"Strides Pharma Science Limited
Q2 FY2022 Earnings Conference Call"

November 10, 2021

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Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY2022 earnings Conference Call of Strides Pharma Science Limited. 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 for an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Singhal. Thank you and over to you Sir!

Abhishek Singhal: A very good afternoon and thank you for joining us today for Strides earnings call for the Q2 and half year ended FY2022. Today, we have with us, Arun – Founder & Non-Executive Chairman, Dr. Ananthanarayanan – Managing Director & CEO, and Badree – Executive Director (Finance) & Group CFO to share the highlights of the business and financials for the quarter.

I hope you have gone through our results released and the quarterly investor presentation which have been uploaded on our website as well as the 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 discussions may be forward-looking in nature and must be viewed in relation to the risks 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 the opening comments. Thank you.

Arun Kumar: Thank you Abhishek. Good evening, everybody and thanks for joining. While we have pulled back from a disastrous quarter we had last quarter when we announced, we are still a few quarters away from a full recovery as you would have noticed from our commentary and from the numbers that we presented today.

As a company, for most of you who are following us know that we have been focused on very small volume and niche products in the US and mainly they are in the acute therapies. Unfortunately, for us post COVID we are seeing dramatic drop in demand for several of our products especially in the US which did not result in a full recovery of our business in the US as we were hoping.

Additionally, while we have completed, acquisition of the Chestnut Ridge facility of Endo and the acquisitions of the ANDAs we have in the last three months or four months seen significant price pressures in the US markets. Other incumbents are seeking a larger share of the wallet by being extremely aggressive on pricing and also because they probably would be sitting on significant inventory. We have seen in several of our line items, prescription numbers and consumption to have a drop between 30% and 35% in specific products that has resulted in intense competition with the remaining players to take larger market shares.

We believe that this has since normalized and we do not see any more challenges on our pricings in the US and while we are happy with these outcomes, we think it will take us several more quarters before we can bounce back our US business to what we have forecasted in the last call to be in the range of $225 million to $250 million. This in spite of the new acquisitions of Endo where the business will add approximately $50 million of revenues to us was historically delivering about $75 million. This has also taken an impact with lower market shares.

The transaction continues to be significantly accretive for Strides especially in these circumstances because it adds approximately 150 odd ANDAs, approved ANDAs to our portfolio taking a total combined ANDAs to about 275. Considering that we have launched only approximately 40 products in the US and we now have the ability to touch upon the market with significantly larger portfolio and that would be our intent.

We expect a lot of these products need to be moved to India to be cost competitive but also to be sure that we are able to take advantage of our higher capacities that we have in India considering that there is fair amount of underrecovery given the reduced demand for products in the US. All of this will take us three quarters to four quarters before we accomplish CB30s and in some cases preapprovals before we can get to our peak revenues.

We therefore regretfully have to which is very unlike us to state that we will have to push our outlook for this year of the US which is about 225 million to 250 million by a full year and our focus would be then to launch more and achieve this by launching several more products from the acquired portfolio and also launches of the Strides products.

We believe that the US market will continue to be an important market for Strides and the headwinds that we see with our portfolio in particular is temporary and we are confident that we will bounce back strongly as always in terms of the US market. We have created several work streams at Strides to ensure that we not only focus on growth and profits and improve cash flows but also significantly reduce our cost structure to support the business that we are currently seeing for ourselves.

As you will also notice that our other regulated markets have improved and we have achieved our second highest quarterly sales ever in this market and this is because we believe that in the other regulated markets, the post-COVID impacts have been behind us, and we are benefitting from the fact that the markets are operating to near peak COVID times, and we expect this will continue to grow.

Overall, the regulated market will continue to be the focus to the company. Our primary key focus would be to quickly expand our sales to the US, improve our market share but also be very persistent with our pricing strategy and consequently while we have let go off several contracts, we believe that the situation is temporary and we will be able to bounce back and win back our market share in those products that we have lost but wherever we have decided to retain market share, we continue to keep our market share to pre-COVID days irrespective of the fact that this has resulted in smaller dollars.

With this for the more larger commentary, I will pass it on to Ananth but before that I would also like to give an update on Stelis and where we are with our vaccine program. Firstly, we reported that we have completed in 180 days, a state of art facility dedicated for vectors which is now officially commissioned. This facility is now ready for GMP manufacturing and on the Sputnik as everybody knows that we have two components, on the first component we are now fairly confident of getting to large scale, we have got successful batches at that scale and during this quarter as previously committed GMP batches would get into full scale manufacturing.

Consequently, given the time it takes for releases and third-party approvals, we expect invoicing for vaccines to commence from the next quarter. We have pivoted to Sputnik Light to be our first priority to sell as much as we can of the Light given the continued challenges the industry is facing and the partners for Sputnik are facing for commercial scale production of the second component, so we have secured a contract to focus on Light from the RDIF and we believe that will result in a good outcome for the group.

We now have several batches taken where we are confident that we will be able to consistently deliver the first component which is Sputnik Light and should be able to commercialize this product as soon as the Government of India allows exports. Given that the improved immunization programs in India, we believe Sputnik Light and other vaccine export permissions would be granted sooner than later and as soon as we have more updates, we will keep you posted.

I am also pleased to report that the CDMO businesses will breakeven as previously forecasted this year and has got a very strong order book for its future outlooks. So, with this I will pass to Ananth, and I will be more than happy to answer any specific questions on the overall rebound strategy and on Stelis while I leave the operation of the near-term strategy conversations to be had with Ananth. Thank you.

R. Ananthanarayanan: Thank you Arun. Good afternoon to all of you. We have reported an operational breakeven in Q2 of this financial year enabled to by a bounce back in the other related markets which has grown by 27% quarter-on-quarter. We continue to face headwinds in our US business during Q2 due to pricing pressures.

Revenues from our regulated markets grew by 2% quarter-on-quarter to Rs. 5,327 million while on year-on-year basis, we are at degrowth of 17% again mainly contributed from the erosion in US. The consolidated revenues grew by 6% quarter-on-quarter to Rs. 7,360 million while our gross margins improved by 630 basis points quarter-on-quarter, it dropped by 540 basis points on a year-on-year basis due to a higher operating cost.

Logistics cost continues to be high despite moving to sea shipments as sea freight rates witnessed significant jump during the quarter. Logistics cost during the quarter were up 20% quarter-on-quarter and 135% year-on-year. We have taken actions on getting long-term contracts and securing better rates and expect this cost to ease out in the second half of the year from the current levels. We have completed the strategic acquisition of Chestnut Ridge side in the US along with the portfolio of approved products during end of October which will enable us to accelerate new product launches.

Let me take you through some specific business aspect of this segment. The US business revenue from the US for Q2 stood at $34 million down 17% quarter-on-quarter and 38% year-on-year representing 34% of consolidated revenues for the quarter. Continued price erosion in the portfolio, lack of new product launches and aggressive channel procurement during COVID has significantly impacted H1 revenues.

Despite fall in prescriptions, we have been able to retain volume shares on all our key products. Higher dependence on acute portfolio magnifies price erosion as Q2 revenues drop to $34 million which is about 40% lower than our peak of $58 million USD which we reported in Q4 of FY2021. While we are now witnessing a stable pricing environment, we expect prescriptions to recover over the next two to three quarters. With the acquisition of ANDAs of Chestnut Ridge, the combined portfolio now enables diversification with addition of chronic products as well as control substances. We will start realizing full benefit of the Chestnut Ridge portfolio starting Q1 of FY2023.

We are since closing the identified the first set of 20 products, an action underway to enable launches over the next three quarters to four quarters. Consequently, as Arun mentioned earlier, we believe we were only be able to achieve our current year guided outlook of USD 225 million to USD 250 million in FY2023. With the acquisition, we now have a combined portfolio of 275 ANDAs spread across multiple dosage formats; the acquired portfolio as an addressable market of USD $4.7 billion. Strides currently have only 40 commercial products in the US. The acquired portfolio immediately at 20 commercial products and with new products launched plant each quarter, we expect to expand the portfolio to 100+ products over the next two years in the US. While there are near term headwinds remain optimistic on the US business in the long run.

Other REG markets, our other REG markets showed a bounce back with revenues of 38 million USD up 27% quarter-on-quarter and 18% year-on-year. The other REG markets represented 38% of our consolidated revenues for this quarter. The bounce back was driven by improved prescription generation in our key front ends and return to normalcy of supplies for our partner businesses. Our other REG markets has now reached closer to the peak sales of USD $40 million that we had reported in the past during Q3 of FY2021 and will clearly continue its growth momentum.

Our outlook for the other REG market remains robust given strong order book visibility. On the emerging markets, this business continued its growth momentum and revenue stood at USD $28 million up by 22% quarter-on-quarter and 32% year-on-year. This business represented a 28% of our consolidated revenues for this quarter.

The Africa business delivered a strong performance led by healthy demand for key brands and grew by 31% quarter-on-quarter and 10% year-on-year. Institutional business also reported a growth of 15% quarter-on-quarter, up 50% year-on-year led by better offtake from the donor funding agencies. We continue to focus on becoming a cost leader in this space with efficient supply chain. We have not yet received any further indication from the FDA regarding inspection for our Pondy facility and our status continues to remain the same. We also are focused on putting in a strong cost improvement measures owing to the current scenario on the US business and remain confident that all of those should result in improvement on the operating leverage as we move forward over the next few quarters.

With this, I hand over to Badree for financial highlights.

Badree Komandur: Good evening. Let me give you the financial highlights. The revenue at 7.36 billion, a growth of 6%, gross margins grew by 20% QoQ. Gross margins - we improved the gross margins almost by 600 basis points QoQ. On a year-to-date basis we are at 53%. So we hope to maintain it in a particular zone around this zone. Employee cost at Rs. 1.48 billion versus 1.61 in Q1. Operating cost at Rs. 2.49 billion versus 2.33 billion mainly because of logistics cost increase.

The net interest cost at 359 million versus 314 million, we expect to maintain similar range, depreciation cost at 566 million versus 549 million. In the exceptional items, we have to take additional write offs because of closing down of West Palm Beach facility to the tune of Rs.252 million plus forex reinstatement on deferred consideration which we have to receive from Arrow. The forex rates have come back to original levels and our equity pick up for JVs and losses are at Rs. 234 million.

The net debt is at 16.2 billion an increase of almost about 1.8 billion from June 2021 with the acquisition of Endo, it will add another 1.8 billion, it will go up to Rs. 1.18 billion and as we return to the growth in H2 and operating cash generation we expect the debt levels to come down from Q3 onwards over the next few quarters.

With this, I will hand it over back to Abhishek for further.

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

Alankar Garude: Good afternoon, everyone. Arun-Ananth, we have seen the US portfolio unraveling twice now in the past three and a half years or four years, I agree the reasons were different then versus now but acquired Endo portfolio is also largely oral solids which could very well be susceptible to pricing pressures and things like that, so my question is over the longer run, are there any efforts to strengthen the quality of our US portfolio?

Arun Kumar: I think there are two elements, while yes we do have significant numbers on the oral solids and also mix of several other dosage formats, the difference though is that this portfolio is diversified with the number of products from the chronic segment as compared to significant presence of acute segment in the Strides portfolio and on that there is a significant benefit that we should have because having a wider portfolio with inclusion of chronic products will help ease out some of these pricing pressures which we have otherwise seen. We also have specialized products other than that and other dosage formats, we also have control substances. So the combination should give us a much better opportunity to withstand some of the pressures that we currently witness.

Alankar Garude: Ananth Sir, so basically out of the 150 odd products in Endo's portfolio, how many would be chronic and control substances, any broad percentage?

R. Ananthanarayanan: I think it is about 13 products which are in the control substances, in terms of the chronic product therapy more than 60% are chronic products.

Alankar Garude: Understood. my second question is Arun, can you please provide some details on the CDMO business, you mentioned about strong order book, can you quantify if it is possible and by when would you be expecting to realize it and also possibly any update on the listing timelines of Stelis?

Arun Kumar: When we say that the strong outlook on CDMO is that try and understand Alankar that the CDMO business has just started acquiring businesses, so we have a breakeven point of close to about $20 odd million of business, so that is the first year of operations, we have a strong funnel, we cannot quantify a value as yet for this because we could start with very small value but it depends on certain regulatory outcomes with the partners, that is what it means, you know you tie them up for several years together, so we are quite happy with the build out of that business. In terms of the listing, we have committed on the listing. At this time the focus obviously is to get the Sputnik contract ahead and revisit this during the course of this financial year but clearly that intent of listing the company has not shifted and we will stay committed to that process but at this time, the company wants to get to our revenue way and an EBITDA positive number for CDMO first and then get to the corporate actions related to that.

Alankar Garude: Understood, so basically first half of next fiscal would be a reasonable timeline to look at?

Arun Kumar: Yes, that would be the outer timeline. Yes.

Alankar Garude: One final question if I may, when do we expect to get back to the FY2021 quarterly EBITDA mark of Rs.150 Crores?

Arun Kumar: At this time, Alankar to be fair we cannot give you a forward-looking outlook on it. We think that the work that we are doing now in these quarters in terms of a combination of cost reduction and improved market share for our several products and launches will determine that. But I do not think the company stays steadfast with the guidance. We have given you a rough idea where we think we can get back with the US market because that is still a key market, but we do not want to get into any specifics today.

Alankar Garude: That is, it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Good afternoon Sir. First question is on the US how do we see this problem because earlier thinking was that we had a differentiated product portfolio, and we were in the right segments to be able to withstand the competitive pressure in a very commoditized industry as such. But now this challenge has happened, and it is happening every quarter, is it a temporary problem for us or you think that we need to do lot much more to be able to get to a situation where we were as early as few quarters back, that is how temporary or sustainable this problem seems to be given where we stand. Second question is on the plant which was divested how much did we invest in that plant in gross and net block terms and what is the realization against that?

Arun Kumar: I will answer to your first question. What has really happened our portfolio which is niche and differentiated was that we were operating in very small molecules with very small volumes, which generally did not get the attention of the bigger players given the large scale of business that they were running. That played out very well for us for at least four years and it has done its job. What COVID did is that, that portfolio got severely impacted because most of it was acute in nature; acute products typically are small volumes because the use of those molecules, are for a short period of time as you would appreciate. When people are masked up and staying at home the acute use was the most hit in the sub-segment of the industry. Clearly, we think that the rebound is happening as countries reopen we are seeing rebound happening but in US because everybody was sitting on inventory even if one player or two players were operating that product somebody was desperate to exit inventory and therefore there was a big price drop. As to explain we think that business will normalize in the next three to four quarters so, we are very confident that the normalization will happen. In the meantime, what is also obvious is that we cannot speculate how long COVID is going to last and what the after impacts of COVID would be. It is now important for us to have an equal or even stronger approach for chronic care. The Endo acquisition gives us the ammunition that we do not have to file for such products because we already have it and that will help us grow the business back to shape. However, to make some of those products competitive we need to bring these products back to India. It is a regulatory process it takes between three months and six months. We are actively working on it and we believe that in the next twelve months we can add at least twenty new products, approved products back in into the market place and consequent to correction that we are anticipating the market in terms of demand, increased prescriptions and all of this what I said we are very confident that this would be a feature for us for next two to three quarters but even in this two quarter to three quarters you will see quarter-on-quarter bounce back from where we are today. That is what I have to tell holistically on your question. I will now ask Badree to respond to your second question.

Badree Komandur: On the second question, the current book value is about Rs.540 million and we recorded about Rs.100 million of profits.

Sarvesh Gupta: One more question if I may is on the opex you said that we are now trying to cut down some cost. Now, obviously what has come to light is also we have a lot of operating leverage in our business, and we have been negatively impacted. What sort of saving measure are we undertaking and of that how much would be sustainable and how much would be temporary?

Arun Kumar: We are looking at the number of areas in terms of looking at our operating cost. As I said it started off first with the logistics cost which significantly went up and although we moved from air to sea, the sea freights have gone up and that certainly caused us a significant impact as well, we are now on that element done a longer-term contract securing with the containers and with the logistics providers there and we expect to start seeing the impact of that coming in from H2 itself. In addition to that we have got several other areas that we are looking at. We are looking at optimizations on our raw material and procurement, supply chain, we are looking at areas around manpower cost, we are looking at our manufacturing, under absorption and how do we better utilize and reduce the under absorption as well as looking at opportunities coming through some of the products that we believe will have an opportunity to get into the market. So, business growth, operating cost in terms of procurement, supply chain, manufacturing as well as logistics is a combination of all of those and therefore, we believe those actions that we take will be sustainable and we will continue going forward. We are making structural shifts to ensure it is sustainable.

Sarvesh Gupta: Thank you and all the best for the coming quarters.

Moderator: Thank you. The next question is from the line of Deepan Shankaranaryanan from Trust Line PMS. Please go ahead.

Deepan Shankar N: Good evening everyone. Thanks a lot for the opportunity. Firstly we wanted to understand as the US base business has reached its lowest level already or there is further downside possible before start recommending and secondly also wanted to understand that when do we expect that quarterly run rate of Rs.58 million to come back in US business without considering Endo portfolio?

Arun Kumar: In terms of price erosion we believe now the pricing seems to be stabilizing and we have seen signs of that during the first month of this quarter and obviously we expect that the downside should not happen further in terms of erosion, and it should start stabilizing going forward that is our anticipation based on what we have seen. We have probably reached the bottom of what we think could have been the impact on the price erosion to our existing portfolio. As regards to your question on when do we think we can come back. Again, as we said earlier in the commentary, we are working through multiple approaches on it. One, is as the prescriptions improve, we are obviously looking to gain market share back although the pricing will be at the lower levels then it was in the past before Q4 of 2021. Clearly that reduced, it will stabilize but the volumes should hopefully pick up in the next two to three quarters and we will see benefits of that coming in as we continue to work and gain market share. Number two as we keep launching the products from the acquired portfolio that will enable us, so our overall approach is that over the next two quarter to three quarters we should start seeing the impact in the benefit coming in and we will start seeing from the next quarter onwards a bounce of quarter-on-quarter growth.

Deepan Shankar N: Lastly, has the pace of ANDA approvals started picking up and reaching pre-COVID levels for the industry and when do we expect approval momentum to pick up for Strides?

Arun Kumar: It is not yet started pre-COVID level. It is certainly low; we do anticipate as we get into the Q4 of this year and then into Q1 we should start seeing some impact of it positively coming out.

Deepan Shankar N: Thanks a lot, and all the best.

Moderator: Thank you. The next question is from the line of Vibhor Tomar an individual Investor. Please go ahead.

Vibhor Tomar: One of my questions answered already. Second question I had with regards to the listing of Stelis, so will it be demerger or via the IPO route?

Arun Kumar: We have not yet decided what is the best route we will ensure that whatever we do is in the best interest of the shareholders of Strides.

Vibhor Tomar: Nothing has been decided as of now. Thanks. That is all from my side.

Moderator: Thank you. The next question is from the line of Ankit Jain an individual Investor. Please go ahead.

Ankit Jain: How much contribution we have from Stelis as of now and what is the plan of Biosimilars we have in future?

Arun Kumar: Currently Stelis-Strides is a significant shareholder and it does not book any revenues from Stelis. It is only investment revenue and consequently it reports losses or profits as the line below EBITDA. Biosimilars is part of today's presentation, our portfolio of the products are already mentioned there and they are mainly in the diabetes space.

Ankit Jain: Thank you.

Moderator: Thank you. The next question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal: Thanks for taking my question. In the light of the changes which has happened in the market place what do you think is the normalized EBITDA margin potential of the business now once things normalize as we go forward in the couple of years down the line?

Arun Kumar: As this normalizes is when we go forward down the line, we should be able to get back to prior to the last quarter EBITDA margins. We should be able to get backto late teens.

Nitin Agarwal: That normalized EBITDA potential of the business still stays?

Arun Kumar: That is correct.

Nitin Agarwal: Secondly Arun on the Stelis business, the business already started it is going to get breaking this year the other two pieces on the vaccines and on the biosimilar how do you see the revenue ramp up I those two segments of the businesses?

Arun Kumar: First GLP ANDA will be filed this year. It is an ANDA route, and we are on day one, so we are very confident of being an important player in that. That will be filed within this financial year and on Insulin we have successfully completed our phase-1 clinical and we are now going back to take our phase-3 approvals and we will also be starting our trials in Europe for Glargine which is our lead asset in the platform, so they are going on track.

Nitin Agarwal: At what timeframe do you see the biosimilar piece starting to make a contribution from revenue perspective, EBITDA perspective?

Arun Kumar: In some cases, licensing income will start almost immediately but otherwise the revenues will start coming in about two years from now.

Nitin Agarwal: Last one on the institutional business there has been a significant pressure on ARV pricing in recent couple of quarters especially even for the player who are recently integrated on this business. In this new dynamic where does this leave us from a growth in the ARV business perspective?

Arun Kumar: Nitin, we have always been a Fringe player here. We continue to focus only on some specific therapies in the space and I do not think that focus is going to change for us.

Nitin Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Vibha Ravi from Informa. Please go ahead.

Vibha Ravi: One was just a clarification on what you said on biosimilar the meaningful contribution will start from two years from now which means FY2024 onwards?

Arun Kumar: That is right.

Vibha Ravi: Second on ARV there was a question there, but you said since Strides is Fringe player it has not been affected much by the price erosion there is that right?

Arun Kumar: Not that we are not impacted by the price erosion, it is just that it is not such a large part of our business.

Vibha Ravi: What is the outlook there do you see the prices rising and the situation improving there was some talk about some inventory buildup in this segment?

Arun Kumar: Some of our peers the larger players are sitting on very significant inventory which is quite normal because if we have to participate in large tenders, the speed in which you can deliver is a primary reason why you get a contract and if donor funding has shifted to COVID related activities or there has been in this case the renewal of the ARV tender is due this year then typically companies who tend to sit in lot of inventory would be aggressive on the spot business in the marketplace. You are right we are seeing price pressure there too in that space.

Vibha Ravi: When do you see this situation improving, how many quarters down the line?

Arun Kumar: We have no clue. Like I said we are not into the commodity large volume products. Our business is if you look at it is continuing to maintain its size, but our size is relatively very small in comparison to who you should be addressing this question.

Vibha Ravi: Now, next question is on vaccines, with antiviral pills coming in Molnupiravir and Pfizer's product etc., do you think there is a change in the outlook for vaccine uptick?

Arun Kumar: Universal coverage is still required in terms of the vaccine immunization programs and as you can see in many countries even with vaccination you have breakthrough situations, especially in many countries. We believe that the COVID vaccine will become like a flu vaccine where most often than not you will be obliged to take a shot every year or a booster every year. Will they be funded by the government the answer is no, but will they be continuing demand? Yes I believe that as more and more variants come to play and how quickly your platform of vaccines can migrate would play big roles in how these platforms are designed. To answer your question specifically we think that the therapeutics is more for people who get COVID and therefore by having these medications do not get to hospitals. The whole idea of production of both vaccines and therapeutics will ensure that the hospitalization rates will come down dramatically reducing the stress on the health care system, but vaccines is not going anywhere.

Vibha Ravi: The reason I was asking this question is basically several private hospitals have been facing build-up of inventory there they are not even able to sell the stock they have. Given that kind of a situation and there is a reluctance also for the people who are remaining to go for vaccination because the cases have been coming down. If you are talking about a booster shot the government is funding it which will likely be the case, then do you still think that private consumption is going to be to that extent to sustain so many companies which have come in now with vaccine?

Arun Kumar: Vibha, just for your clarity, we do not make vaccines for the Indian market and your questions are very relevant to the Indian market. To give a specific response to your question for India, given that the government is freely vaccinating in a much more organized manner clearly, you can see population shifting to the government sponsored programs and you are right, vaccine hesitancy is across the world it is not unique to India and vaccination as you say continue to grow. All of this will happen but there is still a very large population that needs to be vaccinated like even if you look at India while we are stepping back, we only 25% or 30% of people who are doubly vaccinated breakthroughs continue to emerge in India. But the whole idea is that the disease profile has changed from everybody getting extremely worried to more getting used to the fact that you will get a Coronavirus, but vaccine or therapeutics will solve for it that is how I look at it. Market will continue. We believe more than billion and half people worldwide have not been vaccinated. There is still demand and there would be reasons for many countries and especially if you are looking at a booster, there is a lot of literature to say that if you have an mRNA vaccine you are better off taking a viral vector vaccine as a booster and vice versa. So, the mix and match theories will all add up and the business will be relevant for players.

Vibha Ravi: One last question, what is the volume commitment for Sputnik V and or Sputnik Light and has there any change in that commitment?

Arun Kumar: No, whatever we announced remains and we have the opportunity to go up to 400 million doses of this vaccine between Light and V but at this time our focus is Light.

Vibha Ravi: Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are not further questions in the queue. I now hand the conference over to the management for closing comments.

Arun Kumar: Thank you very much for attending the call today and we look forward to talking to all of you in the next quarter. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Strides Pharma Science Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

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