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19th May, 2023

Listing Department,
BSE Limited,
P. J. Towers, Dalal Street,
Mumbai-400001

Listing Department,
National Stock Exchange of India Ltd.
"Exchange Plaza",
Bandra – Kurla Complex,
Bandra – East, Mumbai- 400 051

BSE Scrip Code: 530199

NSE Scrip Code: THEMISMED

Dear Sir/Madam,

Subject: Transcript of the conference call held on 15th May, 2023.

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our letter dated 8th May, 2023, intimating you about the earning conference call for Q4 & FY23 with Analysts/Investors held on 15th May, 2023, please find attached herewith the transcript of the aforesaid conference call.

The above information is also available on the website of the Company at <https://www.themismedicare.com>

Thanking you,

Yours faithfully,

For **Themis Medicare Limited**.

Sangameshwar Iyer
Company Secretary & Compliance Officer

Encl: a/a

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“Themis Medicare Limited
Q4 FY '23 Earnings Conference Call”

May 15, 2023



MANAGEMENT: **DR. SACHIN PATEL – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – THEMIS MEDICARE
LIMITED**
**MR. TUSHAR DALAL –GROUP CHIEF FINANCIAL
OFFICER – THEMIS MEDICARE LIMITED**

MODERATOR: **MS. DISHA SHAH – AdFACTORS**

Moderator:

Ladies and gentlemen, good day and welcome to the Themis Medicare Limited Q4 and FY23 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company has on date of this call. These statements are not guarantees of future performance and involve risk and uncertainties that are difficult to predict.

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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Dr. Sachin Patel, MD and CEO from Themis Medicare Limited. Thank you and over to you, sir.

Sachin Patel:

Thanks very much. Good afternoon everyone and thank you for joining us on this call to discuss the fourth quarter and FY23 business and financial performance of Themis Medicare. With me, I have Tushar Dalal, who is our CFO and Ad factor, our Investor Relations Agency. Starting from where we left last quarter, we would like to bring to your notice that our focus on hospital business is intact and several steps have been taken in that direction. The recruitment of an additional sales team, which had started earlier this year, has now been completed and we also have recruited some tough professionals from the industry to do the same.

Additionally, new product launches for this division are on the tables for discussion and we'll be finalizing then in the course of time. At this juncture, I would like to reiterate that last year that is in FY22 we had a significant COVID related one-time order under this business segment. The financials for this current year under discussion should be seen in that light. Now coming to our API segment, in our last call, we had discussed about the pressure points on this business due to high input costs. As these challenges persist, we had to halt manufacturing of these APIs in the quarter under discussion. This had some impact on our top line because compensated to a certain extent by the formulation segment.

At the same time, we had also stated about improving our manufacturing process and taking an alternative route for manufacturing the same. This is now being commercialized in Q1 of FY24. In terms of capex, we have incurred investments in certain areas to enhance our capabilities. We are upgrading our injectable line and investing in UDMP certification within open doors for export opportunities. Additionally, we have made investments in expanding our R&D base at our Hyderabad facility and also establishing a new R&D lab at Baroda. We continue to invest in skilled manpower to enhance our R&D capabilities as a company. R&D remains an important backbone for product development and our future growth strategy.

For reasons mentioned above, an increase of sales for species significant increase in manpower costs of the company, which we believe it is an investment for future growth. Apart from this, there have been a few more important and exciting developments to share. We have received BCGI approval to market remiss-fentanyl hydrochloride injections in India for the first time.

This drug, which we will market under the brand name REMITHEM, is a rapid-acting narcotic analgesic that fulfils a long-awaited need in the Indian market.

Additionally, we have also received a no-objection certificate from BCGI for manufacturing and marketing our diclofenac injections, 75mg per ml, which the company had stopped three years ago. We were market leaders in this earlier and are now evaluating timing and other aspects to relaunch it in the Indian market. Turning to our financial performance for Q4 first, we reported INR80.1 crores in revenue during the quarter an increase of 0.9% year-on-year.

Our EBITDA for the quarter stands at INR10.48 crores with an EBITDA margin of 13.08%. PAT for the quarter stood at INR8.41 crores as against INR9.95 crores in the fourth quarter of FY22, a year-on-year decline of 15.52%. The PAT margin stood at 10.49% and the EPS for the quarter is at Rs.9.13. For the full year, 2023, we reported INR354.32 crores in revenue during the financial year as against INR394.61 crores in FY22. Our EBITDA for the period stands at INR67.45 crores with EBITDA margin at 19.04%. PAT for the full year is INR56.9 crores and the PAT margin stood at 16.06%. The EPS for the period is Rs.61.83. This is all from my side. I would like to open the floor for Q&A now. Thank you.

Moderator: Thank you. We will now begin the question and answer session. Our first question comes from Narendra with White House Capital. Please proceed.

Thank you. Ladies and gentlemen, if you wish to ask a question, please press star one. Our next question comes from the line of Keshav Garg with Counter Cyclical PMS. Please proceed.

Keshav Garg: Sir, I'm trying to understand so that last year FY22, so what were the COVID revenues that were absent during FY23?

Sachin Patel: We had a total revenue of slightly above INR60 crores, which was directly COVID related. This was essentially revenue partly from the domestic market, but most importantly from the export market where countries were in dire need of some critical care products. So even though we did not have registrations in those markets, those countries wanted those products from our end. So this is how the year resulted into a significantly higher spot picture than one would expect.

Keshav Garg: Sir, so now from first quarter onwards of this financial year, there is a low base of last year. Sir, so you think that we can henceforth start blocking a growth of 35% CAGR that we have basically predicted for the next three years?

Sachin Patel: So we are most definitely expecting that kind of a growth this year in an annual form. It may or may not start from Q1, but over the course of the year, we certainly expect that.

Keshav Garg: So that is very heartening to know. And sir, on the operating margin front, sir, from 25% expected margin in the fourth quarter, sir, we clocked 13%. Sir, which is maybe due to the operating delivery in our API segment. So, but now with the expected ramp up from the first

quarter onwards. So when do you see our margin coming back to first 20% levels and thereafter to 25%?

Sachin Patel: I think definitely before the H1 numbers come in. And the reason for the increase or decrease rather in our margins in Q4, as Q4 were as I said in my opening remark was twofold. One is definitely the API in question, we have to stop selling and whatever we sold was also at a very high material cost because those were contractual orders which were there. We had to supply them. And the second one was also, if you look at our numbers, there's been a significant increase in the manpower cost, in people costs. And that is because of the new teams that we have put into place, which we hope will become productive in this particular year.

Keshav Garg: Great, sir. So basically by the second quarter of this financial year, can we expect to come back at 20% margin?

Sachin Patel: We very much hope so.

Keshav Garg: Okay, so that's great. And so thank you very much and best of all. One more thing, sir, in the September call also, sir, this receivable, high receivable was discussed. And sir, but it is still at, I mean, INR145 crores levels, even though our revenues have declined by approximately over 10%. So, but our receivables are up basically 45%. Y-o-Y, if we see our debtor days, it is like we are giving some five months credit over five months credit to our customers. So is this number expected to come down?

Sachin Patel: So two points on that. One is in the previous year, the entire spot business, which was done, which was about INR60 odd crores, was all done in advance. So that is one big change which is there from last year to this year. And in this particular year that we see, we have given some extra credit to some customers and exports, which we are planning to definitely change. So we hope that again by quarter and quarter goes by, our debtors will increase because we do not want to work at this level of debtors by any means.

Keshav Garg: So what should the steady state debtor days be like? So it should be 30 days, 60 days, 90 days?

Sachin Patel: So because we have a mix of API finished to this form and various distribution networks that we work under, I would say 90 days is a good is a good target to have in the near term.

Keshav Garg: Sir and our suppliers of raw materials are what kind of credit do we get from there on a steady state basis?

Sachin Patel: It really depends from product to product, but average I would say about 60 days.

Keshav Garg: Okay sir, thank you very much and best of luck.

Sachin Patel: Thank you.

Moderator: Thank you. Our next question comes from the line of Narendra with White House Capital. Please go ahead.

Narendra: Sir, we are already into anaesthesia and critical care in the first place. And when it comes to hospital business in the presentation you have mentioned that it is an incident to other patients like left home, nutrition, medical services, on-go and remote care. What type of products we are going to launch sir?

Sachin Patel: So again, there was a lot of echo, but I hope I understood the question. So I just quickly summarized. I think the question was that we are into anaesthesia and we are into critical care. We intend to get into more divisions. So what kind of products we are going to launch? Is that correct?

Narendra: Correct.

Sachin Patel: Okay. So I think in anaesthesia we have, I would like to say that almost completely, only apart from CACIS. So we have done pretty well over there. This is a year where we are finally building a critical care portfolio because we feel that in critical care there is a significant value proposition that is there. And we will also couple it up with some of our internal developments in terms of normal delivery systems, normal formulations which are there. There is so much disturbance in the background. Perhaps you could just move yourself and make it easier to listen.

And as we go by, we intend to get into all the areas essentially that are possible in the hospital business. But it will not all happen in one year. It will happen over a period of next three to four years where every year we will seek on adding teams like we added this year. Hopefully by the end of this calendar year we will start building upon a third team for the hospital business in an area where we feel there is enough potential. So it is a step by step process.

Narendra: So I was looking at the R&D pipeline for formulation. We have mentioned around 28 products and out of 28 products only four have completed the validation process. Does this mean these products will be launched soon or should they go through any further approval process?

Sachin Patel: So it's a mix, you know, our product. Are you referring to the finish? I presume we are referring to the finish to respond, right?

Narendra: Yes sir.

Sachin Patel: In terms of the finish to this form, the strategy is quite mixed. One part of the finish to this form development works towards the export market. So we are targeting 40-odd emerging markets where we feel there is significant potential. So we are developing even generics which we feel would have significant value proposition years ahead. That is one particular strategy.

The second is a strategy for the Indian market where we feel that we could have the first launch opportunity in India. Like, we are going to do with Remifentanyl. And the third area that we are working on in terms of product development is new drug delivery system. So if you see all these three areas will require time. It is not going to be an immediate market that we can get. So if it's for export, typically the regulatory approval takes about a 1 year to a 1.5

year. If it is for first time to India launch, we may have to do clinical trials after that. And if it is NDDS, we will also have to do studies.

So this is where we are focused in terms of our R&D. We want to do high, if I may say so, high return or high value proposition R&D internally. For our sales and marketing team, it is not necessary that the products need to come from our R&D only. We work with multiple manufacturers of products which will align into our strategy for hospitals.

Narendra: In continuation of the same question, all these formulations like NSADs, opioids etc., I mean, in the last call you had mentioned that probably you are looking at the gross margin of around 60%-70%-80%. Is it possible to get such high margins considering all these are generics? I know there are various features like new drug delivery systems already through injection. But is it possible to get such high gross margin using this?

Management: Sorry, your question was, are we confident that we can get gross margins of 50%-60%-80% on the development pipeline that we have? Is that what the question was?

Narendra: Correct.

Management: Yes, we very much hope so because, if you see all the three areas that we are working in, if we are working in projects, which are for generics for the emerging markets, we feel that the pricing is pretty high. That is the reason why we have selected those products. If we look at NDDS, definitely should aim for those kind of margins. Otherwise, we will never be able to cover the development costs with regards to the same.

And it is the first time to, first launch opportunity in India, again the margins would be pretty good. So I think the products that will have low margin, strategically, we choose to source from outside and not necessarily manufacture ourselves. What we want to develop ourselves is most definitely something which gives us good margin.

Narendra: Thank you.

Management: Thanks.

Moderator: Thank you. Our next question comes from the line of Dhwanil Desai with Turtle Capital. Please proceed.

Dhwanil Desai: Hi, good morning. So my first question is, in your presentation, you mentioned that APIs, after total production, 98% results, while on the formulation side, I believe a large part of our business is a domestic focus. So in terms of formulation business, do we have any full integration [inaudible 0:19:26]?

Management: Sorry, I could not hear you. I understood the first part of it, that this much 30%-odd or most of the exports comes from API, and most of the domestic comes from finished goods. From the growth what was the question after that?

- Dhwanil Desai:** Right, so the question is that on the domestic portfolio, on the business side, how much backward integration do we have?
- Management:** That's a good question. We don't have significant backward integration as yet, but with time, we intend to make sure that we have more-and-more APIs produced in-house for us. We feel this is important from a strategic perspective.
- Dhwanil Desai:** And if I remember correctly, earlier, there were plans to kind of, a clear business in [inaudible 0:20:27] that probably eventually demerged. That plan is on our, are we going to carry on as a thing then?
- Management:** Sorry, I really could not. Are you talking about the demerger that we had proposed? So that particular thing has still not happened yet. That is for our API business, where he had proposed the demerger. But it has not happened yet. There is a fair amount of regulatory process that we need to go through to be able to accomplish that.
- Dhwanil Desai:** Yes, but you can see the thought process is to have two separate entities, one in the finished dosage form and the other in the API business.
- Management:** Yes, yes, the idea over there is that to grow the API business, we will have to invest quite significantly in infrastructure. We have a few of products now that we have developed at the R&D level. But to take it to the market, there is -- right now we are able to do it, but we feel that there is a lot of potential in the API business to make it grow significantly. If we are willing to put in the funds which are required in terms of the capex. So in all the finished dosage form is more of an opex business, while the API business is more of a capex business. There are two different philosophies in terms of running both the business, and hence we felt that it would be a good idea to do this so that both the businesses can flourish and get the value proposition that is possible.
- Dhwanil Desai:** Okay. Second question is, you talked about one of the strategies for dosage form in terms of packing products which are first to launch in India. My question is that compare...
- Management:** Sorry, I am missing you. I am losing you.
- Dhwanil Desai:** The question is, you mentioned one of the reply to launch first in India kind of product a very large pharma company, really small with the distribution network. Are we looking at very small niche products, or does it exist where we have a smaller company and still compete with large pharma companies?
- Management:** You are absolutely right. Everyone wants to do first launches in the country, and we don't have the critical size as yet to be able to say that we are going to take the large molecules and have the opportunity to first do first-time launches because everyone is doing it. So we pick the products that we feel we have a dominant position. If we feel that we are one of the leaders in anesthesia, we look at that particular area like we did for Remifentanyl, but you are very right

that opportunities of these kind are seldom and few, but whatever we see, we have to go for. I think in terms of what we are doing, we feel that's a significant value proposition.

Dhwanil Desai: Okay. And one more last question if you allow me. So, you said that we have hired a lot of people on the sales. And if I look at, FY '22 & FY '23, the percentage from trade side has remained at around 11%. So with hiring of this new sales force and over the next two years, three years, how do you see that percentage on trade side moving from 11 to a much higher number or will it remain a same number?

Management: So our -- almost, I would say predominantly most of the hiring that has happened is not on the trade side but on the hospital side. So if you see the hospital number last year was about INR113 crores or so. So this is where we expect a significant jump ahead.

Dhwanil Desai: Okay. So the focus is on expanding the hospital business.

Management: That's right.

Dhwanil Desai: Okay. Good. I have more questions, but I'll come back in the queue.

Moderator: Thank you. Our next question comes from the line of Jagvir Singh with Shade Capital. Please proceed with your question.

Jagvir Singh: Yes, good afternoon, sir, and thanks for the opportunity. So, sir, in the presentation, you have mentioned -- actually, I am new to the company. So in the presentation, you have mentioned 35% CAGR growth for next two or three years. So how, so can you elaborate the strategy? What is the strategy to achieve these numbers?

Management: So I think, we are well positioned in all the key areas that we are currently focusing on. The first one by far being the hospital business. Our current team, I believe, is reasonably strong. We have added an additional team, which I feel is also pretty strong. For this two areas will give us the maximum jump that we are planning in this particular year.

And along with that, we suffered last year in terms of almost about two quarters because one of our key APIs coming under pricing pressure of not being able to produce it because for every kilo that we produce, we either made no profit at all, even at the gross level, or we, in fact, even lost some money.

But we had to do it because we had contractual obligations. So that API part should also show us a reasonably good jump with the new manufacturing process, improved manufacturing process in place, which has already started as we speak. And third area is the trade area. I think we've made some corrective actions over there also, and we have seen some life of the day over there too. But I think if I have to put in the major emphasis in terms of growth for this year would come from hospital and API and out of that also more on hospitals.

Jagvir Singh: My second question is in the presentation, you have mentioned new opportunity in the medical devices and [inaudible 0:27:38], what the company will do in the medical devices?

Management:

So that's something that I mentioned in the previous question, that our endeavor is to get into all areas of the hospitals. We feel that this is a market which is growing and is going to grow continuously, essentially because more-and-more people in the country are having health insurance and they will choose to go to hospitals, nursing homes, etcetera, and in view of that, that is the reason why we are focused on this. So not all divisions will be launched on day one. I think we have to be careful about our bottom line also. So as days go by, as we see the test from our first and the second team, we will build multiple teams to focus on the hospitals.

Now your question was with regards to medical device. We are looking at multiple opportunities. Some of them are generic, some of them perhaps not launched in India yet. Quite a few things on the avenue. But I can tell you for sure that it will not be in this particular year that we will launch it. We will perhaps put a team in place depending upon how progress in the company is going in January or so as we did this year because the team was really new teams. The second team was set up in January this year. So that is going to be ready by the following April to go into the market.

Jagvir Singh:

Sir, thank you and I have one last question. So in terms of intensive care in the hospital business, what are the competitors?

Management:

I would put it this way that there are quite a few companies that visit hospitals and each of the companies specializes in separate areas. So for example with anesthesia, we focus on what happens inside the operation theater. In the second team that we are forming, we focus on the intensive care unit. So in anesthesia, I would put it this way that you have Neon, you have Abbott, you have a couple of other companies that are based over there.

In the intensive care unit, a lot of companies I would say so we need to be careful in terms of how we pitch ourselves and what is the value-added proposition that we bring to the hospital because it has to be abandoned otherwise it doesn't work. So I would say, the entire pharmaceutical industry would be in the hospitals but how we carve out our share and belong over there is a key point over there.

Jagvir Singh:

Thank you, sir.

Moderator:

Thank you. Our next question comes from the line of Nikhil Arora, an Investor. Please proceed.

Nikhil Arora:

Hi sir. As mentioned in the speech, there has been a significant capex incurred in the different aspects of the businesses. So if you could kindly throw some light on the total capex amount incurred in FY '23.

Sachin Patel:

Tushar, would you be able to give the exact number?

Tushar Dalal:

Yes sir. I am Tushar Dalal. So in Haridwar, we have spent around INR14.65 crores to upgrade our facilities for EU GMP and making some additional lines for the injectables. So that works out around INR14.65 crores. In the Vapi factory, we have spent around say INR11 crores of

rupees. That is also we have added into the plant and machinery and the construction of some buildings for the refinement in projects. And we also added some of the R&D equipments and all other things in the Hyderabad. So nearly INR129 lakhs is there. So total works out to around say INR29 crores.

Nikhil Arora: So we also set up a new R&D lab in Baroda if I am not wrong. So what was the cost for incurred to set up this new lab?

Tushar Dalal: So that is around INR117 lakhs. And that is better how we show it under this particular Baroda. So INR117 lakhs is there.

Nikhil Arora: Okay. Thank you sir. One last question. As we see the company is changing its focus on hospital business. So how do we see it as benefiting the company? And what is the current EBITDA margin and the target EBITDA margin that we are planning to achieve for this segment, the hospital segment?

Sachin Patel: So what was the question? How is the capex that we have done last year going to assist our focus on the hospital business?

Nikhil Arora: No sir, as we are changing our focus towards the hospital business. So an overall point of view like how it is going to benefit the company? What is the current EBITDA margin or what EBITDA margins are we targeting at?

Sachin Patel: So if you see the year that passed by, for the full year we had an EBITDA margin of about 19%. Just slightly over 19%. I believe that a healthy EBITDA margin would be anywhere above 25%. So that is what we would be focusing on and targeting. And we believe that as our people start giving us more productivity, we should be in a position to attain this. At the end of the day the fixed cost will remain the same. We do not intend to increase our fixed cost beyond where it is right now. There will be the usual increment etcetera. But besides that we do not intend to increase the headcount as we speak.

So automatically the additional business that they bring in will add to the EBITDA margin. And of course the EBITDA margin was under pressure for the last quarter and that was fixed in the quarter before because of one of our APIs not contributing at all. So I think both these factors should be the largest contributors to the EBITDA margin.

Moderator: Thank you. Our next question comes from the line of Harsh Sharma, an Investor. Please proceed.

Harsh Sharma: Hi sir. So my first question is that if we see there has been an increase of INR5 crore in long-term borrowing. Could you please explain what is the purpose of this borrowing?

Sachin Patel: So we have taken a line of credit in the form of a term loan from our current bankers in order to do this capex plan, which is there. As Tushar has been involved as mentioned. It went into the following areas. One is to upgrade our facility in Haridwar so that we can use the entire

qualification. The second was in Vapi, our ETI facility. The third party was in Hyderabad to have our R&D labs capacity increase and fourth was to set up a small lab in Baroda for strategic reasons. So this is where the long term borrowing has come in from.

Harsh Sharma: I understand. Thank you. So if we see the PPE investment is also INR19 crores. There is an investment in PPE. Could you throw some light for the same?

Sachin Patel: Sorry, what investment?

Harsh Sharma: There has been INR19 crores of investment in the PPE. So what is the reason for that sir?

Sachin Patel: PPE.

Management: Sachin bhai, he is talking about the additions to the fixed assets. PPE means the Property Plant & Equipment.

Sachin Patel: Tushar bhai can you shed light on this?

Tushar Dalal: So my gross investment in the current year is around INR29 crores. So the 19 is after the adjusting the depreciation. So this is a net of depreciation, additions of INR19 crores. In fact, we have added the machinery and building work around INR29 crores as I mentioned in the earlier queries. So 29 minus 10. 10 is the depreciation, accumulated depreciation. So that works out to INR19 crores.

Harsh Sharma: Okay, sir. And like, sir, directly if you see top line has decreased by 10%. Y-o-Y.

Sachin Patel: Yes.

Harsh Sharma: So what is the reason for this?

Sachin Patel: So again, I put down my opening remarks. That in the previous year, we had a one-time COVID related business of INR60 odd crores. And this business was obviously not there in the current year. And most of the business that we had in the previous year was in terms of exports. So that business was essentially zero. In fact, I would say to a certain extent, it was minus. And the reason why I say minus is because some people who are real customers who had bought the materials did not buy anything in the current year because they had inventory from the previous year.

Moderator: Thank you. Our next question comes from the line of Narendra with the Whitehouse Capital. Please go ahead.

Narendra: Thanks for the opportunity again. When you say you are entering into intensive care vision, the product should be similar to what you are already marketing under anesthesia like sedative narcotics or will there be any specific product you are introducing for the intensive care?

Sachin Patel: I would put it this way that the product overlap between and the two divisions would probably be 4%, 5%. But otherwise, it will be all separate products from what we are marketing right now.

Narendra: Can you mention few products, which will be launching in intensive care?

Sachin Patel: It will essentially be a lot of antimicrobials and many other things along with that as time goes by. Again, the focus would be that, you know, like we had in anesthesia, anything that anesthesiologist uses or goes into a surgery we launched. Similarly, will be the case in intensive care. We have currently taken the antimicrobial basket to launch. But then ultimately, whatever is used in the intensive care, our team will be launching.

Narendra: Can you update on Simvastatin, what is the current input cost? I think you reduced Simvastatin can you update on that?

Sachin Patel: I think we are, as I mentioned, we have restarted the production and the cost is better than what it was before. So I would not be comfortable in giving exactly what the costing of the product is. It is better than before.

Moderator: Thank you. Our next question comes from the line of Dhwanil Desai with Turtle Capital. Please go ahead.

Dhwanil Desai: Hi, Sachin. Thanks for the opportunity again. So one part is to understand the respect to hospital business and part of my knowledge. In terms of thinking about this business compared to a normal sort of trade business, is it a right way to think that the Gross margins are typically lower because the bargaining power of hospital is slightly higher? But then your productivity of your sales force is much higher because you can sell in quantity. So is that a right way to think?

Sachin Patel: Overall, it's a fair statement. It's a fair statement to make. It has a little bit of glitches to it, but I think overall what you are saying is correct. And then the whole challenge is how do you make this team also give you good margin as a trade team? That is where I believe that we possibly have cracked how to do that. So I will not say anything more than that but I will say that we need to make sure that margins are good and we don't discount the product beyond the particular level. And I think we are managing that reasonably well as we see what happens in the future we will have to see.

Dhwanil Desai: And one point you mentioned Sachin is about the productivity. You said that without much increase in the fixed cost of the sales force you will still be able to grow at a different pace. So typically in this segment for Pharma PCPM is one parameter that everybody uses. So any sense on where we are today and any kind of a target that you have set for yourself comes from where you want to be in couple of years from here?

Sachin Patel: We are pretty low if I have to be honest. We are low in terms of PCPM. Hence I see a significant upside. So from there is only way we can go in terms of PCPM. So and the reason I

am not giving you exact number because we have multiple teams and some teams would be doing extremely well and some teams would not. This is a year for us to essentially consolidate and make sure that as a company we come up to a particular level in PCPM because we brought in a lot of people last year. The number of people that we increased in the field was almost about 150 and we need to make sure that we have at least 90%-95% of us being course productive.

Dhwanil Desai: So is that a fair way to understand that the incremental margin improvement to a larger extent will come from this productivity improvement?

Sachin Patel: Absolutely.

Dhwanil Desai: And just a request, since this is one of the major driver of margin improvement, if you can give some quantitative sense in presentation or call, that would be very helpful to understand how the trajectory has been shifting up.

Sachin Patel: I think it's a fair point. We will look into this.

Moderator: Thank you. Ladies and gentlemen, we have reached to the end of the question-and-answer session and I would like to hand the conference over to Dr. Sachin Patel for closing comments.

Sachin Patel: Thanks Vaibhav. So finally, I would like to thank the entire team of Themis Medicare for their uncharging efforts, hard work and dedication which strives to come forward through various market conditions. And also, thank you everyone for your participation in our earnings call. In case of any further queries, we may get in touch with AdFactors or feel free to get in touch with us. We look forward to interacting with you. Thank you again. Take care. Bye-bye.

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