"Ipca Laboratories Limited
Q4 FY '24 Earnings Conference Call"
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MODERATOR: **MR. NITIN AGARWAL - DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY '24 Earnings Conference Call of Ipca Laboratories Limited hosted by DAM Capital Advisors 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 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 Mr. Nitin Agarwal from DAM Capital Advisors Limited. Thank you and over to you, sir.

Nitin Agarwal: Thank you, Michelle. Hi. Good afternoon, everyone, and a very warm welcome to Ipca Labs' Q4 F '24 Earnings Call hosted by DAM Capital Advisors Private Limited. On the call today we have representing Ipca Labs, Mr. A.K. Jain, Managing Director; and Mr. Harish Kamath, Corporate Counsel and Company Secretary.

I hand over the call to Mr. Jain to make the opening comments and then we'll open the floor for questions. Please go ahead, sir.

Ajit Kumar Jain: Thank you. Thank you Nitin and DAM Capital Advisors for organizing this call. Good afternoon to all participants, and thanks for taking out time and joining us for Q4 FY '24 Earnings Call. Today's call and discussions and answer given, may include some forward-looking statements based on our current business expectations that must be viewed in conjunction with risk that pharmaceutical industry faces.

Our actual future financial performance may differ from what is projected and perceived. You may use your own judgment on the information given during the call. Domestic formulation business has delivered a growth of around 13% for the quarter. And for whole of the year, it delivered around 12% kind of growth. And Ipca continue to remain a 16th ranked pharmaceutical company as per IQVIA in Indian pharmaceutical market.

In Q4, as per IQVIA, we have beaten both on chronic and acute therapies. Overall, IPM has grown by around 6% in this quarter, whereas IQVIA has recorded our growth at 15%. On Acute segment, market has grown by 3%, and we have -- IQVIA has recorded our growth as around 11%. And on Chronic, the market has grown by around 10% and our growth is around 12%. And overall, for the last 12 months on a net basis, we have delivered a growth of around 13% as per IQVIA as against 8% for IPM. So we have been continuously beating as far as domestic market is concerned, the overall market growth.

Overall, our market share as per the mid March 2024, has improved to 2.04% from 1.88% at March '23. Last few years, our focus has been more on cities, and that has started delivering -- the top cities and that has started delivering results. Ipca has achieved a growth of around 16% in top 6 metros as against market growth of around 8%.

Ipca emerged as the fastest-growing country in top 25 players as per IPM as per the mid-March 2024. As far as export formulation business is concerned, for the quarter, it has delivered around 9% growth. And overall formulation business for the year has reached to around INR1,775 crores from a business around INR1,659 crores, with a growth of around 8%.

In spite of generic export growth of around 22% for the year to around INR981 crores from INR801 crores, overall growth is lower because of challenges we have faced in branded promotional market like Russia and West Africa and decline in institutional generic business in the last financial year.

As far as margins are concerned, the stand-alone margin for the quarter is -- EBITDA margin is around 18.5% as against 11.29% that recorded in previous financial year in the fourth quarter. For full financial year, the EBITDA margin is achieved at around 19.29% as against 16.22% in FY '23. And consolidated EBITDA margins are at around 14.98% for Q4 as against 11.29% for Q4 FY '23.

And consolidated EBITDA margin for the year is around 16.72% for FY '24 as against 15.3% in FY '24. Material cost to sales ratio stand-alone basis has improved to around 32.08% from 35.58% in FY '23. And we are witnessing a price stability for majority of our procurement.

As far as the guidance for 2025 is concerned -- FY '25 is concerned, we expect a stand-alone business growth of around 10.5% to 11% for FY '25. We expect that our EBITDA margins will further improve from 19.29% to 20.5% to 21%. Our consolidated business to grow at around 14% to 14.25% for FY '25 and consolidated EBITDA to improve further from 16.72% to around 18% for the financial year 2025.

Having given all these numbers, I now request participants to ask questions.

Moderator: Thank you very much sir. The first question is from the line of Kunal Dhamesha from Macquarie. Please go ahead.

Kunal Dhamesha: The first question on our own U.S. plants are kind of cleared. How is that business shaping up? And have you started filing new ANDAs...

Moderator: Sorry to interrupt, sir, your voice is not clear. May I request you to use your handset?

Kunal Dhamesha: So how is our own U.S. business shaping up? And have we started filing ANDAs from our own plant as of now? And do we expect an 18% EBITDA margin guidance? Are we expecting our R&D expenses to go up?

Ajit Kumar Jain: Overall, let's say, that as far as U.S. is concerned, we have not started so far filing the ANDAs from our plants because it will take -- we had -- nothing we had in the pipeline for U.S. And pipeline is now building. So people are working now in R&D and thereafter, buyback shares will be taken. Stability will take a lot of time, 6 to 7 months time and then data compilation.

So it will take some time before we start filing as far as U.S. is concerned. As far as R&D is concerned, both companies put together are spending almost around INR250 crores on R&D, which will translate into -- for ourselves and Unichem put together. And that translates into around 3.25% to 3.5% kind of expenditure to sales. And more or less, this number would remain in this particular range only as far as R&D is concerned. And the -- sorry, what was your next question?

Kunal Dhamesha: So our U.S. -- our own U.S. dynamic sales, how has that shaped up post the plant clearance?

Ajit Kumar Jain: Let's say, post plant clearance, a lot of work was to be done as far as -- because we were not there for a long period of time. Somewhere the IP status changed, somewhere our vendor had changed, somewhere the processes have changed, also API has changed and all that. So that needs to be updated in all these kind of ANDAs and so all those activity was going on.

And now finally, I think last few days back, first shipment has gone of one product and second product is in pipeline. And more products will be the shipment would start now. And a lot of the places where the IP status -- sorry, USP status -- where pharmaco status has changed, a lot of works are even going on right now.

So that all the ANDAs are fully updated and then business starts. So hopefully, I think in current year, maybe around 6 to 7 products will be launched and that will be launched by the -- as the progress happens during the year. So as far as sales are concerned, it does not include any sales as far as U.S. is concerned.

Kunal Dhamesha: Okay. And while we have provided the outlook on a consolidated basis of around 14% top line growth, but can you provide more details on the business segment-wise growth, let's say, API, domestic API, export API and the generic business, et cetera?

Ajit Kumar Jain: Let's say, on a stand-alone basis, domestic business is expected to grow around 12%. Export generics will also have a similar kind of growth. The promotional market will have some kind of lower growth because of some issue being faced at -- because of currencies depreciation in Russia and also West African market, there are some certain challenges there.

So there will be a little lower growth on that. And institutional business will deliver around 14% kind of growth. And we expect around 7% to 8% business growth in API side. So overall, Ipca, that should be around 11.5% -- 11% to 11.5% kind of growth would be there, yes. So that's the stand-alone number.

And on a consolidated basis, the growth is coming a little higher because last year, I think on consolidation, Unichem was acquired in our second quarter. So consolidation is -- even second quarter number was not full. August, yes, it was August number was there. So second quarter number was also not full.

So overall, that effect is also there in that. And overall, I think we should be almost around considering our business growth and Unichem's business growth, and overall, we should be almost around, I think sales-wise, may be around INR9,000 crores, and EBITDA overall consolidation may reach to almost around INR1,600 crores plus kind of EBITDA. So that will translate into that kind of number of 18%, 18.5% kind of overall.

Kunal Dhamesha: And sir, just one last, if I may. When we say the INR1,600 crores, apart from, let's say, the acquisition addition, the synergy number that we had at around INR200 crores synergies, how much of that would be factored into the INR1,600 crores?

Ajit Kumar Jain: If you look at Unichem, I think last financial year, they had -- I think EBITDA was minus by around INR45 crores. From there, they have achieved an EBITDA of INR100 crores. So there is a almost around INR145 crores, say, in the current year once after -- for the whole of the year.

And as far as the changes are concerned, whatever the low-hanging fruits are there, like say, material buying and somewhere rationalization, somewhere utility cost rationalizations and all those are maybe production efficiency improvement and all. These are the only factors so far has come in the EBITDA margin and a lot of other things which we are looking at, like, say, sourcing changes from, let's say, from outside purchase to some of the APIs of Ipca and market extensions and those all work -- are all work in progress.

API cost reduction is also work in progress because you need to do the stability and thereafter filings and then approvals and all. So those has not started to come in the overall EBITDA numbers right now.

Moderator: Ladies and gentlemen, the line for the management has been disconnected. Kindly stay connected while we try to reconnect. Ladies and gentlemen, thank you for patiently holding, the management's line has been reconnected. Over to you, sir.

Ajit Kumar Jain: So I would say that we are confident in whatever we had talked around acquisition time and all. We are confident that all those things will be achieved. And better than that would be achieved, yes.

Moderator: The next question is from the line of Surya Narayan Patra from PhillipCapital India Private Limited.

Surya Patra: Sir, my first question is about our -- although you have given the guidance for the current year. How should we see, sir, in fact, the overall growth for the integrated operations? So whether the benefit of integration has started flowing in or what portion of the integration benefit is yet to come in? And let's say, in terms of the growth, while the domestic is one of the largest earnings contributor for us, and it's been consistently delivering double-digit growth since many years.

But from your -- what should be the real earning driver for us, whether it is some uptick that we should see in our export activities now after seeing some kind of a moderation in the recent past, just like -- or what should really drive the earning momentum qualitatively from here for our next 2 years? If you can give some long-term oriented viewpoint then that will be really helpful.

Ajit Kumar Jain: As far as integrations are concerned, let's say, it's not a merger. It's -- both are separate companies and both are run as a separate companies, and Unichem as Managing Director, and he runs that company. Integration benefits, whatever coming is relating to -- basically procurement is one area where integration reliefs we are getting the advantage. Significant advantages are coming in that because our buying efficiencies are much higher because volumes are much higher.

So those advantages are definitely coming there. As far as the other areas are concerned, let's say, whatever work both the companies are doing and there are some duplications for there. So those duplications are now avoided. So it's -- that unnecessary cost of both the organizations were incurring. That is no longer there. So that's another benefit that's coming. Third is because of our expertise and utilities and also there are utility cost reductions and their operational efficiency on production side is also building up, so that's another advantage which is coming from integration.

And Ipca is also able to extend some kind of expertise to them on cost reductions and all put together, both the companies and teams are working to reduce the cost of API, which was one of our major concerns for there. But getting the benefit will take some time because it's -- again, everything is regulatory -- regulated process and work is happening to reduce the costs and subsequently approvals and all.

So it will may before some time -- it will take some time before those kind of approvals comes in. As far as synergies of procurement from Ipca of lower-cost API for them, it's again a process because they have started doing the R&D work and put in stability until the stability is all over and they go back to the regulators and take the approval of that source. Until such time, sources are added in their master files and all, they can't procure. So it's still to take the effect. So that effect will also take some more time.

Surya Patra: Okay. About the export outlook, if you can give some sense and which market that you think can be meaningful? And also U.S., as you are saying that, okay, it will see a kind of a gradual ramp up only, but at least benefiting from the Unichem acquisition or leveraging the Unichem's presence, we want to at least penetrate faster, quicker for APIs at least to start with. On the export outlook front, if you can give some sense and if you can give some more clarity also about your key markets.

Ajit Kumar Jain: So bigger and bigger benefit of integrations will come of Unichem portfolio when we start putting all these Unichem's product in various markets like Europe, Australia, New Zealand, Canada, South Africa, all those markets when we start putting those products. So that's the process currently going on.

A lot of works are going on, on repeat bios and compiling all those kind of dossiers and all those that work is going on. So till the time that work is over, it's -- every project is being monitored and there are time lines for that. But it takes time. It is not that overnight, those kind of work can be done. So that the bigger benefit of that will come once, let's say, if cost portfolio of around 40, 50 formulations, and there portfolio of around 80 kind of formulations in generic markets. So all those becomes a significant size of number of products for the other markets. So that is the work which is currently work in progress.

And that will give a larger integration benefit because even though Unichem is present in Europe, they are only marketing 5, 6 products whereas their U.S. market is more than 80 products. And currently, they are also selling a good number of products out of that, more than 50 products. So it's an integration that's going to be the key drivers and on that, we are working, but it will take time to -- because everything is regulated, and it has to be done in that particular fashion.

Surya Patra: Okay. So then, sir, the 15% kind of a margin guidance for Unichem, what we had given, it is kind of a back-ended only, let's say, FY '26 or '27, like that.

Ajit Kumar Jain: No, I have not given any guidelines for Unichem. I have said consolidation guidelines are given. Unichem will still take some time. I said that, yes, we are on a path, whatever we have talked. So I have said that from INR50 crores of minus EBITDA, they have reached to around INR100 crores in current year. And we expect them to reach to almost around INR225 crores in current year with all those kind of efficiencies what we are talking. But that will still not capture a lot of those things which we are currently talking, which are in progress. That's what I'm saying.

Surya Patra: Okay. Just last one question that since it is the full year results performance that we are discussing. If you can give some sense about your key subsidiaries also because we have seen some impairment charge also relating to the credit that we have booked in this quarter. So how should we think all our investment into various core or noncore subsidiaries, and their performance for the current year?

Ajit Kumar Jain: Let's say, what subsidies we have is one is Onyx Pharmaceuticals, which is there at U.K. That's delivering all these -- the development of new manufacturing processes and all those kind of solid state chemistry now. So that subsidy is doing very well. I think their turnover may be around GBP15 million to GBP16 million, and they are a profitable company on a continuous basis.

Second subsidy in India is Trophic Wellness, they market the nutraceuticals and they have also delivered good profit in current year and they are in profit. Third subsidiary what we have is Bayshore. Now with Unichem coming in Bayshore was created only to market Ipca's product. And now since Unichem is a bigger setup, so the relevance of that and they were only marketing certain kind of products, which we are sourcing from some of the suppliers like from Bangladesh and some from India and all that.

So it was a very small operations and it had its own cost. So Bayshore is one which will be now -- by and large, the entire operations will happen through, not through Bayshore it's going to be from. Unichem's -- Ipca's product will also be distributed in U.S. through Unichem and also whatever was being done from Bayshore, that will also get transferred to Unichem. So that's how integration will happen.

And another subsidiary that we have is Pisgah, that subsidy we have created -- subsidiary company we have created for CRAMS business in U.S. because we have very successful business operating from U.K. in the name of Onyx. So it was an extension of that because right now, no services are being -- hardly there is any service to the U.S. company. It's all services being done by Onyx from -- to the European companies are there. So that is what we wanted to extend there.

And some kind of, let's say, low volume and high value kind of API production that very small manufacturing facilities are there of certain narcotic products and all that kind of things. Onyx also has maybe 2, 3 new commercial API on their pipeline and development of new drugs. So that once the volume pick up, those kind of -- once they are launched in the market and all, the U.S. production may happen at Pisgah and certain other narcotic products are right now under development at Pisgah. So Pisgah has some small losses currently. With the CRAMS business building up, that will be not there.

We have 2 associated companies. One is Avik. Avik is a steroid business and they're also delivering profit. The only company where we have not been able to still come in the green is our Krebs that's fermentation operations. This company was producing simvastatin and there -- we have introduced some of our products like Serratiopeptidase because we have a large amount of our own captive consumptions and all.

So they have started producing that and -- but still, they have very large capacities and very large capacity fermenters. So we are looking for some kind of -- the other opportunity is also there in terms of contract manufacturing and all. So far, it has not happened, but we've seen progress to utilize their unutilized capacities, which are there on fermentation side.

And as far as they have certain chemical blocks, which are being currently utilized. And those blocks are on the breakeven plus they are making profit. But on fermentation side, we still have loss and it may take some maybe 1.5 years' time before we start making profit from Krebs operations.

Moderator: The next question is from the line of Chirag Dagli from DSP Mutual Fund.

Chirag Dagli: Sir, can you indicate in your guidance of INR9,000 crores, how are you baking in the U.S. scale up? And just a little more color around the U.S. scale up over the next 3 years?

Ajit Kumar Jain: Let's say, we had almost around -- Ipca's around 18 products were approved I think in the last few months, and I think we have received almost around -- current month itself, we have received around 4 approvals. And prior to date, I think 3 or 4 approvals has come.

So almost around 18 plus around 8 -- 7 or 8 approvals has already come. So that's the overall number we have. And then there are balance filings are there. So once those approval comes in. So right now, it's now whatever updations are required in those existing files in terms of change in the processes or change in the pharmacopeial status and all that, that work is going on right now.

And at least around 6 to 7 products will be launched out of those kind of approved products in current financial year. And once all those updations are happened, then I think next year, the bigger ramp-up would happen because all those products will be commercialized in next financial year.

Chirag Dagli: So FY '26, you should not only see the full impact of the 6 to 7 launches in '25, but also more launches?

Ajit Kumar Jain: Yes, yes. Yes.

Chirag Dagli: Sir, these 25 that you have or 26 that you have as approved products, all of them should be in the market over 3 years. Is that how we should think about it?

Ajit Kumar Jain: Yes, that's true. Maybe a few out of that may not be viable now. So -- but there are very few because most of them are from our own API source. It's not an outsourced API. So -- but maybe there are a few maybe -- may or may not be market area.

Chirag Dagli: Understood. And sir, can you also give some color around margins in the API and the exports business? Some very basic math suggests that these are businesses which are still in the early teens kind of margins? Does that make sense? And how have these behaved over the last maybe 3 years?

Moderator: Sir, I'm sorry, the management line has been disconnected. Kindly stay connected. I will try to reconnect them, yes. Ladies and gentlemen, thank you for patiently holding. The line for the management has been reconnected. Over to you, sir.

Harish Kamath: Chirag?

Chirag Dagli: Sir, do you want me to repeat the question?

Ajit Kumar Jain: No, no, no. I think there is some problem in connectivity off and on, the lines are getting disconnected. Yes, Chirag?

Chirag Dagli: Sir, do you want me to repeat the question?

Harish Kamath: Yes, yes, please.

Chirag Dagli: Sir, I was asking on the segmental, how should we think about margins in the exports and API business, export formulations and API business at least over the last 3 years. And going forward, how are you thinking about these business margins?

Harish Kamath: Chirag, with this raw material prices now stabilizing, we are very confident our margins will improve going forward, 100 to 150 basis points next 2, 3 years. That is what is our guidance.

Chirag Dagli: 100 to -- over the next 3 years is what you're saying, sir?

Harish Kamath: Every year, 100 to 150 basis points.

Chirag Dagli: Over the next 3 years, okay. Understood.

Harish Kamath: Our aim is to reach ultimately to that level of around 24%, 25% over the next 6, 7 years.

Chirag Dagli: Understood, sir. And sir, over the last 3 years, have the margins for these -- both these businesses come down substantially, that understanding is right?

Harish Kamath: There was also a lot of fluctuation in the material cost. That was the primary reason. Even this year also, the margin improvement is basically on account of lower material costs, plus control over the overhead expenses, nothing else. Plus contribution from formulation business as a ratio of total business was higher where value addition is more. These are the 3 basic things, which added to this margin expansion.

Moderator: The next question is from the line of Bino Pathiparampil from Elara Capital.

Bino Pathiparampil: Clarification on the margin, sir, if I heard right, you have given a more consol EBITDA margin guidance of 18% for FY '25, correct?

Ajit Kumar Jain: Yes.

Harish Kamath: Yes.

Bino Pathiparampil: Okay. And you also told -- has answered to one of the questions that Unichem should do around INR225 crores of EBITDA in FY '25?

Ajit Kumar Jain: Yes.

Bino Pathiparampil: To roughly calculate, the INR225 crores is Unichem has to do, its EBITDA margin should go from around 6% last year to around 9.5%, 10% this year. So the entire EBITDA margin at the consol level increasing from FY '24 to '25 seems to be coming from Unichem. There is no significant improvement, I can see in the rest of Ipca. Am I reading it correct?

Ajit Kumar Jain: No. Ipca's, basically, EBITDA margins in current year is 19.29%. From there, it will move to around 20.5% to 21%, yes. That's what we said.

Bino Pathiparampil: There are also some improvements. Understood, sir. And second, sir, on the top line guidance, I heard 2 numbers. One is a 14% top line growth and other is INR9,000 crores number, which is correct or there is some difference between these two?

Harish Kamath: Bino, what happened actually in the consolidated results of FY '24, Unichem consolidation was only from August onwards. So in the financial year '25 whole year consolidation will happen. So to my top line, whatever is there, about INR2,000 crores of Unichem top line consolidated will also get added.

Bino Pathiparampil: Understood. So the reported number will be 14% growth on the consol number? Or will it be INR9,000 crores?

Harish Kamath: 14% growth on consol number, yes. And on a stand-alone number, around 10.5% to 11%.

Moderator: The next question is from the line of Kunal Dhamesha from Macquarie.

Kunal Dhamesha: Sir, the EBITDA margin guidance of around 18%, does that include the other income?

Harish Kamath: No, no. Now we have stopped including other income in our EBITDA. Whatever calculation we have presented in the press conference, it is excluding other income -- press release, sorry, it is excluding other income.

Kunal Dhamesha: Okay. So 18% excluding other income.

Harish Kamath: Yes. We have excluded other income. We have also excluded exchange gains. What we made this year about INR20 crores, that also we have excluded.

Kunal Dhamesha: And for Unichem, the EBITDA margin improvement, is it largely a function of new product launches, if yes, how many products?

Harish Kamath: No, no that Mr. Jain has already explained, whatever low-hanging fruits are there that we are capturing. The other work is ongoing. The benefit will come perhaps maybe start getting benefits from the next financial year. Launch and source change and all that will take a little bit more time whereas all other work, which can be done fast, like integration of purchases, raw material costs, utility costs, a little bit improvement in the operational efficiency of their API facilities. All this has only contributed whatever incremental EBITDA, the Unichem is seeing, last financial year also and the current financial year also.

Kunal Dhamesha: But there will be growth as well, right? INR1,700 crores revenue for Unichem, we are expecting it to be around INR2,000 crores?

Harish Kamath: That is right. Current year expected -- yes.

Kunal Dhamesha: So how many product launches are we factoring in for Unichem? And what is the price erosion that we are baking in for the Unichem's U.S. business?

Harish Kamath: Unichem, their gross margin has been steady. There is no change. More or less, their pricing is also on a stabilized basis, hardly any changes happening. So they will launch maybe current year 5 to 6 formulations in the U.S. market.

Kunal Dhamesha: Okay. And anything on the capex front for this year at a consol level, what would be our outlook?

Harish Kamath: Maybe around INR300 crores to INR350 crores, including our normal, whatever capex.

Kunal Dhamesha: Total should be INR350 crores or total should be somewhere around INR500 crores?

Harish Kamath: Yes, on a consolidated basis, that is right.

Kunal Dhamesha: Okay. And sir, our U.S. facilities, Silvassa, Pithampur, what is the current utilization level or maybe what is the current EBITDA drag that they are putting for us at a console level?

Harish Kamath: Maybe around INR50 crores, INR60 crores drag. Silvassa has already started manufacturing for the U.S. market. In fact, 2 formulations are already shipped to U.S. in the current month.

Another 2, 3 products are under commercialization. And Pithampur facility, we are also using for other markets like Australia and New Zealand, Europe and all, where current capacity utilization may be around 35%, yes.

Kunal Dhamesha: And then one last question. If let's say, the raw material prices were to move adversely, if it starts increasing, shall it positively impact our API business? Or you don't see this one-off...

Harish Kamath: See, what was happening, any incremental raw material cost, we used to pass on. But unfortunately, the situation was not so in the last 2 financial years because of stocking and other situation. But hopefully, going forward, everything should get normalized. So I don't think from here on, anything adverse will happen as far as the material cost is concerned.

Ajit Kumar Jain: By and large, prices are stable at market, and I think we are not witnessing any kind of major change in any kind of procurement prices. Minor change here and there may happen, but that will not impact right now. So more or less, it's a very steady kind of pricings are there coming.

Kunal Dhamesha: But this raw material pricing cycle has also impacted our API pricing as well, right? Our API prices have also come down in the last couple of years, API business prices, like realization in API business.

Ajit Kumar Jain: Not all. Only a few.

Harish Kamath: The major impact in the API business was because of a single product, Losartan, where currently there is a stability sale price also and raw material price also.

Kunal Dhamesha: And at some point, we had also put a continuous manufacturing facility for sartan, how is that doing?

Harish Kamath: No, it was not for sartan, for some intermediate, that work is progressing. It will be a slow progress. You can't expect miracle over there. Things are happening, but it is slow.

Moderator: The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services.

Tushar Manudhane: Sir, just on the India domestic formulation, the top 16 metros forms what percent of the domestic formulation sales for us?

Ajit Kumar Jain: The metro-wise sales, we don't capture and separately monitor it. It's -- basically, what we monitor is IQVIA numbers that -- how they are reporting the overall numbers because we tabulate the numbers based on the reps territory wise, we don't tabulate as per the metro, and that's not how we see the numbers.

But what we have done in the last few years is that we have more focus on metro side, increase depending on the overall number of doctors practicing there. We have increased the strength of our field force in metro cities. And that's what I said that, that has started resulting in giving a higher growth. So IQVIA has captured almost around 16% growth for us in 6 large metro cities. And as against market was growing in those are around 8%. So metros are now driving the business for us.

Tushar Manudhane: So at least on the field force side, if you could share how many are dedicated for metro cities?

Ajit Kumar Jain: Division wise, it's a different number. I don't...

Harish Kamath: Tushar, we have 21 market divisions.

Tushar Manudhane: No, no, no, division-wise, sir, our overall field force metro, non-metro...

Harish Kamath: Division has presence in all metro cities.

Tushar Manudhane: Okay. And what's your outlook at the industry growth for, say, next 12 to 24 months for domestic formulation? Industry-wise, you already shared your revenue growth just on the industry level.

Ajit Kumar Jain: The industry is currently, I think setting challenges on Acute segment, Acute growth are not very robust and also because of all those kind of significant amount of heat and the temperature is rising everywhere and all. So that is also resulting in the overall lower growth in the market because people are not venturing out and all those kind of things. So -- but over a longer period of time, we are not seeing such kind of numbers for Acute segment.

So over a period of time, Acute should revive. Chronic has already revived and Chronic markets are growing very well. So overall, it's on only the Acute segment, where certain issues are there. And once the Acute segment revive, overall market may start growing again by around 10% to 12% and currently 7% to 8% kind of growths are there in the market.

Tushar Manudhane: Understood. So that's helpful.

Ajit Kumar Jain: [inaudible 0:41:11] it should be go to around 14%, yes.

Tushar Manudhane: Sorry, sir, I missed your statement.

Ajit Kumar Jain: If markets start growing by around 10% to 11% kind of thing, our growth in domestic market, then we'll start giving around 14% kind of growth.

Tushar Manudhane: Understood. And for fourth quarter or for full year, if you could also share price volume and new launches for Ipca?

Harish Kamath: Pardon, Tushar?

Tushar Manudhane: Sir, price volume and new launches growth for Ipca?

Harish Kamath: See, current year wholesale price index, you also know, Tushar, there is no price increase as far as the products which are under NLEM. So otherwise, the normal 4%, 5%, 6% price increase, maybe another 5%, 6% volume growth. I'm telling non-NLEM and plus new product introduction, another 2%.

Tushar Manudhane: Understood. And secondly, sir, any further clarity in terms of the inspection at Unichem side, I guess they have been inspected last in 2020.

Harish Kamath: Nothing. Only one plant got inspected and without any 483, they have cleared the inspection. Beyond that there are no other plants got inspected. Only one facility got reinspected.

Moderator: The next question is from the line of Jayant, an individual investor. Ladies and gentlemen, the current participant is not answering. And that was the last question. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Harish Kamath: Michelle, unless there is anybody else asking questions, I don't think there is any further comments we want to make. So you can -- one more time you can ask if anybody is there in the question queue, anything, nothing?

Moderator: Sir, nobody is there in the queue.

Harish Kamath: Okay. Then we can close, Michelle.

Moderator: Thank you so much, sir.

Harish Kamath: Thank you, all.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of DAM Capital Advisors Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.