"Piramal Pharma Limited
Q1 FY '25 Earnings Conference Call"
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Moderator: Ladies and gentlemen, good day and welcome to Piramal Pharma Limited Q1 FY '25 Earnings Conference Call. As a reminder, all the participant's 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Gagan Borana from Piramal Pharma Limited. Thank you, and over to you.

Gagan Borana: Thank you. Good evening, everyone. I welcome you all to our Post-Results Earnings Conference Call to discuss our Q1 FY '25 results. Our results material have been uploaded on our website, and you may like to download and refer them during our discussion. The discussion today may include some forward-looking statements, and these must be viewed in conjunction with the risks that our business faces.

On the call today, we have with us Ms. Nandini Piramal, Chairperson Piramal Pharma; Mr. Peter DeYoung, CEO of Global Pharma; and Mr. Vivek Valsaraj, CFO of our company.

With that, I would like to hand over to Ms. Nandini Piramal to share her thoughts.

Nandini Piramal: Good day, everyone and thank you for joining us on our post results earnings call. We have had a good start to the financial year with a steady all-around performance. We registered a healthy revenue growth of 12% during the quarter, driven by continued strong momentum in our CDMO business, which delivered 18% year-on-year growth and steady double-digit growth in our India Consumer Healthcare business.

EBITDA for the quarter also grew at 31% year-on-year with an EBITDA margin of 11% versus 10% in quarter 1 FY '24. This is a result of a continuous and ongoing effort towards cost optimization through increased process efficiencies, yield improvements, superior product mix and better procurement and supply chain strategies. Our net debt-to-EBITDA ratio continued to be under 3 with 2.8x at the end of this quarter compared to 5x at the end of quarter 1 FY '24 and 2.9x in the previous quarter.

On quality and compliance, we successfully maintained our best-in-class track record of zero OAI since 2011. This quarter as well, we successfully closed the U.S. FDA inspection at our Lexington facility with an EIR. Also, at our Ahmedabad formulation development facility, we successfully cleared the U.S. FDA audit with 0 observations, thereby becoming the U.S. FDA-approved site for analytical services.

On the sustainability front, we're taking significant strides to integrate sustainability into our operations. We're taking multiple initiatives in the areas of climate change management, water and waste management, conservation of biodiversity, promoting gender diversity, ensuring a safe operating environment, delivering quality products and services, and enhancing the quality of life of the communities around us.

Our efforts were recognized at the third addition of the Times Now Global Sustainable Organizations for 2024 where we were honoured as one of the top sustainable organizations in India.

Moving on to business specific highlights. Our CDMO business delivered yet another quarter of robust year-on-year revenue growth. Over the last five quarters, our CDMO business has delivered a healthy growth driven by steady order inflows and strong execution.

Backed by targeted business development efforts, we continue to receive a steady inflow of new orders, primarily for commercial manufacturing of on-patent molecules, which has increased the contribution of innovation-related work to 50% of our CDMO revenues compared to 35% five years back. Orders for early-stage development continue to come at a gradual pace as well as we await the full recovery in biotech funding.

However, we are seeing some early signs of recovery in biotech funding with an increase in customer inquiries in business, especially for differentiated offerings. We would observe the trend for a few more months before establishing a complete recovery in biotech funding.

Our generic API business also witnessed a pickup in demand during the quarter. Led by strong revenue recovery in the CDMO revenues in the recent past, along with continuous efforts towards cost optimization and operational excellence initiatives, we have seen a meaningful improvement in the profitability of the business. We intend to further take it higher over the medium term through increase capacity utilization and higher contribution from differentiated offerings and innovation-related work. We continue to make calibrated investments in our CDMO business, which are geared towards customer preferences for integrated services, especially in differentiated areas of ADCs, peptides and on-patent API development and manufacturing.

Recent changes in regulations, along with the needs of supply chain diversification are expected to provide medium- to long-term growth opportunities for the CDMO company and we're preparing to capitalize on the same.

Moving on to our complex hospital generics. We are seeing a strong demand for sevoflurane and isoflurane in the U.S. and emerging markets like Asia, Europe, and Rest of World. However, the healthy volume growth was offset by lower price in sevoflurane in the U.S. market.

Our expansion plans of setting up new manufacturing lines of sevoflurane in our India facility and increasing KSM manufacturing capacity at the Dahej site are on track. These are strategic expansions to capture growing demand for sevoflurane and increase our penetration in the rest of world markets. We expect these expansions to operationalize in FY '26.

In the Intrathecal segment, the sales of Gablofen were boosted by on boarding new customers. We continue to maintain a market-leading position in the Intrathecal Baclofen market in the U.S. with over 70% market share.

In the Injectable Pain Management segment, our growth in the past few quarters was effected by supply constraints at CMO, which is showing some positive traction. We're continuously working towards improving our supplies and thereby strengthening the performance of this business.

Going forward, we're looking to build a pipeline of limited competition, specialty products through investments in R&D and in-house product development capabilities. We'd also be exploring new in-licensing deals to bring differentiated products to market and leverage extensive distribution network. These new products will not only help us drive growth in our CHG business but will also help us reduce dependence on sevoflurane.

Moving on to our India Consumer Healthcare business. Our ICH business continues to deliver steady double-digit revenue growth. This is primarily led by new product launches and growth in our power brands. We launched seven new products and 10 new SKUs during the quarter. This includes the launch of our brand Bohem catering to the Men's Grooming segment. We continue to invest in media trade spend to boost the growth of our power brands. This quarter, we have added CIR, our geriatric care brand, to the list of our brands basis encouraging response received in the first year of this national launch.

Power Brands now includes Little's, Lacto Calamine, Polycrol, Tetmosol, i-range and CIR. Our Power Brands grew 19% during the year and contributed 48% of total consumer health care sales. Our key brands such as Lacto Calamine, Little's and Tetmosol delivered a healthy double-digit growth rate in quarter 1 FY '25, while the growth of i-pill was impacted due to it being brought under price control.

Our sales on e-commerce platforms continue to show formidable growth growing at 37% year-on-year during the quarter and contributing to 19% of the sales versus 15% in quarter 1 FY '24. Summarizing the performance. I'm very pleased with our overall performance during the quarter and reiterate our FY '25 guidance of early teens year-on-year growth in revenue and absolute EBITDA with a meaningful increase in PAT.

I'm optimistic about the market opportunities in all three lines of business and believe our timely investments in people, capabilities and capacities places us well to capture them. Ongoing efforts towards better profitability, maintaining a best-in-class quality track record and integrating sustainability in our operations continues as we commit to develop our value for all our stakeholders.

With this, I'd like to now open the floor for the Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. We'll take our first question from the line of Sajal Kapoor, a Retail Investor.

Sajal Kapoor: I have two questions, please. First, the process of rebalancing the supply chain after COVID has been ongoing. However, has biosecure significantly altered the tone in the innovator boardrooms, I mean, are we witnessing a rise in customer audits and the in the initial order placement for the pilot scale development projects, which kind of logically suggests that innovator are interested in us, but they also need to gain confidence in our capability and hence, they initially only award a small pilot scale development work before awarding the commercial contract. So has any of this been happening in your experience as well? That's my first question.

Peter DeYoung: So thank you for your question. This topic has been top of mind for many of our innovator customers. The issue started to develop at the beginning of the calendar year, and it's becoming much more prominent as the build -- the potential to has progressed through the legislative channels. Just as 1 indicator of interest, we have a customer advisory board, and we had such a meeting in June where we had -- the customers actually asked us two weeks before the meeting to change the topic to this topic.

So I would say that based off of our interactions, many of our innovator customers are seriously considering how best to address this potential change in what they can do and how they can do it. Many of them are evaluating options and choices and that often results in inquiries, visits, audits, RFPs, and we are seeing increased activity across this set of dimensions. We have capacity available to support our customers, either in the West or in the East or both depending on their requirements. And we've seen some early modest decisions. But in terms of material decisions, I think they're all still pending at least for the customers that are making choices and evaluating options with us.

Sajal Kapoor: That's very helpful, Peter. And my next question is, do you think that the net cash from operating activities over this year and next after adjusting for working capital and debt servicing, although we have been reducing the debt, and there is still a sizable amount of debt on the balance sheet which needs to be serviced through the operating cash flow.

Is this cash this year and next year that we'll be generating kind of sufficient to support the growth aspirations of CDMO to capture a fair share of the supply chain rebalancing as well as fund the growth for our complex hospital generics business as well as India consumer business and of course, the ongoing need for additional investment in Yapan Bio? So there is a lot of cash requirements across our network globally and the businesses. And the question really is, is our operating cash flow good enough to kind of fund all these aspirations?

Vivek Valsaraj: So Sajal, thanks for the question. And as you must have seen over a period of time, we have gradually brought down the overall debt on the balance sheet and made it more sustainable. If you look at the debt-to-EBITDA ratio, currently, it stands less than three.

Our consumer products business actually funds itself. So to that extent, there is no need of any further external funding that we need to put in. Between CDMO and our complex hospital generics business, we should be able to manage this through our internal accruals. And I think over a period of time, depending upon how needs emerge, we will balance the internal accruals as well as our investments accordingly.

Sajal Kapoor: That's helpful, Gagan. If I could squeeze one last. Piramal Pharma has a unique positioning because we are present globally, so we have got reactors, we've got resources on UK soil and as well as in the US and of course, India. Do you guys believe that this gives Piramal Pharma an edge or an advantage over some of the Indian companies that are not having presence -- physical presence that is outside India? And what I mean by physical presence, I mean development and manufacturing capability, not just the marketing presence?

Nandini Piramal: I do think some of our customers likes to have onshore presence for wherever they are situated because it helps with time zones where they quite often will come to our site to see the product being manufactured or developed. And especially in development, there's a lot of close collaboration with scientists, so they do actually like that onshore.

And I do think the U.S. also gives us an opportunity, for example, to even get work for India. I'll give you an example of a customer. We kind of signed a project and they were like, okay, we want to sign it, but we can't start for another six months because we're waiting on some raw materials because those are late.

And we said, Well, what are the raw materials? Can we actually make some for you? And they actually then came to our Digwal facility. That wouldn't have happened if we hadn't had the U.S. signing. They may not have heard about of our Digwal facility. So that's one example.

Moderator: We have our next question from the line of Abdulkader Puranwala from ICICI Securities.

Abdulkader Puranwala: My first question is on -- basically on the order inflow, what you would have for the CDMO business. Could you provide us some color as to directionally how the movement has been?

Peter DeYoung: I would answer that we at this same date this year versus last year, we feel that we're in a meaningfully better position on the full year revenue coverage from POs and revenue booked and high potential in comparison to where we were at the same date last year. And so we feel that that gives us comfort in the guidance that Nandini mentioned at the beginning of the call.

Abdulkader Puranwala: Sure. Got it. And my next question is on the complex hospital generics business. So when you talk about some price erosion in Sevoflurane, could you please quantify the impact? And in terms of the incremental growth, so is that coming from the U.S. market or that's largely led by the emerging markets in Europe?

Peter DeYoung: I don't think we've quantified the volume price mix of individual products in the CHG, but there was a price reduction from one contract in the U.S. that happened in the second half of last year, and that's what's showing up in the first half or the first quarter this year on a rolling basis.

If you look at the volume growth, given that most of the contracts in the U.S. are somewhat stable, while there's some modest movements, most of the volume growth has been ex-U.S., which would be a combination of Europe and ROW.

Abdulkader Puranwala: Got it, sir. And one final question of the consumer health business. So if I look at the presentation, you mentioned that the power brands has grown at close to 19% and it accounts for 48% of the revenue, which kind of specifies that the growth in the balance of the portfolio was subdued. So could you please help us understand what are the efforts taken for boosting growth? And when we talk about the promotional expenses, how evenly is that getting distributed?

Nandini Piramal: So in advertising and promotion, it's pretty much going all to the power brands and that's what we expect them to continue. The other brands, I'd say are more on sustained mode, and that's what we're going to do. That's what we're going forward as well.

Moderator: Next question is from the line of Surabhi from NV Alpha.

Surabhi: I have two questions. One, I wanted to know what kind of utilization levels are we seeing in the U.S. plant? I believe we were at 40%, 45%? And also employee cost as a percentage of sales, it's at 30% currently. So is that kind of the new run rate going forward?

Vivek Valsaraj: So, Surabhi, firstly, on the capacity utilization, we have a higher level of capacity available in our drug products versus drug substances. And as you're aware, we have done investments to create capacities for all differentiated offerings wherever our capacities were short. It's difficult to give 1 percentage number when you're dealing in different kind of capabilities across formulations, APIs, and related capabilities. So in terms…

Surabhi: Sorry, I missed the last part of the answer, but more than a percentage I was looking for, is it directionally higher than what we were, say, last financial year?

Vivek Valsaraj: Yes. So, Surabhi, for this particular quarter, there is a little bit of unevenness, and I wouldn't say that is the indicator of how it will be in subsequent quarters. The guidance that we had given for the full year was a high-teens growth in our opex and that's how it will be. So please don't consider this as a run rate. And as a percentage of turnover, obviously, because we've got higher revenues coming up in H2, you will see the percentage of the -- staff cost as a percentage of turnover going down subsequently.

Moderator: We have our next question from the line of Sanjaya Satapathy from Ampersand.

Sanjaya Satapathy: Congratulations for starting the year on a good note with the margin expansion. And we heard that your order book would look better this year compared to last year. So considering all this are you looking to upgrade your guidance that you had given at the beginning of the year?

Vivek Valsaraj: Sanjaya at this point in time we maintain the guidance that we had already given. We are not looking for an upgrade right now.

Sanjaya Satapathy: Understood. And is it because you were looking at some kind of execution challenges or any particular…

Vivek Valsaraj: No such thing. Over a period of time, we'll have to see how the year progresses. Currently, of course, we had certain higher front-loading which happened, but we'll have to see how this evens out over a period of time. So no change in the guidance for now.

Nandini Piramal: And we will also want to balance the quarter…

Moderator: I'm sorry, ma'am, can you come closer to the phone, please?

Nandini Piramal: We'd also like to balance the quarter so it's not so uneven and that's something that we're working on.

Sanjaya Satapathy: So how will that be done ma'am? Are you saying that the 50-40, 55-45 split will change going forward?

Nandini Piramal: I think last year there was a very -- quarter 4 was much bigger while I don't expect the split to change, but as in H1, H2 but I do expect a little more balancing across the quarter.

Sanjaya Satapathy: Understood. And other thing that I just wanted to check on that the CHG business on which you were planning to I would say some onetime expense this year for nonregulated market. Was there any such expense this quarter as well and how is the guidance on that for the rest of the year?

Vivek Valsaraj: So if I've heard you correctly you are referring to certain one-off expenses in our complex hospital generics business which we have spoken in the previous quarter. A very small portion of that has been spent and the remaining should possibly come up in the subsequent quarters.

Sanjaya Satapathy: Understood. And last thing on the CHG there is a price decrease which you have seen in the last year second half, is there any increase considering that the volumes have started improving, is there any sense that we're getting in terms of price kind of moving back up?

Peter DeYoung: We don't anticipate price to be increasing generally in generics. There may be a few isolated cases that some of our smaller products or there may be some market dislocation, but there may be some possibility that these would be not so large products in our portfolio.

The large products and portfolio generally prices stay flat or go down given the multiple options available although they do go down in a more modest rate than other generic categories. So we see this as reasonably stable, and we would see the year-on-year price decline driven by actions that happened last year second half and we don't see any major changes in the near term.

Sanjaya Satapathy: Thanks a lot.

Moderator: Thank you. Next question is from the line of Devang Shah from BD Enterprise. Please go ahead.

Devang Shah: My one question is simple like 3 years back when this company was with the Piramal Enterprise company was growing very good. After that, we didn't understood what has happened like we are in the loss also. And as well as the -- you can check out like we can check out the debtor days, cash conversion cycle everything has gone from upside down. So don't understand the thing like what the company is currently doing and what are the targets?

Is what I like the whole numbers or the other everything which was looking for very fancy has been hidden inside the Piramal Enterprise or it's after that like something has gone totally wrong like I'm not understanding the thing like currently also a company is not in the net profits?

Vivek Valsaraj: So if you look at our trend across the years, quarter 1 for us is always the lowest quarter. And if you see even in the last 4, 5 years you would have seen that quarter 1 we have actually made a loss because the way our entire deliveries are scheduled, it picks up in quarter 2 and quarter 3 and then peaks towards quarter 4. That's been the historical trend and you can pick up any year over the last few years you will see a similar trend.

Talking about the turnaround. As you are aware that during the pandemic period some of our businesses were impacted and that was followed by impact on account of the biotech funding crisis and the geopolitical situation. But having said that in the last year FY '24 if you've seen the numbers you'd have seen that there has been a meaningful turnaround both in the top line, improvement in EBITDA as well as improvement in the operating margin reduction in debt and a meaningful reduction in the overall operating expenses and improvement in PAT margin. So it's all moving in the right direction.

And as you must have heard in the opening comments from Nandini, quarter 1 has also begun this year on a good note. So we look forward and we are optimistic about the potential of each of our businesses and are working towards ensuring that they all move towards their respective path of success.

Devang Shah: I think so operating profit margin is 12%. So on 12% we are expecting like it cannot be -- it cannot move in 1 or 2 years to 20%. 14% OPM how can anybody can expect everything will go -- and if the numbers are coming at really very good then how is it possible like I'm not to understand then the company has to take the debt? You have the cash also on the books, you have the resources also there and there is the same -- at the same rate, the liability has also increased. So is the money you are getting it very cheap? So you are just borrowing out there or you are just taking up the resource like you cannot utilize the same funds.

Vivek Valsaraj: Devang as far as quarter 1 margins are concerned as I alluded to quarter 1 is the smallest quarter for us. Therefore, operating margin tends to be the lower year and it progressively increases as our revenue goes up in the future and with respect to...

Devang Shah: Sorry, but quarter 1 margin is 10% OPM. I'm talking for 14% which is quarter 2 and quarter 3. So at 14% OPM is -- are you thinking that it's a good one?

Vivek Valsaraj: As we've alluded to, Devang, our intent is obviously to increase our operating margins progressively across the period. And we believe that we have a pathway to be able to accomplish that. And also to respond to your question on debt, our debt has largely been towards doing acquisitions and capex, all of which are growth-oriented, and they have been done in areas where we believe we have the highest potential for growth.

Devang Shah: Is it like can we grow by higher teen numbers, 18% plus OPM within the next year? Is the management confident for that?

Vivek Valsaraj: Devang, at this point, we are not giving a guidance for the next year. But as we said on the longer term our intent is to obviously improve and enhance our margins and we've given that indication before as well.

Devang Shah: That's fine. Thank you very much.

Moderator: Thank you. We have our next question from the line of Yash Darak from Rspn Ventures. Please go ahead.

Yash Darak: I just had 1 question regarding our debt. While we understand that the net debt number has reduced significantly and it's now less than 3. However, the same is not being reflected in the interest expense line item in the P&L. Could you just share us some guidance on that? When will that line item will reflect a reduced net debt position?

Vivek Valsaraj: So yes, 2 things happened. So while our overall debt reduced especially post the rights issue the interest rates went up. So as you read most of our debt, which is linked to several benchmarks whether it's the SOFIR or whether it's the LIBOR, all of these rates actually went up anywhere between 9% to 17% in the last 12 months.

And therefore, while the average borrowing is lower the increase in interest rates has kind of offset some of the benefits but we are hopeful that once interest rates start reducing, you will see the benefit of that trickling. If you see the overall interest cost in this quarter as well, you will notice that there is a reduction in the interest cost in absolute value.

Yash Darak: Okay, understood. Second question was regarding the tax. The tax amount for this quarter seems to be high. So do you expect this to be evened out for the entire year?

Vivek Valsaraj: That's right, Yash. So some of our overseas entities have a meaningfully higher skew of profitability in H2 over H1. The provisioning of tax that you see in this quarter is at the standard rates in profitable entities whether it's India or U.S. And you will see this balance off progressively as revenues and profitability in our overseas sites start increasing.

Yash Darak: Okay, understood. So we can safely assume 50% bracket for the full year, right?

Vivek Valsaraj: Yes, fairly in line with what we have guided for.

Yash Darak: Okay, thank you.

Moderator: Thank you. We have our next question from the line of Vinod Jain from WF Advisors. Please go ahead.

Vinod Jain: My question is basically answered. It was related to direct tax. But the long-term view on taxation at 50%, why is it on the higher side if corporate tax rates are lower?

Vivek Valsaraj: So Mr. Jain, as I alluded to that the tax rate currently appears vitiated because profitably in some of our overseas entities currently is lower than what it should actually be, or they are in the negative right now. As the profitability in these entities increase, you will progressively see a reduction in the effective tax rates. Having said that, in all jurisdictions wherever we are profitable, we pay tax at the standard rates.

Vinod Jain: So the long-term average rate could be around 50%?

Vivek Valsaraj: No, it will progressively reduce as the profitability increase.

Vinod Jain: Okay, thank you.

Moderator: Thank you. We have a question from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.

Abdulkader Puranwala: Just on the ADC segment. So a couple of quarters back we have highlighted that we have capabilities for this particular segment. Any color as to what level of engagement we are having with clients? And do we see some order commitments also coming up in the near term?

Gagan Borana: Regarding ADC orders?

Abdulkader Puranwala: Yes.

Peter DeYoung: So we do see significant interest in this segment from clients and potential clients. We have also noticed that they are interested in across what we do in conjugation linker payload, mAB through Yapen and fill finish in Lexington. That said, we have noticed that all our offerings this is the longer sales cycle for a client to decide with the complexity.

And then once they decide to longer from PO to revenue cycle because of the supply chain lead times vis-a-vis the other offices network. So we remain quite confident in the over underlying demand for the segment. We remain excited about the level of customer engagement and potential projects and some recent signings but the translation from idea to revenue is longer for this differentiated offering than some of our other ones. So we would say watch this space. We're excited we hope to be able to share in the future with you.

Abdulkader Puranwala: Sure. Got it. Lastly, on the capex, what we had planned for complex hospital generics segment, where we plan to add some line at the Dahej and other plants. So I mean, where are we in the capacity expansion? And by when would this added capacity come up?

Peter DeYoung: So we are making substantial progress on that those 2 projects that you described and that we communicated earlier. Right now, we would say that it's still on track. We have no reason to believe anything other than it will happen the way we described. And what we had communicated is that we will continue to reaffirm which should be the an FY '26 benefit.

Abdulkader Puranwala: Sure. And finally, on the men's grooming brands what you had acquired, I mean, could you just help us understand what the potential market here is? And can any of those become one of your existing or part of your existing Power Brands?

Nandini Piramal: I think it's launched; they are our products, they're not acquired. We hope that they can eventually become part of our Power Brands. I think we've launched them on e-commerce only. We will see the response on it. And once it gets to a certain scale, we will take that offline and onto the general trade.

Abdulkader Puranwala: Thank you and wish you all the best.

Moderator: Thank you. We have our next question from the line of Kashish Thakur from Elara Capital. Please go ahead.

Kashish Thakur: I just wanted to know the breakup in CDMO segment. So what percentage of revenue might be from the innovative business and what percentage from the development?

Nandini Piramal: So on the innovator business overall, it's 50%, but that it includes discovery as well as development as well as on-patent commercial.

Kashish Thakur: And the second is towards the Complex Hospital Generics. How many products are we planning to launch in FY'25?

Vivek Valsaraj: So currently, we have 5 of them approved, and there are about 17 in the pipeline in various stages of approval.

Kashish Thakur: So any like expected, any approvals expected in this year?

Vivek Valsaraj: Yes, it's difficult to communicate that specifically in terms of how many of them would actually get approved this year.

Kashish Thakur: So what will be our guidance towards the Power Brands for FY'25? How do we target it -- what do we look by the end of the FY'25 Power Brands contributing to us?

Nandini Piramal: I think we'll think that they will grow faster the overall business, but I don't think we want to take a specific number.

Kashish Thakur: Thank you. That's all from my end.

Moderator: Thank you. We have a next question from the line of Kunal Tokas from Fair Value Capital.

Kunal Tokas: So just 2 quick questions. First is if you could...

Moderator: Mr. Tokas, sorry, you're audible, but it is not clear. Can you use your handset mode, please?

Kunal Tokas: What about now?

Moderator: Yes, that's better, thank you.

Kunal Tokas: Just 2 quick questions. First, if you can give the share that new products in your CHG business contribute to revenue?

Nandini Piramal: I think the new products, they would be quite small. Modest.

Kunal Tokas: All right. And if I look at the advertisement spends, earlier they used to be 18% to 20%, but as mentioned in the PPT, it was 13% for the quarter. So is it because we are focused more on profitability now and therefore, reducing the expense or anything else?

Nandini Piramal: I think the business has grown faster than the market, but we are also focusing on profitable growth.

Kunal Tokas: Thank you.

Moderator: Thank you. We have a question from the line of Anil Kumar, an individual investor.

Anil Kumar: First of all, congratulations on a good set of numbers. We are gradually improving. My 2 questions maybe I missed the initial commentary, the Y-o-Y increase in CHG business was just 2% what are the reasons for that? And secondly, we have a joint venture, Allergan, not being that strategic. Do you have any plans to improve that further or to sell it down to reduce some of the debt? And also thirdly on, I think we have some case going on with anti-dumping due to some vitamin A, where are we with that?

Vivek Valsaraj: Okay. So firstly, on the Complex Hospital Generics. While we had seen good volume growth during the period. The average realizations have been lower as we alluded to, and also, we had some difficulty in getting some of the products from our third-party CMOs because of which our growth was subdued during the quarter.

Secondly, with respect to the joint venture, we are very much -- it's now AbbVie Therapeutics India Private Limited. We are very much committed to this JV and believe that it has the potential and prospects to grow further and therefore, actively work to ensure that this JV also is able to scale to its fullest potential. Sorry, did I miss the third question? On the anti-dumping duty application, it's currently under process, and we await outcomes for that. We have done the filing; we are awaiting the outcome.

Anil Kumar: Thanks a lot. Good luck.

Moderator: Thank you. Ladies and gentlemen, we'll take that as a last question for today. I now hand the conference over to Mr. Gagan Borana for closing comments. Over to you.

Gagan Borana: Thank you very much. We appreciate you taking the time to join us for today's call. We hope we were able to answer most of your questions. In case any of your questions have remained unanswered, please feel free to reach out to me. Thank you.

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