

“Eris Lifesciences Q3 FY2021 Results Conference Call”

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MANAGEMENT:

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Moderator: Ladies and gentlemen, good day, and welcome to Eris Lifesciences Q3 FY 2021 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. V. Krishnakumar, Chief Operating Officer and Executive Director of the company. Thank you, and over to you, sir.

V. Krishnakumar: I am Krishnakumar, and a hearty welcome to our Q3 conference call. I am happy to share this quarter's highlights with you.

To begin with, I'm happy to report that the domestic pharmaceutical industry, which we refer to as the IPM, has returned to more normalcy in terms of operations, and the market has registered a growth of 6.4% in Q3. This is in comparison to 1.1% growth in Q2 and a negative 5.2% growth in Q1. The growth for the month of December has been 8.5%. This growth has been led by chronic and sub chronic therapies, which have grown at 9.4% and 7.9% in Q3, respectively. For the quarter ended December 2020, Eris ranked as the fastest-growing among the Top 25 companies in the Indian pharma market, excluding the COVID molecules, Remdesivir and Favipiravir. For the 9-month period ended December 2020, Eris ranks among the Top 5 pharma companies in terms of growth. Our growth rate in Q3 was 15.6%, and our growth rate for the 9-month period was 7.8%. We continue to outperform the market in our core Cardio metabolic and VMN segments, which together account for 78% of our sales on the back of relentless execution. Our Cardio metabolic segment has grown by 13.6% compared to the covered market growth of 12.2%, and our VMN segment has grown by 39% compared to the covered market growth of 16% during Q3.

I'm also happy to share that our acute segment has now course corrected and has grown at 15.4% in Q3 compared to the covered market growth of negative 1.2% during the same period. This is a significant improvement over the 3% growth shown by our acute segment in Q2. 7 of our top 15 mother brands have gained market shares during Q3, and the quarter has been also an important one for us in terms of new product launches. We launched Gluxit, which is our brand of Dapagliflozin, and this marks our entry into SGLT2 inhibitors, which is an important segment as we continue building our oral antidiabetic franchise. We also launched Rivalto, which is our brand of rivaroxaban in the anticoagulant segment in cardiac care. We have further enhanced our offering in the cardiac space through the launch of Zayo which is our brand of Sacubitril plus Valsartan combinations, which is a very important product indicated for the management of heart failure. During the quarter, we also strengthened our senior management team and expanded our board to include 3 additional directors, 1 executive and 2 independent.

Now I will move on to the summary of the headline financials for the quarter. Our consolidated revenue from operations has grown to Rs. 310 crores in Q3, which indicates a growth of 16.5% over Q3 last year: and consolidated revenue of Rs. 933 crores for the 9-month period, which indicates a growth of 13.1% compared to the same period last year. Our consolidated EBITDA has grown to Rs. 336 crores for the 9-month period, which represents a growth of 15.4% for the corresponding period last year. This has come about as we start seeing benefits of the investments in people and products that we had made in the previous year. Our consolidated profit after tax for the 9-month period has grown to Rs. 287 crores, which

is a growth of 19.4%, as we continue to do more business out of our tax-efficient Guwahati plant. Our consolidated operating cash flow for the 9-month period was Rs. 234 crores, which represents 70% of our consolidated EBITDA. In terms of debtor days, we are well on our way to achieve our guidance, as shared on the last call.

As we look to the next 12 to 18 months, there are 3 initiatives that will be very critical for us from an execution standpoint. Number one, we have an interesting pipeline of new product launches lined up for the coming year. Number two, expansion of our doctor reach. So we are making a significant thrust on expanding our doctor reach, especially with consulting physicians. So that's going to be an important initiative for us to execute on. And last but not the least, continue to improve on MR productivity in YPM pursuant to all the people investments we have made last year.

So this was a summary of our operations this quarter. Now we are open to take questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Tausif from Prabhudas Lilladher. Please go ahead.

Tausif: A couple of questions, sir. So can you just give us a highlight in what's going on your new derma segment? Have you launched some product and what's going on there? Because I think last year, you added something around 450 business executives over there. So first, can you give some light over that?

V. Krishnakumar: So I'd request Amit to take this question on the derma segment.

Amit Bakshi: Hi Tausif, we don't have a team in cosmetology as of now or derma-cosmetology, our team is very small, which is in single digits. and we didn't expand in this year because of the ongoing conditions. We, however, will think about this in the next financial year. So as far as today is concerned, our people allocation in dermatology-cosmetology is in single digits, and neither the contribution to sale is significant.

Tausif: So does it mean you're going to hire new MR for this segment going ahead?

Amit Bakshi: So as I've been telling this in the last call also that for the first 2 quarters, at least, we have our plates full. As KK was just mentioning, there is a very exciting pipeline for new products. So on anything like this, we'll be able to take a stock of only after the first 2 quarters of next year.

Tausif: And sir, what's the current capacity utilization of labor at Guwahati plant now?

Sachin Shah: The current capacity on a 3 shift basis is around 40%-45%.

Moderator: Thank you. The next question is from the line of Abdul Puranwala from Anand Rath. Please go ahead.

Abdul Puranwala: First question is on the launches what you have done in this quarter. So any guidance you'd like to provide as to how big these brands could be? Can this be somewhere around like a 50 to 75 crore opportunity of each brands what we have launched and the ones what we are planning to launch in the later part of this year?

- V. Krishnakumar:** So I can give you a broad answer, right? I don't think it makes sense to go into product-wise. But whenever we launch a new product and whenever we put resources and efforts behind it, it is with this strategic objective of making a 100 crore brand in a 3- to 4-year timeframe. That is the base intent. Right now, how it will exactly pan out, I think that time will tell. We need to wait and watch.
- Abdul Puranwala:** Sure, sir. And sir, if we have to break the current quarter growth into volume, price in new launches, so how would that breakup look like?
- V. Krishnakumar:** So we have not done that analysis. So that is something that we can do offline and Kruti can get back to you all.
- Moderator:** Thank you. The next question is from the line of Prakash Agarwal from Axis Capital. Please go ahead.
- Prakash Agarwal:** I got disconnected, sorry. So I missed the comment if you've already made that, like you talked about 6 key new launches, of which 3 are already done. So what are the next 3 that you are talking about very broadly?
- V. Krishnakumar:** So, I can name a couple, Prakash. So one is there is a dapagliflozin-metformin combination that is coming up. Then we have already shared that we are launching a product in the anti-epilepsy segment called Brivaracetam, which is a significant improvement over levetiracetam, which is the prevalent treatment in that area at this point in time. Those are the 2 names that we can share with you.
- Prakash Agarwal:** And 3 which are already launched, one is the Dapa main and Rivalto, right?
- V. Krishnakumar:** Yes. And we have also launched Zayo.
- Prakash Agarwal:** Got it. Okay. So that was one. Secondly, clearly, very strong and good growth given the market conditions. Just in terms of understanding the consistency, if there is any guidance you would like to give whether this kind of growth past early teens is achievable in Q4 and next year, that would be very helpful. And what will drive the growth? Would it be the cardio-diabetes combo and coupled with vitamins, so if you could just give a little broad level outlook, that would be helpful.
- V. Krishnakumar:** Yes. So there are 2 levers to it, Prakash. I think one is how will FY 21 end up at. So I think there, it would be fair to assume that 9 months are already over. And you've seen that the overall headline, financial growth is 13% operating revenue, 15-odd percent of EBITDA growth and 19-odd percent of profit after tax growth. So it would be fair to assume that FY 21 will end up on a similar trajectory. So that's point one. Point 2, I think the next 12 to 18 months, as I mentioned, we have a lot of exciting things happening from an organic execution front. It's about adding new products. It's about adding new customers. It's about improving the YPM. So I think net aggregator for all of this, I would say it is reasonable to expect 15% growth in the next financial year.
- Prakash Agarwal:** This is EBITDA or topline you are saying?
- V. Krishnakumar:** Across the board, headline financials.

- Prakash Agarwal:** That is helpful. And one more question I had was on the operating cash flow. I think in the past, you have shared a number. So what has been the operating cash flow for the quarter and for the 9 months?
- V. Krishnakumar:** The operating cash flow in quarter 3 was 93% of EBITDA. And for the 9-month period, it was 70% of EBITDA. So basically, Q3 was 93%, Q2 was 83%, and Q1 was 30% for reasons we all know.
- Prakash Agarwal:** Okay. And we have mentioned that our working capital is moving towards normalcy. Could you highlight from what number of days to what number of days you have achieved and what is the target by March end?
- V. Krishnakumar:** So end of Q2, our standalone debtors was 51 days. So we have brought it down to 43-44-day kind of target already. So we expect to make a meaningful improvement on it by the end of March quarter.
- Moderator:** Thank you. The next question is from the line of Vikrant Kashyap from Kedia Securities. Please go ahead.
- Vikrant Kashyap:** My question is related to your margins. We have seen significant improvement in our EBITDA margin. So are they sustainable? And do we expect further expansion on margins going forward?
- V. Krishnakumar:** Yes. I think it is important to understand expansion in EBITDA margin and the growth in EBITDA that you're seeing in this quarter. So same time last year, we had made significant improvements in people and also in terms of the Zomelis new product launch as well, right? So the EBITDA for Q3 and Q4 of last year was suppressed to that extent because of all these investments. And these investments have started paying off, which is why you see this EBITDA growth in this quarter, which is basically the operating leverage that we have in our business that is playing out. So as I said, the right number to look at is the 9-month number. So from a 9-month perspective, we have shown a 15%-16% growth in EBITDA and 19-plus percent growth in profit after tax. And we expect that we will end the year with a similar kind of growth numbers on the profit front.
- Moderator:** Thank you. The next question is from the line of Anubhav Aggarwal from Credit Suisse. Please go ahead.
- Anubhav Aggarwal:** First question is on when I look at your standalone numbers, and if I just exclude Zomelis from there just to see how the rest of the portfolio is doing, just the assumption of Zomelis like something, 12-13 crores a quarter. I see that then our growth is no different from the market. Market, as per AIOCD number has grown at 6%, 7%, and our portfolio seems to be growing at 7% as well. What do you say based on problem on the calculation? Or what would be the reason that despite such a heavy chronic portfolio and acute being less than the market percentage, we are still growing at market growth rate?
- Amit Bakshi:** So Anubhav in quarter 3, we had Zomelis in the last year also. So Q3 numbers which you are seeing are more or less line to line.
- Anubhav Aggarwal:** No, we were not including it. We started including it from Q1 only, right?
- Amit Bakshi:** No.

Anubhav Aggarwal: We had the agreement with the innovator, right? That was...

Amit Bakshi: We didn't tell you the numbers. Yes, Kruti, please?

Kruti Raval: Anubhav, the situation was that Abbott couldn't sell after April. But until then, both of us were allowed to sell. So even Eris has Zomelis sales in Q3.

Anubhav Aggarwal: So what was the like-to-like number, if I just want to compare versus the market growth rate of 7%?

Amit Bakshi: So you can safely assume that this Q3 is a clear-cut reaction where Zomelis more or less has been evened out. Because, Anubhav, when we billed for the first time in Q3 last year, the billing quantities were generally larger.

Anubhav Aggarwal: So even last year, you would have had a low double-digit Zomelis kind of sales?

Amit Bakshi: Yes, it is right.

Anubhav Aggarwal: And then what is the reason that when you show in the presentation, you had such a fantastic quarter on the vitamin side, where we show almost like 40% kind of growth there. So is that AIOCD error or there was something special which happened in the quarter?

Amit Bakshi: So Anubhav, look, errors, there are a little bit of errors across the board, even in cardio diabetes, but on an aggregate level, it is all okay. The reason for the growth on the vitamin side is because we launched a product called Zac D in the month of September. And I'm happy to tell you that Zac D was ranked as #7 in overall multivitamin in the prescription data. So we've seen some good traction there. And this is one of its kind product, which gives all the important immunity-building nutraceuticals at the optimum dose. So the major jump coming is from Zac D.

Anubhav Aggarwal: So that would have explained so much. Okay. And sir, how would the number of reps there, you used to disclose this number, and that is very helpful to calculate your YPM. Either you disclose YPM or one of the things that will be very helpful. So all other companies in the India business, so everybody reports their YPM number, that would be helpful. Then we can track how you are improving.

Amit Bakshi: Sure. So Anubhav, we have closed down one business, which is the ART business. That is the hormone business in gynecology. So there has been a reduction of around 90 people at a topline level. Kruti will correct me, but I think our YPM is 4.4 lakhs for the quarter.

Kruti Raval: 4.4 lakhs for the consol business. For the standalone business, it was 4.6, which was 3.8 in Q3 last year.

Anubhav Aggarwal: That's helpful. And yes, sir, lastly, just one question on the receivables side. You mentioned that number, and that was a very helpful reduction. Can you just talk about a little bit just what's happening so I can understand that it was a challenging time and the numbers would have gone up? What is driving the reduction down to the normal level? So we were doing 30 days until FY 19 and then we went to 50. And we are guiding to come back to 40 and 40 will remain a new level. That's what I have understood so far.

So can you just talk about what has happened as a background here when you're talking about higher receivable levels to continue for that, sir.

V. Krishnakumar: Yes. So Anubhav, just to answer that, you're absolutely right that we were at 30, and I continue to believe that 30 is the right level to target. Because 21 days, everybody is on that period now. And then the 21-day count actually starts not from the date of my invoicing, but it actually starts for the stockists from the date of receipt of goods which is usually 3 to 5 days, right? So I think 27, 28 days or rounding it up to 30 days, that is the idea to target. Now the problem that happened was during the COVID period, transit days of 3 to 5 days had basically become unpredictable. So there was no point in trying to characterize it at different number of days for different parts of the country and so on and so forth. So, it was necessary for us to accommodate that during that period, and that is what has primarily led to ballooning of the debtor days. And now that situation is starting to get corrected because obviously, the payment for the sales of the past month has all come in. And whatever receivables that you see are building up in the latest quarter are to do with the sales of the last month. But as the transit time keeps going back to the normal level of 3 to 5 days, then our receivables will also keep going down. As for 40 days, I picked 40 days as the benchmark number because that is what we had guided on the last call that, that is what we will get to in the near term. But our target effectively remains 30 days. So we will continue driving towards that. I hope that answers your question.

Moderator: Thank you. The next question is a follow-up from the line of Abdul Puranwala from Anand Rathi. Please go ahead.

Abdul Puranwala: On the promotion and marketing activities, so I mean, in the first half, we have seen a considerable cost savings plus compared to first half, where are we currently in Q3? And where do we see this cost pricing going ahead in Q4?

V. Krishnakumar: Yes. So if you see our consolidated financials, then I think this promotional and marketing expenses are contained in other expenses. And there is obviously a reduction in that compared to Q3 of last year, in the Q3 of this year, which is an important thing that has led to the expansion in our EBITDA margin and also there on. So I think it is fair to assume that Q4 will be very similar to Q3, which is why I had mentioned earlier that at a profit growth level, we'll be similar at the end of FY '21, at a similar level, as you know, what we had for the 9 months EBIT numbers. Does that answer your question?

Abdul Puranwala: Yes, that's helpful. And my second question is on the EHPL business. So considering that we are in this market for the last 6 to 9 months, how do we see this business shaping for us in the next year or maybe from 2, 3 years of horizon perspective?

V. Krishnakumar: Yes, Amit will answer that question.

Amit Bakshi: Yes, actually, I will answer this question in the next quarter call. By that time we will finish our annual budget meetings, then I'll be able to give you a color on that.

Moderator: Thank you. The next question is from the line of Aniket Khanolkar from Trivikram Consultants. Please go ahead.

- Aniket Khanolkar:** Sir, I have a question on Zomelis. What was the revenue for Zomelis in this quarter? And in earlier call, you have guided for a 40 crores revenue guidance for Zomelis. So, like, can you comment on that guidance, like what are we expecting in the next quarter?
- V. Krishnakumar:** So we are on track to meet that guidance for this financial year as far as Zomelis is concerned. And I'll invite Amit to give some more color on it if he wishes to.
- Amit Bakshi:** Yes, I think that is simple and clear. So we are hitting our 40 crore mark by the end of the year and the quarterly numbers are also in the same line that we have been reporting for the last 2 quarters. It doesn't change as much. It will be in the same line, close to 12 crores for Q3
- Moderator:** Thank you. The next question is from the line of Runjhun Jain from Nirmal Bang. Please go ahead.
- Runjhun Jain:** Sir, just finally, one clarification and talking about next year guidance of 15% in headline financials. So we are not expecting any EBITDA margins improvement for the next year, and if not, why not because we do have a good, interesting pipeline for next year, don't we?
- V. Krishnakumar:** So I gather that your question is that why we are talking about a 15% growth across parameters and why are we not talking about a higher growth on EBITDA. Is that your question?
- Runjhun Jain:** Yes, sir.
- V. Krishnakumar:** So I think this is the best visibility of what we see for the next financial year coming up. It is possible that margins might expand faster. But this is the base case of what we see happening. And so this is basically what we believe we can communicate to you at this point. And if there are any updates to this, then we'll come back to.
- Moderator:** Thank you. The next question is from the line of Kunal Dhamesha from Emkay Global. Please go ahead.
- Kunal Dhamesha:** So I think it's a continuation of one of the previous participant's question that sales and promotion expense while you have provided some color on the Q4. But what is your view in terms of how sales and promotion expenses would move in FY 22? Would it be at a similar level to what we have seen in FY 20? Or so basically like normalize to that level? Or do you see that there will be something which would continue in FY 22 and then the exact normalization will happen in FY 23?
- V. Krishnakumar:** Yes. So in terms of absolute expense, my sales marketing and promotion expenses will go up because we are launching new products. We are launching 2 more products in the next couple of months. And then we have an interesting pipeline of new launches lined up for the next financial year as well, right? So on an absolute basis, the numbers are going to go up, but then so are my sales. So at the end of the day, we expect that we will continue to get good operating leverage in terms of the spending that we make on sales, marketing, and promotion. Yes, so I think the percentage to sales is not something that we are expecting to change dramatically.
- Moderator:** Thank you. The next question is from the line of Prakash Agarwal from Axis Capital. Please go ahead.

- Prakash Agarwal:** Just wanted to understand, like you spoke about 15% growth for next year. I understand the base for this year itself is quite low across companies. So what is the industry level growth you are projecting or thinking when you are pegging it at 15% for yourself?
- V. Krishnakumar:** Prakash, we expect the industry to be between 10% to 12% for the next year.
- Prakash Agarwal:** Okay. And we plan to grow at 15% plus?
- V. Krishnakumar:** Yes, that's the base case scenario.
- Prakash Agarwal:** Okay, great. And secondly, on the cash position. So since you spoke about a decent amount of strong operating cash flow, what is the cash position today as on December? And what is the plan for the usage?
- V. Krishnakumar:** Yes. For treasury, on 31st December was 261 crores. And as of today, it was 286 crores. So I think in terms of the use of cash, one thing I think that has also been discussed in our last call is our Dividend Payout Ratio which we expect to maintain at 20% kind of a DPR, for sure, I think. Insofar as any other use is concerned, one question that always comes to us is about acquisitions. I think as we all have seen in the past, we are open to it. But what I have to say is the next 12 to 18 months or so is rigorous for us in terms of organic execution and so we have limited bandwidth to pursue anything else. But having said that, we are always open to the right opportunities for investments. So time will tell. We have to watch as we go along.
- Moderator:** Thank you. The next question is a follow-up from the line of Anupam Agarwal from Lucky Investment. Please go ahead.
- Anupam Agarwal:** My question pertains to your CAPEX outlay. I mean I understand that what is still at 40%, 45% utilization. Any plans for putting up new CAPEX in the coming 2 years?
- V. Krishnakumar:** No, Anupam. So this time, we don't see any CAPEX because we are done with the soft gel and the food facility that we wanted to have in Guwahati, so we don't see anything this year in terms of new capex. There will be some maintenance CAPEX to the tune of 15 crores - 20 crores. That's what we see, which happens every year. That's it.
- Anupam Agarwal:** From the current gross block that we have put in the company on a consolidated level, what is the sales that can be done?
- V. Krishnakumar:** I take that question; I think it's an interesting question. We haven't thought about it that way because we are not a fixed asset-heavy kind of a business. So fixed asset turnover ratio is not a parameter that we particularly track. But since you have asked as a question, let's work it out and get back to you all.
- Moderator:** Thank you. The next question is from the line of Bhagwan Chaudhary from Sunidhi Securities. Please go ahead.
- Bhagwan Chaudhary:** What was your 9-month generic business number vis-à-vis 9-month last year?

- V. Krishnakumar:** It was 55 crores.
- Bhagwan Chaudhary:** What was in the current month, sir? And what was in the last year 9 months?
- V. Krishnakumar:** Last year, it was not there. So there is no base to it.
- Bhagwan Chaudhary:** And in the current quarter and last year, current same quarter?
- V. Krishnakumar:** That is healthcare, as the business, started in March last year. March was the first billing. So we don't have a 9-month equivalent comparison. So whatever sales you see this year is all pertaining to this year itself.
- Bhagwan Chaudhary:** So what was in the current quarter?
- V. Krishnakumar:** Current quarter is 11 crores.
- Moderator:** Thank you. The next question is from the line of Vikrant Kashyap from Kedia Securities. Please go ahead.
- Vikrant Kashyap:** Sir, in your presentation, you have mentioned that large high-growth molecules to go off-patent in near future in diabetes and cardiac. So could you please throw some light on that? How big this opportunity is? And how much benefit we can take out of that?
- V. Krishnakumar:** Yes. So Vikrant, very interesting question. Unfortunately, as I already mentioned while they are interesting molecules we are not at liberty to talk about specific names. But I think it's fair to assume that given our whole position in cardiometabolic, we will get our fair share of the market share as and when these products get launched. So that is what we have assumed in our base assumptions. And I think it would be appropriate to leave it at that.
- Vikrant Kashyap:** And also in this quarter or in the last quarter, it had been an acute segment, and we have outperformed the market by a large margin. So how do you see this continue going forward?
- V. Krishnakumar:** I would request Amit to respond to that.
- Amit Bakshi:** So you've seen the numbers, the total contribution of acute has actually shrunk quite a bit. Even if we do very well, does it make a large difference to the overall number, the answer is no. So that statement is saying that whatever little part we have in acute is also doing well now.
- Moderator:** Thank you. The next question is from the line of Anshul Saigal from Kotak PMS. Please go ahead.
- Anshul Saigal:** I just have a bookkeeping question. On your depreciation and amortization, that number has come off from the same quarter of last year. Could you just give some clarity on why that has happened?
- Sachin Shah:** Can you please repeat? It has reduced from the last year.

- Anshul Saigal:** That's right. Same quarter last year, it used to be about 11 odd crores. This quarter, it's about 9 crores.
- Sachin Shah::** Yes. So basically, it's on a WDV basis. So if we don't add any effect in the last 12 months in TTM basis, it will come down. We have not added any capex.
- Moderator:** Thank you. The next question is from the line of M.S. Rajashekar, an individual investor. Please go ahead.
- M. S. Rajashekar:** You took over Strides portfolios for about 500 crore deal, how far has it been integrated with the company? That's what I'd like to know.
- V. Krishnakumar:** Yes. So the portfolio and the business has been completely integrated into the company. And there are a couple of assets of the integration that I would like to talk about. So when this business was acquired, all the products were being manufactured by third-party providers. And because of that, the COGs of the business was pretty high, it was 35%. And suffice to say that we have brought in most of the portfolio into our Guwahati facility including one of the large products to come in was Renerve soft gel, for which we set up the soft gel capability in Guwahati. And there are very few products from that portfolio that are manufactured outside now. So the cost of goods sold has improved from 35% to more or less in line with our corporate average of 18% to 19%. So that is one aspect of integration I would like to highlight. The second aspect is when this portfolio was acquired, there were nearly 1,100 representatives who are promoting this portfolio. And that number is close to 600 now. So we have found a way to accommodate the portfolio in nearly half the number of reps and who are clearly operating at a higher efficiency level. So these are the 2 significant ways in which we have been able to integrate it.
- M. S. Rajashekar:** Okay. But I think if you look at you are taking our Strides as well as with your own launches, your growth number should be much higher than what you were anticipating. Can you please give a light on that?
- V. Krishnakumar:** Yes. So I think how much the Strides portfolio has contributed to our growth versus how much the other products has contributed that data is there in AIOCD and that is free for anybody to see. If you require, then I'm sure Kruti can work it out and get back to you. But I think given Strides is so completely integrated into the system, we don't track Strides and other products separately anymore. In our internal tracking, it's all one business. And when we project growth for this base from here on going forward, we refer to it as organic growth.
- M. S. Rajashekar:** That's right. You are already growing at about 10%-12%. So next year with your new launches, should your growth not be higher?
- V. Krishnakumar:** Yes. That is, I think, for us to wait and watch and for time to tell. At this point, as I have mentioned before, 15% is what we are what we believe is appropriate to give out at this point, given the visibility that we have. And I hope that you're right, and it turns out to be much higher.
- Moderator:** Thank you. As there are no further questions, I now hand the conference over to Mr. Krishnakumar for closing comments.

V. Krishnakumar: Yes. Thank you, everybody, for your time. So in terms of summarizing it, I would like to reiterate the following key highlights. One is that, for the quarter, we have been among the fastest-growing companies in the non-COVID market. Our superior positioning with strong brands in the chronic and sub chronic therapies positions us well for growth going forward. And all key levers of our system, which is cardiometabolic, VMN and acute, are now firing together. Our fundamental metrics remain intact. It's about our operating margin, net margin, cash flow generation, return on equity and so on. We have made significant strides in strengthening our corporate governance in this quarter. We expect to end FY '21 with strong growth in all headline financial parameters as in line with our 9-month results. And our key themes for FY '22 and beyond would be number one, new product launches; number two, expanding doctor reach especially with consulting physicians; and number three, continue to improve our MR productivity and YPM. Thank you for your time.

Moderator: Thank you. Ladies and gentlemen, on behalf of Eris Lifesciences, that concludes this conference. We thank you all for joining us, and you may now disconnect your lines.