"RPG Life Sciences Limited Q2 FY25 Earnings Conference Call"

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MANAGEMENT:	**MR. YUGAL SIKRI – MANAGING DIRECTOR, RPG LIFE SCIENCES LIMITED** **MR. VISHAL SHAH – CHIEF FINANCIAL OFFICER, RPG LIFE SCIENCES LIMITED**
MODERATOR:	**MS. RASHMI SHETTY – DOLAT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the RPG Life Sciences Conference Call hosted by Dolat Capital.

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 touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Rashmi Shetty from Dolat Capital. Thank you and over to you, ma'am.

Rashmi Shetty: Thank you. Good afternoon, everyone. I, Rashmi Shetty on behalf of Dolat Capital welcome you all on the Q2 FY25 Earnings Concall of RPG Life Sciences Limited.

I would like to thank the Management of RPG Life Sciences for giving us this opportunity to host the call.

Today, from the Management Team, we have with us, Mr. Yugal Sikri - Managing Director and Mr. Vishal Shah - Chief Financial Officer.

I now hand over the call to the Management for the "Opening Remarks". Over to you, sir.

Yugal Sikri: Thank you, Rashmi. Good afternoon, everyone. Thank you very much for joining us on this call. As always, it is my pleasure to share with you briefly RPGLS performance versus the market and brief highlights on our performance, both for the Quarter 2 and the FY25 H1.

So, first, talking about the market as per IQVIA MAT data, market is currently growing at 7.7%. RPGLS is registering an impressive growth of 14.7%, which is 2x the market growth. If you deep dive a bit into the growth, you will find while in case of the market, the growth is being driven by price increases, new introductions and almost negligible volume growth. In case of RPG Life Sciences, the story is consistent. Our growth is largely happening through volume, which reflects the number of prescriptions and the demand. In our 14.7% total growth, 10.1% growth is coming because of volume, 2.6% coming because of the price and 2.0% coming because of the new introduction. This is as per like-to-like IQVIA data.

Let me now get into Quarter 2 Performance:

Quarter 2 performance has been yet another very strong quarter, the company registered. We have sales growth of about 12.1% Y-o-Y and Q-o-Q, our growth has been 4.1%. Profit growth, again pretty impressive in line with what we have been doing earlier close to about 22% growth on Y-o-Y basis on all the three profit matrices which are EBITDA, PBT and PAT. Q-o-Q, again very impressive growth registering which is 16%, 18% and 18% respectively for EBITDA, PBT and PAT, but what is very heartening for me to share with you, the record profitability or record

EBITDA margin achieved in the Quarter 2, which has been 27.8% versus last year EBITDA was up by 230 basis points, PBT was up 190 basis points and PAT had been up 150 basis points. As I mentioned, it has been a record profitability, which we have achieved

Moving to segmental performance:

As you know, we have three business segments in domestic formulation, the one which leads is 66% contribution; IF, international formulation 19% and API 15% and all the key businesses registered healthy double-digit growth.

Now, let me quickly move to the first half FY25 H1 Performance:

Again, same story a strong all round performance. Business growth has been 12%, two times the market growth, profit growth again EBITDA, PBT and PAT has grown at 22%, 21% and 21%, respectively and this is before the exceptional item, which I will cover little separately. Similarly, the profit margin growth again for the H1 has been pretty impressive, 220 basis points for EBITDA, 180 basis points for PBT and 140 basis points for PAT.

Segmental performance, similar trend the way which I shared with you for Quarter 2, the contribution of the three segments, domestic formulation, international formulations and API has been 66%, 19% and 15% respectively and all the three businesses registered a healthy double-digit growth. What is further happening to know is the new product contribution continued to go up this quarter we have, the product which we launched in last 4-5 years are contributing close to about a little over one-third of the company business which is 34.1%. Sales force productivity shows a similar story, with a consistent increase this quarter. We saw productivity reach INR 6 lacs per month, up from the previous INR 5.8 lacs. And with the result, the ROCE has moved again from 29.7% to 31% and return on equity has moved from 22% to 23.4%. As you would have known the exceptional item of Rs. 27 crores or so has come because as we discussed last time that we reviewed all the manufacturing assets, we were wanting to make our operations efficient and therefore when we looked at our API plant, we thought we would be able to efficiently manage our manufacturing with good upside of capacity expansion, thereby we could release substantive part of the land which we are monetizing now and you are aware of the deal which we signed and as a part of the deal, we had to pay certain charges on the ULC and those charges are the ones which are reflected here. However, when we created the deal, this expenses were part of the total consideration which the buyer had to pay and therefore this is an expense which is reflecting over here, but in the subsequent quarters, Quarter 3 or Quarter 4 when the deal gets closed, this will get nullified. So, this is in a way transient piece which is there in this quarter performance and therefore when I talk about all the profit indices both in terms of value and percentage, I would refer to what I call as adjusted EBITDA, adjusted PBT and adjusted PAT, but that reflects the true operational performance of the company.

- Now all of this, what performance we have seen is a part of a larger transformation journey which we embarked upon 5 or 6 years back which has been a smart strategy being well executed, which has four distinct components, the first component is creating a winning product portfolio.
- Second is identify high impact projects from revenue perspective, from cost perspective and monitor them diligently
- Third one has been to create competitiveness in your business either through technology or through certain business specific parameters.
- The fourth one is have a culture of performance, focused happy team and with the result this Q2 and H1 performance you are seeing is a continuation of the last 5 years journey which has seen the company jumping 11 ranks, EBITDA up by 4x with margin increase of 1290 basis points, PAT going up by 8x with margin increase of 1180 basis points, ROCE going up by 2130 basis points, ROE going up by 1670 basis points and the debt on the company being paid up and today, we can boast of having the cash surplus in our books, part of the cash surplus we will utilize in modernizing and capacity expansion of our existing plants, both API and formulation at Navi Mumbai and Ankleshwar respectively.

And with the results, I am sure you will have noticed that we have almost 15 times increase in the market capitalization in the last 5-6 years.

So, this is thanks to the strategy which we identified in the beginning which is being implemented, which clearly identifies KPIs and the team responsible for implementing it.

Going ahead, we will continue to strive to grow our business faster than the market and we had so far focused largely on the domestic formulation business, which contributed two-third to our turnover, now with the plant modernization, capacity expansion having taken place, we have now identified international formulations and API the second and the third business segment also as our growth drivers. For this, there are 7 pillars which we identified. Just for your information, I am just reading out something which we also mentioned in our investor presentation.

- So, the first pillar I just mentioned is to have the state-of-art plants. We have invested CAPEX close to over Rs. 140 crores. I am happy to report to you that the API plant is functional. It is just in last leg of completing a couple of other parts of the plant, but otherwise largely the API plant is functional. The Ankleshwar plant, the formulation plant, the work is going on in full swings. You would remember that we have already received the Australian TGA approval for the API plant, and a similar strategy is to obtain the EUGMP approval for our Ankleshwar plant. So, that is pillar one, state-of-the-art plant.
- Second is targeted R&D pipeline. I am happy to report to you that our newly created R&D which is there in the Navi Mumbai is fully functional. Their branch strength has

been increased and they are currently diligently working on the new products, both in the API and formulation business. And the new product framework has been well defined to see that we have a profitable growth continuing.

- The third and fourth pillars are something to do with innovation and digitalization. They make our operations efficient. There is a good amount of work which is going on. Innovation has been institutionalized in the organization. Almost every single HOD has got innovation projects so that we start looking the newer way of doing things.
- Technology is helping us to improve the efficiency, improve our share of voice and make our operation more transparent and both total put together, we had 26 projects going on, 13 projects have been completed. There are other projects on work in the process.
- Now, with the cash in our hand, the fifth pillar automatically becomes the inorganic part. We are very actively looking at mergers and acquisitions, and as I have shared with you earlier, we have seen over 15-20 proposals. We had submitted two non-binding bids. We are also currently looking at proposals for formulations, and as I mentioned, we have opened up for API Hopefully with the increased cash surplus which we have post our monetization of the land, we should be able to have pretty good enough surplus to invest in interesting and productive proposals.
- I also mentioned that the sixth pillar involves looking at adjacencies, specifically in MedTech.. The work is going on and I can share with you some good science work is going on there and hopefully those should also help us to contribute to our business going forward.
- And the last pillar which is critical is the capability building and talent development. Great amount of work is going on. As I mentioned to you earlier, this is a very important piece. We have 22 critical positions identified in the organizations and long-term development action plan are being created and I am happy to share with you close to about 70% of the positions we have, the successors identified and I know we keep asking about the organization, the organization is getting strengthened at all levels so that we continue the growth trajectory which we have set up for RPG Life Sciences in the last 5 years or so.

So, I wish to stop here. I hope I am able to give you good perspective of our business from Quarter 2 perspective, from H1 perspective as well as in the larger context of 5 years perspective to just to give you the strategic framework which we are following to propel our growth going forward. So, I will stop here and look forward to questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sajal Kapoor, an Individual Investor. Please go ahead.

Sajal Kapoor: All long-term shareholders are extremely grateful for bringing operational efficiencies and measurable improvement in the business performance over the last 4-5 years. We have seen the press release and the announcements yesterday, so we wish you a well-deserved and peaceful retirement after April next year. On a lighter note though, we would have loved to see the next stage of the scale of continuing under your leadership, but you have decided to scale out instead, and rightly so, you have had four decades of illustrious career in the Pharmaceutical industry, so I hope you will have a very well deserved and happy retirement. The question that I have for you, Mr. Sikri is, for our India branded business, how much manufacturing is done in-house versus outsourced to CMOs?

Yugal Sikri: Mr. Kapoor, it is always a pleasure to have you in the conference and thank you so much for your kind wishes and I only can assure you that the strategic framework which has been put in place and the rigor with which the strategic framework and its 5 or 6 Tenets are being executed, you would have seen my investor presentation. There are 10 projects we are talking about, seven Bold Moves we are talking about, all of these are being pursued very vigorously and very diligently by the team and therefore I might be retiring because some day everybody has to retire, so I am also retiring, but I think the team which has got evolved, the processes which have been set up should drive the organization forward, maybe at a much more angle now, because we had only growth engine 1 earlier, now we have growth engine 2 and 3 also propelling the growth. Now, to the specific question which you asked, what is the component of in-house and outsourced? It is 30:70, 30% is roughly the outsource and 70% is in-house. It keeps varying between 30%-35%, but more or less that is the number we have between in-house and outsource. I hope I answered your question.

Sajal Kapoor: And yes, I am sure that the kind of systems and controls and the processes that you have put together will continue to serve the organization and long after you have left. So, thank you for that reassurance. And second question is on this Navi Mumbai R&D center that we have set up, would you be able to share some more color in terms of some of the tangible, the numbers, i.e., the number of scientists we have already had and how we plan to scale up that number over the next foreseeable future and how many products are currently in the pipeline and what therapeutic categories we are aiming to develop so that we are able to differentiate. I know one of our differentiation is we are only targeting products where the big guys will not be interested, so that is one. But other than that, if you could share any color around this strategy around target therapeutics, is it you are going more after chronic or whatever you may share, please on the Navi Mumbai R&D center?

Yugal Sikri: Thanks for raising that very pertinent question because that is very critical pillar 2 in our seven pillar strategy, which I just mentioned to you for the company. Now, I think you recalled correctly. We have created the R&D infrastructure very well. The three R&D's are critical for us, one is the API R&D, second is the formulations R&D and third is the analytical R&D which services both the API R&D and the formulation R&D. And all the three are in the new place and new building where our modernization has happened. We created a new block there in the Navi Mumbai and all are functioning well. They have been equipped with all the necessary equipments, machineries, laboratories, equipments which are required, they are all equipped with this. We are very open on the scientists. Currently, the number is close to over 35 scientists which are working, but we are identifying products, and we are increasing the scientists. So, this number may be, we are next time maybe even more because we are in the process of identifying more and more new products and we are also in the process of hiring more scientists, also to make sure that our R&D pipeline gets built up ASAP. And for the international business, both for API and formulations, the new products are very critical for us, and we also know that we need to have a larger product portfolio if we want to succeed in international formulation and the API business and that is why this flexibility.

Now talking about what kind of products we focus, as far as the formulation is concerned, the focus if you recall I mentioned is, one, we will have niche immunosuppressant portfolio into our export range. So, we have Azathioprine, Mycophenolate, Tacrolimus, Cyclosporine, all the four, we have identified them and since we want to be in this niche very strongly entrenched, there were number of line extensions which we did not have earlier. Currently, the development work is going on in the lab for these line extensions. I should also share with you the advantage of this kind of approach. We have been exporting to Germany, but we did not have a complete range available. We developed one particular line extension which was missing in Azathioprine range. We developed that, got that approved by regulatory and we won that AOK tender from Germany which we supplied last year and now we have quoted once again for the tender. First part of the product portfolio strategy for exports in formulation was we must have well entrenched niche of immunosuppressant. Second, we thought that we must have product which has some kind of product complexity and the volumes are lower. So, that is the second area which we are focusing and you will remember when Nicorandil is the first product and we are in the process of identifying more products now to see that this range gets expanded.

The third one is where we need some kind of production complexity which means low temperature, low RH conditions, and there is a good range of products which are being identified having got the Sodium Valproate PR prolonged release formulation exported to UK, we are exporting that to Australia now and that has also given us a fillip. So, these are the broad 3 segments which we have for the formulation.

Coming to API, we have the niches which you identified are largely pertaining to the CNS. And some of them are CV, CVM which we are developing. Apart from the immunosuppressant niche, which also takes the priority in the API development put together we have 10-12 molecules just to exemplify. Some of the molecules which we are developing are Sertraline, Rupatadine, Agomelatine, Melatonin are some of the ones which we are developing. We have Azathioprine in our API range. Now, we are also looking at Mycophenolate. So, these are the two which we can develop in our chemical synthetic API unit and God willing when we grow our biologic business and the business, Tacrolimus and Cyclosporine also we would be able to manufacture in our own plant if we get to have that plant, which is there in our Horizon 3 right now. So, I hope I could answer your question, Mr. Kapoor.

Moderator: Thank you. The next question is from the line of Sudarshan Padmanabhan from JM Financials. Please go ahead.

Sudarshan Padmanabhan: Sir, my question, I would like to understand a little bit more, if I look at our cost savings, I think for a company of our size, I don't think many companies which deliver the kind of margins that we have today. So, in that context, from a strategy side, if I look at our sales specifically in the domestic formulations, we are still subscale, running at around Rs. 112-Rs. 115 cores a quarter, I am trying to understand, you talked a lot about the 7 legs in terms of performance etc., but as a strategy one is, from this Rs. 450 odd crores moving to say Rs. 1,000 crores in 2-3 years, in terms of scale and second is to maintain the level of profitability as well as the ROCE, if you can give some color with respect to on these two sides, where do we see the growth coming in from the existing products, we have one large brand today and we have one cluster doing well. So, organically from this, how much we can mine, are we looking at adding new feathers to the cap? And second is if we go to Rs. 1,000 crore from the current rate, what is aspirationally you would consider to be a healthy EBITDA margin given that you would also have to reinvest in growth?

Yugal Sikri: So, I think you touched again another important aspect. You talked about the margins and you also talked about the revenue increase thought of the company and you also talked about whether we will be able to retain the EBITDA margin going forward. First thing, I should share with you that the margin improvement story of RPG Life Sciences, if you have been tracking for the last 5-6 years, has been a structural story. What do I mean by structural story is that we have got these savings by attacking those cost elements which we have looked at very differently than what we are doing earlier. A couple of examples, organization structure has been revisited to look at the layers and the span of control and that structure is working very well and delivering results. So, there is no reason why we would go back on the org structure. So, that is one structural intervention. Second structural intervention from the back end side as an example, I can give it to you is product reengineering. We are an old company, we have 50-60 years old products in the market and luckily for us this part wasn't looked in the earlier times. So, we revisited, we had 80% of the sales contributing SKU's, reformulated, reengineered and their quality tested, they are out in the market and that is not going to go back. And third from the sales hygiene perspective, I must tell you that we have very strong systems and processes in place, so that the leakages in the P&L are due to the additional expenses which go in the expiries and sales returns etc., do not get repeated. So, these are two examples of structural intervention I said which is the reason why profitability is continuing to go up going forward and I must share with you that the cost reduction is coming both from the cost of goods side as well as from the operating expenditure side. And it is a good mix which is helping us to continue with our margins. And as the revenues are increasing, fixed cost being to an extent constant, it adds to the margin in the P&L and that is what has helped us to continuously sustain the margin improvement.

Another important point, all the decisions which we are taking with respect to product mix, this is a very important consideration at the back of our mind that we must have a profitable product mix. So, we avoid the products which are in DPCO, our stated strategy is that we launch all the new products in the chronic and specialty segments and the chronic and specialty segments have better margins and that is what is helping us to improve our business going forward. Yes, scaling from the current level, you talked about Rs. 1,000 crores. Yes, the Rs. 1,000 crores ambition is in place. Our strategy includes lifecycle management of our existing products, legacy products which are textbook products and can give us good mileage. We have exemplified in the form of Naprosyn, which has moved from Rs. 18 crores to Rs. 70 plus crores and we have ambition to take it to even, not only Rs. 100 or Rs. 200 crore, but even to Rs. 500 crore because this has a good potential of OTC going forward. We have identified portfolio which you talked about and then we said that there are a couple of other good products in our portfolio which also can become good candidates for us going forward for making a big brand, by a good life cycle management strategy.

Second, we were not so strong in chronic and we were strong in only one specialty called Nephrology. We are expanding on one hand the therapy, the specialty therapies. On the other hand, we are also expanding the customer segments there and just to quote few examples, one is we are well entrenched in Nephrology. We are getting into Dermatology and Gastroenterology going forward and all of these will add to our portfolio. Cardiovascular metabolic disorder, we have been traditionally not so strong and all the new launches which are happening in the CVM portfolio, that will also add to our portfolio. Is there a constraint on this? No, as I have been stating every time, any therapy we enter, we make sure that in couple of years we are able to cover 80%-90% of the customer segments. So, that is where the investment will happen in the form of OPEX and that will help us to drive the volume going forward. So, I think on one hand, LCM lifecycle management, on second hand, new therapies and third new products in these 2-3 segments which I talked to you and accordingly corresponding increase in the customer coverage and the field force increase should help us to reach to the target which you are talking about. We are not stopping there. We know that will take us to a particular goal. We have our cash surplus available to us and we are very actively looking at M&As to drive our business both from organic and inorganic routes. So, that is what I would like to answer.

And last question which you asked me was aspirationally what is our EBITDA? I generally don't give guidance. But one can easily extrapolate for the last five, we have got good data points in the graph, now to extrapolate, only caution, I put is it will be more obtuse now. It will not be as vertical as we go along, but our journey on cost optimization will continue and that should continue to add some basis points to our margins going forward. I hope I could answer your question, Mr. Sudarshan.

Sudarshan Padmanabhan: Sir, I have another question, interestingly, even I wanted to discuss about the cash generation, I think we have been generating very strong cash in the past and every quarter that goes by, we will continue to generate cash by the nature of the business. Sir, on the acquisition side, what is it that you are looking at in terms of a fit, we are strong in immunosuppressant, so are we looking at a fit in terms of therapies where we can kind of plug and play along with this or are we looking at something in the chronic which relatively is small for us where we can grow big or are we primarily looking at something different in terms of distribution or manufacturing, if you can give some color on what is it that you think is the right spot which you would like to fit?

Yugal Sikri: I think Mr. Sudarshan, your question has the answer in-built, we are hungry, we want to grow. We have very clearly identified strategic framework for our acquisition and incidentally what you mentioned is included in our strategic framework, which is strengthening our immunosuppressant basket, which is our stated strategy across. That is one. Second is, we are not strong in chronic, we would like to be strong in chronic and therefore those are the candidates which we are looking at. Having said this, this is the seller's market and therefore what you wish you don't get all the time. So, therefore, we have also expanded our canvas, and we are also looking at the growth opportunities in those molecules which are growing, say they have registered a CAGR of 10% or so. They have a gross margin around 60% plus or so. And we are strong in acute. We have representation in certain customers. So, if the product belongs to that particular customer franchise, we will be interested in that particular product. So, that is the way we are looking at the candidates for acquisition in the formulation space. In the API space, again low volume, high profitability product which does not invite the attention of biggies are our preferred spots. You would have seen the kind of the candidates you have identified more or less belong to that particular space. I hope I could give some color to your question.

Moderator: Thank you. The next question is from the line of Ajay Sharma from May Bank. Please go ahead.

Ajay Sharma: I just want to check, do you expect the growth rate for the international formulation and API to accelerate now that you have the new capacity and how do you see the mix changing in the next 3-5 years?

Yugal Sikri: Yes, we are looking at because we have taken this growth engine 2 and 3, we have invested CAPEX in the plants, so that we can grow these international business. So, one could reasonable and expecting a better growth rate going forward. However, you know that the new product development has its own time lag, so it is the R&D which is working on the new products, new products are being identified and I think it may take a year or so or a couple of years or so to have a true reflection in this. Frankly, with the current growth also whatever you see is also healthy double digit. There were a couple of products which were identified in the last 2-3 years. We worked on those products and those products are launched today in the market and that is what has propelled the growth to good, healthy double digit. So, you are right in expecting that the growth rate must accelerate as the product pipeline becomes richer.

Ajay Sharma: And do you see the mix changing like domestic becoming like 50% in the next 3-5 years or how should one look at that?

Yugal Sikri: If you see, that is how the industry is. If you see that how the good large successful companies have built up their global portfolio, global business is that as the international business exports move up, it doesn't mean that the domestic business is growing lesser, it is just that the international business is growing a little faster, so the mix changes. If you recall, that happen in the industry as well. Today, industry is 50:50 today because the exports have moved up and there are companies which have the exports of around 60%-70% and the domestic business is around 20%-30%. So, that is a natural transition to my mind.

Ajay Sharma: Just lastly on the M&A, right, is there any valuation metric you are looking at because I don't want you to end up paying too high multiple just to acquire something. So, is there some discipline or some valuation benchmarks you are looking at before you acquire something?

Yugal Sikri: Yes, so those benchmarks exist. That is the reason we are in search of that candidate which fits into our criteria, but there are strict benchmarks which we are following. We are very clear that it should be value accretive, we are very clear that the product which we are picking up has a very strong growth potential. I just mentioned the growth should be or the molecule should be 10% plus. There are other criteria which you have picked up is it should have a solid strong prescriber base and patient base. All of these are the criteria which we have the subject, any candidate which comes to us from that particular lens. So, your expectation is, we need to obey and which is exactly the strategy going forward.

Ajay Sharma: Any numbers like in terms of enterprise value to EBITDA or enterprise value to sales, anything, any metric you can guide us to?

Yugal Sikri: See, I mentioned you earlier. I think this all become very critical to my mind. It is a seller's market, right. And if it is a seller's market, then you need to take a call case by case. And I shared with you earlier we said that we will only be in chronic, we are only in specialty, only this, but we realize that no, we need to open up a bit to see that we get the candidate. So, it is case by case, it is very difficult for me to give you any kind of such benchmark, but you would have seen we are a company which has a clear stated objective of profitable growth, sustainable or sustained profitable growth. So, we will not do anything which disturbs that particular paradigm for us.

Moderator: Thank you. The next question is from the line of Basant Bansal, an Individual Investor. Please go ahead.

Basant Bansal: I have the question on exceptional item, which we have charged to P&L. So, was it possible for us to amortize it over the residual period of leasehold asset?

Vishal Shah: So, this is ULC transfer charges which is as reflected in the exceptional item of Rs. 27.3 crores pertaining to a past transaction of earlier periods. And that is the reason that we are not able to amortize over a period of more number of years. So, we had to take it as a hit in the P&L in the current year itself.

Basant Bansal: So, you need to say that leasehold or lease period has already expired?

Vishal Shah: No, so it is not that lease period is already expired. This is a transfer charge which was levied under the Urban Land Ceiling Act in the past and due to that when the transfer happened of our portion of the land in the previous periods, this transfer charge was supposed to be levied by MIDC in the earlier periods, but they did not levy at that point of time. And now we are going to do another transaction of transfer and this is the point of time where MIDC is asking for the same and we have to pay ULC transfer charges right now.

Basant Bansal: No, I understood the nature of transaction. So, what you have explained is very much implied. My point is that if we all have that leasehold asset on which this transfer charge is levied, we could have amortized it over the residual period of that leasehold asset?

Vishal Shah: No, under the Urban Land Ceiling Act, there were certain conditions attached to that and at that point of time, one of the condition attached was we should not transfer the portion of the leasehold land and since that condition was breached at that point of time, this ULC transfer charge is levied, but since this portion of the land is now no more with us and that is why we are not able to like amortize over the remaining period or portion of the asset which is there with us.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for the closing comments.

Yugal Sikri: So, in a nutshell, the performance in the quarter and the first half has been in line with the trend which we have in RPG Life Sciences for the last 5 years and we have 3 business segments. Today, we are targeting all the 3 business segments to be our growth drivers and for those growth drivers to happen, we have the 7 pillars which have been identified to drive that business going forward and that gives us the confidence to reach our financial goals and aspirational goals which we have set for ourselves. Thank you very much for joining us in this call and have a good evening.

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