



“Gufic Biosciences Limited Q3 FY22 Earnings  
Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to the Gufic Biosciences Limited Q3 FY21-22 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing \* then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Ami Shah - Company Secretary. Thank you and over to you, ma'am.

**Ami Shah:** Good evening everyone. I am Ami Shah – Company Secretary of Gufic Biosciences Limited. I welcome you all to Q3 FY2021-2022 Earning Conference Call. I have with me Mr. Pranav Choksi - Chief Executive Officer and Whole time Director; Mr. Devkinandan B. Roonghta - Chief Financial Officer and Mr. Avik Das from Investor Relations team to give the highlights of the business performance of the company and to clarify the queries of the investors during the call.

After the opening remarks from the management, operator will open the bridge for Q&A session, but before we proceed with the call, please note some of the statement made in today's discussion may be forward looking and are based on management's current expectation and this may be viewed in conjunction with risk and uncertainties involved in our business. The company assumes no responsibility to publish or update or amend, modify, revise any forward-looking statement based on any subsequent development, new information or futures or accept as required by the applicable laws in force. This call is being recorded and the playback shall be made available on our website shortly after the call. The transcript of this call will be submitted to the stock exchanges and made available on our website. I will now hand over the call to Mr. Avik for his opening remarks. Thank you all. Over to you, Avik.

**Avik Das:** Good evening everyone and welcome to the earnings call for the third quarter. We thank each and every one of you all for attending the call. It means a lot to us. As you all know, third quarter was a litmus test of a unique end-to-end business model which is diversified across domestic branded business, exports, CMO and APIs and with a pleasure, I am informing you that Gufic has emerged as the third fastest growing company among the top 100 pharma companies in India. It was a critical quarter for us as the portfolio mix transitioned back to a normal strategy which is spread across over exciting business lines and team well-chosen therapeutic segments. Point to highlight you is that the growth in the core non-COVID portfolio was contributed by not just a product or a division or a therapeutic segment or a business unit, rather there was an all rounded granular growth across molecules and a well-diversified portfolio, whether it was our anti-infective, infertility or the aesthetic dermatology division, we experienced growth across the board within our core non-COVID portfolio. This of course is a testimony to the hard work of our various business heads, each of whom devised an excellent tailored product level strategy to navigate and capitalize under transition to normal trend and as always we continue to focus on R&D with an aim to combine the unique art and science of lyophilization to new drug delivery systems and provide the patients with affordable and advanced medications.

With that I will quickly take you all through the updates in each of the business lines and of course later our CEO will give you further light on what are the exciting new things that we are doing in each of these business divisions. So to begin with, our domestic branded business registered a strong performance led primarily by non-COVID products. The non-COVID portfolio Critical Care group has shown very strong growth. This was fueled by our balanced portfolio which has the entire range right from Doripenem, Ertapenem, Meropenem, Imipenem and also the entire antifungal portfolio where we cover all the fungals, we saw a great, very high double digit growths in these two portfolios. Something very exciting, something that we have been looking forward to, our core infertility portfolio has nearly doubled now. We have seen a healthy growth in this portfolio when compared to even the pre-pandemic levels and this happened because we have certain product level, market level strategies and there were some new products also which were launched in this division.

Within the herbal products, we launched a range of multivitamins which has led to high growth in this segment. Our Spark division of course has also seen great growth and there we intent to launch the cardiac diabetic management range, may be somewhere in Q2 of FY23. Stellar is a very young division and it is growing with leaps and bounces and we are still continuing to see good traction and to further augment the sales in these division, we plan to launch at least 6 to 8 new products in the coming 6 months. Our go-to-market strategy for all those products are very well marked out and AESTHADERM which is one of our exciting BDs in which we house our brand Stunnox, continues to grow very strongly, the acceptance in the market is phenomenal and we are very sure and with passing day, we are getting more and more confident that this will become one of our pillar brands going forward.

Now, I will give you all a quick overview of what happened in our CMO business. The company achieved strong and sustainable volume growth across multiple therapeutic segments, so our non-COVID portfolio has grown as we were able to complete some of our backlog orders and we have seen high double digit growth within this business segment as well and in this segment we are very fortunate to have some of India's leading pharma companies and global MNCs as our esteemed plans and many of whom have rewarded us with new projects in the past quarter. So this of course is a testimony to our continued effort to excel in R&D and the cutting edge of quality and the other new area of growth which will become one of our big growth engines in time to come is our export business. We have seen huge volume growth in this business and we have commenced exports to regulated markets for molecules such as Vancomycin, Clarithromycin, Teicoplanin and Tigecycline. We have received marketing authorizations for Omeprazole for markets like Myanmar, Azithromycin from Kenya, Daptomycin from Columbia and our patented formulation, Tigecycline injection has received marketing authorization from Russia and Myanmar and I think we will be able to go to many new markets with this patented formulation and something exciting that has happened in the last quarter is we have broken into Brazil market which of course is one of the most difficult markets to break into in terms of

regulatory entry barriers. We have also gotten into Canada, Nigeria and Columbia with more and more products.

So now we are no longer one product in one market, but we are becoming a multiproduct in multimarket in the regulated market business itself and I think with this, our Executive Director will further give you all lights on what our plans are on this side and we have seen growth even in the API business through our existing portfolio of antifungals and anesthetic products and as we are informed in our earlier calls that our API, we have a dedicated R&D facility for API and now we are coming up with an entire range which will be in antifungals, peptides, antibiotics, certain synthetic progestins and antibacterials as well. So this is an area which you will see great growth in time to come and it won't be on the back of one therapeutic segment which has been our strategy even in our formulations business. So it will be a very well spread out granular growth that we see here and another update that we have on our ongoing CAPEX is about our Penem block. There is a good market opportunity for these products and to ensure that the capitalize on these market opportunity, we shifted the location of the Penem block back to Navsari. This will significantly reduce our time to market as we can leverage our existing infrastructure such as utilities, engineering and testing facilities and I think with this even before our Indore facility go live we should probably have Penem block ready in Navsari. So with this, I will hand over the call to our CFO, Mr. Roonghta to give you all an update on the financials and he will take over the call.

**Devkinandan Roonghta:**

Thank you Avik. I am Mr. Devkinandan Roonghta, CFO of the company. I am going to highlight the financial highlights of the quarter ended Q3 for the financial year 2020-2021 and 9 month ended 31st December 2021.

First, I am going to highlight the 9-month financial related results for the period December 21 compared with the financial related for the 9 months of December 2020. Total revenue for last 9 month was around 356 crores, this year the total revenue yield 617 crores, there is an upward of around 73% jump in the total revenue of the company. These also include around 150 crores revenue from COVID business, otherwise remaining is through our existing normal growth rate. Last financial year 9-month EBITDA was 63 crores, this 9 month, the EBITDA has jumped from 63 to 117 crores, there is a total jump of around 85%. EBITDA margin has further improved in these 9 months. Last year, the EBITDA margin was 17.8%, this year the EBITDA margin for 9 months is around 19%. Profit before tax for last 9 months was 41 crores, this year it was 101 crores, there is jump of around 148%. PBT margin has further been improved from 11.4% to 16.3%. Profit after tax has jumped from last year 31.4 crores to 75.6 crores, there is jump of around 141%. PAT margin, last 9 months it was 8.8%, this time it was 12.2% and there is also jump of around 50%.

If I compare the Q3 of current financial year versus last financial year, the turnover for current financial year is around 122 crores, but actual turnover for this financial year was around 182 crores. This is because of the sales return of 10 crores related to COVID product which was sold

in the Q1 of the financial year 21-22. EBITDA, last year, 2-3 quarter the EBITDA was 27.5 crores, this time it was 34.2 crores, there is jump of 25%. EBITDA margin last year was around 16.5%, this year it was 19.9%. Profit before tax last Q3 was 20.5 crores, this Q3 is 28.7 crores, there is a 40% jump. PBT margin, last Q3 was 12.3%, this Q3 is around 16.7%. Profit after tax last year was 15.5%, this year was 21%, there is jump of 36%. PAT margin last Q3 was 9.3%, this year 12.3%. This was the financial results for the quarter and 9 months ended. Thank you very much. I will hand it to our MD, Mr. Pranav Choksi.

**Pranav Choksi:**

Thank you sir. I think perfectly said by Avik and Roonghta sir about the different salient features of your company. I just want to elaborate on certain key points and I will also first talk about in general and then I will take it for the strategic business unit wise. As Avik said everyone has been following the investor call since June and then September or so. We have already mentioned there was a 25% traction of COVID related revenue in the first quarter and around 5% revenue traction due to Black Fungus and I would say residual COVID, but more to related Black Fungus in the Q2. In the first quarter where we have seen almost not only 0 involvement I would say negative involvement of COVID products as related to the returns which we had to take because of non-movement in the market of certain COVID drugs, unlike in the first quarter where we have seen a complete organic business being represented in its most efficient manner.

So just to add to points, I would say division wise, the domestic business as mentioned by Avik has seen that growth going on Infertility division led the growth percentage this time because as and when the normal overall life was coming back to normal, we saw a lot of pregnancies, a lot of awaiting procedures which were kept on hold had come back to normal. Also, with the launch of certain PFS in terms of Enoxaparin as well as certain new launches in terms of hormonal gels and also an improvement in our offering of our HMG portfolio where we have come with not only more drug delivery systems, but also come up with an improved product where we have seen a lot, I would see a very accelerated growth in the infertility segment.

Coming to Critical Care, Critical Care continues to be the number one division of Gufic and I feel even without having any new launches in October to December because we had a big inventory of products which all way were lying with us and apart from the COVID drugs, the non-COVID drugs came back to normal and we saw a good traction there. Lot of planned surgeries and lot of other existing procedures, similarly, like in the Critical Care space got activated once again. In the Critical Care space, we have just launched in the month of February is the one which is the Botulinum Toxin version which is mainly focused on neurological conditions, so as we have Stunnox which is dedicated to the AESTHADERM division for only cosmetic purposes. Now it will be another I would say feather in our cage which we would drive the business forward and will of course have a higher traction, reason being that the AESTHADERM division is being promoted by 33 people and now we are going to expand there. It being the number one division which we have a Critical Care, we will have almost 200 people focusing on this and trying to create an equity with the neurological, I would say community and

more importantly we have a lot of feedback in terms of use, in terms of trials, in terms of applications, which we feel that we will be giving not only the competition, but also giving a big boost to the market also.

Coming to **Zarbot** should be another launch, also we will be gearing up for our expansion in capacities also going forward in Navsari which I had mentioned earlier also. With Indore, we still take time. Indore should be ready by March 2023 or little bit before that because right now we are no schedule, but before I talk on CAPEX, let me focus on the impact on the Critical Care division, so we foresee that apart from the normal products we are coming out with the new sign, a new basket, the new pipeline of certain Critical Care products which are mostly targeted for primary health care and separate division separately dedicated for Mycocare, so offshoots of the Critical Care division where will be 2 to 3 products launched in the month of February and two more in the month of March and a new drug delivery system coming in April which would further fuel the growth and keep the consistent numbers going on. As Roonghta sir rightly mentioned, the main challenge and the main objective which we have to focus on that this year almost saw 150 crores increase in revenue purely due to COVID, but we know for a fact that is 150 crores also came at the cost of certain other division business which of course will come back to normal, but at the same time, we also have some, I would say, not some, we have in every division around 2 to 3 I would say traction points which will help us to not only recover this COVID, but also to ensure growth in the future years to come.

Coming to the Herbal products as we have mentioned, healthcare, I would say more than herbal growth, now we are coming with lot of Neutraceuticals, we are coming up with specific liposomal combination with Neutraceuticals which can be used on day to day base. Just we are coming up with certain unique single doses products for kids because sometimes when we see nutrition of kids are very important for us and sometimes the kids forget and since the schools are starting once again, sometime if they forget to take the syrup in the morning or a soft gel in the morning, they have to wait for the entire day, so we are coming up with now small handy packs of certain products which will be launched by Q2 or Q3 2023 which will be unique to multivitamins, to iron and to basically overall nutrition which can be packed in form of either tiffin box or in the form of a snack box which can be carried by them and very tasty and very cosmetic and again looking products which can be taken in the form of a jelly or in the form of liquid short or in the form of suspension which help them to take care of the daily requirements, so these are just some of the products which we are looking at either from oral use.

Again, we are also working on certain topical I would say massage oils for infant where they get the nutrition via the topical route, via massage. These are just small, incremental innovations which we are trying to do which helps the patients compliance, which helps the overall administration of drug also much more consistent and much more unique and much more I would say organized. So similarly in Spark as Avik rightly mentioned, apart from the antibiotics Gufidox which we launched which right now in the last 2 months got traction because of the

upper respiratory infection along with which was because of this third wave of COVID. We could manage, I think the only product which we could actually have some dent was the Gufidox because that is the only product which was prescribed in COVID and thanks to God and thanks to the science now. Lot of people were admitted to the hospitals and because of that not much traction was there and lot of people recovered just by taking the normal routine standard of care or basic antibiotics or basic vitamin C and normal nutrition and they were fine.

So Spark, the reason why we are launching this cardiac diabetic Anvil as part of the Spark division is we have seen that because of COVID lot of increase in sugar level and diabetic is being seen on a much more broader basis and we foresee that we have some unique offerings which will be coming in the next year which will be the anchor products for us which will offer us some differentiators and that along with the common basket of antidiabetics and cardio which will be an important booster tool for us going forward. So right now, in adult population, the diabetes penetration is 10%, but there are certain data which is available in the market as per experts. We can see this 10% going to almost 16 to 20% in the next few years because of the impact of COVID and that is the increase in diabetes market overall in the country.

Coming to Stellar, we of course got a good traction because of certain pre-filled syringe and certain products, but what we realized also that in pain management and gynec we have a good portfolio, but in terms of the ortho segments, we lack certain allopathic options which can be unique in nature, which can help us drive the Stellar business. So those became out of the brainstorming which we did in the month of December and we hope by the month, we already have launched one molecule which is an extension of Sallaki known as Sallaki Max which is a good option for the Orthopedics for this quarter and in the next quarter we are hoping to launch 3 more products which will be helping us to ensure that the gap in the treatment basket what we offer to the orthopedics is taken care of and we can get a better share of the prescription in the coming years to come also. AESTHADERM is anywhere I would say Stunnox month by month has been on the rise and now along with the acceptance, but more importantly the recognition which is getting in the market is quite encouraging and hence because of this 8 I would say 9 month data what we have of Stunnox in the market made us very encouraged to launch the **Zarbot** product also that is in the Critical Care space and neurological issue, we said we should also launch it fast because the doctor acceptance is overwhelming. At the same time, what we realized, where we were lacking is in terms of marketing and in terms of the noise level, we have to improve, so we have recruited certain experts who have a prior history in handling toxins and fillers and we hope that with them and with also some international faces will be joining us as the advisory board for us in India, we will be having much more amplified launch, I would not say launch, but much more amplified noise level in the field of AESTHADERM with our Stunnox range and this very soon we should be applying for the topical option also for Stunnox which would be ready for filing by April followed by the title which we will be filing in the month of July. So that is in case of the domestic market.

As I mentioned for the CMO business, there is a lot to an R&D than what we can market, so when as Avik was saying that when we talk to a particular client of us and we are offering them may be 4 out of 6 or 4 out of 8 options in a particular therapeutic, I would say treatment regimen, they ask us to develop the other two, not only for the Indian market, but also to take to the international market, so like that in the last 3 months, we have signed almost 3 minimum agreements, there are two under discussion, but 3 agreements have been signed. We will be sort of a contract research and development and manufacturing partner for two big multinationals and also for two companies based in Europe where we will be taking care of their gap in their therapeutic regimen and we will be the, I would say the partner ensuring that they get the entire channel taken care of. This is also in a reason I would say helpful why because of the backward integration of the API which we already invested in the last 3 years. We become a good API, we started the research in API, then we started with the research in formulation, we can offer the entire baskets on scratch in the areas of our spread, I am not saying anything but in the areas of our spread and hence it makes us a good partner as a contract CDMO in the years to come. This is going to be complemented by the expansion capacity, Navsari which is going to be ready by March 2022 where we will be increasing the capacity by 400,000 vials for lyophilized and we will be increasing the liquid capacity by further by around close to may be a million vials. So now the total lyophilized capacity in Navsari would come to around close to 4.4 million vials per month and this will be complemented by additional capacity at Indore which will be ready by end of next year which will be another 5 million. So we are looking at a 9.4 million vials capacity per month which I think should make us like I had mentioned earlier the largest manufacturer in the world, so apart from having an economic of scale, like I said in Indore it will just not be the lyophilized products, it would be suspensions, it would be pre-filled syringes, it would be dual-chamber bags, it will be dual-chamber syringes and it would also be ampoules. So the entire spectrum of injections whatever way it is possible will be made there and that will make us a single window, I would say manufacture supply and marketer of high end injectables and also generic injectables also.

Apart from this, the decision for us to shift Penem from Indore back to Navsari was that we had an existing infrastructure which could be converted and made into a Penem block much earlier rather than putting up a bigger investment in Indore, so we took the option by which we prepone the commercial launch of Penems to June 2022 instead of July 2023, so this just helps us to penetrate the market much faster and because of this and it was a great job done by my CEO and his team and I think the way we had expanded, I think we should be ready by May, but however, I give the commitment that by June 2022 we should be ready with this block and so we can see revenues coming from Q2 2023.

Coming to exports, already I think Avik has mentioned the specific approvals which we have got, but keeping in mind our focus on multiple countries and multiple products, the pipeline continues to grow. There has been some challenges last year, reason being that most of our capacity till around July was occupied with COVID and Black Fungus and Mucormycosis drugs,



so after that we had a very big backlog of our export products and we had some backlog of the domestic market also which we got into and then from January itself we have started now taking care of new batches, new launches for, these are the new pipeline which we want to file in the international markets in the years to come. We have started the validation batches from them from January and we foresee that again by may be September, October 2022 we should have new doses lined up, so that pipeline should always be kind of full and there should be no lull period and we should keep on getting this churning months on months.

Coming to our R&D development which I think the most the backbone of us, I would start with the F&D department, the formulation department first and then I will come to the API one. The formulation R&D in Navsari has, apart from the Botlumin Toxin projects and apart from the normal generics we are working on, they have started now working on certain biological peptides and certain specific niche products with regard to liposomal options and nanopracticles. This will be complemented by the Indore R&D which is starting in the month of February. As I mentioned before, our foray into vaccines should start very soon and that is where the Indore R&D should start not only this, but also start the various new drug delivery systems also biologics is there. So since the projects were increasing day by day and of course with the growth which we have seen and the cash flows which we are getting, a big chunk of our money is being invested back into R&D and infrastructure, so may be certain milestones which we have planned 3 years, 4 years, 5 years down the line can be preponed to an earlier year.

The last point and which is the most important point is about the Bulk drugs, the API business because going forward we have seen a lot of interest in terms of derisking from countries beyond us and that is where the API R&D business has seen traction in terms of the number of portfolio, so earlier we had decided to have a team of around 25-30 people, but we have now seen the space is there to increase it to maybe 50 people, specially dedicated to API and R&D, I am talking about the scientist and the chemist and we feel that in different therapies apart from cardiac, anti-infective, anti-fungal, anesthetic which is already our foray, we will expand to diabetes and we will be expanding to peptides. So whatever we offer in the frontend, we should be at least 60% of the products which can be game changers down the line should be backward integrated all the way to API basis. There, we also tried that even the intermediate and the basic scratch should be derisked from the countries beyond us. So this is a nutshell of overall whatever efforts the company is getting into and we are getting and I think that is enough from my side. If I have missed any points, please feel free to ask me any question and I will be more than happy to answer those. I will hand over the, I would say the session back to the compere and I think and you can take it forward.

**Moderator:**

Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Rajat from ithought PMS. Please go ahead.

**Rajat:** Pranav, just wanted to understand one thing, what really is the differentiation of our company, is it lyophilization or is it new drug delivery system or is it new drug delivery system within the lyophilization or something else?

**Pranav Choksi:** First of all, if you ask me in 2008-2010, what are the differentiation I would have said definitely lyophilization, but lyophilization is more of a commodity now, it is not that lyophilization is now not accessible to everyone, so still in lyophilization the economics of scale and the pipeline is of course still our USP where we offer a lot of products for the first time in India and we also offer some new drug delivery system which might be sometimes first time in the world, but if or also we have patents by which if certain lyophilized products have patent, we always come up with our own unique process and that is how we bypass them and we launch it at a much economical rate. Going forward, the company has evolved, keeping in mind the basic fundamentals of innovation in mind, so new drug delivery system in injections will of course sometimes or may be or may be not related to lyophilization, however, we always come up with options in new drug delivery system where we can make the patient compliance much more easier, so as I mentioned before sometimes it is about patient compliance, but sometimes in the injection industry or the ICU industry, it is all about administrator compliance also. So if you see the new launches which will come up in the next 3 to 6 months, those will be specifically related to administrator compliance where you don't have to go through much mixing, matching and by which there can be chances of cross contamination and there might be chances of what I say inaccurate dosing and hence we moved onto specific devices and used our own intellect or our innovative capability in terms of stabilizing those products apart from lyophilization in those drug delivery systems which we use some new procedure. Going forward, as a differentiator one more reason is that there are certain, I am M.Sc. in Biotechnology and when I joined Gufic we always into pharma and we continue to be, we will always try to be a force in pharma, but biological is something which we are very passionate about because that is where the core competency of the management lies in also, so with my mentor Dr. Bal Ram Singh who has helped us in the first product being Stunnox and followed by **Zarbot** and many more. We also have a separate pipeline which is next trend of Gufic in the field of recombinant proteins, in the field of biological vaccines, also in the field of may be some immuno-onco therapy which will be seen in the next few years. So everything is related to life saving and niche products where we get into. Can it be lyophilization, new drug delivery system, biological peptides, and lastly complemented with our backward integration terms of API, so that is where I feel our company is little bit more different. So we might not be great in generics, in tablet, capsule for certain products, but these are the fields which we normally try to focus on. I hope I think I have answered your question.

**Rajat:** The other question I had was around, if you can give some examples where you have been able to launch some products under the new drug delivery system so as to be able to understand this aspect better, what kind of revenues let us say those products launched under NDDS, what kind of revenue contribution is coming from such products as of today?

**Pranav Choksi:**

I will definitely give you examples of new drug delivery system, but revenue is something which I might be refrained from answering that, because not that I don't want to share it with you, I may be wrong in those numbers, so you can always send an email to us and we can let you know. I will give you an example, first of all about certain antibiotics which are in the form of separate vials, you have the diluent and you have to mix it, then we come in the form of a dual-chamber bag and we make it more administrative complaint. Let us say example of Immunocin Alpha, we have launched in the form of a lyophilized vial earlier which is as per the innovator in United States, but we are the first company to come up with a pre-filled syringe, so you can imagine it is an intramuscular product which you don't want someone to go to the trouble of taking a big needle, putting 1 mL water into lyophilized vial, then again removing 1 mL water in the form of insulin needle and then putting it in the stomach, so that the entire process is too tedious and it can lead to, when you are playing with 1 mL, there can be chances of inaccurate dosing or it can be chances of spillage or I would say contamination also. So that is where we have come up with pre-filled syringe option for Immunocin Alpha also. The same example goes for human menopausal gonadotropin, this is a product which is used in infertility, in IVF treatments, there we have come up with, again it is a lyophilized product which is stable for 24 months or 36 months, we have come up with ready to use pre-filled syringes, we have come up with ready-to-use liquids where the doctor has feel that sometimes the doctors feels how much to use, I have to multiple vials and all that, so what we have come, you have come up with, the normal strength which we used to give in a vial earlier was 150 IU. We have now come with multidose vials of around 1200 IU and it is ready to use liquid without any dilution, without anything, doctor can just take 1 mL and put it in the patient's body and they are done with, they don't have to go through the entire process of reconstitution and contamination and all that and if they want something even superior to that we have the option of pre-filled syringe, so we have a liquid stable. From lyophilization, we have now moved to ready to use liquid where we have shot of 150 or 225 or 300 IU ready, where we can just put it in the form of I would say syringes going forward. In the future, what we are coming up with there might be certain powders and certain liquids which you need to mix and then you have to give it intramuscularly, so we have options of a single pre-filled syringe where you have a powder in the front and you have a liquid behind, you just press the liquid onto the powder, it gets mixed and directly goes into the patient's body. You know that 100% of that molecule is going into the patient's body. This is very important in cases where certain products are only 40 mg which is hardly to measure 40 mg or to measure may be 0.5 mL or 0.6 mL is very difficult and when you have such a device, it ensures that the patient gets a complete the right dose at the right time and it lasts for the right time as well. These injections are supposed to be lasting for 28 days in the patient's body with Depot injections, so we ensure that the patient will get that 28 days full treatment. Of course, I can go on and on, I can go on to topical Botulinum Toxin, I can go to Penems in the bags and all that, but I think it will be long, but I hope you get an essence of what am I getting into?

**Rajat:**

Yes, pretty much.

**Moderator:** Thank you. We move to the next question from the line of Umang Shah from Sarath Capital AIF. Please go ahead.

**Umang Shah:** Sir, the diabetes and cardiac foray, would it be oral medications or lyophilized medication?

**Pranav Choksi:** Primarily, they are oral, but we are working on certain peptides which might be of course of injectable in nature, may be lyophilized, may be pre-filled syringe, may be liquid depending on our development cycle and because as there are type 1 and type 2, so when I talk about the diabetic portfolio, there might be a combination of starting with oral and eventually moving on to certain injections also. Coming to cardiac, mostly, we already have a very strong cardiac portfolio in terms of contract manufacturing, in terms of injections, but we don't want market dose, so our idea is that we will come up with special task force for cardiac oral first and then that will be complemented by the pipeline of cardiac injection which you already have in our portfolio, but we don't want to market them. We only offer them as a contract manufacturer.

**Umang Shah:** Sir, on the second question is that in your Criticare segment and Fertility segment, there is a lot of competition in terms of number of players and most of them tend to be MNCs like Merck and Sanofi, so just wanted to understand are we get better pills because of lower cost of our drug, better marketing or if you could share some light on it?

**Pranav Choksi:** Sir, I think the first thing is the drug has to be affordable to the patient that really helps definitely, but for us, the price is not the determination factor, so when we go to head off any big hospital or when we go and meet the doctors who are the decision makers on which brand to be used in each patient, they first talk about quality, they first talk about that whether this company can offer me the entire basket. They also see that if tomorrow, if something is compatible with some particular new drug delivery system can that company offer that and then of course it has to be affordable by the patient. So again I will no name names, but in certain cases, price works I will tell you how, when certain MRP of the products are may be 15,000, 18,000 and the doctor refrains from using that products because if the patient cannot afford them and then Gufic comes and tells why don't you use that same, the same molecule, that same product, I am giving you at Rs. 4000. Now, at least you know upgrade that patient to that therapy which he or she would not have afforded just because it was out of his budget and the insurance would not cover it. So definitely in those cases, we had, so that is how the Critical Care has got traction because we have brought very internationally quality products and the same products we sell in Germany, the same batch, the same product is also sold to a patient in India where in certain cases we have brought the price by almost one fourth down and still making money, it is not that we do it for charity, still we make money out of it. The only reason is that economies of scale the product by I mean the pipeline and also the backward integration where we have the API help also. So these are a lot of factors which help us to create a dent in the market and may be defeat our competitors.

**Moderator:** Thank you. The next question is from the line of Ayush Agarwal from Mittal Investments. Please go ahead.

**Ayush Agarwal:**

I have my first question which is that now that the domestic branded business is around 300 crores plus which is the stable business now, so what will ensure 20% growth for the next few years in a domestic valid business and a followup to this is that what could be the addressable market for our Critical Care and Fertility Care where we are already very big?

**Pranav Choksi:**

Ayush, the moment when the company clocked 250 crores in Q1 and Q2 whatever we did that, that is the first question which came to my mind which my CFO asked me, how will you sustain this and we all hope and we all pray that COVID should go away and we should get back to a normal life, so that is where like I said options like new drug delivery systems, options like the dual-chamber bags, option of **Zarbot** coming in Critical Care, options of Isoconazole which is now, I am hoping any in the next 2-3 months, I should get the TCI permission options of Dalbavancin where we should be finishing a clinical trial by coming year and initially launched it by may be January to March 2023. Options like many more molecule, I cannot name which is in the pipeline and which we are working on in your filing to DCGI should sustain the growth in Critical Care. In Infertility, we have a new modified form of HMG coming in because the total market of HMG we right now only have around 6 to 7% market share. We are targeting in the next year we should have at least 20% market share in HMG because of the offering which is going to come up and like that it is going to be complemented by 3 for other hormone either NDDS or even new molecules which will take us through. I already mentioned that in healthcare with those unique convenience in terms of products which will come for the pediatric use followed by strong launch in certain immunomodulators and of course vitamin should drive that growth. Cardiac diabetes something which we have to play with patients because it is not something which can happen overnight, but it is something which we want to really capitalize on because we know that we have certain offerings there also which are little bit revolutionary which you might see it in the next 3 years, but for me to be launching something in 3 years I need to have some anchor right now. So my next 3 years I would say hardwork in terms of creating a market and it is getting known, but right now, no big cardiologist or diabetologist knows Gufic and maybe it is nothing for them. That is where in the next 3 years I have to create some sort of equations saying that we are our standard company and that is why the new launch which we come up with, we will have relevance and we will have that distribution channel and the entire market and to set up, so we are ready to capitalize on that revolutionary product. So some examples like I said, follow in the AESTHADERM, Skin Care, followed by Hair Care, in Stellar, like I mentioned we already saw gap in the therapy basket and we are going to add it up with certain products, so it is an ongoing process and it will keep on, because there is also instincts that we work on 10 things, we fail at 5 things, something you think will click might not click, something which you feel will not click will click, so that trial and error continues, but that is where the R&D backup and think tank what we have as a team I am very lucky and blessed to have them and at least now we are not running out of idea. My thought process will get, I will get worried if we run out of ideas in the years to come, so I am okay till now.

**Ayush Agarwal:**

Just a follow-up to this is that what is the addressable market for Gufic in critical care facilities?

**Pranav Choksi:** Sorry, I forgot to mention that, I am not very good with numbers, but still, according to me the current market size what we have is close to around 4,500 to 5,000 crores which we are currently doing. The new products which we will be launching in the next 1-2 years always will be adding may be 500,000 crores XYZ to it when we open, so like Penem will come into the new drug delivery system, so I am sure it will be part of the existing thing plus there will be an expansion of the market also. With **Zarbot** also, we foresee that apart from just taking the market share we should increase the market in the neurological condition plus the certain multivitamins which you are coming in the form of a dual-chamber syringe we should also help to expand the existing market which is right now mostly just over held, because there if you have a better viability and much more convenient method then that will go through. So Infertility, I think Critical Care is 4,500-5000 crores, but Infertility is around close to 3000 crores and growing.

**Ayush Agarwal:** My next question is that, what are the other therapeutics which are large enough right now like the next 2-3 therapeutic segments are large enough right now and what are we doing to grow them half the size of our Critical Care and Fertility business?

**Pranav Choksi:** You are talking our own existing basket, right?

**Ayush Agarwal:** Correct.

**Pranav Choksi:** Like I said, I think Critical Care is a very broad one now, because that is why we have divided into Primary Healthcare and Myocare, normally antiinfective and now we are coming with neurological division, so now in Critical Care also we are hiring off and creating into different specialties which can be focused in much more attractive manner. Again, neurology in Critical Care and urology as a complement to Infertility and AESTHADERM which is our cosmetic thing is something which we feel should be going up in a much bigger way. Cardiac diabetes again I am saying, if something which we hope to do because of the anchor products and I feel that keeping in mind the market size what we see, we should see that also should give us a good traction, so both cardiac diabetes and AESTHADERM and neurologic should give us a good amount of chunk in the years to come.

**Moderator:** Thank you. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

**Aman Vij:** My question is regarding, if you can talk about this capacity utilization as well as peak sale as well as our ranking in these three categories, which is lyophilized injections, pre-filled syringes and the liquid syringes?

**Pranav Choksi:** Amanji, first of all I think since you are working for Astute you are asking also very astute question which I think you will have to repeat again for me to understand, is it you asking me about my capacity and how much we are utilizing and how much we are the leader, can you please repeat that, maybe I missed it, my apologies, please.

**Aman Vij:** So your capacity numbers are mentioned in the presentation very nicely, I was asking about what is your utilization in these three parts as well as what is the peak sales we can achieve in this and what is our ranking because we have 2-3 years back numbers only and I think Cipla is number one if lyophilized, I may be wrong and we are number two, but what is the ranking and sale as of now if you can talk about these three categories?

**Pranav Choksi:** Again, answering your second question first, that in terms of our capacity, how much revenue we can go for depending on the product mix which we have, so I will not answer that question because we have Pantoprazole which is sold for around Rs. 60 or Rs. 50 or even cheaper in India to may be Dalbavancin which will be selling for may be close to \$300 or \$400 also per vial. So depending, I will, of course internally we have a road map for them, I am not saying I am not be able to share that right now, but would be little bit more of a preliminary thing. I will answer your first question that is your capacity, so as I mentioned that currently we have 4 million capacity. We are right now at around 60 to 65% capacity in utilization in lyophilized products in Navsari. We are just increasing this 0.4 million in Navsari as a backup till the Indore facility comes because we foresee that with Brazil, with Canada, with South Africa and very soon UK coming up we should fall short of capacity by March 2023 or may be June 2023. So at that time we should not, because we always see that the domestic market also will increase plus there will be a natural organic growth plus the new geographies entering in plus our pipelines will start kicking in, so we have now decided for the additional capacity in Indore which should be okay. This combined capacity should be okay for this at least for the next 3 to 5 years. It is not I will be happy then I will make a new factory if required. Coming to the other facilities, I forgot to mention this before and it is point of relevance which you have talked about, since lot of our injections we are also now planning to come up with the entire basket of oral options also to give you one example, Isavuconazole is something will be the Indian manufacturing in India as injection, but we also want to now start working on the oral option, because we are going to meet the API in-house, so for such capacities we are now leaving some capacities outside where the moment we reach the economics of scale, we will be making that capacity in-house in Indore in the next two years to come. So capacity wise, I think I am quite okay and in terms of the leadership which is the third part of the question, yes, we are still number two, I will believe if I combine all my numbers and everything we are still number two. Cipla is amazing, doing great job and of course they are having these figure and processes also done really much, but we are still number two, but in certain products, molecule wise ranking, I might be number one, might be number two or number three depending on those area. In Fertility we are in the top 5, but like I said we might be in the, different molecules might have a different ranking as such.

**Aman Vij:** The clarification, utilization levels in pre-filled syringes and liquid?

**Pranav Choksi:** Pre-filled, we have enough capacity. Our pre-filled capacity is 3 million per month right now and there will be additionally 3 million coming in Indore and right now we are using hardly 500,000 out of those 3 million per month.

- Moderator:** Thank you. The next question is from the line of Gagan Thareja from ASK Investment Managers. Please go ahead.
- Gagan Thareja:** Sir, my first question is around the funding of your CAPEX, if you could give me the debt required additionally for funding the CAPEX and the total CAPEX that you will require for Indore and Navsari expansion?
- Pranav Choksi:** Can I request Roonghta sir to answer this question because I think he will be much more precise than me.
- Devkinandan Roonghta:** Yes, we are expecting around 240 crores CAPEX for Indore plant, that is fixed asset then another between 50 to 60 crores we required for working capital, so the total requirement is around 300 crores and for Navsari, Penem plant and other CAPEX, we will require is around 20 crores, so there is total 320 crores requirement. Out of 320 crores, we will be borrowing around 150 crores for the bank and remaining will be for internal accruals for this year as well as from next year.
- Gagan Thareja:** So this total CAPEX will happen over FY22 and 23 and what would be the gross debt position as of now and at what levels would it peak?
- Devkinandan Roonghta:** As of now, my current CC limit utilization is nil only term loan is there around 40 crores and after CAPEX we feel the peak will go up to 30 plus 150, around 180 will be the peak outstanding.
- Gagan Thareja:** And also if you could help me with the OpEx that will come on board with the Indore and the Navsari facility because these plants when they get commissioned and the related cost?
- Devkinandan Roonghta:** This is now depending upon the capacity utilization, however, we will hit the margin initially whether the capacity will be 30% utilization, 40% utilization, but I can say from first month if possible there will not be any cash process, it will be in breakeven for 3-4 months and then we will start our operating profit. But what will be the total expenditure depending upon the topline what we are going to generate topline in those market.
- Moderator:** Thank you. The next question is from the line of Runjhun Jain from Nirmal Bang. Please go ahead.
- Runjhun Jain:** Just wanted, I am new to the company, so the question is probably a very new and the different from you have been hearing till now, sir, I would wanted to understand the basic strategy of the company, you are saying that you are spreading in too many 3 or 4 strategic areas, therapies you are also going to export, you are also going to CMO, I am just trying to understand the strategy here, is it not spreading too thin, do we have that kind of a capabilities in terms of management, what kind of MR trend we do have in domestic market?



**Pranav Choksi:** I will tell you the MR strength, but spreading thin in terms of too many segments or spreading thin in terms of revenue, can you elaborate on that? MR strength is any way by the way 850.

**Runjhun Jain:** What I mean here is sir, there are too many with this MR strength 850 you have to cover so many therapies, so is it more that we are going, instead of going deeper in any selected therapy, we are going in 3 or 4 therapies where probably we don't have that kind of an expertise in particular therapy, but it is like spreading too thin, so is it a strategical move to diversify or it was not to go though we don't kind of an expertise to go deeper in that particular therapy?

**Pranav Choksi:** I think if I understand it well, I will take an example of a therapy and I think may be just correct me if I understood the question right, so when I talk about Critical Care therapy where we are number two as I mentioned before in the representative market totally, so there anyway we will keep on having new product pipeline, but for let us say, if I am working on antifungals which I was on for the first time and I launched certain antibiotics for the first time, I will not expect my team to go and now start selling more of generic products which the GC contribution is less than around 30%, 20%, 10%, just true that I can get higher revenue. For me to sustain the pricing and for me to sustain the Critical Care division the way we do the scientific marketing we need to already present in new and new pipelines and new drug delivery systems or may be new therapy options in terms of new molecules or via an alternate molecules in terms of technology. We never decided to go thin in growth because if you see we are R&D and a manufacturing company where we have lot of USP in terms of certain segments, but if you honestly see them, it is mostly related to very niche specialties. It is not that I am and always said that if you see I think micro is doing a wonderful job, Dolo 650 and then you have Zincovits and you have all those of the world. Maybe we have not tried and I am sure we might not be good as them, but we don't get into those because those we have no USP or we don't have any differentiation which we can offer. So in things where we have differentiation, we try to complement with the basket, but the aim of us is to sell the differentiation and for that there is no scope. So I normally actually studied in United States and I have worked in United States for some time and there it is mostly not related to therapies, it is more related to what is your offering, what is your USP and your differentiation. There are certain companies which see this market size is 18,000 crores, this market size is 20,000 crores, why don't I go into marketing and I launch a division, so I can take 5% share or 10% share. Our approach is when we see our current market of 18,000 crores, what are the market drivers in that 18,000 crores. If there is something which we have, if it is different from those driver or is there something which we have, which can make that like I gave an example of certain injection, we can play the price differentiation, we can play a molecular differentiation or a technology differentiation in terms of new delivery system or XYZ and then we enter those markets and then we focus on those things and of course since we are there, we have a basket which we complement to take that. Even the foray into AESTHADERM was because I saw Botulinum Toxin as a 7 billion market international 3.5 billion market in United States with having almost 36 crores population. With India's 1.3 billion or 130 crores or 140 crores population, I saw that the numbers of 120, 150, 180, whatever numbers you have in the

IMS is not enough because there is a big penetration opportunity and hence we went in those because that molecule itself can be a big engine we are going forward and now entering into may be cardiac diabetes also, like I mentioned before, we will have that basket to complement us, but the main goal is to have that anchor product launch in the next 2 years or 3 years which will be a game changer for us, so we are a company which normally try to see a gap analysis and differentiating as per our strengths and as per our weaknesses. Other than this, we are just seeing this market is big and we have to just go there and take the market share because sustaining their market share without innovation, without differentiation or without any USP will be very short term and then people use other mediums of spending to ensure that market share is sustained, but eventually there will be always someone else who will come and may be spend more or give better margin or better discounts and they will just take the market share away from you. So that is where we come from and that is what we believe in. I don't know if I answered that correctly, is it right or did I miss that point completely?

**Runjhun Jain:** No, this is really helpful sir, actually I was more interested in knowing more of the company, so just one request, actually I sent a mail to Avik sir if you can reply to that we can connect offline also, sir, just last question what is the growth you are looking for in medium term, I am not looking for immediate number or the total number, in the medium term what you think that is sustainable margins and sustainable growth?

**Pranav Choksi:** I think going from 487 to whatever you are clocking is a one year scenario because of the COVID, but as I mentioned before and all in my calls minimum 15% to around 20% year-on-year growth is something which we feel we can sustain. As I mentioned we might have chance for more, but something has worked, something has not worked, it is not in our hand, the environmental factor starts kicking in, but at least when we know that we are insulated for 15% plus year-on-year.

**Runjhun Jain:** And margin, sir?

**Pranav Choksi:** Margin, I think Roonghta sir, I don't want to share something, Roonghta sir, can you elaborate on this?

**Devkinandan Roonghta:** We are expecting the EBITDA margin will be around 50%, the PAT will be in the range of around 12 to 13%.

**Moderator:** Thank you. The next question is from the line of Ishita from Ashika Stock Broking. Please go ahead.

**Ishita:** I apologize if something has already been answered, so just quickly on Stunnox, you mentioned that some months that Stunnox in the revenue market, so if you can tell me what the sales will look like and just to understand the IP arrangement with Prime Bio, does the IP rest with Gufic and Royalty set up or what is the R&D spend just as a percentage of revenue?

**Pranav Choksi:** So I will first answer, yes it is the product which is developed in principal by the stream has come and the main development part is done by Prime Bio. We have I will say a partner with them in terms of the formulation development and in terms of the entire regulatory process going forward, so we have a profit share where the net margins are divided between both the companies in a particular percentage and that is quite win-win model and it is quite substantial for Prime Bio as we are going forward. Answering your first question, that is about Stunnox, Stunnox was launched in Feb 2021 just before the second wave came in, so the actual launch has been still subdued, but we did it in around June and July whatever we could with the mobility which we had which was still restricted, but for the first 6 months we saw a doubling happening in terms of numbers. In the last 3 months we have seen 10% growth, sometimes 15, sometimes 10% growth month or month. I at this point would not like to disclose the number specifically about Stunnox because there are other parameters are associated with it, but of course when the time is right, I will be more than happy to share those numbers with you, but going forward, as I mentioned, it is going to be a pillar brand, specifically and if you have access to ORG IMS if you can just get an indication of what the numbers are because there is something is public, so that is what we are and I think. Did I answer both the question, what is the third question?

**Ishita** R&D spend?

**Pranav Choksi:** R&D spend, overall apart from Stunnox and the vaccines and everything I think if I include all I believe, Roonghta sir, numbers you are better than me, so can you elaborate or I should not make any wrong mention.

**Devkinandan Roonghta:** R&D spend is depending upon year to year, this year we are expecting it will be in the range of around 8 to 10% because the topline will be around 775, so we will be spending around 50 to 60 crores in this year in R&D and next year also, our plan will be around 50 to 60 crores we will be able to spend in R&D.

**Pranav Choksi:** And just to clarify Roonghta sir this is without of course the capital expenditure and this is without the regulatory output?

**Devkinandan Roonghta:** Without the capital expenditure, this is the revenue expenditure which we will be able to charge us to P&L.

**Pranav Choksi:** And clinical trial expenditure might be little bit more than that specifically for certain candidates in the future, but yes, like Roonghta sir rightly said that clinical expenditure will be little bit beyond that 50 crores 70 crores mark in the next year.

**Moderator:** Thank you. The next question is form the line of Ankit from Bamboo Capital. Please go ahead.

**Ankit:** Sir, I wanted to understand around 300-320 crores of sales in domestic business, how much of it come directly from selling to the hospitals?

- Pranav Choksi:** Your question is related to hospital or you are mentioning specifically Critical Care?
- Ankit:** No, specifically domestic business, so again you would have clocked somewhere around 300-320 crores of revenue for the 9 months, so out of this 310 crores of revenues that you have clocked for the 9 months, how much of this will go directly to hospitals?
- Pranav Choksi:** Do you also count Nursing Homes and I would say basic single center also as a part of that or are you talking about tertiary hospitals?
- Ankit:** Yes.
- Pranav Choksi:** When we talk about a critical care products, I think the entire sales of critical care is from hospitals and that is primary, secondary and tertiary nursing homes and critical care and single chamber, I would say, clinic and IVF the infertility also, the majorities of IVF centers which may be part of our hospital or standalone like we have Indira IVF and you have many other of that sort and of course, when you see our AESTHADERM also there are cosmetic clinics and which may be or may not be part of hospitals, but to give you in a nutshell, it might be around, I don't know, may be 60% I guessed would be indirectly either in single chamber centers or primary, secondary, tertiary set up, I would say that. When you say about those normal physicians and standalone doctors who prescribed would be around 35%, those would be 35%.
- Ankit:** Because I wanted to understand this from your perspective this institutional sales is relatively come at very high discount compared to let us say prescription sales, so as a company when we transition to diabetology and cardiology, I think in those segments, the prescription sales will be much higher compared to or existing sales so when we transition to that company, how do you think we will build field force as well as try to build those portfolio, if you can elaborate on that?
- Pranav Choksi:** Yes, actually, the scalability of these divisions may be always much faster and much more accelerated, so let us say in terms of a PCPM, because you mentioned the field force, so you have a PCPM where a critical care normally is around 10 lakhs to 11 lakhs per month, a person is selling that where you of course luckily being a manufacturer and being in those segments where we also do on the backward integration and we have that economical scale, so we don't have that erosion, but yes you are right I think sometimes there is a 70%, 80% gross margins in orals, so you get only around 45 to 50% gross margins and that is where the PCPM and the new launches and the new drug delivery systems help us to manage that on a year-on-year basis and that basket keeps on growing, but when I come to may be healthcare we have 1.5 to 2 lakhs PCPM and then we have Spark which is 1 to 1.5 and with Stellar is where we have high margins, we have almost 1.5 to 2, so our focus and our even when cardio and diabetes is coming there, big companies and lot of respect for them, so when you come to 3 lakh to a 5 lakh PCPM on a I would say overall sort of a division or a multispecialty division where you have 70-80% GC and in a critical and IVF you have 50% GC, but then you come with the PCPM of around 10 lakhs

to 15 lakhs on an average. That is something or may be in critical care much more, IVF would be around 8 to 10 lakhs.

**Ankit:** Pranav, how do you see this margins panning out for us once we scale up this new businesses in diabetes and cardio because I think the margins will be higher, so when both these divisions scale up how do you see the margins of the company is impacted?

**Pranav Choksi:** Again Ankit, I think what I feel, till the other anchor launched in after 2-3 years, I will never see the cardiac diabetes evolve to that fast sort of a number, as how the critical care, IVF and my export and my CMO and other division will go up, you get my point, so even I am sure in the next 2 to 3 years cardiac diabetes will kick in, but their GC will not, and also when I launched the division anywhere apart from the RM, PM as you shared the GC, there are other expenditure which goes through in terms of developing your market, getting the relationships set getting those trials and all that. Of course there will be overall an improvement in margin because we have export coming in, economics of scale coming in, PCPM of people going up, a backward integration going on and that is what we commit and we continue to do so, but I would say that cardiac diabetes scaleup will be so fast that in the next 3 to 5 years, you will see that playing a big role as compared to the other division, because they have their own road map for growth which may be much more and because they are our core competency, so till the anchor has not launched where I know that I have a good margin, I think the cardiac diabetes will play a role, but not so much as we think in terms of the margins. My organic business will help in the margin much more.

**Moderator:** Thank you. The next question is from the line of Rohit Balakrishnan from iThought PMS. Please go ahead.

**Rohit Balakrishhah:** I have just couple of questions, one was just a book keeping one, so if you could just share what was the export sales in the 9 month and the percentage growth in exports as compared to the last 9 months FY21 over FY22? So that was one and Pranav, this one question on this merger with Gufic Life please correct me if I am wrong and just wanted to understand. I think Gufic Life was valued at 140 crores, my calculations are right, just wanted to understand, I think they had sales of about 45 crores and this merger like you told, I just wanted to understand what was the rationale given that of this high valuation on the sale also, are there any capability that we acquired, just wanted to understand that in more detail?

**Pranav Choksi:** So your question is that how is this 45 crores business which is of Life was valued at 140 crores, is that the question and why it was so highly valued?

**Rohit Balakrishnan:** Correct.

**Pranav Choksi:** Roonghta sir will answer the valuation part, but I will give you the answer in terms of the business sense, so maybe I will throw some light over it, but before I answer the question, about

your question number one, I think Avik, may be you can help me out, I know that there is definitely an 80% growth over the last year about exports, but how much percentage would that be, export would be how much percentage of our revenue, can you elaborate on that?

**Avik Das:**

Export was roughly 12% of our total revenue.

**Pranav Choksi:**

All right, so 12% of our revenue is exports and you can just do the math with the 9 month data and around 80% of what I believe was the growth, specifically of course because of geographies and because of the multiproducts. I go to the next question now, which is, when we say Gufic Lifesciences, Gufic Lifesciences is valued not only on numbers but also because of the I would say the geography access what it would offer, also because of the economics of scale and manufacturing what it would offer and also because of overall, there are certain product lines in terms of liposomal and in terms of PFS which of course bioscience did not have at that time which it offered. So of course bioscience has the R&D, but in order to scale up you needed certain things which if I go and make at that time, the infrastructure itself would cause some ex amount of money. When you club that with 2 years of gestation or 3 years of gestation after that after construction you have to wait for 2 to 3 years and in order to get the different regulatory approvals of regulated markets, that is another cost associated with it and third thing is you can just see the benefit last year when we had Lifesciences capacity to help us and we had an opportunity of dwelling into Immunocin Alpha and Remdisivir and the Black Fungus, that was the capacity which helped me reach those numbers. In spite of my capacity of biosciences you already helped me to take care of my organic business or weak business which was going through. Tomorrow also, why Indore then, why Indore we are going for. Again, when you have a regulated factory and it is always cheaper sometimes in terms of the opportunity cost to get something ready rather than go and create and then wait for a long time. The very fact may be Indore might be needed in 2024, maybe I am saying. Right now, what we foresee on an optimistic manner, we should be running off capacity in March 2023, but Indore coming in, not on the derisking part of that, but we already have almost going to be full capacity, but the new product lines which will offer in terms of again the ampoules and the dual-chamber bags and the dual-chamber syringes something which make sense for us and that is the call which we are taking right now, so again I think the business sense in terms of that makes much more sense for us to go for that, but however, I think in terms of valuation, Roonghta sir would you like to add something to this?

**Rohit Balakrishnan:**

No, I think this really helps, the other question that I had is that typically main product tends to face competition after 4-5 years and then there margins tend to resolve both in domestic and export markets more than export rise in domestic, but in general there is a lot of competition that comes in after 4-5 years, so just wanted to understand in terms of our top 5 products, where are we in that life cycle and how do you see that panning out in the next 3, 4, 5 years in terms of our top 5, 7 products if you can just give some comments on that?

**Pranav Choksi:**

The top 5 products continue to be in the mid or I would say in the middle segment only because again when we talk about these, it is all about molecules, it is not about some improvement which we get in that, so let me give him an example of Vancomycin, when we enter the German market with Vancomycin I think we might be almost on the tail end of the product cycle where we know that we are playing, we are competing with the worst pricing possible ever, but the advantage of the Vancomycin has been once we get that entry through, then we follow it with the Teicoplanin where we are in the first window where Teicoplanin is still a molecule which is still not going through the same process, so again it is not about the top 5 or the top 10 because it is all geography wise and it is all strategy wise in terms of placement, but that is the ever growing pipeline, at the same time the backward integration helps us to take care of the erosion, but yes, there will still be erosion, there will still be erosion, but even when in the height and the peak of erosion we should be having the economics of scales and that market penetration because still I am looking at my numbers of may be, right now we have done 620 croes. If I take extrapolate my representation on the global level where the reach is there, even with the pricing which I have offered, I have never seen those margins which may be your company might have seen earlier in the US or Europe or XYZ. Even in India or be it beyond, I always entered the market with sort of an aggressive or those tail end or may be middle end margins also, but the new thing, the new innovation which will come up with will always help us to always play the game in terms of margins going forward and that is where the ongoing pipeline is going to determine the way going forward, but still like I said and peak load of I would say the tail end of the product cycle also we have enough to sustain us and ensure that those margins keep on coming in because of the economic scale and backward integration. The products are going to be stopped using. They are going to be used perpetually, I want to say perpetually, but they will still be used for a long time and that is where the Indian market combination with the international market helps us for the use to go ahead.

**Rohit Balakrishnan:**

I just wanted to know about the global demand for lyophilized products, so I need if you can just talk a bit about what is the global market in terms of size and which therapies and which products are used the most and going forward, in terms of I was just trying to understand, going forward, if there is going to be greater need for such products and if you can broadly give a sense what rate is the market growing at?

**Pranav Choksi:**

This is the most amazing question which you can ask me because I am going to answer in a very short way. If I tell you why I am getting into something and why I am going to something in my future because of XYZ and Z reasons, what will be the novelty inside which is left behind with me, so the very fact we are very bullish upon it, it is because of some internal data and numbers which we have really worked very hard in accumulating and getting it such and I would not like to give it on a free scale to any competitor or anyone in the market, but yes, I can just assure you that a lot of independent reports and published reports by AC Nielsen or even Thompson or even for that matter, IMS which you can just go through and just take that example of the last two years where lot of life saving projects or products in different fields have come up with



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lyophilization, so how much percentage, how much growth I mean we have a business plan, I am sure if you become part of Gufic and you want to join us, we will be more than happy to share our part of business development to you in the times to come, but right now I feel this platform is not the right platform to share all those intricate details on this platform. I hope you understand. Please don't take it anyway on that.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, this was the last question. I now hand the conference over to Ami Shah for closing comments. Over to you.

**Ami Shah:** Thank you everyone for joining this call. I hope you had clarified all your queries and in case there are any further queries that have remained unanswered today, you can reach out to us or to Mr. Deven Dhruva from SGA Investor Relation partner. The contact details are provided on the last slide of the presentation uploaded on the website of the stock exchange and also on the website of the company. Thank you so much. Please stay safe and take care.

**Moderator:** Thank you members of the management. Ladies and gentlemen, on behalf of Gufic Biosciences Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.