



GUJARAT THEMIS BIOSYN LIMITED

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19th May, 2023

GTBL: CS: BSE-CORR/2023-2024

BSE Limited,

P. J. Towers, Dalal Street,

Mumbai-400001

Dear Sir/Madam,

BSE Scrip Code: 506879

Sub: 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 www.gtbl.in

Kindly take the same on record.

Thanking you,

Yours Faithfully,

For Gujarat Themis Biosyn Limited

Rahul Soni

Company Secretary and Compliance Officer



“Gujarat Themis Biosyn Limited
Q4 FY '23 Earnings Conference Call”

May 15, 2023



MANAGEMENT: **DR. SACHIN PATEL – DIRECTOR – GUJARAT THEMIS BIOSYN LIMITED**
MR. TUSHAR DALAL – GROUP CHIEF FINANCIAL OFFICER – GUJARAT THEMIS BIOSYN LIMITED
MR. RAJNEESH ANAND – GUJARAT THEMIS BIOSYN LIMITED

MODERATOR: **MR. RAHUL TRIVEDI – ADFACTORS**



*Gujarat Themis Biosyn Limited
May 15, 2023*

Moderator:

Ladies and gentlemen, good day and welcome to the Gujarat Themis Biosyn Limited Q4-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 as on date of this call. The statements are not the guarantee 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, Director. Thank you and over to you.

Sachin Patel:

Thanks very much. Good morning, everyone. I would like to wish you all a very warm welcome to GTBL's Earnings Conference Call for the fourth quarter and the year-end at 31st March, 23. I would like to begin by expressing my gratitude to you all for taking time to join us today. We have on call with us Mr. Rajneesh Anand from GTBL, Mr. Tushar Dalal, Group CFO and Ad Factors, our Investor Relations teams.

Before we get into the business and financial performance, I would like to briefly share the recent developments, key recent developments and our strategic focus areas. The slowness in tendering witnessed last quarter continued during this quarter as well, keeping the product uplifting mildly subdued.

One of our two products, Rifamycin-O, continued to see decent demand in the market, leading to sufficient dispatches of this product. However, Rifa-S off take remained on the lower side during the quarter since this is largely a tender-driven segment. Several tenders continue to be delayed in Q4 and that reflects in lower sales volume year on year. Tenders are now opening up gradually, which is why there is a slight growth quarter on quarter. Otherwise, based on the inherent demand in the system, we have continued the production of Rifa-S to build inventory to be ready once the tenders open up entirely.

Also, based on the bullish demand outlook, we plan to continue with our ongoing levels of production for both the products. As mentioned in the last quarter, this year we have not undertaken a plan shutdown as we had in the last two years, so that we can continue to build inventory for the anticipated demand. I am happy to share that despite these challenges, we registered a robust growth in the top line as well as profitability vis-a-vis the previous financial year.

Our revenue realizations improved during the year, which helped offset our input costs, including substantially higher utility expenses. Our capex plan of INR200 crores spanning over two-plus years is progressing as per plan. We have capitalized about 16 crores, while another INR20 crores is in CWIP, and about INR10 crores of capital advances for the equipment have been given. The new warehouse, R&D, and API block is expected to be ready by September



23. The last leg of our capex will be the new fermentation facility, which are expected to be ready by the end of the next calendar year. As already stated in earlier calls, these new facilities will be compliant with global regulatory norms since we shall be targeting export markets in addition to the domestic market.

In conclusion, we believe that with our state-of-art manufacturing facility and our expanded R&D base, we are well positioned to deliver innovative solutions to the healthcare market and create substantial value for our stakeholders. Now I would hand this over to Mr. Rajneesh Anand to take us through the financial performance of this quarter ended year. Thank you very much.

Rajneesh Anand:

Thank you, Sachin bhai. Now, turning to our financial performance for fourth quarter financial year 23, we reported INR28.17 crores in revenue during Q4 FY23, vis-a-vis INR28.76 crores in the previous corresponding period. Our EBITDA for the quarter stands at INR14.93 crores, increasing 14.12% year on year. The EBITDA margin is 52.98%, which is up by 751 bps. Better realization and lower R&D investment of about 3 crores helped improve the profit margins. Our PAT during this quarter is INR11.69 crores, as against INR9.79 crores in the fourth quarter of financial year 22. PAT margin stood at 41.50%. Earnings per share for this quarter is at INR8.05.

Coming to the full year performance, we reported INR148.97 crores in revenue during the financial year 23, a 29.71% year on year rise over the previous fiscal year. Growth was mainly driven by rise in volumes coupled with better realizations. Our EBITDA for the period stands at INR74.22 crores, increasing 27.86% year on year, while EBITDA margin is 49.82%. Over PAT for this year is INR57.97 crores, growing 32.88% year on year, as against INR43.62 crores in FY22. PAT margin stood at 38.91%. EPS for the fiscal is INR39.90.

The board has recommended a dividend of 20% per equity share of face value of INR5 subject to approval of shareholders. Moreover, the board considered the proposal for subdivision of one equity share of the company having face value of INR5 each into 5 equity shares of face value of INR1 each, subject to regulatory statutory and shareholder approval. That is all from our side. We can now take questions. Thank you very much.

Moderator:

Thank you. We will now begin the question and answer session. Our first question comes from Vishal Prasad with VP Capital. Please go ahead.

Vishal Prasad:

Hi, good morning. So we have been a fermentation company till now, however, we have decided to get into APIs where we would be producing fermentation based APIs as well as synthetic APIs. So could you share your thought process behind our decision to get into synthetic APIs?

Sachin Patel:

Yes, so on the whole, our philosophy still remains that we are going to be a fermentation company. But at the same time, we see that including the products that we produce and the future pipeline that we have, it may be until the intermediate stage that fermentation is



required, and then we would need to do a few synthetic steps to make the final API. So essentially, it just makes a lot of common sense we feel to be a part of the value chain, which is as advanced as possible and not just be at the intermediate level. So in a way, if we did not have or if we do not have the capabilities of synthetic chemistry along with fermentation, we might find ourselves short in the market in the future.

Vishal Prasad: So sir, if we have to manufacture API and which is fermentation based, so all the intermediates would be fermentation or it could be mix of synthetic as well as the fermentation based intermediates.

Sachin Patel: Our plan as of now is essentially only to work on products where the intermediates are fermentation based because that is where we feel we can add maximum value as a company in GTBL.

Vishal Prasad: Okay. So sir, out of 200 crore CAPEX, how much we are planning to spend on fermentation blocks?

Sachin Patel: I will hand it over to Mr. Rajneesh Anand to give you details on this. We... Yes, please go ahead. Hello. Sorry, have we lost Mr. Anand?

Moderator: No, he's connected with us, sir.

Sachin Patel: I think he's probably on mute.

Moderator: Mr. Anand, you could unmute your line please from your end. Okay, let me go ahead and call him back. Just give me a moment.

Vishal Prasad: Yes, meanwhile, I'll ask another question. So during our last call, we mentioned that in the API block, we would be doing one high value product, but many small value products. So these small value products would be... And these will provide us what margin? So are we trying to get into a job work kind of scenario for some other companies or this will be just... we trying to fill the capacity.

Sachin Patel: No, we are not intending to... We are not intending to get into any job work scenario, at least in the foreseeable future. If circumstances change, we will look into that particular possibility and if there is a prospect opportunity, which is very interesting, we may consider that. But for now, all the plans are based on our own manufacturing and sales. And we say that these are small products, so we feel that it can add significant value to our bottom line. And hence, those are the products that we would be considering.

Vishal Prasad: So I'm guessing we would not get into a related party transaction with our parent as well.

Sachin Patel: No, these are all independent businesses that are being looked into.

Vishal Prasad: Sure.



- Sachin Patel:** Is Mr. Rajneesh coming back with us?
- Rajneesh Anand:** Yes, I'm back. Please tell me.
- Sachin Patel:** Perhaps you could just give a perspective on the capex plan and what percentage or what value of that is allocated to fermentation out of the INR200 crores?
- Rajneesh Anand:** So out of the INR200 crores, we are going to invest 80 crores in the phase one of the fermentation block. And rest of it is into the API block. We are putting up two R&D pilot suits. And we are putting up a new R&D lab. With all this, we will require a wastewater treatment system with zero discharge. And we will require a solvent yard. So we will require some surrounding infrastructure with the fermentation block also. So rest of the investments will go into these things. Plus the API block and our synthetic pilot plant for developing processes.
- Vishal Prasad:** Okay, and how much we are spending on the R&D block?
- Rajneesh Anand:** In R&D block, this will be like one pilot suit, one is INR25 crores, the rest, the two is INR8 crores and the lab is INR9 crores. So 17 plus 25, that will be about INR42 crores in all.
- Vishal Prasad:** So sir, last question from my side on the R&D block. And we are spending a lot of money in R&D. So could you share your thought on where do we see R&D effort going in the next few years? What kind of people we would be recruiting and what kind of products we would be focusing on?
- Sachin Patel:** So I will put it this way that with regards to the people, we already have a fair number of people in our team. Of course, with this block coming in, we will be expanding the team from where we have right now. But we don't expect that there will be a significant change happening over there. And in terms of our plans over there, the reason why the R&D block is quite high in terms of cost is because strategically we have decided to put in a CGMP pilot facility. In fact, two CGMP pilot facilities over here.
- So that's all the products that are being developed at a lab scale can be actually scaled up from these particular pilot plants and also filed for regulatory filing. Because as Mr. Anand said, the cost of putting up a fermentation facility in phase one is about INR80 crores. And we have got three phases to go through after that. So we would like to make sure that we have maximum filings from our CGMP pilot before we move to the large scale commercial.
- Vishal Prasad:** So INR80 crores for first phase and then two more phases. The additional INR160 crores we will be spending apart from INR200 crores, is it?
- Sachin Patel:** Yes. So that is something that we have not planned as yet. That is not included in the INR200 crores. So that will happen as year goes by.
- Vishal Prasad:** Okay. Thank you so much.



- Moderator:** Thank you. Our next question comes from Keshav with RakSan Investors. Please go ahead.
- Keshav:** Hi, sir. I wanted to have some clarity regarding Rifaximin. So the product is under patent till 2029 in US and there's a Lupin product available in India. So can you help understand what the patent status for Rifaximin is for different geographies apart from US?
- Sachin Patel:** So I think the way we see it in ROW markets, a fair amount of markets have opened up. And that is why we see the volumes of Rifaximin and our sales of Rifa-O that we see right now. We understand that certain parts of Europe will be opening up over the next year or so. And then the rest of the world will open up with the US. So I think we have two stages to go through. One is Europe. At least a few countries in Europe which open up in the near future and in US is '28, '29. Maybe a bit earlier depending upon what some of the formulators can do with the patent.
- Keshav:** So sir, currently whatever Rifa-O we are supplying, does some of it also go for the innovator supply or it's for the ROW market?
- Sachin Patel:** It is all for the ROW market.
- Keshav:** Okay, all right sir. That's all from me. Thank you.
- Sachin Patel:** Thank you.
- Moderator:** Thank you. Our next question comes from Yogesh Tiwari with Aryan Capital. Please go ahead.
- Yogesh Tiwari:** Sir, I had some few balance sheet questions for modeling purpose basically. So if I look at the balance sheet at the end of March, there is a component of others under current assets of about INR90 lakhs which has dropped from about 11 crores last year. And correspondingly there is another other financial assets, under assets, non-current assets which has increased from INR9 crores to about INR41 crores. So first is like what I understand is this is all deposited financial institutions with different tenures like a long term tenures and short term tenures. Am I correct?
- Sachin Patel:** Mr. Anand, would you be able to answer this question or should we pose this to Tushar Dalal?
- Tushar Dalal:** I am Tushar Dalal. So as you rightly said that we have part of our surplus fund to with financial institutions and some of the money that we also kept with the Union Bank of India as a short term deposit system.
- Yogesh Tiwari:** So this others in the current assets that is the decline from about INR11 crores to INR90 lakhs and correspondingly the long term has increased from about INR9 crores to INR41 crores. So have we moved from short term assets to like short term tenures to long term tenures of the deposits?



- Tushar Dalal:** Yes, some of the deposits which were due within this year, so now we have taken it for a period of say 15 to 18 months. So that is why once it goes beyond 12 months then it goes to the non-current assets rather than the current assets. So that is the composition and the second change. Wherever some renewers have taken place, it has been extended so that because we get from higher rate of interest and that is what this particular adjustment has been made.
- Yogesh Tiwari:** So this is reviewed every year like or is there a policy for it?
- Tushar Dalal:** No, whenever the renewal takes place then we review by how much money will be required in the current year and how much money will be required in future and accordingly that we carry out this particular transaction.
- Yogesh Tiwari:** So sir, just to model for FY24, can we consider that the short term or the current portion will remain at lower levels like around that INR90 lakhs and the long term will be the major portion like?
- Tushar Dalal:** It is quite possible but we will be also utilizing this particular money for the purpose of our expansion plan. So we have to review every quarter, every month, how much money will be required. This represents 100 by only our internal approvals. So we will utilize this fund so that only the time will tell us how much will be in the long term and how much will be in the short term.
- Yogesh Tiwari:** So sir, for modeling purpose, any assumption we can take for FY24, whether long term will be a bigger amount than short term?
- Tushar Dalal:** Quite possible.
- Yogesh Tiwari:** And we can take it as a percentage of total assets for modeling, total assets or it will be like non-current?
- Tushar Dalal:** Yes sir.
- Yogesh Tiwari:** And sir, the other point is on the loans under current assets. So about INR17 crores we have loan under current assets and I understand this is all inter-cooperate deposit and it is all constant. So can you share some details on this component and like can we take it as constant going forward around the current number, the loans, current assets, INR17 crores?
- Tushar Dalal:** So we have parked some money with the ICDs, with some companies which are known to us, which are not within the, these are all the public companies wherein that we have given by way of ICDs, wherein we also get a good amount of interest on this.
- Yogesh Tiwari:** So can we assume the same like it will be similar range in next year also?
- Tushar Dalal:** It should be, Yes.



- Yogesh Tiwari:** Sure sir and sir, lastly on the component other non-current assets under non-current assets which has increased from about INR3 crores to INR10 crores. Yes. Other non-current assets, INR277 lakhs to INR 1,069 lakhs.?
- Tushar Dalal:** And that is because some capital advances have been made by us to purchase the equipments. So those things are major, say nearly INR10 crores of rupees we have given buy-off in advance to the capital suppliers. So that is coming under the non-current assets.
- Yogesh Tiwari:** Sure sir and this is part of the capex program which we are doing so like advanced too. And the prepaid would be a small amount, right, in that other non-current?
- Tushar Dalal:** It is a very small amount.
- Yogesh Tiwari:** Major is capital advance?
- Tushar Dalal:** Yes, Yes, major is INR883.50 is the capital advances. And to some of the creditors also that we have given some advance to get the material on time, it is also INR100 lakhs. And the some security deposits are there to the extent of the INR75 lakhs. That we also give it to some of the statutory bodies.
- Yogesh Tiwari:** Yes sir. So sir, like we are still in the process of capex going forward. So can we assume the percentage of non-current assets to the total assets would remain same going forward also? About something about 6%.?
- Tushar Dalal:** It may come down, non-current assets may come down because we might be utilizing over some of our fixed deposits which we are part with the financial institutions. May come down to some extent.
- Yogesh Tiwari:** What I meant is like the capital advance which we have given?
- Tushar Dalal:** Yes.
- Yogesh Tiwari:** If we would like to model it for next year, it would be in the same range? that is the percentage of total asset?
- Tushar Dalal:** It should be. But then everything depends upon how fast that we take up this particular payment to the parties to get the materials, to get our machinery .
- Yogesh Tiwari:** Sure.
- Tushar Dalal:** I think it would really depend upon as we move along the projects which are the vendors which would require advances and which are the vendors which should not require advances for procurement.
- Yogesh Tiwari:** Okay sir. So just for modeling purpose, can we take the ratio of non-current asset to total asset in that similar range which is for this year? Around 6% for FY '24, for modeling?



- Tushar Dalal:** So we have not worked out the balance sheet for the whole year. But we should.
- Moderator:** Thank you. Our next question comes from Saloni with the Molecule Ventures PMS. Please proceed.
- Saloni:** Hello. Hi sir. My first question is regarding the tender path. So I wanted to understand the nature of this tender delay. How often do we come across this? Because since we have shifted our business model to manufacturing, we hardly have seen these kind of delays happening on the business side. So I just wanted you to describe more about it?
- Sachin Patel:** These are global tenders for tuberculosis which come in and the biggest one is the global fund. And once these tenders open up, usually the supply contract is for two years, it's not a bit more. And depending upon when the last tender opened up, what is the inventory, what is the requirement and how much time did the authority take in terms of processing it. There would be delays from, a quarter to two quarters that we have seen.
- As I mentioned during my brief, this now started opening up. Global fund have started opening up, which means that the requirement should be steady over the next couple of years.
- Saloni:** Okay. So my next question is regarding the capex part. So you mentioned you've capitalized INR16 crores and two WIP INR20 crores and 10 crores, you can call it. So the crores you've already spent, right?
- Sachin Patel:** I will ask again, Mr. Rajneesh.
- Sachin Patel:** Yes, that's right.
- Saloni:** Okay. So how much more capex are we expecting to spend till September 23? remaining out of it, right? So INR30 crores, we'll be still till September 23?
- Management:** Yes, I think we will spend another INR30 crores or INR40 crores by that time.
- Saloni:** Okay, okay. Sir, can you tell me the current capacity utilisation? Okay. Sir current capacity utilisation of Rifa-S and Rifa-O?
- Sachin Patel:** We are running the plant at full capacity right now and whatever surplus production is there is in inventory and we are hopeful of liquidating the same in the near future.
- Saloni:** Okay.
- Sachin Patel:** Once the tenders open up, I think everything will be sold out.
- Saloni:** Okay. So what is the timeline that we're expecting for these tenders to open up?
- Sachin Patel:** Well, they have started opening up. Now it will depend upon what is the supply chain inventory at various of our customers, how the things stand. But as Mr. Anand said, we will



not be able to tell you whether it's this month or next month. But if they've opened up now, which means that the inventory is, inventory built up that we have, because as I mentioned again, we did not close down our facility this year as we did for the last few years for two months, which means that we have stocks in our warehouse which are ready for dispatch and those dispatches are happening and will keep on happening as months go by.

Saloni: Okay. So my last question is regarding our growth estimates that we had already given in the last 25% to 30% that we were expecting after the API blocks comes into the picture. So are we sticking to that?

Sachin Patel: So, you have seen that we're talking about probably 80% capacity utilization. So the previous year we had about 70%-75% capacity utilization this time is higher. I'm talking now in terms of sales. In terms of production is 100% capacity utilization. So one would expect that if this year we have higher capacity utilization, only on the fermentation part we should have both growth on the top line and the bottom line.

The API block once it becomes commissioned and we start manufacturing which will take some time because, we are starting the API block in September and then we will start validation batches. We will have to go to stability. So there's a new process involved in that. So I think realistically speaking, one can expect the API block to start giving us both top line and bottom line in the next financial year or perhaps in the, a little bit towards the end of this financial year.

Moderator: Thank you. Our next question comes from Tarun Sancheti with Sanchay Capital. Please proceed with your question.

Tarun Sancheti: Well, congratulations for a good set of numbers. First question I have is based on some of the research reports and information available on the public domain, etcetera. It looks like that WHO and also some of the funding agency, etcetera have adopted to a medication regime change wherein they are preferring 3HP rifapentine based treatment as compared to the current prevailing Rifampicin -based treatment regime. So any perspective on that one? How big that that could be if, if not in near term, at least in the medium to long term?

Sachin Patel: So there are two aspects to this. One is the WHO recommendation for move from Rifampicin to rifapentine is a very recent, very recent development. I think it happened during the course of last year. I think WHO will also go cautiously because they need to figure out on a larger population size how Rifapentine is actually effective. But let's, let's put it this way. We consider a scenario where Rifapentine is going to be, is going to be the main stage instead of Rifampicin tomorrow. It really affects us very positively, if I may say so, because the dose. So first of all, Rifa-S that we currently supply to manufacture Rifampicin is the same intermediate that is required to manufacture Rifapentine. So that's, that's the, that's a good part.

The second bit is that the amount of Rifapentine, which needs to be given as per the new WHO treatment is quite significant. So albeit, it is for a shorter period of time. So it's for four months



instead of the six months therapy with Rifampicin. The amount of Rifapentine which needs to be given in terms of grants is quite high. Coupled with that, the ratio of conversion of Rifa-S to Rifapentine is lower than that of Rifampicin. Which means you need more Rifa-S to make that amount of Rifapentine vis-a-vis Rifampicin. So both of these factors in summary. One, you need more Rifapentine. And the second is the amount of Rifa-S that you need to manufacture Rifapentine is higher than that to manufacture Rifampicin. Both of them are very, very positive outlooks from a Rifa-S manufacturer perspective.

And of course, not to, lose sight of the fact that we are, we are coming out with the API block. So we also very much plan to manufacture Rifapentine at GTBL

Tarun Sancheti:

That's very encouraging. Another follow-up question to that would be that, you know, is it right to conclude that we'll have to go through some environment clearance or regulatory approval, etcetera, before we really go into Rifapentine? Essentially, I'm trying to understand if we really decide to go towards that. How much of a lead time it would take?

Sachin Patel:

So I would, I would put it this way that certain regulatory requirements would definitely be required and will have to be put into place. And hence, I said that realistically speaking, we can expect Rifapentine business to start in the next financial year. Or the API business to start in the next financial year or end of this financial year because we would, our API block will be ready in September, which means we start taking validations. It will take a month, two months to take validations from which we need six months stability after which we can go to the regulatory authorities and get approval for this particular API.

And the good news again is that there is a market locally for this because as in line with WHO, even the Indian government is moving from Rifampicin to Rifapentine. Now, how much? We don't know. We have to wait and see. But we believe that there is, there is going to be a reasonably good requirement for Rifapentine in years to come.

Tarun Sancheti:

Just last question related to this topic. How this is going to impact our customers today? Say, predominantly there are two clear who, who are very significant on Rifapentine treatment. Will there be any change in customer mix or the contribution of customer mix if at all we move to Rifapentine?

Sachin Patel:

So there are two aspects. Rifapentine in no way affects Rifaximin. So the Rifa-O business remains as it is, there is no impact that one gets from there. With regards to Rifa-S, whether it is Rifampicin or Rifapentine, as I said, both the products need Rifa-S. And whatever we plan, whether it is in terms of Rifaximin or Rifa-O, Rifa-S, Rifapentine, Rifampicin, it will all be in, you know, cooperation with our current customers. I think we have a relationship which is built over for a significant period of time and it has worked well for us.

We hope it has worked well for them also. So I think there will be things that we will do, but only in consultation and cooperation with our customers.



- Tarun Sancheti:** Sure, that's very helpful. And last question, and then I can come back to the queue again. One of the high value API that you all get towards. I do understand you may not really give a directional view as to what therapeutical area etcetera it is going to be. But is it still going to be a say B2G kind of business arrangement or is it going to be a B2B?
- Sachin Patel:** B2G and what is...
- Tarun Sancheti:** There is also government or tender agencies, etcetera. So the end product will be to our tender or it would be a commercial product?
- Sachin Patel:** No, it would be a commercial product. I think tuberculosis is where globally all the countries have come together and said that it will be countries that control this particular disease treatment and not private enterprises. But the other areas that we are working in will most certainly not be in the tender area.
- Moderator:** Thank you. Our next question comes from Rikin Shah with Omkara Capital. Please go ahead.
- Rikin Shah:** So can we please reiterate on some of the timelines for the capex?
- Sachin Patel:** On some of the timelines?
- Rikin Shah:** Yes, when the API block comes in, when the fermentation block can come in.
- Sachin Patel:** Okay, so I had mentioned this in my talk and also I think Rajneesh Anand threw some light on it, but I'll repeat this. Our API block, our R&D center and all the things which are required to support these two cases, these two initiatives come into effect in September of this year. And our fermentation block, we expect will be up and running by the end of next calendar year.
- Rikin Shah:** Okay, thank you. So is there any impact in the recent time from the supply side that we have faced? Has the supply side changed in the existing products?
- Sachin Patel:** Not really, but Mr. Rajneesh Anand can comment if indeed there has been any change in our suppliers.
- Rajneesh Anand:** No, no, I think we have got very smoothly, we have actually multiple vendors for every product, so we don't have any such issues.
- Rikin Shah:** So I meant that for Rifamycin-S and Rifamycin-O are we seeing new supplies sort of coming in or any pricing correction that we might have faced?
- Sachin Patel:** No, we haven't.
- Rajneesh Anand:** Prices do fluctuate, many of the inputs are seasonal, they are seasonal products, so their prices do fluctuate from time to time, but not very major fluctuations. So this is normal, we face this kind of fluctuation every year.



- Sachin Patel:** Rikin, I think your question was with regards to if there are any other producers of this particular product, right?
- Rikin Shah:** Like, you know, a lot of chemical and pharmaceutical based products have, seen an impact from Chinese flooding in the recent time. So, trying to get this, we are also seeing something like that?
- Sachin Patel:** Not at all.
- Rajneesh Anand:** All our inputs as of today are domestically available. We are not going to China for anything.
- Rikin Shah:** I'm saying they might be, dumping. Is that, something that we are seeing?
- Rajneesh Anand:** Well, so far as our products are concerned, the prices from China have only gone upwards.
- Rikin Shah:** All right. Thank you. And in terms of the new products, our pipeline was earlier, we were just in two products and perhaps six more in the R&D. So can we have an understanding of what stages they are in?
- Sachin Patel:** So in the lab, the work has begun and continues to go on. Really, the next stage will be one, once our CGMP pilot is ready, which we are expecting in September, as I mentioned, and that is, that is a critical timeline that we are also working towards, because that is when not only the API block starts, but also some of the products which are in R&D starts getting scaled up from where we can do some filing and also supply quantities to our future customers for their respective filings.
- Rikin Shah:** All right. Okay. That's it from my side. Thank you.
- Sachin Patel:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Keshav Garg from CounterCyclical PMS. Please proceed with your question.
- Keshav Garg:** So I'm trying to understand that last quarter, we mentioned that in FY '24, we'll operate at full percent, at 100% utilization, which basically entails 25% to 30% revenue growth, Y-on-Y. So are we on track in your judgment to reach a top line of around INR190 crores to INR200 crores in FY '24?
- Sachin Patel:** So I think that would involve us speculating in terms of what the pricing tomorrow is going to be like and a lot of other things. I think what we can tell you is on the basis of what we see right now. We don't see the need of stopping our facility in the foreseeable future. We did not stop our facility last year, as we traditionally have done for the last two years or two months. We did not do that because we saw or we anticipated demand. And right as we speak, we don't see any reason to change that decision in the near future. And if we do happen to take that decision, we will most definitely keep everyone informed.



- Keshav Garg:** So sir, are we already operating at 100% utilization?
- Sachin Patel:** In terms of production, yes.
- Keshav Garg:** Okay. And sir also wanted to understand that if we see our other expenses for this quarter, fourth quarter, sir it is INR1.86 crores versus INR4.15 crores quarter-and-quarter. So what has led to other expenses halving quarter-on-quarter even though the top line is the same?
- Sachin Patel:** We had in the quarter where the expense was high, we had a couple of expenses on the R&D side, which are not expected to be repeated again-and-again. So those expenses will come in, but they will not be constant. And that is why there is a reduction in this particular quarter because that particular expense was not there.
- Keshav Garg:** Sure, sir. And sir also we did a peak quarterly revenue of around INR48 crores in the second quarter of last year. So like you mentioned in your opening comments that now tenders have started opening up and meanwhile we have built in inventory also from the past two quarters. So you think in your judgment, sir when can we surpass the top line of around INR48 crores that we did in last quarter, in second quarter of last year? You think in first or second quarter of this financial year we will be able to surpass this?
- Sachin Patel:** Let's see how it goes. We all work towards maximizing sales and profit and making sure that our production is as efficient as possible.
- Keshav Garg:** Sure sir. And sir just lastly, sir how close are we to commercialize the one API that we were expecting by March or April 2024? Are we on track to reach that goal?
- Sachin Patel:** So as I mentioned, our API block will be operation in September. We will start our validation so it may not be March but it would certainly be Q1 of next year.
- Keshav Garg:** Sure sir. Thank you very much and best of luck.
- Sachin Patel:** Thanks.
- Moderator:** Thank you. Our next question comes from the line of Debjoy Bhowmick. An investor, please proceed.
- Debjoy Bhowmick:** Yes, good morning sir. Sir, I just wanted to know that how much will be the expected top line growth this year?
- Sachin Patel:** As I mentioned on the previous question also, I think that would really be speculating in terms of where we are going from here and that is not something that we have been doing traditionally and even now.
- Debjoy Bhowmick:** And are you focusing on domestic market or international market? The main focus of the market.



- Sachin Patel:** Currently our business is all domestic and our partners would then be selling it in other markets because we are selling intermediate so we will be converting and selling the finished API into multiple markets.
- Debjoy Bhowmick:** Thank you sir.
- Sachin Patel:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Keshav from RakSan Investors. Please proceed.
- Keshav:** Hi, thanks for the follow-up. Sir, in your opening address, did I hear it right that we intend to get into innovative molecules going forward?
- Sachin Patel:** No, we did not. I did not mention innovative molecules.
- Keshav:** Okay,
- Sachin Patel:** I think, we did not make any comments to molecules for the future.
- Keshav:** Thank you.
- Sachin Patel:** Thanks.
- Moderator:** Thank you. Our next question comes from Gunpal Chaudhary, an investor. Please go ahead.
- Gunpal Chaudhary:** Very good morning sir. I want to know, understand the INR24-odd crores of investment. So, in which areas you have invested that amount and what type of asset turnover we can expect from that?
- Sachin Patel:** I'll hand it over to Mr. Rajneesh Anand to answer the question.
- Rajneesh Anand:** You see the investment that has happened till now, we have built a new warehouse. This is a GMP warehouse and this was a prerequisite for us to do future business in the regulated markets. So, as such, this is not going to contribute directly into any increasing turnover, but over a period, when we implement all the other projects, this would be an essential paraphernalia, essential infrastructure requirement there.
- Gunpal Chaudhary:** Right, understood. And second sir, we are operating at 100% efficiency. So, I was seeking year-on-year employee cost. So, it is not moved much, but revenue has increased around 30%. So, any comment on that? Are we using more automization?
- Rajneesh Anand:** Not automization, but as we explained in the previous years, we had to take shutdowns to upgrade the plant and to do renovation work in the plant. Because fermentation plant, it's working around the clock. It doesn't have any holidays. It's a microbiological process. Once we start, we have to run through the year and in this year under discussion, we have not taken the



shutdown. So, that is one of the, that means we had excess production and also we had excess revenue and excess sales.

Moderator: Thank you. Our next question comes from Ankit Gupta with Bamboo Capital. Please go ahead.

Ankit Gupta: Sir, can you please provide us any update on the new products which were, which we were developing, any progress on that? They will come to know about the status only post, completion of the new capex?

Sachin Patel: No, we will come out with the product that we are launching it when we are launching it. We will not discuss the product list.

Ankit Gupta: Yes, but, like, I think six products we were developing. So, any update on like how confident you are for commercializing all of the six molecules or some of them are expected to not commercialize also?

Sachin Patel: So, we are making reasonable progress in terms of developing these products. We feel in terms from a commercial perspective, I think, we have selected the product reasonably well. But we have to take this with a bit of caution because we are still at the lab. And fermentation is a tough cookie. We need to move to the next stage which we will be able to only after September once our pilot facilities are ready and then subsequently on the commercial side. So it is a step-by-step process. And it's not straightforward. The only thing I can say is that we have the team and an experienced team with the prerequisite knowledge to be able to do that. But I don't think in science I would give a guarantee stamp that everything will work out the way we want to.

Ankit Gupta: Sure. Let's say if our product is successful on the pilot stage. Can we expect that most probably it will also be successful at the commercial stage? But there are failures at commercial stage after successful pilot stage also?

Sachin Patel: It is possible. It is possible that scale up from pilot to fermentation is tricky. But as I said, we have dealt with multiple products in the past. Our team has dealt with multiple products in the past and, and we are confident enough. Let me put it this way to invest in this whole project. So that's, I think that should give us kind of an indication of what is our confidence level.

Ankit Gupta: Sure. Okay. Thank you. Thank you so much.

Sachin Patel: Thanks.

Moderator: Thank you. Our next question comes from the line of Naitik Mohata with Sequent Investments. Please proceed.

Naitik Mohata: Yes. Thank you for the opportunity and congratulations on good set of numbers. I had just couple of questions on adding on to the plant shutdown that we haven't taken this year. So are



we obligated to take a shutdown or a maintenance shutdown in next quarter or next year probably for the fermentation plant?

Sachin Patel: Rajneesh Anand, can answer this question. Yes. Please go ahead.

Rajneesh Anand: Well, I don't think so. I think the plant is in very good health and the shutdown, which we took last two years, we had taken practically after seven years. We split our work into parts and then we finished it in two years. So in my view, we will continue to produce through the next year.

Naitik Mohata: Okay. Also on this capex front, so the API block that we are coming up with and also the fermentation capacity. So I understand that it will take time to ramp-up these capacities, but probably at these capacity utilization, what are the kind of asset turns we are expecting from these units?

Sachin Patel: Hard to give numbers at least at this particular stage. I think as we go through a few quarters, we have our, at least pilot facilities in place and we have done some trials, we'll be able to give better numbers simply because there will be some numbers, there will be some products which are very high value, but low in terms of volume, but high in terms of DC and some would be on very low value. But again, the DCs would be, would be low. So if it's a mix and match and hence we are more looking at in terms of how quickly can we get the ROI rather than asset turnover.

Naitik Mohata: Right. Okay. That's it. Thank you.

Sachin Patel: Yes.

Moderator: Thank you. Our next question comes from the line of Tarun Sancheti with Sanchay Capital. Please go ahead.

Tarun Sancheti: Thank you for the follow-up opportunity. One follow-up question related to the API block. I think last quarter you mentioned that this was supposed to come online by Q2. Any color as to why the delay is?

Sachin Patel: Mr. Anand?

Rajneesh Anand: Hello. I can't hear properly. I'm sorry. Can you repeat?

Sachin Patel: The question was essentially related to the delay in the API block by a quarter.

Rajneesh Anand: So basically, Yes. So this kind of fluctuations can happen when you're doing such a big project. Sometimes we come up with intricacies and we have to do some modifications and additions as we go along. So this was the cause of the delay. And plus, at a little later date, we decided to put up a pilot inside the same block, one floor level. So that is how this delay in one quarter happened.



- Sachin Patel:** I think I would put that as a primary reason. Our project was going on reasonably well. We were matching up with all the timelines, but within the project we decided to make some modifications because we felt that they would be important for the long-term future of our business. And those modifications essentially led to the delay of a quarter or so, which in a way we expected when we decided this particular call, but we still felt it would be worthwhile the delay considering the capabilities that now we would have in this particular block. Capabilities and flexibility.
- Tarun Sancheti:** That's very helpful. And a related question to this would be, we do understand that, right, from, say, completion of the CAPEX projects, there will be exhibit batch, there will be standardization, etc. So, right, how capex till utilization, How much of a time will you anticipate to complete?
- Sachin Patel:** So I would put it this way that it would be product-by-product, but if our capex is getting over for the API block in September, one can consider two months, a max of three, because it's a new infrastructure to take the exhibit batches, and from there we have to wait for six months to get completed before we can start selling this particular product in the domestic market.
- Tarun Sancheti:** Probably we are talking about, say, June or July of next year.
- Sachin Patel:** That's right.
- Tarun Sancheti:** Okay, great. Thank you very much again.
- Moderator:** Thank you. Our next question comes from the line of Yogesh Tiwari with Arihant Capital. Please proceed.
- Yogesh Tiwari:** Yes, thank you, sir, for the follow-up question. Sir, just one question. When I look at the balance sheet, under current assets, we have bank balance. We had bank balance of INR12 crores last year, and others we have of INR11 crores. So INR11 crores has declined to about INR90 lakhs, and INR12 crores to about INR3 crores. So just to understand, both are bank deposits with less than 12 months. So what would be the difference between the two line items? What is the difference? Is there any policy of the company with regards the two bank balance and others?
- Sachin Patel:** Tushar Bhai?
- Tushar Dalal:** Yes. Last year, the deposits which are maturing left and 12 months were shown under the current assets. Now, this time, now, whenever the renewals have taken place, we have renewed it for more than 12 months or a year, and that is why it has moved from current assets to the non-current assets.
- Yogesh Tiwari:** Yes, sir. Actually, my question was regarding the current asset itself. So if I look at bank balance, last year was INR12 crores, and there's a other component of INR11 crores. Now, if I get into schedules, so both others, I am talking about last year. So other...



- Tushar Dalal:** You are talking about the bank balance?
- Yogesh Tiwari:** Bank balance and the other component. Yes. So other is about INR11 crores, which has declined to about INR90 lakhs now, and bank balance has declined from INR12 crores to INR3 crores. What I understand is both bank balance and the other component, both are bank securities, a bank deposit with less than 12 months. So what would be the difference between the two line items? I mean, both are same component, or is there any company policy while taking bank balance, there's something else and other something else. Because both are, at the end of the day, bank deposit of less than 12 months maturity.
- Tushar Dalal:** Yes. So whatever has been shown under the bank balance is, so that the INR11 crores or INR12 crores of has come down to INR93 crores as the bank balance. And the bank deposit, which are less than 12 months. Now, some of the report which [inaudible 0:59:18] that we have transferred from the UBI to the [inaudible 0:59:22] bank is where we get a higher rate of interest.
- Yogesh Tiwari:** Yes. So sir, what I understand like others and bank balance, both would be less than 12 months, correct?
- Tushar Dalal:** Yes. The current assets, which has come from INR11 crores or INR12 crores to INR90 lakhs. Out of that, the INR10 crores have moved from the current to the non-current one.
- Yogesh Tiwari:** Okay. I just wanted to understand what is the difference? So what would be the difference between others and bank balance? Because both are less than 12 months of maturity. So what would be the difference between the two line items? That would be my question actually.
- Tushar Dalal:** Now, let me tell you, the bank balances are always in the Union Bank of India. That is with the bankers only. And as of the other INR10 crores is concerned that is with the HDFC bank and all other financial institutions. That is why that we are showing it separately. That is the financial assets.
- Yogesh Tiwari:** Okay. Got it. So bank balance would be mainly with your main bank accounts wherein and others would be like with the others you are investing, right?
- Tushar Dalal:** Yes. it is with the financial institutions.
- Yogesh Tiwari:** Sure. That is very useful, sir. Thank you very much.
- Tushar Dalal:** Okay.
- Moderator:** Thank you. As there are no further questions, I now hand the conference over to Dr. Patel for closing comments.
- Sachin Patel:** Thank you. So finally, I would like to thank the entire team of GTBL for their unitedly efforts, hard work and dedication which drives the company forward through various market



Gujarat Themis Biosyn Limited
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conditions. Also, I appreciate all of you for participating in our conference call. Please do get in touch with our investor relations team for any further questions that you may have. Thanks and good afternoon. Good morning.

Moderator:

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

Management:

Thank you very much.