dishman

2nd August, 2018

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SUB: TRANSCRIPT OF CONFERENCE CALL - QUARTER ENDED ON 30TH JUNE 2018: EARNING CALLS

Dear Sir,

With reference to captioned subject, please find enclosed herewith transcript of conference call arranged by the Company with Analyst & Investors, on Thursday, 26th July, 2018 to discuss the financial result and performance of the Company for the quarter ended on 30th June, 2018.

Kindly take the same on your record.

Thanking You,

Yours faithfully,
For, Dishman Carbogen Amcis Limited

Shrima Dave
Company Secretary

Dishman Carbogen Amcis Ltd. Ahmedabad

Encl.: As above

Dishman Carbogen Amcis Limited

Earnings Conference Call Transcript

Event: Dishman Carbogen Amcis Limited - First Quarter Ending June 30, 2018 Earnings Call

Event Date/Time: July 26, 2018/1700 HRS

CORPORATE PARTICIPANTS

Arpit Vyas
Managing Director & CFO - Dishman Carbogen Amcis Limited

Sanjay S. Majmudar
Director - Dishman Carbogen Amcis Limited

Harshil Dalal
Sr. Vice President (Finance & Accounts) - Dishman Carbogen Amcis Limited

Mark Griffiths
Global Chief Executive Officer & Director - Dishman Carbogen Amcis Limited

Moderator: Ladies and gentlemen, good day and welcome to the Dishman Carbogen Amcis Limited Q1 FY'19 Earnings Conference Call. As a reminder, all participant' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over To Arpit Vyas – Managing Director & CFO, Dishman Carbogen Amcis Limited. Thank you and over to you, sir.

Arpit Vyas: Good evening, shareholders and welcome to the potential shareholders to the concall of Dishman Carbogen Amcis Limited. The business is on track and in line with our anticipation and expectations. Even with such higher volatility in the global economy, we have worked hard and smart to keep our finance cost down globally and still are working hard to reduce it, we still believe that there is an opportunity for improvement. Globally, we have around 18 products in late Phase-3 and we anticipate that maybe one would go commercial this fiscal year. Again, to repeat ourselves, going commercial does not mean in a sense revenue, going commercial means that the product is approved, the market for our customers and so the revenue uplift could be seen if the product gets approved in this fiscal year by the end of next fiscal year. This is only our anticipation based on mathematical calculations of time and probability, mix with a little bit of optimism.

Hypo facility in India is doing well. CAPEX for this facility is on track and going smoothly. We are all excited about the increased capacity of this facility and so are our existing and potential customers. The non-hypo business is growing very well. Many new opportunities have been captured having a great potential and the opportunities which were captured in the past have started to yield fruits as well.

Another good news is that we are about to successfully complete the transfer of our Netherlands facility under the Swiss holding company of Carbogen Amcis. So, our plan of consolidating all businesses outside of India under one umbrella will soon be completed.

We would like to take this opportunity to express a very important point here which is one of the biggest reasons for the success of our company's global investments which is that the parent has always and forever putting a lot of trust and faith in the people and the capabilities of this daughter company. This means all the daughter companies have their own respective boards and have always been free to take their own decisions based on their own outlook and experience without any intervention from the parent. The parent has to only help facilitate such decisions. Like any business, we have seen failures. But like any successful business, we have learnt from the failure and achieve what you all have in front of you. This is really commendable because not many companies of our size were able to survive post the economic recession of 2009. Recession has not been kind to many and it has also left an imprint. This imprint could be fall or given the name of being conservative. Hence, result is what people would think of it, we will always be conservative, and we understand that it is frustrating, but we also know that this is what will pay off in the long run which testifies the point that we always make, "Please look at our company only for the long run." Because this company was founded to build a legacy and legacy cannot be built in a year.

Our aspirations are higher. We aspire to be the best global pharma company based out of India. With this passion, the company has a record-breaking start for the fiscal year at Rs.482 crores in revenue at 26% EBITDA margins which comes to around Rs.127 crores and to tell you about that more in detail I pass the call to our Global CEO & Director – Mark Griffiths.

Mark Griffiths: Thank you, Arpit and it is a delight to speak to you all again, thank you for joining the call. As Arpit said, we had a tremendous quarter which is fully in line with our aspirations and expectations for the end of the year. We continue to put significant effort on our key franchises across the business, that being the delivery of excellent signs to our customers, our focus on niche therapeutic areas where we have a significant advantage in skill, experience and facilities. We continue to put the emphasis on our staff, the people who delivered these results for you the investors and we continue to put a large emphasis on supporting our staff and enabling them to deliver the best possible services to our customers. We have been incredibly successful over the last quarter in introducing new customers into the business but also reintroducing legacy customers who over a period of time went away from us and we are entirely delighted with the fact that we have been able to bring some of those customers back into our portfolio.

So, I am sure that we have many discussions and questions. I would like to very briefly hand over to Mr. Harshil Dalal – our Financial Officer to take you through the numbers. Thank you.

Harshil Dalal: Thank you, Mark. A very good evening to everybody. I am assuming most of you would have had a chance to go over the numbers; however, for the benefit of everybody I just give you the key highlights of the consolidated financial results for the first quarter of financial year 2019. As Arpit has mentioned, this was a fantastic quarter for us both in terms of the revenue as well as the bottom line. The revenue for the quarter was Rs.482 crores as compared to Rs.340 crores in the corresponding quarter last year which is almost 42% increase in the revenue. Major contributors to the increase in the revenue were all of our subsidiaries and the parent. So, Dishman India on the CRAMS side, there was a revenue growth of almost $4 million. Carbogen Amcis, the revenue grew by $8.5 million. Carbogen Amcis B.V. which is our Netherlands subsidiary, the revenue grew by about $3 million and also there was a growth in the operating income, the major contribution to the growth in the operating income was on account of the prudent hedging policy that has been followed across the group. We had FOREX gain of 27.5 crores which was booked as part of the operating income as this relates solely to the hedging that we did against the sales. So overall, we had a significant growth in the revenue. There was also a benefit of the foreign exchange rates in the sales numbers that you see. The average realization rate for the US dollar and the Swiss franc that increased by about 4% while the GBP and the euro increased by almost 10%. So, overall apart from the significant growth in the business there was also a significant growth in the FOREX income that we saw in the first quarter of the current financial year.

Apart from this, the EBITDA for the quarter was Rs.120.75 crores, this is without considering the other income. The profit before tax was Rs.58 crores. As we have been saying in each of the calls the profit before tax is after considering the amortization impact of Rs.22 crores, the adjusted PBT without considering the amortization impact was Rs.80 crores in the first quarter of 2019 as compared to Rs.35.9 crores in the corresponding quarter last year. So, there was a significant increase in the PBT as well. The profit after tax was Rs.40 crores as reported as compared to Rs.13 crores in the corresponding quarter last year. The cash profit which is a very important metric that we have had, the cash profit for the first quarter was Rs.88 crores as compared to Rs.74 crores in the corresponding quarter last year. Hence the cash EPS comes to 5.5 as compared to 3.4 in the corresponding quarter last year. Thus, this was an extremely profitable quarter for us both from the reported numbers as well as from our cash profit perspective. The increase in the EBITDA was largely on account of India CRAMS business as well as Carbogen Amcis CRAMS business plus the Vitamin D business that we do out of Carbogen Amcis B.V.

If you look at the segment wise breakup of the EBITDA, CRAMS India was almost 55% while CRAMS Carbogen Amcis including the CRAMS facility was 19%, CRAMS UK was 15% while Carbogen Amcis B.V. which is our Dutch facility was 45% while the others was about 11%, which includes our traditional businesses that is our quads, intermediates, disinfectant as well as the China subsidiary.

So, overall both from revenue and margin perspective, this was a very good quarter for us. The finance cost for the quarter was about Rs.14 crores; however, this finance cost includes foreign exchange loss of about Rs.3 crores, hence the pure finance cost for the quarter was about Rs.11 crores which is very much in line with what we had in Q4 of the last financial year. The net debt as of 30th June 2018 was US$134.75 million; all of our borrowings is in foreign currency, that number was more or less similar to what we had as of 31st March 2018. So, obviously there was MTM impact on the debt figures which obviously does not go into the P&L, it is only the realized foreign exchange gain or loss which we take to the P&L and unrealized FOREX gains or losses they go as part of the other comprehensive income in the reserves in the balance sheet.

So, with this, I would hand over the call to Mr. Sanjay Majumdar, our independent director.

Sanjay Majumdar: Good evening, all of you. I think most of the points have been taken care of by Mark, Arpit and Harshil, just one or two small points. As per the reporting requirements under IND AS, it is important that other operating income which we are talking about which includes the company has been following a fairly aggressive policy for hedging its exposure and there is a significant forward cover that have been taken to cover the sales at the global level, not only in India but also in all our key subsidiaries. Because of these, the realized gain which is actually realized in the sense that as against the spot rates is a forward rates are favourable, we obviously booked income at the forward rates and that is what is actually translating into P&L direct impact. It is only from a reporting perspective as per the IND AS and other applicable guidelines under LODR, this is reported as other income, but it is actually very much a part of the operating income only. Since in any case if an enterprises has sales in US dollars or in euro or in any of the currency which is different from the reporting currency, any movement actually realized will be booked as an operating income correspondingly on the debt side if there are borrowings, then there would be also a counter-effect if there is a borrowing in the foreign currency and therefore it becomes counterbalancing. So, with this clarification, I think we can throw the house for Q&A.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. We will take the first question from the line of Dimple Kotak from SKS Capital. Please go ahead.

Dimple Kotak: Sir, the question is with regards to the other operating income like Rs.27 crores is a non-recurring item. If I remove that, my EBIT margins are coming to be around flat 20.6% vis-à-vis last year and similarly my bottom line is coming to somewhere around Rs.20, 21 crores. So, will this run rate be continued in the coming quarters and what would be the margins like – would we see the margins of FY18 26% or they will be hovering at 20%?

Harshil Dalal: The foreign exchange gain which we booked as part of the operating income, has to be considered more or less on a recurring basis, we do not say that Rs.27 crores would be repeated in each of the quarters, but because of this significant amount of hedging position that we have quarter-over-quarter and this keeps on happening on a rolling basis, so it is not like a one-time hedging that we do and we do away with it. So, if not in the operating income, this foreign exchange gain would more or less be part of the sales bigger that you see. So, the way it works is that whatever hedging that we have across the group, we have an option to either book the gains on those forward contracts and book the income as part of the operating income or we can utilize those forward contracts or the derivative contracts against our sales and that income would be recognized as part of the sales, and hence both put together would be the right number to look at our total operating income. Whatever foreign exchange gain or loss which is of non-recurring nature that goes as part of our other expenses and in the current financials we have Rs.3 crores loss which is booked as part of the other expenses and there is a Rs.3 crores loss which is again notional in nature which is part of the finance cost. So, that Rs.6 crores of loss which is non-recurring, does not form part of the operating income and hence that is reported in other expenses or other income or the finance cost.

Sanjay Majumdar: On $250-odd million global sales, we currently are taking an active hedge position as per the hedging policy, we follow cash flow hedge that means our hedges have to be very effective and that is a simple process of continuously selling your various currencies forward through effective forward exchange contracts. So, at any given point of time, I believe 50-60% would be the effective hedges that we have already put in place. So, just to take an example, if I am just giving a dollar/rupee spot example of 67, and my hedge through which I have sold forward is 69, then I have actually realized Rs.2 more and that is what I am looking as income, it is not a translation gain or loss, it is not a gain or loss relating to the closing balances, it is actual sales affected and realized during the particular quarter at the effective hedge rate which translates into a direct impact on P&L and it can work both ways, so supposing rupee slips and it becomes 72, then it is a Rs.2 or 3 loss, but that is the loss which is calculated risk which I take as a company which derives 98% of revenues from global other than rupee currencies. We cannot afford not to hedge. So, hedge will be a continuous phenomenon. It is a calculated, well accepted, conservative businesses, risk mitigation policy and it will continue, therefore you may not take it out and then do your math because it would be a wrong math.

Arpit Vyas: In this scenario , if the rupee go to 72 or 73 and if we have to book a loss of Rs.3 or 4, we will still further have the selling position at that small growth of 72 or 73 which possibly will ensure not only the recovery of this Rs.2, 3 loss of that year but also a massive gain in the future.

Dimple Kotak: If my currency flips on the other side in which I have to book losses, so my margins will be under pressure because in Q4 FY'18 in spite of a negative other operating income we are still having 27% of margins. So, my question is this that if the FOREX does not work for us, then we will see a pressure on the margins if we are taking it as a recurring income?

Harshil Dalal: If you take the current P&L of the Q1, there is a negative impact of the FOREX on the entire cost base as well. So, today if you see I have cost which I incurred in Swiss Franc, I have cost which I incurred in GBP, in euros as well as in US dollars. So, today the margin that we have made for the first quarter is 28%, what that effective means is that 92% of my sales is covered by way of cost and majority of that cost is also in foreign currency. So, if you see the exchange rates of the last year same quarter, so for example, the euro last year average rate was 70 euros to the rupee versus this year in Q1 is close to 80 euros to the rupee. So, that 12% differential is already captured in my cost. Now, if you see the operating income, then you will have to do that backward calculation in the entire cost as well. It cannot just work on one side. If I was incurring all my cost in INR and my sales was in foreign currency, then probably what you are saying might work, but here all of majority of my cost are in foreign currency and I have sales also in foreign currency and I have borrowings also in foreign currency. So, I need to keep a hedge which would effectively mitigate this risk. So, hedging for us becomes extremely important. Again, coming back to the example that Sanjay gave, as we mentioned, we do not hedge 100% of my receivables and 100% of our exposure. We keep about 50% of the exposure open. So, tomorrow as Arpit also explained, that if the dollar/rupee goes against us, we would have that margin of another 50% which we could hedge for a further period and realize the gains on that 50% which was unhedged at a point in time. So, it is a recurring exercise that needs to happen and what we do is that we do not enter into any kind of exotic derivatives, with the plain vanilla forward contract where today if I move any kind of forward contract I am getting a premium on the exchange rate rather than any kind of a discount. So, today if I book a forward contract at the spot rate of 69, I am going to get a rate of 72. In that 72 rate, I can realize that anytime during the year. So, I do not have to wait for a period of one year to realize this rate of Rs.72 to the dollar.

Sanjay Majumdar: Just to summarize, you could have questioned it what would have happened supposing the rupee slips to 72. In that event I am in business, the very name 'hedge' suggests that we want to play safe rather than we want to go into any speculative mode. So, what we do, as a businessman, I see that today if the spot rate is at 65, 66 and I am getting hedges at 67, 68, 69, I am taking a measured risk and booking my sales forward and I am freezing my margins rather than keeping it open so that at least to that extent I am very clear there is a certainty of margins rather than uncertainty and therefore as we explained in a major and we are a NAV positive company. So, we always have a position where our foreign currency gains or rather foreign currency income is much higher than the foreign currency outgo. So, this policy we will continue to put it very simple. We will keep on hedging on a continuous and ongoing basis to ensure that there is a certainty in the cash flows and certainty in the earnings. Nobody in the world has any crystal ball to gaze to tell you exactly tomorrow what is going to happen. So, this policy is the safest policy to follow in the long run. There could be an extraordinary income situation or an extraordinary loss situation, we are always treading this in between and I think we are happier doing that.

Harshil Dalal: Historically, if you take the data for the last three years or so, in the year before last, we had a foreign exchange gain which was booked as part of the operating income, that was close to about Rs.60 crores, but there also included the notional FOREX income as well. So, in order to ensure that the reserves are not skewed quarter-over-quarter, what we have started doing from last year is that we have started following the cash flow hedge accounting wherein only the realized gains that is only the money which goes into the bank on account of the foreign exchange gain, only that we have accounted for as part of the P&L and rest all notional gains or losses they go as part of the OCI. So, even last year we had a foreign exchange gain of almost Rs.35 crores which we did not booked as part of the P&L because there was a notional gain of that extent which was booked in the year before last. So, technically, year-over-year we have been realizing good amount of foreign exchange gain because of the prudent hedging policy that we have in place, not just in India but also globally. It is only after we are able to prove our cash flow hedge effectiveness to our auditors that they would allow us to take this as part of the operating income, otherwise it has to be taken as part of the other income if it is of a non-recurring nature.

Dimple Kotak: Sir, coming back to the EBITDA margins and the profitability, so will the run rate of Rs.40 crores continue irrespective of how much you gain or lose on the FOREX on the business wise and the EBITDA margins?

Harshil Dalal: We should be able to get to an EBITDA margin of 26, 27% similar to what we did last year in the coming quarters and for the full year as a whole. There were certain things that we would want to highlight in the P&L of the first quarter. If you see the employment cost for example there was a recruitment of additional scientists at Carbogen Amcis, the cost of which is already built in that employment cost; however, there is no corresponding revenue relating to that particular additional employment cost which comes in the P&L. As we have been discussing in the previous calls as well, it is part of our project 2020. So, these new scientists that have been hired for the new building that we acquired last year, so that is one additional cost. If you see the other expenditure as well as the finance cost, there is an additional FOREX expenditure booked which is close to about Rs.6 crores and also as I explained the overall costs have also increased by about 10% just because of the movement in the foreign exchange. So, because of all of these factors put together, the overall EBITDA margin came to about 25%, and also other one factor that we would want to highlight is that one of the recently commercialized oncology molecules we did not have any substantial sales in the first quarter, still we were able to achieve this kind of a number in terms of the top line as well as in terms of the EBITDA. As we see the increase in the sales of the oncology molecule, there would not be an expansion in the EBITDA margins as well going forward. So, all of these factors put together the right way to look at our company would be to see the margins from yearly basis where we believe that 26, 27% would be quite achievable.

Dimple Kotak: The run rate of Rs.40 crores and profitability would continue?

Sanjay Majumdar: You should take it as a percentage of sales to make life easier for all of us.

Harshil Dalal: Last year we did our profitability of close to about 9-10%, so then that is something we believe should be achievable by the end of the year.

Dimple Kotak: Are we planning any reduction at the end of the year where would it stand?

Harshil Dalal: Not really, on a net debt basis, we would more or less be at this level because ma'am, you have to understand that one because of the new building that we acquired in Carbogen Amcis and the additional expenditure that we did, there was capital outflow of almost 20 million plus we need to do additional capital expenditure in the hypo facility which would be close to 5-6 million and for the vitamin D soft gel capsule manufacturing line that we are putting up in the Bavla facility, that would be another 2-3 million plus the maintenance CAPEX that we incur across the group which is close to about 70-80 million. So, all of these put together there would be capital expenditure that we would need to incur, we as a policy rather than repaying the debt, which is available towards that at a much cheaper cost, we would rather make investments and hence we believe that the right way to look at our numbers would be the net debt number which we believe should remain in dollar terms at the levels that we saw on 31st March 2018.

Sanjay Majumdar: At debt EBITDA levels just around 2 or 2.1 or 2.2 which is very-very comfortable.

Moderator: Thank You. We have a next question from the line Ankit Jain, individual investor. Please go ahead.

Ankit Jain: Like you mentioned in the presentation that there are around 455 small companies who are focused on oncology. So, what is the kind of growth that we can expect over the next five years from these small company?

Mark Griffiths: I would anticipate that you would see growth of anywhere between 5% and 10% on an ongoing basis. Many of those companies are very small companies, discovery companies, they develop one compound, they license it to a larger company. So, there is an awful lot of turmoil at the client base. So, if you remember we make our money not just in commercial, but we also make the money in helping the customers to develop these compounds. So, we were running all the way down the line regardless of what happens with the clients. I would say somewhere between 5% and 10% on an annual basis is not unreasonable. We are seeing enough of the growth to have already invested in new facilities which are coming online at the end of this month, so this week people are moving in to the first phase of project 2020. So, we are seeing enough growth in that market to continue to have the confidence to invest in highly potent compounds.

Moderator: Thank you sir. We have next question from the line of Ashish Thakkar from Motilal Oswal Securities. Please go ahead.

Ashish Thakkar: Mark, my question is on the MM business. I understand that we are trying to rationalize the product portfolio and we are like more from volume-based to value-based manufacturing, so that is a transition that we are going through. But in the interim, there is the sluggishness in the cholesterol and quads business as well. So, how should we read the MM business because as you just said that we are also doing CAPEX on the soft gel side, so how should we read the MM business as it is declining currently?

Mark Griffiths: It is a little controversial to say that cholesterol business is on the decline. We come to rationalization over the last four to five years and what we have now is a very reliable set of clients for our pure cholesterol products outside of the animal feed, the shrimp feed which is a highly volatile, low margin business, which we have substantially moved away from. The other lines in our cholesterol business have very robust client relationships. Clients who are prepared to pay a premium price for a high-quality product and we do not see any substantial decline at all in that business. That business provides us with the platform to enable us to continue to invest in our Analog business which are products that are ultimately over a long chain derive from cholesterol. So, we see the growth as we have always been consistent with the analog business and the base line and the platform for that business is a steady non-declining cholesterol business. So, you would have seen a drop in the volume as we move now to the low margin, high volume business, but the actual value that we are bringing to the business is significantly high, that is evidenced by the EBITDA margins in that particular business unit. Related to the soft gel business, we are going through the development of those compounds and those formulations to address both the pharmaceutical and the nutraceutical market which is significantly under-serviced with new compounds and that is what we working on, we are not working on ME-2 compounds. Mr. Vyas Sr. is working directly himself with his own team pulling together new compounds to address that under met market and that is where the soft gel is so. Looking at how the soft gel will develop is almost everyone’s guess, but we do have a high-level confidence that we will be successful in introducing new high value, low-ish volume products into that market, and that is our expectation and that is the expectation of Mr. Vyas Sr. as well. So, it is an investment in the future and we are continuing to maintain our business flow with our traditional business, not allowing back to drag the company down, so we are putting effort into that, but we are also putting a lot of effort into the future looking at how we continue to grow in the next five to ten years. As Arpit said the most important thing for any investor looking at our company is our vision is a longer-term vision rather than short term quarter-on-quarter game. That being said I hope you can see the strategy that we have been talking about for a number of years now about focusing on where we can add significant value and generate value out of that is starting to fructify.

Arpit Vyas: Looking at the consolidated basis the run rate is roughly about 25%-odd percent of our total sales which includes the sales of Dishman Netherlands that is the Vitamin D-3 business is roughly about 25% there is no decline in the run rate. So, actually it is fairly steady and as Mark explained it might be just not at the cost of CRAMS, but because of the overall growth.

Ashish Thakkar: So, the marginal decline should normalize in the quarter?

Arpit Vyas: The margins as Mark and Harshil mentioned earlier is that the cost of people which was adding into Carbogen management last year for the work of development for the orders in hand and for hiring people for the new facilities that we have invested in, was booked in last year and the orders of development were cater to and that is if you look at just Carbogen Amcis numbers, the revenue is not coming from commercial product, it is coming from developmental products, and that is the higher side of the revenue in this quarter for Carbogen Amcis. The increase of revenue with 26% EBITDA margin is without adding up a much developed commercial product from Carbogen Amcis where commercial product in Carbogen Amcis are having a higher EBITDA margin. So, at the end of the year it will all normalize, it is all about timing and how we are contractually obligated and doing the needed work for our customers when they need the product.

Ashish Thakkar: What is the timeline for the soft gel project, when can we expect the project to get commercial?

Arpit Vyas: The soft gel project is something that we believe is going to be the need of the future and hence we have invested in it right now, same kind of strategy we obtain in Carbogen Amcis where we saw the need of oncology was going towards ADC and four years ago we invested into the ADC developmental technology for which we are seeing the fruits now and possibly a much larger revenue chunk will be coming out of the ADC assignment of research increases there. So, investing into soft gel is our same thinking of the future for replacing the current mode of delivery of the few medicines that we see in terms of solid dosage which might be way more in terms of efficacy into the soft gel formulations. So, for that reason the question that you asked is a bit difficult to answer.

Ashish Thakkar: Last quarter we had given an overall revenue guidance of around 8% for FY19 and given the fact we had done around 30% sales growth this quarter, would you like to revisit your assumptions or you feel you would wait one more quarter?

Arpit Vyas: We would like to wait for one more quarter, but optimistically and we hope that we are not being voted on this, we would say that you can see a 10% increase by the end of the year. It is too early a time to mention that, but internally we think that it could be a 10% rise instead of the 8% and we are fairly happy about that.

Mark Griffiths: It is fair to say that we do not see a lack of appetite with the client based on the services and capabilities we offer, we still see a significant appetite. And on that basis, we are more than comfortable going forward. But as Arpit said, let us see the next quarter and then we can be a lot more bullish, but we certainly do not have any overly concerning messages from the market. According to me, market still remains strong.

Moderator: Thank you sir. We have a next question from the line of Vishal Manchanda from Nirmal Bang Institutional Equities. Please go ahead.

Vishal Manchanda: My question is regarding CRAMS India. The revenues have gone down from Rs.88 crores in Q4 to Rs.60 crores this quarter. So, is this largely attributable to the recently commercialized oncology molecule not being shipped?

Arpit Vyas: Yes, part of it is due to oncology molecule not being shipped and also a few legacy products like Eprosartan being less. Like Carbogen Amcis, even at India we are contractual base and the client picks up the product as and when they need, and the CRAMS would see uptick by possibly in the second half of the year or even second quarter.

Vishal Manchanda: So, on this oncology molecule, you would have received a full year estimate from the client. Does that forecast allow you year-over-year growth like what you did last year in this molecule, can you do higher amount this year?

Arpit Vyas: As of now, we have forecasted around 10 million a year. We have not received any communication from our customers about the growth in the revenue. But we have been informed to keep manufacturing on a constant basis.

Vishal Manchanda: The gross margin also has come down in the quarter, in fact it is kind of lowest in the last eight quarters. So, is this attributable to this manufacturing business going down or there is also currency impact into it?

Harshil Dalal: As Arpit mentioned earlier the revenue from Carbogen Amcis is largely from the development side and not from the commercial side. On the development side the margins especially the early phase development work that Carbogen Amcis does, the margins are lower as compared to the Phase-3 and commercial work that it does. If you see the segment wise margin breakup you would see Carbogen Amcis last year for the full year did closer to 20.5% versus 19% this quarter. So, that is one of the major reasons why you see that the gross margins have increased by about a percent.

Mark Griffiths: I would actually be rather pleased about this, because if you go back five or six years without the commercial revenue Carbogen Amcis was in a bit of trouble as Arpit said from the impact of the downtrend in the market. What you see is that with timing on commercial revenues such that they will fructify in the second, third and fourth quarters, Carbogen Amcis is still a highly sustainable business only on its developmental revenues. What that shows you is 1) the market is very-very strong for us, 2) the customer is prepared to pay good margin for high quality work and 3) that the business is on a much more sustainable footing than it has ever been**.** In fact this is pretty good news compared to where we were five or six years ago.

Harshil Dalal: For the full year I think we should be very much in line with what was the last year, so close to about 20% can be assumed as average raw material cost for us.

Moderator: Thank you sir. We have next question from the line of Ranvir Singh from Systematix Shares & Stocks. Please go ahead.

Ranvir Singh: Apart from Eprosartan business, CRAMS India is doing some Rs.30-40 crores per month, right?

Arpit Vyas: No, it is around Rs.70 crores annually.

Ranvir Singh: So, this quarter Niraparib was completely zero ?

Arpit Vyas: Little less than a million.

Ranvir Singh: As far as visibility is concerned, we expect more orders coming in this year?

Mark Griffiths: No, we have already got the orders for this year, so we are just processing now on the basis of the customer signing, so we just finished the campaign and that campaign is shipped and the invoice is going out today, so it is just signed. India is supplying some critical complex raw materials for APIs that are being finished in Switzerland and those orders are now into Bavla. So, once those raw materials are completed, they will be shipped to Switzerland and then we will continue to process, so then it goes to customer. That being said those invoices from Bavla will be going to Switzerland to be paid in the next week or so. So, this is all about commercial timing. We are not in control of when the customer wants material. We respond every year when the customer sets his timing for the year and it is often different depending on the products. Eprosartan is relatively stable but a lot of the other products because they are small volume niche, they tend to be less predictable, we only know at the start of the year when the customer is going to require the material at the formulation.

Harshil Dalal: Historically Q4 has been the strongest quarter for CRAMS India because that is when we have seen the other customers usually stock up the quantity especially at the beginning of the year post-Christmas. So, comparing Q1 with the fourth quarter of last year would not be a direct comparison. Q1 this year versus last year would be the right way to look at it, and the major difference as we had mentioned in the first quarter of last year was that we did not have any sales of the Eprosartan in that particular quarter versus we had sales of almost Rs.20 to 22 crores in this particular quarter, so that was the major differential part of increase in the sales.

Ranvir Singh: What I understand after Vitamin-D business is also going in front of Carbogen Amcis, so for India business now we are left with this Eprosartan and Hypo business, that is it, right?

Harshil Dalal: It still remains our subsidiary, it is just an optical change when now it becomes step down subsidiary of Carbogen Amcis Holdings versus Dishman Europe Limited which it was earlier. Otherwise, the products and everything remains the same.

Mark Griffiths: Actually, there were two reasons why we did this change, 1) It follows our strategy and consolidating operations outside of India to enable us to optimize our operations and bring everything under one umbrella, and 2) You have got to remember that our customers especially the ones at the Carbogen Amcis boundary always get more nervous when you are dealing with the separate legal entity. That being said bringing the Netherlands facility into Carbogen Amcis provides us with the opportunity in the future to scale certain elements of the business under one umbrella and under one name, which will not cause any particular concerns with our client base. So, there are two reasons why we did it.

Arpit Vyas: In addition, India remains a very strong manufacturing base for everything which is required in higher volumes that is something which can never be done in Europe or for that matter any other territory except for China and China has its own set of absolutely unbelievable factors which one has to surmount to be successful in China. So, India remains a very-very core and strong manufacturing and developmental base in terms of lot of parallel developmental work going ahead in India and whole model of technology transfer. So, moment there is a product whose volume grows beyond the realms of Carbogen Amcis, there is a tech transfer to India and that is why you see two new sales being added in hypo, another two sales will be added probably next year, the soft gel facility coming up here plus as and when required, we have many production units which are all USFDA approved. So, India is the very-very fundamental backbone to the whole business.

Mark Griffiths: Absolutely critical. Without the capacity and the capability of India, Carbogen Amcis would not be able to work.

Ranvir Singh: So, we will continue to report Vitamin-D business separately going forward?

Mark Griffiths: Yes, we will continue to report Vitamin-D business at this level because it is a product line rather than a service line. So, we will continue to report Vitamin-D rather cholesterol, it is better to call it the cholesterol and analogs business actually.

Ranvir Singh: Secondly on CAPEX, if you could elaborate more, one is soft gel you said, how much CAPEX you said about soft gel at present?

Harshil Dalal: About 2 to 3 million.

Ranvir Singh: And what other CAPEX you are planning?

Harshil Dalal: The other one is going to be the hypo facility, so that would be about 6 to 7 million and the third one is that Carbogen Amcis for this particular building more or less which is done, but that was close to about 20 million, Phase-1 is completed.

Ranvir Singh: Is there something remaining at Carbogen Amcis building there?

Harshil Dalal: For the second phase we will need to incur certain amount of CAPEX which should be close to about 10 million over a period of next two years.

Arpit Vyas: Most of the CAPEX has been in Q4.

Ranvir Singh: Despite having this cash flow and CAPEX is also not so big, some 10 or 12 million we are talking about, then why debt has not reduce?

Harshil Dalal: So, Ranvir, we already have plans in place where the CAPEX is more or less front-ended, so we would require the money right now may be at the end of the year the net debt might come down, but as of now assuming that we will have to take on the debt right now which is available at a very cheap cost to us because we are able to borrow not just in the US dollar, but also in the Swiss Franc and the Euro where the LIBOR are negative, US dollars obviously it becomes more and more expensive with LIBOR increasing, right now the debt level would not go down because whatever additional cash that we are generating quarter-over-quarter, we would rather keep on investing that particular cash accrual into risk-free bonds which would yield us actually 7, 7.5% rather than paying of a debt which is available to us at an average cost of 3% to 4%.

Arpit Vyas: We have been making incrementally. What is your outstanding investment?

Harshil Dalal: As of 30th of June we have cash and cash equivalents of Rs. 246 crores.

Arpit Vyas: And what also happens Ranvir is that, we are at the parent level having banking consortium, consisting of five to six banks, out of that three of them has been with us for years and many banks have been replaced because of the unjust behaviors at the banking systems in terms of pricing and in terms of responding everything, whatever it is and this cash gives us the liberty of having spent over there rather than them send over us. So, it is a fundamental reason and for that the cost is very cheap actually.

Ranvir Singh: So, most of this cash is invested in bonds or a fixed interest bearing?

Harshil Dalal: Exactly, and there will be also additional cash, as keep on increasing the revenues, obviously looking at working capital cycle which is almost four months, the requirement for working capital will also keep on increasing as they increase in the sales happen. So, we would also require that incremental cash could be deployed for our working capital requirement which the working capital debt for us comes at about 1, 1.5%. So, on a net-debt this is more or less remain at this level but will be at the year-end we might see slight decline.

Ranvir Singh: Which part of business you see working capital may expand?

Harshil Dalal: That would happen across the group because we do expect that the revenues at India, Carbogen Amcis, Netherlands, everywhere the revenue should increase, so at each of these entities would require additional working capital.

Arpit Vyas: To give an example two years ago , the debt at Carbogen Amcis level was around 20 million only which was given by the bank in Switzerland on financial of almost $120 million of revenue, that was creating a tremendous cash crunch front even with such high sales and margins and we worked very hard to ensure that such cash crunch do not come or ever arrive in Carbogen Amcis and we got it reviewed with the banks, explain everything, and now the working capital at Carbogen Amcis level is almost close to 35 to 40 million. There is a still gap of almost $20 millions to increase in working capital at the current financial year itself. So, that is one drive that we might see in the future as well.

Harshil Dalal: We will have to also keep on investing in development assets going forward as well because the key to our growth would be add more and more molecules and the development, so that way the pipeline always remains full and as Mark always says have more princess out of the frog, so you know we will have keep on investing on the development asset, so that could be by way of acquisitions or that could be by way of Greenfield project. So, we will want to keep that amount of cash on our balance sheet, so if any such opportunity arises, we have the money in the bank.

Moderator: Thank you. We have a next question from the line of Ranjit Kapadia from Centrum Broking. Please go head.

Ranjit Kapadia: Sir, I have two questions. First is that we have said that we have put additional scientists in the Carbogen Amcis. So, can you quantify how many scientist you have put and how much is the additional cost will be approximately.

Arpit Vyas: Around 30 scientists. You can say average one scientist is fully loaded around 170,000 to 200,000 CHF per person.

Mark Griffiths: Little bit less than that but around that sort of range. Now you remember us talking about project 2020, Phase-I is now complete, that adds additional highly potent development capacity and non-potent development capacity. I have staff moving in now this week, people are moving in for that facility. So, I already have some more is ready to be processed in there, so those should be effective and very quickly that we should see at least five months of pure revenue coming from those staff.

Ranjit Kapadia: Sir, ophthalmology and orphan drugs, we have identified the segments of growth and any major development on these segments or any molecules we find are likely to come within a short span?

Arpit Vyas: We have two orphan drugs which have been given breakthrough status which we that possibly by the end of fiscal year there should be an uptick in revenue coming from them year-on-year.

Ranjit Kapadia: In ophthalmology, any of the major development is…?

Arpit Vyas: In ophthalmology, there are around two products which are into validation or have considered validation one or two may be, which possibly could get commercialized this year or the next, but all-in-all we are not seeing any bad news from any of the late Phase-3 molecules is what we are trying to say. What we are optimistic about is on the pharmaceuticals grade imaging dyes, which now has been required to be approved come under regulation of different regulatory bodies of different countries, that is one area that we see could have tremendous positive in the coming years.

Ranjit Kapadia: You are referring to this imaging dyes for kidneys and brain?

Arpit Vyas: MRIs, etc.,

Ranjit Kapadia: But this will be a new area for us?

Arpit Vyas: Yes, we have already done development of for such dyes and we are seeing a lot of traction in those developments.

Ranjit Kapadia: Any upside is expected in this year or any revenues expected in this year from this imaging dyes or it will be FY20 project?

Arpit Vyas: No, we would see around let us say a million dollars of revenue to be conservative in this year from these dyes because all even at developmental level for our customers as well who have chosen these dyes. So, I think a million, million and a half revenue would be seen this year just from the dyes with good potential in the future.

Moderator: Thank you sir. We have a next question from the line of Cinderella Carvalho from Dolat Capital. Please go ahead.

Cinderella Carvalho: Basically, want to understand the Carbogen Amcis growth drivers. You did mention that a lot of developmental projects are contributing to this growth, but if we can add some more color as in how the R&D market is moving, what areas are driving these kinds of projects and how should we see it going ahead? Second is how should we look at the commercial dispatches during this year from Carbogen as well as from Bavla? Third is how do you think in terms of the validation of the late Phase-3 project pipeline that we have -- do we see anything coming like we have highlighted few therapy areas earlier, where are they now and what should we expect from them this year?

Mark Griffiths: Right, the drivers 1) Oncology still remains the biggest single unmet medical need in the world. We continue to see appetite for our services in that area and requirement for our capabilities. There is a lot of effort going into what we call chronic disease, so things like diabetes, Alzheimer's is yet again another unmet medical need that we are starting to see some companies specializing in customers. So, probably if you look for the next 12 months, I would say oncology continues to be a very strong driver. I would also consider things like Alzheimer's as being an emerging driver going forward. But at the end of the day Carbogen Amcis Dishman exists to provide services to enable customers to get any and all types of compounds through the development sizes. So, very rarely do we turn projects wide at the development stage. So, basically those are the drivers that we see today. Oncology of course is sub-divided into many different types of techniques, technologies, capabilities and targets. We could spend a whole day discussing that, so that is a very challenging disease and it is not one single shot, so is the problem.

Cinderella Carvalho*:* If we could just highlight as in this kind of queries in various therapies that you just highlighted, diabetes, Alzheimer, oncology, would we see the same kind of growth coming in from these over next three quarters also, do you see that happening?

Mark Griffiths: No, oncology is a big driver for us and we have been in oncology since 2002. So, we have a number of products coming through the pipeline and one of your questions was how many of these are coming through into commercial in the next period. We anticipate one, maybe two by the end of this fiscal year and probably one to three the following year, the statistics do not change generally speaking. So, that is one side of it. With the other projects, now we have a minimum selling margin for the business at development level and we continue to sell above our minimum sell margin in most cases. So, it really does not matter to us outside of oncology, what the targets are. Oncology drives a higher margin because we have to use higher value facilities. Facilities that cost more money to build and operate, so they attract higher margins, but for everything else there is no potent, we do not see an erosion in our margins and honestly were agnostic whether it is eye care, whether it is liver disease, whether it is heart disease, whether it is pain, we are agnostic. Okay. As it relates to commercial, obviously, as we act per the commercial products and our commercial revenues would grow, but the strategy has always been to grow commercial revenues in line with development revenues, and if we have a balance, generally speaking, we know that balance is healthy for the business. So, this year, I think, 40:60, 60% development and 40% commercial and we had a couple of commercials in the next year or so, then that would address the balance may be to 45 to 55, but we know that ratio is healthy for the business. So, we continue to keep an eye on that mix. This is one is our key drivers to make sure that we are on track with the business, and then again we address very briefly the sort of rate of conversion of products in validation to commercial. As you will be aware, it is not in our hands, these are not products that we own in the MSO, these are for customers, so we are in the hands of the customer in terms of when they file, when they launch or we can work on this deal to make sure that the customer share with us and sometimes customer share a lot with us and sometimes they do not share much and that is just a factor of our business going forward, it has been like that, it always will be like that.

Cinderella Carvalho*:* Any color on the prostate indication for the recently commercialized molecule, where are we?

Mark Griffiths: The ones that is likely to come through this financial year, it is in oncology.

Cinderella Carvalho*:* The diabetic one?

Mark Griffiths: The diabetes one is it is phases at the moment, nothing that we can do, we produce the material, we validated it, the customer is now deciding how to go forward.

Cinderella Carvalho: Harshil, on the tax front, how should we look at it?

Harshil R Dalal*:* The tax rate will remain similar to what it was last year, so close to about 30% on a consolidated basis.

Moderator: Thank you. We have a next question from line of Dipanjan Basuthakur from Stewart & Mackertich. Please go ahead.

Dipanjan Basuthakur: Two very quick questions. Why is that CRAMS India has shown a very healthy growth both on the revenue as well as margin front year-on-year? What is basically driving this and as a base grows higher, so where do you see this growth percentage this settling down?

Harshil Dalal: Dipanjan, regarding your first question regarding CRAMS India, so as we pointed out the CRAMS India revenue was about Rs.60 crores in the first quarter. If we see the full year CRAMS India revenue for the last year it was about Rs.229 crores. So, even if we have to take 4 times of the Rs.60 crores it will be at about Rs.240 crores. So, last year in the first quarter what had happened was one of the key commercial products that we supplied from India, there was hardly any sales in that particular quarter, and as you know as we have been saying that most of the sales of our commercial products is largely dependent upon when the customer wants that particular ACI versus when we want to supply it. So, last year the orders were more back-ended, that is from the second quarter through the fourth quarter of the financial year versus this year we had certain amount of sales which we booked in the first quarter. So, that is the reason you see 80% growth in the revenue in CRAMS India; however, for the full year we believe that about 10-12% should be the overall CRAMS India growth over Rs.229 crores that we did in the last financial year. If you see the full year margins and the margins that we have done in the first quarter, we are very much in line with that, we do expect that the margins would remain healthy for the remainder of the year as well in CRAMS India, one, definitely on the back of the strong sales growth that we would be posting, and secondly, obviously, because of the foreign currency hedging that we do in India as well. So, both these factors put together, we should see a healthy margin for the full year as well.

Dipanjan Basuthakur: In the Q1, we had (+40%) revenue growth YoY. So, what is the kind of revenue growth are we looking at for the whole year for FY19?

Harshil Dalal: So, as Mr. Arpit has mentioned, we conservatively right now will be giving a guidance of about 10%, obviously, the growth could be higher; however, we would want to wait for one more quarter before we keep a higher projection.

Dipanjan Basuthakur: So, which quarters do you see, basically, the trend going downwards, so that from (+40%) growth that will go down to 10% or 10-12% rate?

Harshil Dalal: Again, this comes back to the last year Q1 numbers, where the sales was significantly lower on account of customer supply schedule, where most of the products were back-ended versus this year where it looks like more or less that it should even out in terms of the sales; however, in terms of the margins, as we explained, we did 25% EBITDA in the first quarter which might go up by 100 or 200 basis points during the year on the back of larger commercial orders that we plan to supply in the remainder of the year. The 40% growth that you see in the first quarter that cannot be taken as a benchmark for the full year.

Moderator: Thank you. We have a next question from the line of Ashish Thakkar from Motilal Oswal Securities. Please go ahead.

Ashish Thakkar: A few of the clients earlier had walked away from us, now we know they are coming back to us and willing to do the same business on the API side, so…? Secondly, our client is also fighting for the same molecule in other developed regions. Which event according to you would start playing out earlier?

Arpit Vyas: There were no clients who had walked away from us actually, we have done validations and now we are waiting from the client side to file for the products so that could trigger an FDA audit which further be an uptick in the revenue for the hypo facility in particular.

Mark Griffiths: I think also there was a comment I made earlier, which I will elaborate upon as well is that over the years we had a number of clients, who basically gone into hiding, whether they have been going for reorganizations and things like that, what we have been able to do is to put sales pressure on those clients and bring them back into the fold, so that they are continued to be clients to us, and sometimes that is often not the case, so we have been able to convince those clients when they stopped it to outsource again to comes back to us again.

Ashish Thakkar: But, Mark, would they have filed for a change of source?

Mark Griffiths: It is difficult to know. One of the clients I have specifically in mind where is the target for acquisition, may just basically stop talking to everybody.

Arpit Vyas: And one of the clients ran out of money, but now they are coming again by listing themselves on country stock exchange.

Ashish Thakkar: Lastly, any upgrade on the China FDA audit?

Mark Griffiths: Yes, the facility is now ready, and we have taken a decision now to manufacture one product, which is made out of Bavla, which was originally made in Switzerland and we are going to manufacture that product to draw an SFPI audit which is a Chinese FDA audit, which will enable us to apply, we already have an FPI number from the FDA by the way, that is another piece of news, I keep getting certainty from you guys. So, we have now an official facility establishment number for China. We are going for the Chinese FDA now. So, that will enable us to address two things – one, we will be filed with the regulatory authority which is recognized by the FDA, first thing and secondly, we have a couple of clients who are developing new chemical entities and they are Chinese, new chemical entity companies have just been founded and what they want to do is they want to work with the high quality western supplier to develop their compounds and these compounds are to address issues in the Chinese market, but they are new chemical entities. So, that is a paradigm that we have not really considered three or four years ago when we started to push China and it is something that has surprised us all, so that is where we are. China, by the way and maybe I can answer the question, have not been asked yet, China is already manufacturing highly complex intermediates for three U.S. customers of Carbogen Amcis already and there are another three quotations which we are waiting the nod from the clients in the next month or two. So, hopefully we will see some additional orders coming through. So, in the long-term, we are bullish about China.

Ashish Thakkar: As far as the cost of production is concerned between China and Bavla, which one would you favor?

Mark Griffiths: That is an unfair question. I think what we are doing as an organization is we are no longer any of these companies, we are no longer a Swiss company, we are not a Chinese company, we are a global concern, we are present from San Francisco to Japan, from the Scandinavia to South Africa we have a presence. There are number of our customers who will not work with China, very simple, there are number of our customers who will not work with India. We have the ability to be able to offer with those clients' alternatives which means the competitors do not get the projects and that is our game here. We are agnostic. I do not mind where the project comes as long as the project comes to Dishman Carbogen Amcis.

Moderator: We have a next question from the line of Rahul Sharma from Karvy Stock Broking. Please go ahead.

Rahul Sharma: I wanted to know, we have started the new facility in Carbogen. How many people have we added out there.

Mark Griffiths: 30 people.

Rahul Sharma: They are on the rolls from July 1st or when is it?

Mark Griffiths: The facility is now complete, and the people are moving in this week. Certainly, by the mid of August that facility will be working on purchase orders that we already have in the hand.

Arpit Vyas: The 30 people in Carbogen Amcis were hired in the last fiscal year. How it goes is that we Carbogen Amcis hire the people, they go into any extensive training program because of the hypo nature and very specialized chemistry and analytical skills which are required by the customer, which has now been completed and as Mark said moving in means they are ready to handle the new facility by themselves vis-à-vis they were being supervised at all points of time when they were hired last year under the training program.

Rahul Sharma: But has this cost been already accounted for since last couple quarter?

Arpit Vyas: That is the cost of people that you see on the higher side in the last fiscal year.

Rahul Sharma: It started from which quarter or for the full year the people already on the rolls last year?

Mark Griffiths: It takes an absolute minimum of six months to get people hired, bring them in and then you got at least another three to four months to train them. So, Harshil and the finance team have been recruiting those hires as they come into the business over the last nine months. It is just the fact that the way we hire people in Europe, pretty much anybody is any good is on the minimum of six months' notice on their previous job and obviously we cannot get people a bit earlier if negotiation makes it, we have to plan on a six month notice period when we hire, so it is not like the U.S. or India.

Rahul Sharma: So, probably you add them for almost eight or nine months over the last?

Arpit Vyas: To make it simple, Rahul, if you say 30 people, you can say an approximate cost on a full year basis around anywhere between $3.5 million to $4.5 million depending on the specialty of the particular person, fully loaded with employee benefits and everything and last year I think possibly half of that cost would have seen increase because it is not that at one shot all the people were hired, some people were hired in the earlier years, some people in the later year as Mark said there is a six month notice period if we want to negotiate the notice means that we might have to pay on the employees behalf to the company to release that employee early in the notice period, etc., so it is very complex, but to keep it simple you can say around 2 million or 3 million which was an uptick in the cost of people last year was due to this reason without major uptick in revenue and at the same time in this quarter those people were not utilizing the new facility, but the existing Carbogen Amcis facility which help Carbogen Amcis go up in developmental revenues substantially where the average revenue month-on-month for Carbogen Amcis were around 25-30 million has gone up to around 38 million solely on the basis of developmental revenue, so these people have started adding to the revenue from this quarter you can say.

Harshil Dalal: Rahul, if you see the quarter numbers of the last financial year and this year, you would see that in the last quarter of the last financial year, the employee cost was about Rs.172 crores, which is similar to what we have in the first quarter of this financial year versus if you compare the first quarter of last financial year, it was about Rs.145 crores, so that is clearly evident that it was in the later part of the year that the cost getting provided for.

Arpit Vyas: And technically and legally capitalized the cost of these people for six to eight months, but we decided not to do so to give proper and constant scenario to our investors and ourselves.

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

Arpit Vyas: Thank you all for your continued trust in the company. We say the same thing over and over again that we are grateful for your patronage and we ensure that we will always be on a road to success even if there are hiccups we try our earnest to bounce back as we believe in this organization we are here to create a legacy and that is giving us reasonable option is always what to do next, hopefully, with this passion and attitude one day we are able to find cure for diseases rather than simple management and this is what we aspire for the people of the globe. Thank you all and very good evening.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Dishman Carbogen Amcis Limited that concludes this conference call. Thank you for joining with us and you may now disconnect your lines.