“Strides Pharma Science Limited

Q4 FY’24 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to Strides Pharma Science Limited Q4 FY '24 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Abhishek. Thank you, and over to you, Abhishek.

Abhishek: Thanks. A very good afternoon and thank you for joining us today for Strides earnings call for the fourth quarter and full year ended financial year 2024. Today, we have with us Arun, Founder, Executive Chairperson; and Badree, Managing Director Designate to share the highlights of the business and financials for the quarter. I hope you've gone through our results release and the quarterly investor presentation, which have been uploaded on our website as well as stock exchange website. The transcript for this call will be available in a week's time on the company's website.

Please note that today's discussion may be forward-looking in nature and must be viewed into the risk pertaining to our business. After the end of this call, in case you have any further questions, please feel free to reach out to the Investor Relations team.

I now hand over the call to Arun to make his opening comments.

Arun Kumar: Thank you, Abhishek, and good afternoon, good evening to everybody joining us today for our earnings call. It's an honour to talk to all of you, especially on completion of what FY '24 has been, an exceptional year for Strides. We came back strongly from a difficult FY '22, announced publicly a reset strategy. And I'm very delighted to announce today that not only have we completed all what we aimed to achieve in our reset, we have done most of those much ahead of time, and we are now very delighted the way we are now positioned for future growth.

It's been a pleasure leading this company. We have made some announcements today, which we will talk briefly. I continue to be the Executive Chairman of the company, and I will be on all the calls going forward. But having said that, we are building the future Strides for the next decade. And I'm delighted to have with me today, Badree, who's been a long-standing CFO and Executive Director, as our MD designate, and our colleagues in the room who could address some of the questions.

Overall, it's not often that the company gave guidance or an outlook with it because we were operating under difficult circumstances. And we continue to do that for the next year because we have OneSource announced. So, it was important that we guide investors of where the business is going.

So, if you look at the FY '24 performance, this has been our highest -- this has been our best year, both for revenues and absolute EBITDA. So also, the best quarter. We have been very, very focused on optimization of our business on cost containment, opex leverage and also growth.

It's been a very pleasant outcome. Like I said, we have achieved all our outlook, including debt, far ahead of our scheduled 3x debt-to-EBITDA ratio, bolstered by the high end range of the EBITDA that we achieved. And of course, we have also completed our network optimization across the company. We now believe the reset and the cost-effective strategies have been complete.

Growth investments started a few quarters ago. And you will see a very different Strides with product profiles and approvals in the next year or so. We are obviously delighted with a very critical approval this morning that we received for the US, Sucralfate. We're also happy that it just adds to our basket of over 35 products that we are almost the sole Indian player.

This strategy has played out for us for many years, but we have now recently started adding products of larger value and size. We're delighted that our market share is Suprep. We have been a very quick-to-market player in that product, which is very contrary to our strategy of launching products at a very appropriate time when we get the right price, and we are sure of the right market share. That strategy will continue.

And I will now briefly take all of you through some of the highlights. Revenues were shade under $500 million. The all markets grew. Our key focus market -- our new growth markets have grown exceptionally well. Most of you know that we have a small business in the institutional segment. That business has impacted in the last financial year by low allocation of tenders. This resulted in kind of new take performance in FY '24, but I'm now pleased to announce that we see a significantly higher allocation on this program for the next two years and you'll see more upticks in this part of the business in the second half.

Importantly, we have secured very significant product approvals. So I am guiding the investors and analysts and individuals who follow us to note that FY '25 will have -- will continue to be an important year, but significant growth will come only in H2 because a lot of new product approvals and launches are expected only in that period.

What is also important for us in the last 2 years was consistency. And unlike our first avatar we have consistent quarters of revenues. Gross margin was very, very consistent in a tight space between 59% and 60%. This is almost a 12% uptick from where we started. EBITDA margins, nicely moving up from 16% to 19.3%. We would like to get to our historical 21% EBITDA in the next year or so, and there's some more work that is happening that will ensure that we get there.

And adjusted PAT has been increasing steadily, and we have a adjusted PAT of around INR200 crores for former business, and that is something we can discuss later. But Stelis reported its first-ever quarter where it had a breakeven, as we guided. We expect Stelis to be profitable division in this financial year with all the business that we've won, and we continue to win in that space. I'll come to that in more details.

But quick highlight events, the US market. We guided for $250 million at the higher end of the outlook. We are very delighted to be bang on target. We had a very weak flu season. Most of you know that our Q3 and Q4 are very significant quarterly markets because of flu products, but

it was a very poor year for flu for us. But we were fortunate to have Generic Suprep launched during this period. And we are now in pole position with market share on this product, the contracts that we won. So we're very happy that some of that negativity on the negative offsets on flu products were made up by new product launches. Although, we have a lot of products approved. Our calibrated approach to pricing, market share right time to launch is what we'll continue. And we have guided that we'll get to a $400 million size in the next 2 to 3 years. We believe the US market will continue to be an important part of our business strategy. But with this disciplined approach, which is very differentiated with both products and go-to-market. I'm also pleased to let you know that we are now considered amongst the more compelling generic providers for reliability and we have a service level of 99%, which is considered to be gold standards in the industry. So our focus has been on customer advocacy, right pricing, right availability of product. We have the lowest failure to supply. Now this is now sub-$200,000 for a $250 million business, which is the lowest in the industry. And we're very delighted with all the enablers that I've got about driving the US business. We'll continue with this focus.

But let me also announce here that we have started investing very heavily on newer technologies and portfolio beyond the $400 million generic mark as we focus on more complex generics. We just announced a partnership for nasal sprays in controlled substances. We will have our first filing in this financial year and the first 505(b)(2) will probably be filed somewhere middle of next financial year. And there will be several more activities in building a portfolio both in-licensing and partnering and also developing in-house capabilities. So we are -- I mean, earlier, we did mention that we have 60 products that meet our criteria of margins. We continue to stay invested with that theory, but we take more time to launch those products and just to be sure that our disciplined approach is not compromised. We also see a lot of stability in the US. market. So I think the timing is also fine.

As far as the other regulated markets we have had three consistent, although the market grew by 19%, almost 20%. We had three consistent quarters of 40 million. To most of you who follow us we build consistency before we focus on levering that. You will see similar numbers for the first one or two quarters in FY '25, but then you will see significant growth in the second half in the other reg markets as we have got to be partnered our products. But as you know in Europe and other markets it takes time when new partner products for a partner to launch products. Typically, our partners are global or national champions and therefore they take a little more time than normal if we were going to market.

Our access market, I mentioned that in my brief summary, but our growth markets are growing very nicely. It's grown almost by about 25%. And of course, on a low base and that will continue to deliver very strong growth in the coming years.

We committed to debt to EBITDA under three. Pleased to announce that we are now 2.72x of the outlook. The schemes with OneSource enables us to push down debt of INR300 crores into OneSource and we had a very significant free cash flow of almost INR700 crores that means almost 95% of our EBITDA-to-cash conversion ratio. We now have one of the industry-leading cash-to-cash cycle times and we'll continue focusing on these elements as we improve our free cash generation. We target to reduce our debt by an additional INR500 crores after spending

almost INR200 crores in capex this year. We do not intend to achieve any of this with new borrowings. Consequently, we are now guiding FY '25 for debt to EBITDA under 2x.

Pleasing, of course, is the ratio, so our key balance sheet ratios. Our ROCE especially has grown. Our exit run rate at 15% is pleasing. We have very ambitious targets around that. We have a gross block to asset turnover of almost 5x that again many of you will appreciate its industry leading. We'll continue to sweat our assets by smart product selection, technology improvements and automation that is our opex cost.

So before I conclude on Strides and open the house for questions, a quick note OneSource. We have now received the name OneSource as official, Stelis is now called OneSource. OneSource, on completion, offers NCLT process will be India's first platform CDMO. We have 40 unique logos day one. We have 17 GLP partners including several first-to-file and sole exclusive players who are our partners. We believe that we are in a very strong position with our capabilities in drug product devices.

Our erstwhile injectables business in CDMO business and the soft gelatine business the incoming two businesses into OneSource and met a 100% of its EBITDA of FY '24. FY '25 will be similar with very marginal growth, and that is because we expect more product approvals in both these divisions only towards the last quarter of FY '25.

We are pleased to confirm advise that we have now received as of late last night, all our approvals including that from the SEBI, for the scheme to now go on to the NCLT and we will now commence our NCLT filing in the next couple of weeks and we will keep all of you updated on progress.

Before I hand over the – I mean take questions we have made some changes. We have two very significant Directors who have played very important roles in our company, Mr. Bharat Shah and Mr. Sridhar both Independent Directors retiring. Consequently, we are very delighted to announce today the appointment of Subir Chakraborty onto our Board. Subir for those of you who may know him was very recently, the CEO of Exide and has played a very significant role in creating significant value there with strong operational experience prior to his CEO role. We are all excited to have Subir onboard and benefit from his experience.

We will also add Aditya Kumar on to the Board. Aditya, for full disclosure, is my son. He's been in the company for the last 10 years and he will join us as an Executive Director. Both are obviously subject to shareholder approvals. Consequently, and like I mentioned while I continue to be the Executive Chairman and will continue to play a significant role in setting the next level of Strides.

I already announced my pleasure of having Badree as my colleague and Managing Director and CEO of the company.

I'm also very pleased to announce that Vikesh, who started his career at Strides grew up the ranks with his brilliance and execution capabilities, to be our new group CFO and I'm sure that this new changes and additions not only we add strength to what we have done in the last 2 years, but we are building the future for Strides.

My apologies for a slightly longish introduction but given that we are a little bit exuberant with what we have done please pardon our indulgence.

I did talk about the FY '25 outlook, but for completeness, we expect to grow 12% to 15%. Bulk of the growth will come in H2. We expect EBITDA margins to be about INR950 crores to INR1,000 crores. I did mention that we expect the soft gelatine business to be soft in terms of EBITDA. And that is because we had two very big approvals in FY '24 mainly Icosapent and Cyclosporine where we are taking significant market share and new product approvals are already expected in FY '26, but we still will do a small growth over the USD20 million EBITDA that we achieved.

Consequently, the retained business will deliver approximately INR750 crores to INR800 crores of EBITDA and we have that run rate already now. So we should be comfortable in growing that from the INR800 crores exit run rate to about INR950 crores to INR1,000 crores.

We expect free cash to continue to be a focus of the company and we would end the year with a net debt of under 2 and at which time we think that we would be in a very, very strong position to be debt-free in 3 years to 4 years from thereon.

We are guiding the US business to be approximately in the range of $285 million to $300 million. It's a tight range, but we are confident with approvals like Suprep and Icosapent and Sucralfate today. These would still allow us to give away market share and we are challenged and yet grow the business without compromising the margin. So thank you all and happy to take questions.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Vishal from Systematix. Please go ahead.

Vishal: Thanks for the opportunity. With respect to the US, can you share some colour on how Suprep is doing for you in terms of market share? And have you scaled up to the full potential, or is there further ramp-up possible here?

Arun Kumar: So typically, Vishal in products like Suprep where there are three, four players, we are very happy at the 25% to 30% market share. And I can tell you, as we speak, that we are at that spot already.

Vishal: Okay. So we should not see further ramp-up from Suprep going forward? You need new approvals to ramp up from here?

Arun Kumar: We don't need new approval for Suprep, but we typically -- when it's a three, four market player, we typically are satisfied with the 25% to 30% market share that’s the philosophy.

Vishal: And second on OneSource, we talked about a GLP-1 that is going to supply to customers. Is that GLP-1 already commercialized? Or it’s in clinical stages that you will be supplying?

Arun Kumar: One of the GLPs, one of our partners have gone through – is expecting approvals, and we expect our first commercial supplies of GLP to commence in this financial year.

Moderator: Thank you. Next question comes from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij: Good afternoon. Continuing this OneSource – question on OneSource. So this CSA, we have gotten for GLP-1, it's for Liraglutide, if my understanding is correct. And this -- if you can correct me on that if I'm wrong. And this is expected to come in H2 or in H1?

Arun Kumar: H2 the product is correct.

Aman Vij: Okay. So we have like 15, 16 different projects. And out of this, only one CSA you are expecting in FY '25, not more than one? Or just --

Arun Kumar: Our work on GLPs are on Wegovy and Ozempic.

Aman Vij: Yes, yes. But I believe we have six in --

Arun Kumar: Yes, and they are all patented till '26.

Aman Vij: Yes, sir I believe we have six in -- right? Only one of our customers are commercializing this year, rest maybe in FY '26.

Arun Kumar: I do not know where you get this information. We do not give how many customers for each programs in any of our conversations.

Aman Vij: Sure, sir. You have shared all this information in one of your PPTs, so just wanted to clarify on that part. Anyway, on --

Arun Kumar: We have one customer who's expected approval. We may get every other customer's approvals too, but one customer has already started work on the commercialization of --.

Moderator: Thank you. Next question comes from the line of Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal: Hi thanks for taking my question. And Congratulations on a very strong finish to the year. Two questions. One is on the US business. The point that you mentioned about -- so our intent grow the business beyond $400 million in terms of some of the newer activities that you're trying to get in. How are you -- how should we think about our US business evolution, it gets to $400 million the next three years? And then how do we see it going from thereon?

Arun Kumar: Thanks, Nitin. So what we're saying is that the current strategy of niche limited competition kind of limits our growth to $400 million. That's our aspirational growth. We are now very confident we can achieve that. Maybe we can add a few tens of millions of dollars additionally, but it's not something that can double from $400 million. For us to continue to benefit from the US market opportunity, we have to be differentiated with either a platform technology or leveraging our US manufacturing activities. Which has got very specific capabilities around control substances, laser space, very complex device, liquids manufacturing, which can only be made in the US. And that requires capabilities, which are currently beyond what we have in India. And that is what we are currently investing globally with partners and sometimes we do it ourselves, both

here in India and more US eventually. And that set of products are typically in the $40 million to $50 million opportunity range.

So from the evolution standpoint, you'll notice that our original strategy in the US was when we had a $3 million to $4 million product average. The last few approvals have taken that ticket up to an average of $20 million. And now we are building portfolios in the $40 million to $60 million range. So, it's been a kind of -- it's not tactical, but a more stated strategy that is just playing out, and it takes it us time payout.

Nitin Agarwal: And secondly, on the other end markets, we've been actually very positive on this space. Is there any -- are there any particular reasons why the traction has not been as much as you probably expected at the start of the year?

Arun Kumar: No, it's still grown at 20%, but it's important to note that our Other Regulated Markets is almost B2B, right? So when we play with -- when we license our products to global players, and it takes time for them to launch the product because they typically launch 15 to 20 countries at the same time. And therefore, the launch period is much longer. And that's about it. Like I said, in H2, you will see these numbers changing quite significantly upwards.

Nitin Agarwal: Okay. And lastly, on OneSource, the drug device play out -- I mean, will begin to play out that part of the business Liraglutide starting off and then Semglutide as and when patent will expire. The other pieces of the business, especially around biologics CDMO, I mean, how should we think about that piece and how that will evolve in terms of scale and size as we go through?

Arun Kumar: So, we are winning. So as you know, our drug substance capability is really established about six months ago. I'm now actually pleased to report that we have won our first major NCE contract there. And we keep winning business. So we are adding new customers every month across the platforms. Of course, everybody is excited about the GLPs, but our focus on non-GLP is as intense as it should be for a CDMO. So we are winning a lot of business in non-GLP programs, too. Overall, we have guided $400 million of revenues, three years from the time of listing of OneSource if I'm not mistaken in the last updates. We are very much on track to get there, both the GLP and non-GLP programs.

Nitin Agarwal: Thank you, sir.

Arun Kumar: Thank you, Nitin.

Moderator: Thank you. Next question comes from the line of Praful Bohra from InCred Capital. Please go ahead.

Praful Bohra: Yes. Hi team. Congratulations. Just two questions on the US business. So first, the guidance of $285 million to $300 million, which is around 15% - 20% growth. So here, what kind of price erosion are you building?

Arun Kumar: Well, the US business is not a function of price erosion for us is that when we are challenged heavily, we exit the product. So we just get off a product. And if you look at IMS, you'll see us not in products that we were there last year if we are being challenged on pricing. So we don't

have -- so because we have the luxury, Praful, of several ANDAs is that it's -- at the cusp of being launched. We have a very differentiated way of modelling our US business. And I have been consistently telling for four years that we do not have a price erosion. For this reason, not because we are not challenged, but when we are challenged, we let go. I mean rational challenge, we keep. Irrational challenge, we let go.

Praful Bohra: Sure. And secondly, on the endo portfolio, what proportion of the pending ANDAs are still viable to be launched? And would any of the ANDAs be significant from our perspective?

Arun Kumar: Yes, of course. Our number 1 selling product now is an endo product. I mean, endo portfolio product. So we probably have one more product that we will launch this year from the endo portfolio, which will have an exit run rate almost similar to our number 1 product. We now -- the endo P&L itself is a profitable P&L after two difficult years and a significantly profitable P&L on a standalone basis.

We have a lot of products. I would say 10 to 15 products at least on the endo portfolio that will meet our criteria. But these products in the U.S., we are constrained by the speed in which we can launch these products because we only have the capacity to launch three or four new products a year. And we then pick and choose which are the best ones in our lot. But like I said, our number 1 product in the U.S. now is an endo product.

Moderator: Next question comes from the line of Aditya Sen from RoboCapital. Please go ahead.

Aditya Sen: So we have guided about 12% to 15% growth this year. So that is in preview of all the product launches that we are planning, right?

Arun Kumar: Yes.

Aditya Sen: So this will -- the guidance will be same for FY'26 and '27, if I'm not wrong?

Arun Kumar: Why would that be the same?

Aditya Sen: Because we have around 60 product launches scheduled for the next two, three years, so we...

Arun Kumar: Aditya, our product is not equal to revenues, right? A product can be $4 million, a product can be $20 million. So that's not a good benchmark for you to do our model. We have guided $400 million over the next three to four years. We are growing at 15%. If you continue doing that, we'll do that in three years, right? The math is very simple.

Aditya Sen: All right. Thank you for correcting me rather. And also in OneSource, can you please mention how are we planning to achieve such targets? Will it be again product-driven or do we have other strategies there?

Arun Kumar: So we already have contracts signed, right? So we only need our partners to get approvals.

Moderator: Next question comes from the line of Rupesh Tatiya from Intelsense Capital. Please go ahead.

Rupesh Tatiya: My first question is, can you please tell me what is the capacity for GLP-1 across OneSource...

Arun Kumar: Rupesh, can you just speak up or you on a speaker phone or something? We can't hear you well.

Rupesh Tatiya: Okay. Sir, my first question is what is our capacity for GLP-1 across OneSource network, manual injectors, auto injectors, I mean if you can give some color on that?

Arun Kumar: Our drug device combinations are about 40 million unit capacity and we will complete an expansion in FY'26 to take it to 200 million units.

Rupesh Tatiya: And this 40 million, what kind of gross block it is? And what kind of revenue we can…?

Arun Kumar: We can't get into those details. You can send us a note these are two granular details to give on an investor call. And we can then respond to you specifically.

Rupesh Tatiya: Okay. And then I also wanted some color technically to that, how does the billing work in this GLP because we are going to create a final drug device but the drug comes from our sponsor and the device will come from somebody else. So how does the billing works in this?

Arun Kumar: Our revenue of CDMO is 100%, everything else is pass through. Our partner pays for everything. We only -- when we say our revenue could be $300 million or $200 million in the biologics division, not in the soft gel and injectables division, then if we do $100 million in biologics, $100 million is our gross margin.

Moderator: The next question comes from the line of Sandeep Dixit from Ārjav Partners. Please go ahead.

Sandeep Dixit: Just wanted a clarification. In your opening comments, one of your sentences after you mentioned the guidance of EBITDA of INR950 crores to INR1,000 crores. Can you give any guidance for the standalone entity or rather the retained business in Strides?

Arun Kumar: 750 to 800.

Sandeep Dixit: In which the numbers are not adding and that's the reason I asked. You have said $60 million and the guidance on OneSource...

Arun Kumar: You are not reading our deck properly, Sandeep. The $60 million has got three divisions. What is going from Strides is $20 million. That's all. Everything else is coming from other parts which are getting merged.

Sandeep Dixit: Right. Perfect.

Arun Kumar: On the 950 to 1,000, you have to only minus $20 million.

Moderator: Next question comes from the line of Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal: Arun, just clarifying, you mentioned the increased capacity for the drug-device combination to be 100 million or 200 million?

Arun Kumar: 200 million.

Nitin Agarwal: Almost 5x?

Arun Kumar: Yes, we were taking off 100 million, Nitin, when we spoke 3 quarters, but we currently with the contracts that we have signed up and looking at the success of some of our partners in their litigation and poll position status, we are obliged to double our capacity to 200 million. So yes, we're going 5x. And we'd rather do it at one go because equipment cost is not the most -- is the most expensive part, but the lead time for equipment are too long in this.

Nitin Agarwal: And where does it place you in terms of rather with this capacity in the various drug device CDMO players?

Arun Kumar: We do not have specifics of our competitive landscape, but I would assume top 5.

Nitin Agarwal: Okay. And secondly, on our Strides business, we've done a pretty decent job on controlling our overhead costs, optimizing our cost structure, the whole last several quarters. I mean, do you still see opportunities for optimizing the costs further from here on, leading to further expansion of margins over the next 2, 3 years?

Arun Kumar: Like I said, Nitin, we probably have about 200 to 250 basis points of margin expansion through cost improvements and completion of network optimization. And that is why we said our dream goal is to get to our 21.5% peak EBITDA percentage-wise. And we think we can do that in the next 12 to 16 to 18 months.

Nitin Agarwal: Okay. And with the strategy that you're following in the business, what is your assessment ex of the soft gelatine business what sort of a peak profitability in this business can really get to?

Arun Kumar: So I think minus OneSource also, we can comfortably grow at that 15% CAGR and our target then should be to get to 21% EBITDA and be debt free. This is our goal in the next three years.

Moderator: Next question comes from the line of Rohit M, an individual investor. Please go ahead.

Rohit M: First question is on the other regulated business…

Arun Kumar: Sorry, can you repeat?

Rohit M: Yes. So first question is on other regulated business. We had a strong year for the other regulated at 20% Y-o-Y growth. Could you highlight which were the key markets that contributed to the strong growth? And are we confident of maintaining this growth momentum going forward in the next year?

Arun Kumar: Mainly Germany and Australia and the Nordic regions.

Rohit M: And any guidance for the next year?

Arun Kumar: We can't give a percentage guidance, but we said that the company overall grows 12% to 15%. ORM will continue to be a big part of that growth. But more growth you will see in H2 rather than H1.

Rohit M: Now second question is on the gross margins, which have 60.7% in the Q4. Can you sustain this 60% plus gross lines going forward? And how are you looking at that?

Arun Kumar: Yes, plus minus 2% it is doable. So we have done that for 4 quarters or more. So we can -- we are now in that zone. We shouldn't have a problem.

Moderator: Thank you. Next question comes from the line of Jagdish Sharma an individual investor. Please go ahead.

Jagdish Sharma: Congratulations for FY '24. My question is on U.S. business. What sort of investments would we need incrementally to take our U.S. business to 400 million in the next two to three years?

Arun Kumar: Nothing. We have all the products already approved. We have 265 plus ANDAs of which we have commercialized only 65. So we have plenty of approved ANDAs. Our R&D for the 400 million run rate is almost done. We don't spend any money on that part of the business. We put more money on the 400 beyond story.

Moderator: Thank you. Next question comes from the line of Rahul Bharadwaj an individual investor. Please go ahead.

Rahul Bharadwaj: Hi, thanks for the opportunity and congratulations on the good set of numbers.

Arun Kumar: Rahul, can you speak up?

Rahul Bharadwaj: Yes, sure. Could you share a bit more guidance on possible de-merger situations for OneSource and the vision that we have over the next couple of years for this particular division and how we aspire to grow in the CDMO division?

Arun Kumar: You need to repeat your question on one source. You are fading while you speak.

Rahul Bharadwaj: Yes. Any details that you can share in timeline for the demerger and how we plan to grow in the CDMO division over the next couple of years?

Arun Kumar: So we got last night, the demerger approvals from SEBI, which was the last step, prior to the court process of the demerger, which is called the NCLT process. We expect to file in court, the necessary documentation this quarter. Typically, it can take anywhere from 3 to 4 quarters for the court process to get completed and about 60 days for the stock exchanges to list the stock. But because that's the last and most important step was the stock exchange approvals and SEBI approvals, which came in last night.

Moderator: Thank you. Next question comes from the line of Vibha Ravi with Citeline. Please go ahead.

Vibha Ravi: Could you tell me if OneSource can be expected to benefit in any way from the shift away from certain Chinese companies like Wuxi? I know it's still time for the Biosecure Act to come through. But is there any planning on that front? And can OneSource be expected to benefit?

Arun Kumar: So clearly, the Biosecurity Act has been diluted quite significantly and there is a 7 to 8 year window for companies dependent on China to find solutions or alternative solutions. But we are seeing significant amount of new RFPs for biologics. And I think the China Plus One on the biologics is playing through.

We haven't seen so many RFPs in the last 1 year that we have seen in the last 2 quarters. So we believe that there is some momentum around this Biosecurity Act and at least new programs coming to India or in other nation as first choice. To answer your question, plain and simple. Yes, we are seeing that. We are seeing it benefiting Strides or OneSource.

Vibha Ravi: Okay. And one more bit broad-based question. So is the Middle East crisis expected to begin impacting input costs and for logistics any time soon or it's like further out?

Arun Kumar: So, not on supply chain of materials because earlier it was more to do with geopolitical and COVID and other issues. The Red Sea crisis is now, I would like to say behind. The shipping premiums have dropped quite dramatically. But yes, this is the nature of the beast. So we have to be vigilant. For now, it's business as usual.

Vibha Ravi: Okay. And can I just get in one more question?

Arun Kumar: Please.

Vibha Ravi: Could you talk a little bit about how the alliance with Orbicular for nasal sprays is progressing?

Arun Kumar: Progressing very well. It's one of our more important partnerships. I did mention that we will have a first filing this year. We expect to complete the entire platform program during the course of the next 12 months and we should expect approvals thereafter. We have significant interest on these exclusive control substance programs and in partnership with Orbicular, we are finding the right go-to-market strategy. Yes, but we are very excited with our partnership with Orbicular, we consider them to be best in class and we're delighted to be partnered.

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

Arun Kumar: Thank you all really appreciate your time and thank you for your patience as we rebuild strides. I appreciate your time and feel free to write to us if you have any questions. Thank you and good evening.

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

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