recovery from easing of COVID-19 pandemic and some customer order scheduling. Ruby-Fill installations shows encouraging trend and increased strongly during Q4'FY22 vs. Q3'FY22. Radiopharmacy business witnessed growth YoY due to higher volumes. Turnaround plan is working well reflected by higher volumes and lower losses.

Allergy Immunotherapy continued to report robust performance reflected by growth in volumes both YoY and sequentially. Business continues to operate at volumes higher than pre-COVID levels. In addition to robust growth in the US market, business witnessing healthy growth in Non-US markets as well.

As mentioned in the previous call, CMO business is operating at normal pre-pandemic levels now, COVID related one-off deals tapered off as indicated earlier.

API business witnessed better performance sequentially however on YoY basis performance was lower due to decline in volumes resulting from stabilization issues after shutdown in Q3'FY22. We are planning asset replacement programs in H1'FY23 for plant upgradation and capacity expansion with volumes expected to normalize in H2'FY23.



Generics Business performance was driven by Lower volumes due to import alert at Roorkee plant, pricing pressure in the US market and lower Remdesivir sales due to fewer hospitalisations.

We have relaunched impurity free Losartan HCTZ in the market and are gaining market share. We have also recently launched impurity free Losartan and expect to gain market share in Q1'FY23.

With regards to Roorkee import alert, our remediation activities are ongoing as per plan and we expect to complete the same by mid of CY 2022. I131 MIBG clinical trials underway with launch expected in FY25. In Q4'FY22, on YoY basis while Radiopharma business' profitability increased due to recovery from Covid-19, overall profitability in Pharmaceuticals segment was lower due to the impact of Import alert, lower volumes in API business, continued tapering of COVID related one-off deals in CMO business and pricing pressure in the US generics market.

In FY22, Pharmaceutical business revenue was at Rs. 5,651 crore versus Rs. 5,790 crore in FY21. EBITDA during FY22 was at Rs. 1,087 crore versus Rs. 1,386 crore in FY21.

With this, I hand over to Giuliano to provide insights into the Contract Research and Development Services business.

**Giuliano Perfetti:**

Thank you. Pramod. In our Contract Research and Development Services business, under the Jubilant Biosys brand, we continue to report strong performance driven by robust volume growth. The business has a high demand from biotech companies for integrated services, functional chemistry and DMPK, Discovery Biology and Clinical trial data management support through Trial stat, Canada.

Our Q4'FY22 revenue grew 51% year-on-year and EBITDA grew 30% YoY with a margin of 37.6% vs. 43.7% in Q4'FY21. Our FY22 revenue was up by 50% year-on-year, EBITDA by 56% year-on-year and margin stood at 37.0% vs. 35.6% last year.

As previously mentioned, we are ramping up capacity utilizations at our new state of the art Chemistry Research Innovation Centre (CIRC) at Noida as per plan. With this new “status of art infrastructure”, compliant with the highest industry standard, and the work we have done to further enhance our operating model, we are able to successfully support the business expansion in both Biotech and Big Pharma segments, by delivering superior speed, quality and innovation.

In view of the strong demand from our customers, we have approved further expansion of the Greater Noida facility which will deliver both DMPK services & Chemistry. I am also glad to share that we are working to shape the new strategic platform Jubilant Biosys CRDMO. The reorganization will enable common management of Drug Discovery (DD) Service business, CDMO and Generic API with primary focus on Pharmaceutical Customers.

Jubilant Biosys’ end-to-end model, leveraging our API business, allows to seamlessly transition our clients through a part, or the entirety of the complete development cycle, from discovery and research, to development and manufacturing including generics.

With this now I hand over to Syed to discuss the Proprietary Novel Drugs Pipeline.

**Syed Kazmi:**

Thank you Giuliano. Good evening, everyone.

In our proprietary novel drugs business, we are focused on developing potential first in class and best in class precision therapies in oncology and auto-immune space. The company uses Jubilant’s proven discovery engine with structure-based drug discovery expertise and a track record of partnerships.

I am happy to share that we have now started the dosing of the first patient in a Phase I/II clinical trial of JBI-802 in patients with advanced solid tumors. The Phase I/II trial is an open label, two-part dose escalation and expansion study designed to define the safety and tolerability, explore predictive

biomarkers and assess preliminary activity of JBI-802 in study participants with advanced solid tumors.

JBI-802, effectively modulates two validated oncology targets leading to synergistic anti-tumor activity with a reduced risk of thrombocytopenia. This is our first internally developed product candidate to enter clinical development.

Other advancing programs in our pipeline include an oral brain penetrant inhibitor of PRMT5, JBI 778, which is expected to go for IND filing with FDA by middle of this year and an IND-track oral brain penetrant PDL1 inhibitor, JBI 2174. These two programs are initially focused on brain cancer, including glioblastoma and brain metastases.

We have transformed Jubilant Therapeutics to a clinical stage biotech with higher value creation opportunities driven by emerging data from first-in-human studies, including potential capital raise at portfolio level as well as individual asset partnering/ monetization

With this, I now hand over to Arun to discuss the financials.

**Arun Sharma:**

Thank you, Syed. A very good evening and I thank everyone for taking out time and joining us on our quarterly Earnings Conference Call. I would like to highlight the Company's financial performance for the Q4 and FY22.

Jubilant Pharmova's revenue stood at Rs 1,528 Crore versus Rs 1,580 Crore in Q4'FY21. Pharmaceuticals revenue was at Rs 1,380 Crore as compared to Rs 1,486 Crore in Q4'FY21. Contract Research and Development Services witnessed strong growth with revenue at Rs 142 Crore as against Rs 94 Crore in Q4'FY21.

Reported EBITDA during the quarter was at Rs 244 Crore as compared with Rs 381 Crore in Q4'FY21 with margin at 16% vs. 24.1% in Q4'FY21. Depreciation & Amortization expense during the quarter was at Rs 101 Crore vs. Rs 86 Crore in Q4'FY21.

Finance costs at Rs 40 Crore vs. Rs 43 Crore in Q4'FY21. PAT was at Rs 59 Crore as compared with Rs 173 Crore in Q4'FY21. EPS was at Rs 3.74 versus Rs 10.86 in Q4'FY21.

Full year revenue was at Rs 6,130 Crore versus Rs 6,099 Crore in FY21. Pharmaceuticals revenue at Rs 5,651 Crore as compared to Rs 5,790 Crore in FY21. Contract Research and Development Services witnessed strong growth with revenue at Rs 457 Crore as against Rs 305 Crore in FY21. Reported EBITDA at Rs 1,168 Crore versus Rs 1,414 Crore in FY21.

Depreciation & Amortization expense was at Rs 382 Crore vs. Rs 349 Crore in FY21. Finance costs at Rs 145 Crore vs. Rs 184 Crore in FY21. Average blended interest rate for FY22 improved to 4.56% from 5.07% in FY21. Effective Tax Rate was at 34.5% vs. 34.1% in FY21. PAT was at Rs 413 Crore as compared with Rs 574 Crore in FY21. EPS is Rs 26.0 versus Rs 36.05 in FY21.

Net Debt (on a constant currency basis) on March 31, 2022 was at Rs 1,860 Crore vs. Rs 1,928 Crore as on March 31, 2021. On a YTD basis net debt on a constant currency was lower by Rs 69 Crs as compared to March 31, 2021. Capital expenditure, excluding R&D capitalization, was at Rs 87 Crore for the quarter and Rs 437 Crore for FY22. We expect to incur capex of around Rs 700-750 Crore in FY23 primarily towards expansion in CMO business and enhancement of CRDS capabilities and capacities. In addition, we expect product development expenditure of Rs 250-300 Crore.

With this, I would like to conclude our opening remarks. We will now be happy to address any questions that you may have. Thank you.

**Moderator:** Thank you, ladies and gentlemen, we will now begin the question and answer session. We'll take our first question from the line of Vivek Gupta, an individual investor. Please go ahead.

**Vivek Gupta:** I'll start with the basic one and then I'll f with more on the performance perspective questions. My first question to management is if you are scheduling a conference call for 5:00 pm, why are you releasing the results



at 4:40 around time, at least give some time to the investors to go on the presentation to understand what is your financial performance. If you cannot deliver the results in the market hours of the same day, at least then schedule a conference for a day later. This is one general feedback. The next point is we have been talking about this import alert at the Roorkee plant for past some quarters now. When the import alert was issued, we told that it is a small alert and it is more of hygiene perspective things, and it should be resolved soon. I understand the US FDA inspections were pending, so it might have taken some time, but I think now you're saying that it'll be resolved by a mid-calendar year. I'm not sure why we are going in that direction if we are not able to resolve this small alert as per management commentary earlier. The next thing is I've been seeing that management is using this term for COVID, COVID, COVID in every quarter of their non-performance. So I expect that going forward, if the COVID is actually the reason we should use that term, but if it is some other reasons, there's some generic pressure going on and some other things let's not use and cover the non-performance behind this term COVID and I also want to understand why we have been reporting such low margins quarter by quarter and we have seen that Jubilant Pharmova is not having clean US FDA record earlier also. So what precautions you are taking for the other manufacturing facilities, which are not under observation for now, so that no further alerts are issued by US FDA. Thank you

**Pramod Yadav:**

Your feedback on the timing of releasing the results and the timing of the investor call is duly noted. Thank you very much for the suggestion. We have made a note of the same. With regards to your other questions, coming onto the Roorkee import alert, when the import alert was issued that time also we indicated that all the remediation activities will be completed by early 2022, in the first half of 2022. The import alert has been issued due to the cleaning validation, etc., not an issue on data breach or data integration, but whatever is the remediation required on the cleaning, especially when you are operating the plant with the multi-product on the campaign basis we have to go through the protocol. I don't think there had been any wrong judgment on the timing part, even in my call, I mentioned that we expect to complete this in the mid of CY 2022, and we are almost

on the verge of that. Once the remediation activities are completed, we are as such keeping the US FDA informed time to time of the progress and then once we have informed to the US FDA that all the remediation is completed and please appreciate, we will have to wait for US FDA to come for the inspection and wait for the outcome of the inspection, though as of now we feel quite confident that the kind of remediation we have done the inspection should go through well and import alert should get lifted. With regard to your comment on the COVID, see for the Generics business and the API businesses, there may not have been that much impact on the COVID, but in our commentary, we have been talking about COVID impact predominantly on Radiopharma business, which is an elective diagnosis, where each procedure in the hospital setup lasts couple of hours. Such procedures and especially in that also the lung procedures have definitely taken a hit because of the COVID and while they have taken a hit and the doctors have shifted to the other modalities like CT, etc. which may not be as precise and as accurate as the nuclear medicine lung procedure gives the image, but they're more convenient, you can do the CT scan in 5-10 minutes instead of making the patient wait for 2 hours for the nuclear medicine procedure. In spite of COVID number of cases having gone down, in the US situation continues to remain volatile and the lung procedures are taking time to come back to the earlier level and we have been seeing this trend on our two products, which are impacted because of this, the MAA and the DTPA, the DTPA has taken a larger hit than the MAA and that's a reality which we have to accept. There are the reports available, which we have seen, and everyone acknowledges that, yes, these procedures have taken a hit. I am missing your third question, if you can please repeat.

**Vivek Gupta:**

I'm saying that as per your company's history, you guys don't have a clean US FDA record. It is not for the first time that an import alert has been issued at the Roorkee plant. So as a part of the ramifications to avoid these type of situations in future, what are the steps that management is taking?

**Pramod Yadav:**

Yes. So one is that I may not necessarily agree 100% with you that we do not have a clean record on the US FDA.

**Vivek Gupta:**

No, but your company history clearly states that. I think it's nothing to disagree or agree. It's in your company's history that you guys don't have a clean US FDA record. So a small import alert to resolve you guys are taking 1.5 years or so. So you don't understand the investors' wealth which is getting deteriorated in the meanwhile, there is a couple of quarters for non-performance. I do understand it maybe a quarter or two, but down the line, if you guys are not giving any good performance, you understand your EPS has got halved for the last financial year. I cannot digest that thing that EPS has got halved and you guys are giving us statements in your opening remarks, and I think there's nothing to feel proud of for the performance which you have been delivering. I'm sorry if I'm being blatant, but that's true. You can continue take some other questions, I will step out, sorry.

**Pramod Yadav:**

No, let me answer your question. So, so we have six manufacturing sites in Jubilant Pharmova and currently our two sites are under compliance issue. The four other sites in the North America are having a very clean record and that's why I said that I may not necessarily agree 100% with you, but yes our two sites in India do have a compliance issue, but once the site is put under import alert, if you look at the other companies, the time they have taken to come out of the import alert, it's generally, always between 1 year to 3 to 4 years. We came under import alert last year, and we are still feeling confident that if US FDA comes for audit in Q3 and Q4, we should be out of it. So, that's the status as of now. And, Yes, our EPS has come down because of the import alert, performance is impacted, but the performance is also impacted because of the other reasons which we discussed earlier, which we expect now that is going to bounce back. Though we indicated to the market earlier that we expect FY 23 to be stable as FY 22, but for each of the business, the kind of robust strategies we have in place, we expect quite a turnaround from FY 24. You had also asked question about what are the measures we have taken. So we have taken lot of measures and each and every observation of any regulatory agency, which is there at any of the sites, we are implementing that 360 degrees across all the plants. We have also done lot of changes in the way we manage all our quality systems, the way we have the quality governance in place, we have taken help of the best of the expertise available and the entire team is working very hard on

this and we are ensuring that our each and every plant is always ready for any inspection and there have been various inspections in our other North American sites after the Roorkee import alert, and those inspections have gone extremely well.

**Moderator:** Thank you, ladies and gentlemen, we will take the next question from the line of Vishal Manchanda from Nirmal Bang. Please go ahead.

**Vishal Manchanda:** So, Can you quantify as to where are we in DTPA and MAA in terms of below sales? So are we at 80% of the normal sales or 70% of the normal sales?

**Pramod Yadav:** Vishal, in case of DTPA, we are still at about 60% of pre COVID levels and in case of MAA there have been variation quarter on quarter, but when I look at overall year we are at about 80%.

**Vishal Manchanda:** And from the fourth quarter, where would that be?

**Pramod Yadav:** Fourth quarter was especially good performance for MAA and DTPA kind of products, but I mentioned in my call that this is because of the easing of the COVID as well as some customer order scheduling, because when we look at overall vials what we have dispatched and overall scans which are happening, we see inventory getting built up in the system, and I expect some correction on that part in the next quarter.

**Vishal Manchanda:** Okay, so Radiopharma sales might correct next quarter once in 1Q FY23.

**Pramod Yadav:** Yes, that's what we are seeing the trend because the overall number of the procedures have not gone up in proportion to the overall procurement that the customers have done for these products from us.

**Vishal Manchanda:** Okay, so any guess on when we can see these products be 100% normal quantity being shipped for these products, maybe four quarters down the line or it can take still longer?

**Pramod Yadav:** I don't expect that shift will happen overnight. Like DTPA had gone down to about 20-25%. It has come back to 60% in 2 years' time and we expect it to



come back slowly but, we feel that it will take at least about a year or more to come back to the pre-COVID level, MAA didn't go down so low. It went down to close to 60% and has bounced back to 80%, but it still has room to cover.

**Vishal Manchanda:** So whenever there is MAA used, either DTPA can be used or xenon gas can be used. Is that right understanding?

**Pramod Yadav:** Absolutely correct.

**Vishal Manchanda:** Okay, so xenon gas probably has got a better share now versus DTPA earlier.

**Pramod Yadav:** So in our Radiopharmacy business, we are also distributing xenon of others and we have seen that xenon is also equally hit.

**Vishal Manchanda:** Okay, so is it right to say that doctors are comfortable using the xenon gas and hence DTPA demand might not normalize at all?

**Pramod Yadav:** For pulmonary embolism when it's at a critical stage, then the correct diagnosis doctor can do only with the VQ procedure where they use MAA and the DTPA both. Now, as I mentioned earlier, one can go for less accurate modalities, but then it is the issue of how correct diagnosis the doctor wants to make.

**Vishal Manchanda:** Okay, and on the Radiopharma distribution business, so we have been working to turn this around and so this has been a loss making business for us, where are we in the journey and have we been able to cut some of the losses there?

**Pramod Yadav:** Yes, absolutely, quarter on quarter we are seeing that our losses are coming down, but the business is still under losses, so we had mentioned that by FY24, it'll break even. The phase, at least the losses are coming down. We are very confident that by FY24 the business will be at break even and I also mentioned in my speech that we have seen in the last quarter higher volume, which have led to the lower losses and the losses are coming down



in that business because of not only just the volume, we have implemented all across with the three prong strategy, the higher top line, where the contribution flows down to the EBITDA because cost proportionately doesn't go up and the higher operational efficiencies in terms of drawing up more doses from same number of wire and also the procurement efficiency. Procurement efficiencies we have already implemented and we have seen as our volumes are growing, our operational efficiencies are also increasing plus those higher volumes are also leading to the higher impact into the bottom line.

**Vishal Manchanda:** So would you also need to shut down some of the pharmacies that are kind of less utilized or significantly under-utilized?

**Pramod Yadav:** We have done that. In this business at one point of time, we had close to 52 pharmacies, and now we have close to 48. So, very strategically on selective locations we have done that. Plus at some places we have started operating the pharmacies with the hub and spoke model. When the requirement at any of the pharmacy is not up to that extent and that is operating as a spoke to another hub nearby and with that also we have been able to reduce our cost quite a lot in those pharmacies.

**Vishal Manchanda:** Okay, and, if you could quantify what is the remediation cost you would be incurring?

**Pramod Yadav:** So, that's not much, it may be just a couple of million dollars, it's a small amount.

**Vishal Manchanda:** Is Ruby-Fill growing in market share and was Q4 good for Ruby-Fill?

**Pramod Yadav:** Yes, so on the Ruby-Fill, we remain very upbeat. As I mentioned, that our Q4, the number of installs were substantially higher than the Q3, but overall in FY22 the installs could have been better, but we did have the issue related to the COVID, but the way currently we have the product in the pipeline and we have the number of contracts under negotiations, etc. We are seeing FY23 to be a very strong year for Ruby-Fill.



**Vishal Manchanda:** What kind of growth can we look at for Ruby-Fill?

**Pramod Yadav:** In terms of growth, I can confidently tell you that we will be ending the FY23 with more than 50% installs with what we started at FY22.

**Vishal Manchanda:** Okay, and finally on MIBG, when can we see the data on that drug being tested from neuroblastoma?

**Pramod Yadav:** Yes, so our plan for the submission is FY24 and then launch in FY25 for phase 2 and for the phase 3, the plan is to make the filing in FY25 and launch in FY26.

**Vishal Manchanda:** Is there a separate trial also ongoing at the same time?

**Pramod Yadav:** Yes, so there are two trials going, the phase 2 trial which only Jubilant is doing, that is for the relapse and the phase 3 trial, we are collaborating with the COG (Children Oncology Group) with the CHOP (Children Hospital of Philadelphia) and that is for the first indication.

**Vishal Manchanda:** Okay, and this phase 2 trial that you're doing in relapse patients, can that be used, so you don't have to do a phase 3 there that can be directly used to file your drugs in the US FDA.

**Pramod Yadav:** So after phase 2, we will get approval for the relapsed.

**Vishal Manchanda:** You don't need to do phase 3 trial there?

**Pramod Yadav:** Yes, to use this as a first indication, along with the relapse, we'll have to wait for another one more year for phase 3 to get completed.

**Moderator:** The next question is from the line of Rushabh Sheth from Karma Capital, please go ahead.

**Rushabh Sheth:** Just a quick question on some color on the margin profile for the business, I mean, if you look at our margins, you are kind of down from our 23-24% last year to about 16% this year on the EBITDA, how do you see the profitability improving going forward in FY 23 for the whole business?

**Pramod Yadav:** So, as I indicated that FY23, we see as a stable year on the lines of FY22. So probably we may not see the improvement in the margins in FY 23, but if the Roorkee comes out of the import alert in FY23, then we plan to do substantial launches of products because we expect our all the pending 36 ANDAs will start getting approvals for many NDAs the reviews have been completed and only CRL there is on the facility status, so all those products will get launched. As I indicated, Ruby-Fill we plan to ramp up substantially in FY23, so that will quite a lot of that in FY24. The Radiopharmacies will break even in FY24. We also plan to launch at least one Generic product, though we haven't got the approval yet, but we are expecting approval to come through and then we plan to launch one Generic product in this year, which will ramp up in FY24, and launch at least another two more in FY24. Plus the CMO and Allergy continues to grow. So with all that, you will see substantial improvement in FY24.

**Rushabh Sheth:** So how should I look at this, Pramod, on a full year basis you've done about 19% of the EBITDA and on the quarterly basis, you are actually down to 16%, so should we take full year FY22 as a reasonable baseline in terms of, you know, margin remaining constant or should we take the fourth quarter as a baseline?

**Pramod Yadav:** In FY23 we see, like in Q1, I expect some corrections happening which we discussed earlier for Radiopharma, but then quarter on quarter, I see improvements.

**Rushabh Sheth:** So we should be able to do for the full year more like a 19% margin, that's what you're saying.

**Pramod Yadav:** It'll be difficult to put the exact number, but yes, the margins, as of now, I do expect to be lower than 20%, 19-20% lower than that slightly.

**Rushabh Sheth:** Okay, and another question was on the Radiopharmacy side, earlier participant asked that question, my question is more fundamental in nature in the sense that, you know, we've kind of struggled with this business now for many years, it's still loss making, of course, you're saying it'll break even in FY 24. We have many other group drivers in the business, so we have



CDMO, we have CMO, we have API, of course, our Radiopharma business and my more bigger concern is that a lot of Management time and effort goes into, you know, kind of turning around this business and, you know, trying to make this pharmacy business profitable. Is it worthwhile for the Management to spend so much time and effort in turning around a business which is kind of a struggle for so many years, and we are still seeing 2 years to EBITDA profitability. So does it make sense kind of, you know, take a hard decision, maybe relook at this thing and maybe the time and money is better spent in terms of growing other lines of businesses. It's the most philosophical question to, you know, kind of keep struggling with this pharmacy business, which has kind of taken a toll on us in terms of profitability and of course Management time for the last 3-4 years now.

**Pramod Yadav:**

Yes so Rushabh let me try and address the question. It's a very good question and you are asking the right question because we also asked the same question internally. If we look at overall Radiopharma market in North America, if we put that number close to \$2.5 billion. If you see the number of products which are under development by various companies, including us and many research institutes and many other companies, then if you look at the way the large pharma companies are getting interested in so-called Therapeutic and Theranostic products in the nuclear medicine space and if you look at the various reports which are available in the public domain. This market from \$2.5 billion is expected to grow anything between \$10 to 20 billion in the next 5 to 10 years, so huge growth. We as a company are most strategically placed in the market where we have our own research and development. We have our own regulatory and commercial team to get the products approved and take them to the market. We have our own sterile fill and finish facility where we can make a product and do the fill and finish. Then we have our own network of pharmacies. If this entire growth has to be captured, ultimately the product has to reach at the imaging center through the compounding part, most of that route and if you look at total number of networks in the US for the pharmacy, there are only 3-4 of the networks. So all this growth which will happen has to be channelized through these networks, which are there. Now, unless we have our own network, if we keep on doing more and more of the research and

development investments into this business, and we are also open to look at inorganic growth opportunities in this business for acquiring technologies and acquiring products. Our strategy is not only to have this network, but rather grow this network and have a higher market share in the distribution so that when we bring the product, we are able to take the product to a much larger base of the customer. So it's a long term strategy and in that long term strategy, this network becomes very important and it fits perfectly, but yes, if it was a short term strategy, then whatever points you raised are valid.

**Rushabh Sheth:** Yes, but long term also is what I mean, long term has to be defined, right? It cannot continue until perpetuity and EBITDA profitability is also not good enough. I mean, you have to kind of make an ROI on the investment. I mean, EBITDA profitability might be good to kind of stop the bleed, but, you know, does it make sense? So that's what I'm saying. So at what point of time you kind of throw in the towel and say that, look, this is not making sense. You're absolutely right. I'm sure this is the reason why you would've bought it, but the fact of the matter is that it's not really panned out the way you guys anticipated and it's kind of taken, of course, a lot of things have happened in the middle, but clearly still struggling in terms of, you know, trying to break even the business. So, you know, at what point do you kind of take a call as a Board to say that look, guys, this is good thesis, but you know, it's not working for us and, you know, maybe we need to relook at it. So that's my question to you that, where will you take a call that, you know, this is bleeding, it's not making an ROI, it's taking up a lot of management time and should we continue with it or not?

**Pramod Yadav:** So, one is that we are not saying it's a long term turnaround. We are saying that it'll become break even in FY24 and then we are not saying it will stay break even from there, it will continue to grow. So the EBITDA will continue to improve. But if you look at this entire growth, which will happen in the Radiopharma business and especially the therapeutic and theranostic products, when they get launched, they get launched at 80-90% margin levels, even more than 90% margin levels. So important thing is how to make sure that such high margin product when you bring into your pipeline, you are able to take them to the customer to a much larger base. Even if



into the distribution, you are not making much of the money and even if you are making single digit EBITDA, that's less important than to ensure that as soon as the product is launched, you have a control where you can have a direct access to the customer as much as possible.

**Moderator:** Thank you. We'll take a next question from the line of Cyndrella Carvalho from JM Financial, please go ahead.

**Cyndrella Carvalho:** I want to understand the Radiopharmacy growth outlook and the Ruby-Fill franchisee. How should we look at it in terms of growth, additions and the way ahead over FY23?

**Pramod Yadav:** As regard to Radiopharmacy, as we discussed quite a lot just now, in FY23, at least, our focus is to reduce the losses and take it closer to break even and then look at the growth.

**Cyndrella Carvalho:** Can you comment on any additions in terms of Ruby-Fill and how is it going? Any parameters you can help us understand the growth strategy?

**Pramod Yadav:** With regard to Ruby-Fill, here we have a product which is a state of the art product, where we have only one competitor and we believe and our customers also believe that our product is, much better and much more safer than the other product available in the market. Basis on the strength and the kind of the response we are getting, the kind of traction we are getting from the market, we have been growing our Ruby-Fill franchise and the Ruby-Fill franchise we plan to continue to grow not only in US, but also outside the US. So we are installing more and more units at Canada, into Europe, into the various countries. Our product is now approved in Europe. We are also looking at taking the product approved into various other countries. Ultimately we have to take the Ruby-Fill to the global franchise. So it has market everywhere, wherever you have cardiac patients you have a market for Ruby-Fill. So it's a good product, it's a huge opportunity, issue is that we have to quickly ramp up. There have been the various supplies and challenges into this because of COVID, which we expect now are behind us and as I mentioned, that pipeline is extremely strong. So, in FY23



itself, we expect our install base to grow more than 50% of where we closed in FY22 and then we'll continue on this.

**Cyndrella Carvalho:** Anything around the new product that we are going to add, the timelines around that if you can help us understand.

**Pramod Yadav:** So, as I mentioned one product, we are expecting approval shortly and if that approval comes, then we will launch that product immediately within 2 to 3 months of the product getting approved. Seeing our filings, we expect two approvals in FY24 and then I think at least another two in FY25.

**Moderator:** We will take our next question from the line of Vinay Jain from Karma Capital, please go ahead.

**Vinay Jain:** So, my first question was on the profitability of the Pharma business. So if I just were to compare it on a sequential basis in the previous quarter, which is the third quarter, we reported EBITDA margins of 15%, and that had certain inventory related write offs pertaining to SARTAN issue and also the Remdesevir or the COVID related portfolio, which was there. Now on a sequential on a quarter-on-quarter basis our revenues have gone up by almost Rs. 200 crore and despite that the margin improvement seems to be not that meaningful. So, did we have any similar sort of inventory related writeoffs, which we took in the current quarter as well?

**Pramod Yadav:** In the current quarter, we took some inventory write offs in the API business and other than that the margins were lower in this quarter in our CMO business and I will not say they were lower, the margins now have come back to the pre-COVID level. In Q3 we still had some COVID deals, which were at a much higher margin.

**Vinay Jain:** Okay, but then this now, at least for the CMO business should normalize at the current level, right, the margins, which were there for the current quarter for the CMO business?

**Pramod Yadav:** Yes, the CMO now will be operating at the stable margins

**Vinay Jain:**

Understood, and in terms of Ruby-Fill again, so, initially when we launched it, we had stated that the existing market for the single product, which was a Bracco product was around \$65 to 70 million and we said that the market opportunity could be as big as \$250 million and despite the settlement, the litigation, which was going on with the Bracco, we were doubling the installations and even in one particular year we had even tripled the installations. Last 2 years haven't been that great for us. So FY21, there were travel restrictions because of which the installations were impacted and this year also the year gone by the volumes were lower than what you guys were expecting. So, why this 50%? So, I was under the impression that the installation should at least continue doubling because of the setbacks which we have seen in the last 2 years and now that the Bracco related litigation has also been settled and the court has given the judgment in our favor.

**Pramod Yadav:**

So when this Bracco litigation was settled, unfortunately immediately after that, we were hit with the COVID. So, we couldn't take the complete leverage of that and currently in the hospital systems if you see, when they change such type of the product from one vendor to other vendor, and then they make the changes into their entire software systems and their other tools, it's a little lengthier process for them and especially during the time of the COVID, it takes a backseat in terms of the priority and because of that reasons, I'll say that the point which you are raising that the number of installs could have been even more than 50%, what we are guiding, but I have not guided that, it will only grow by 50%, I said it will grow more than 50% and we need to wait and see how it shapes up, but the current quarter, we are seeing our discussions with the customer, we feel confident that now we are getting back on the track.

**Vinay Jain:**

Understood, so 50% is the minimum which you are expecting over FY22, got it and one question related to the Proprietary business. So over there, again we were looking for some sort of funding either at the product level or at the Company level to take care of the clinical trials and IND filings. So, this year, if you see, there is an expense of around \$5 million, which has been charged to the P & L, and obviously with the clinical trials just

commencing the expenses are expected to go higher. So any update on the funding part, if you could provide us, where we are right now?

**Syed Kazmi:**

We are indeed in active discussions with some of the top global biotech investors as we speak, however, I'm sure you are aware of the volatility of broader US biotech market in the last few months. So we have been very cautious in terms of timing and valuation at which we do external capital rates. So, but we are very confident that the potential for our platform and pipeline of novel assets and we'll do what is best to maximize the value and then, as I mentioned in my opening remarks, the programs are moving forward as planned, so we are hitting all milestones. So as soon as, you know, the market improves, we are certainly going to be reactivating these, both at the asset level including potential partnering and asset monetization discussions.

**Vinay Jain:**

Okay, so if you could just give some color on what could be the cost related to IND filing and maybe, phase 1 and 2 clinical trials for these products or maybe what will be the cost required. So again, we are planning to do almost three more filings in the coming financial year. So, what would be the cost which could be incurred in FY23 for us related to Proprietary Drug Business.

**Syed Kazmi:**

So, the primary cost is going to be on the ongoing clinical trial program that we have our JBI-802. The second program is going into IND this mid-year and then as you know, it takes several months to start the clinical program, so that will be maybe towards later part of this calendar year and the third IND filing right now planned in Q4 FY23. So I think the brand expense, which is typical as you know, for phase 1-2 study, it is right now focused on the first part, which is dose escalations and that is usually done in 25-30 patient, and typically depending on the number of endpoints and procedures and imaging to look at the tumor size and tumor shrinkage and all the safety parameters could anywhere between \$5-10 million.

**Moderator:**

Thank you. We'll take the next question from the line of Vishal Manchanda from Nirmal Bang. Please go ahead.

**Vishal Manchanda:** Thanks for the opportunity. I just had one question, can you share the cost of getting tested with Ruby-Fill versus normal route that you do cardiac scans. So how expensive is a cardiac scan with Ruby-Fill?

**Pramod Yadav:** Especially in the US, it's a little complicated system, because it will depend upon what kind of insurance you have and how much copay you have on that.

**Vishal Manchanda:** If it is entirely out of the pocket, what will be the cost?

**Pramod Yadav:** Just a ballpark number, I'd say one can take around close to \$2,000, it could be higher or lower depending upon what kind of the policies people have with their insurance companies.

**Vishal Manchanda:** And what would be the cost of cardiac SPECT scan?

**Pramod Yadav:** That could be probably be anywhere between 30%-50% of this.

**Vishal Manchanda:** Okay, so when you look to launch it in that geographies, so you would need to ensure there is a reimbursement mechanism in place considering the cost of the test. So is that also something that you need to kind of work on while you are looking to build this product in geographies beyond the US?

**Pramod Yadav:** I will answer this in three ways. One is that you are right. The reimbursement mechanism has to be put in place in the countries where we make an entry, and that's what we continue to evaluate. The other thing you have to look at from the patient perspective, like in absence of the Ruby-Fill, when the patient goes to the doctor with any of the heart issue, heart pain, etc. we have seen almost in 80%-90% of the cases, patient comes back with one or two or three stents in the arteries. That's a kind of a common tactic, you will do the scan and some blockage will be there, and a stent will be put in. With the Ruby-Fill when they're able to measure the blood flow and they're able to quantify how much is the blood flow in the artery, even if there's a blockage, we have seen that at least two to three patients out of every four patients do not require stent. So the patient feels much more comfortable that they have been able to avoid so much of unnecessary intervention



otherwise, which would've been with stent. The third point is that wherever there is insurance, for the insurance companies the cost comes down. So you are trying to compare the cost of the scan, but when you also add the cost of putting the stents and then post care after that for insurance companies, the cost comes down substantially by ensuring that the doctors are recommending the stent through the Ruby-Fill and then only the required patients are going through the procedure.

**Moderator:** Thank you, ladies and gentlemen, that was the last question. I would now like to hand the conference back to the management for closing comments, over to you, sir.

**Vineet Mayer:** Thank you all for joining this call. For any further queries you can get in touch with me, Vineet, and we'll be happy to answer those. Thank you.

**Moderator:** Thank you, on behalf of Jubilant Pharmova Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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