

CSD/BSE&NSE/CC/2022-23
November 15, 2022

To
The Manager
Department of Corporate Services
BSE Limited
25th Floor, P. J. Towers,
Dalal Street, Mumbai - 400 001

To
The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

Scrip Code: 543064

Scrip Symbol: SUVENPHAR

Dear Sir/Madam,

Sub: Transcript of the earnings conference call for the quarter and half-year ended September 30, 2022

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Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call for the quarter and half-year ended September 30, 2022 conducted after the meeting of Board of Directors held on November 8, 2022.

The above information has been uploaded on the Company's website at <https://www.suvenpharm.com/index.php/investors/financial-info/quarterly-release>

This is for your information and record.

Thanking You,
Yours faithfully,
For **Suven Pharmaceuticals Limited**

K. Hanumantha Rao
Company Secretary

Encl: as above

Suven Pharmaceuticals Limited



Suven Pharmaceuticals Limited Q2& H1 FY'23 Earnings Conference Call November 9, 2022

Rishab Barar:

Good day, everyone and thank you for joining us on this call to discuss the Q2 and H1 FY23 Earnings for Suven Pharmaceuticals. We have with us Mr. Venkat Jasti – the Managing Director; and Mr. Venkatraman Sunder – Vice President, Corporate Affairs; and Mr. Subba Rao – CFO of the company.

Before we begin, I would like to mention that some statements made in today's discussion may be forward looking in nature and may involve risks and uncertainties. Documents relating to the company's performance have been mailed to you earlier.

I would now like to request Mr. Jasti to share his perspectives on the performance and outlook. Over to you, sir.

Venkat Jasti:

Thanks, everyone for tuning in for the earnings call for the quarter ended September 30. As you know, last conference call I had mentioned that this year is going to be a flat year, 5% reduction in the sales amount. That is at that time and based on the visibility we have been telling at that time and that shows up in our results also. We have results as you could see, there's a degrowth in the CRAMS and there is degrowth in the specialty chemicals. And also that reflects on the product mix also, reflects on the profitability. But since that time, we were thinking that '23-'24 will have better traction, but we see a better traction since the last call I had with you. Now I'm glad to inform you that we will not be underperforming, we will be more or less performing in the same range as last year as far as the sales are concerned based on the visibility we have. And also based on the traction that is having in the movement in the project. And also the interactions we had recently with innovators themselves. They are saying that next year is going to be coming back to normalcy.

So, even though it is what you would call quarter-on quarter, it is a degrowth you see, but on a half year basis, is on the same region as last year and we hope to perform a little bit better than what last year was all about based on the visibility we had. In a nutshell, that's what it is. Also, there is a lot of calls coming to us based on the newspaper reports or whatever it is, for which we have clearly indicated to the stock exchanges, informed them. Since we get so many opportunities and offers throughout the year, we keep interacting with the people that are coming with us. As you know, this is happening since 2019, during the demerger time itself and since that time, so many things have happened. As a forward-looking company, we keep exploring various strategic ideas that are in the interest of the company and creating value for all its stakeholders. But I just want to leave you with that thought because there is nothing concrete about anything and these are all the hearsay things, and I don't want to comment on those things. If anything is happening, you will be the first to know because we will be giving the same day the news. So, with this, I think I better give the things to the question so that will give more clarity rather than me giving the upfront assessment.



Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Sudarshan Padmanabhan from JM PMS. Please go ahead.

S. Padmanabhan: Thank you for taking my question. Sir, while you did elaborate that largely sales is in line with your thought process. But if I look at the second quarter margin, as you mentioned earlier, the mix was adverse, and therefore the gross margins was lower, but so was the negative operating leverage, below the gross margin. You did maintain that the margin should over 40% plus excluding the other income. So, would that understanding be right, as far as mix is concerned, that probably the mix towards pharma would normalize in the second half, and therefore, the margins, even from the second half will be better?

Venkat Jasti: I keep telling maybe over the years, you cannot go by quarter-on-quarter basis because of the product mix and various other things, movement of the projects not going in the last week, may go on to the first week of next month after the quarter ended, all these things will play a role. But the guidance of (+40%) EBITDA margins at the end of the year will be giving you that guidance.

S. Padmanabhan: And sir, on the mix as well, I mean should we assume that if I look at the mix this quarter historically, the Pharma has been contributing between 55% to 60% of the overall mix on sales which has dropped to 40%. So, this should also normalize as things moving forward?

Venkat Jasti: Yes. As we go over the year, it will because this quarter, especially the CRAMS is less and as you rightly said, 60% will be specialty chemicals. As you know, the profitability there is a differentiation between these 2, but over the quarters, it will normalize.

S. Padmanabhan: And sir, 1 final question from my side is, we have a very strong pipeline, I mean, have a pretty, 5 to 6 products on the Phase-3 on the pharmaceutical side, about 2 to 3 molecules on the specialty side. We are also embarking on this CapEx of Rs. 200 crore annually and plus, also investing into the formulation side. Just to, get a sense, I mean, I'm not talking about specifically quarters over here. Now, directionally if you're looking at the Phase-between Phase-at FY18 to FY20 where we got the spate of commercial molecules coming in and the growth was significantly higher. That was really a very good time for us in terms of margins on every aspects. So, over the next 3 years, do we expect a fair lion's share of these molecules coming into commercial and probably the growth prospects coming back very strongly. I'm talking about over a Phase-of 1 year, 2 year rather than 1 quarter, 2 quarter, 3 quarter.

Venkat Jasti: As I was telling all the time, my visibility is only 6 months. As of now, nothing is told by the customers that something is moving to the next level. As you know, we have 5 compounds, which goes into the 3 different molecules and they can come but there is no guarantee in this business as you know, because this is a 0 to 1, all 3 can move into the commercial or maybe 1 can move or maybe none can move. I cannot tell because that's affected at the clinical trial will give us this opportunity. Meanwhile, I was telling you the traction is there, the movement is there and some of the Phase-2 molecule should move into the Phase-3 also, I mean we are also Phase-1 to Phase-2 also. As the traction is getting much stronger, the molecule traction is one thing that gives you the initial revenues and all. But as you rightly said for the commercial only that gives better margins and longevity of the visibility. So, that depends on the success of the molecule at the clinical trial. As of now, without having any knowledge from the customer, it is very difficult for me to tell whether this will certainly be 1/3, 2/3 or 0/3, will make it or none of it will make it. I have no idea there.



Moderator: The next question is from the line of Darshit Shah from Nirvana capital. Please go ahead.

Darshit Shah: Sir, if you could tell us more about if this quarter had a revenue of the COVID that we did commercial 6 months back. And if you could quantify or give a broad range how much is this contributing to our top line?

Venkat Jasti: This quarter nothing. I mean it's very small amount, but likely to grow in the next quarter; it's not, certainly in the fourth quarter. This is based on the requirement at the innovator level.

Darshit Shah: And sir, how much would that be if you would be able to give any quantification or you won't?

Venkat Jasti: No, at this time, I cannot give the quant, only post factor I can give the quantification because if I say is something then tomorrow somebody will come and say how come you said so much and it has gone there because it is a dynamic thing, it's not a regular product, it is requirement of the customer and as I was telling this is a one of kind of thing, this year we had order that will be delivered before March. But next we will be only counting 50% of what we are going to do from here. But unless the changes in the direction, then things can go on. So, it's very difficult for me to tell, but I can't tell number right now.

Darshit Shah: Sir, my question is pertaining to given the cost rise we are seeing in Europe and US and thus giving lot of opportunity for Indian CDMO players, that's what the management are saying. So, are we also seeing that kind of traction in terms of inquiries or such thing?

Venkat Jasti: No, that may be true for the generic denominated players but in general, what I said the traction is much better because the levators are now going into the normalcy and more projects will be started by them that means more RFQs will come and also the speed also will go in the EBITDAs retargeting. I think COVID is gone now. Now we are progressing on the regular molecules and that is giving a traction. Clinical trials is being done on a much faster pace, that also gives you some traction. But on a cost basis, not really for us. But then eventually this may come when the new projects, which are supposed to go to other countries may eventually come to India. But as far as the innovator TAM is concerned, not many players outside the other countries. So, we will see the traction but not like a China plus 1 kind of thing like in generics.

Darshit Shah: And sir, lastly, when we are saying that we are kind of exploring opportunities for us and meeting people obviously I understand that those are the people who are coming to us and not we kind of specifically going to them. So, sir, strategically, if you could broadly throw some light on what we are looking at now when we say we probably have stake sale. Are we looking at a very strategic stake sale or probably promoter giving significant kind of stake at a given values we are getting from someone who's offering good value. Sir, if you can throw some bit of light that will probably clear the air.

Venkat Jasti: See, we never look for anything other than the strategic options. If somebody comes in we listen, we don't say no to them and what they bring to the table, we don't know. There are various people coming. Is that the value add for us or not? Is it going to be a long-term benefit or not? Is it going to be matching with other requirements or not? All those things we take into consideration. It can mean anything. It can be a merger with somebody else. Whatever they bring, strategy collaboration they're bringing through the fund infusion or whatever it, already they have a partner with

them. They would like to be a part of that. So, we listen to them. I mean, whenever those offset, this is not the first time, and this is happening since '19. See, only we take in kind of getting value added thing like a Casper acquisition eventually, this is based on our capability, I mean, our money that we have. But if you have to take a little bit bigger things, then we need to involve third party also. These are some of the things that are coming into and we have not yet taken a decision anything, because only when we take it up and we will be able to give you a clear picture, and we are open, but it has to be a long-term benefit and shareholder value creation. And it should be because we cannot take the run of the mill kinds of things because the business model is different compared to others. So, all those things we need to consider.

Moderator: The next question is from the line of A. Puranwala from Elara Capital. Please go ahead.

A. Puranwala: Sir, just wanted to understand that you maintained your guidance, but the second half from a product mix point of view, would it look most through towards pharma or the run rate what we are seeing right now in specialty chemicals that will more or less largely continue for the next couple of quarters ahead?

Venkat Jasti: It's both.

A. Puranwala: And sir, in terms of the CDMO pharma space, how many molecules would be there in the commercial Phase-right now?

Venkat Jasti: 8.

A. Puranwala: Does that include the COVID one as well?

Venkat Jasti: Yes.

A. Puranwala: And sir, just a final one. On the Vizag side, has the site been inspected by any of the customers or any color you could provide with regards to the commercialization starting from that would be helpful?

Venkat Jasti: No. Because you see, if the same customer who moves same products from 1 unit to another unit takes a couple of years. In this process, there are 3 customers who are regulars, they have taken a validation batch in Vizag. That will give us another six months to see, I mean, what do you call that way, whenever the requirement comes, the next owners can come and go to that place also. Within the next 6 to 9 months, these variations would be taking place.

Moderator: The next question is from the line of Rashmi Sancheti from Dolat Capital. Please go ahead.

Rashmi Sancheti: On the specialty chemicals, earlier I think you guided that it would more or less be for the year. But in the first half, we are seeing good 21% growth. So, are the sales coming from the existing 3 molecules or any new molecule has been commercialized in this?

Venkat Jasti: As I said that there is no third molecule, there is only 2 molecules and we clearly said only 1 quarter that third molecule was there and this will not come back until '24 end. Similarly, the fourth molecule also will not come back until '24. That's why we have



said that growth is based on the 2 molecules plus small scale of the third molecule. So, as of now it's only 2 molecules for this year.

Rashmi Sancheti: Sir, but you have been revisiting your guidance for specialty chemical business earlier, when we expected the flattish growth for the year or we expect that the second half would also be better and therefore, the growth would be much higher?

Venkat Jasti: It may not be much higher just because instead of mature business, it would be maybe 5% more than what we thought of, not much higher than that.

Rashmi Sancheti: You mean to say for the full year maybe 5% to 6% on FY22?

Venkat Jasti: Right. When we started this class, it may be 5% to 6% more.

Rashmi Sancheti: Sir, and on CDMO Pharma, in second quarter of FY22, how much was the COVID sales product? Can you quantify that?

Venkat Jasti: I don't have the number handy.

Sunder Venkatraman: I mean usually we don't really quantify individual molecules size with overall portfolio because it being that COVID has one-off, we checked that whatever the quantity which may not get it again which is like one-off. Otherwise, we don't really give split details of individual molecules or commercial.

Rashmi Sancheti: Sir, then in second quarter whatever lower sales which we have done in the CRAMS, it is generally the sales which had gone low or there are any deferment of the orders which is expected to come in H2 and that is why you are guiding that H2, we will be performing better?

Venkat Jasti: Yes, not only visibility in the order but also some deferment is there, that also will help. That's why we said that it will be.

Rashmi Sancheti: So, can you quantify how much orders have been deferred you know from second quarter which will go in third quarter? Any number if you can quantify?

Venkat Jasti: We already told the earlier caller that I cannot tell. They may go into the next quarter or may go into the fourth quarter. But at the end of the day it will go but I cannot give you a quantification of each and every time. I only give you the way things are moving so that you'll know when I said that I'm going to make it to last year numbers, I'll make it because originally, I was telling that **more or less flat** but this time based on what we call the traction and also the visibility and also some of the things that are existing, we are confident of reaching and surpassing that number.

Rashmi Sancheti: Sir, then on your overall revenue guidance, you stick to it that we would be doing a flattish growth on a high base of FY2?

Venkat Jasti: Yes. A little bit it will be past the number, it's not private, this will be maybe 2% to 3% to 5% growth will be there.

Rashmi Sancheti: 2% to 5% growth would be there. And sir, on your gross margin, in this quarter we are seeing that quarter on quarter there is dip. It is only related to the business mix because we have a higher specialty chemical business and lower CRAMS? Or is there any other FOREX element or anything which has impacted us?

Venkat Jasti: It is not many things, as you know 60:40 being towards the specialty and also some other things which is made and deferred to the next quarter. And so it's many but at the end of the year it will match out and if you see, half year it is almost same. So, the guidance will remain the same like plus 40 percentage EBITDA margin by the end of the year for sure.

Moderator: The next question is from the line of Hussain Kagzi from Ambit Asset Management. Please go ahead.

Hussain Kagzi: First thing was just a clarification to an earlier participant's answer. You said 8 molecules in commercialization that is including specialty chemicals?

Venkat Jasti: No.

Hussain Kagzi: That is for Pharma that we have, 8 molecules in the commercial space.

Venkat Jasti: Yes.

Hussain Kagzi: And the other thing was just to get a quantitative sense of the total projects that we have in pipeline. I know we don't share the number but how is the total projects looking, say compared to a year or 2 years back? Is it growing, can you give some sense over there because eventually those will translate into revenue, right?

Venkat Jasti: Yes. But they are more or less flat on the number side. But at the same time the movement is we see the traction much better as I was telling and the movement of the new order, I mean new RFP should be increasing certainly in the next year. It is based on the conversations we have recently with customers in CPHI recently.

Hussain Kagzi: And are we also getting any molecules or compounds in later phases, you say like Phase-2 or Phase-3 where the requirement from the innovator is that it took fast-track, say manufacturing for that, so are we seeing some kind of projects in that also?

Venkat Jasti: No, we see the normal thing only, it can be either Phase-1 or Phase-2 in big quantities unlike the COVID molecule already comes suddenly into Phase-3 and give you molecule, but as you see a regulatory filing around the stuff. So, that kind of thing is not happening, only the new offering is increasing, new replaceable quotations are increasing.

Hussain Kagzi: And the last question was what is the update on the CAPEX that we were undertaking and is it going on plan in any future change in the CAPEX plan and also on formulation segment, if you could give some update what is the outlook in the near term that you seeing?

Venkat Jasti: In case of CAPEX is, as you know we have sole and futuristic and the replacement CAPEX, but one of them we started recently, only we spend about one third of it and the rest of the two third for that will be spend before the end of the fiscal March 23 and with respect to the formulation, we got the FDA approval as you know, but at the same time, the old dated molecules that we will start, I mean one started with the small one, but it will start sometime in March onwards next year, so we expect some revenue accretion to take place from the beginning we are telling, it is not 22-23, it will be 23-24 onwards.

Moderator: Thank you. The next question is from the line of Amar Maurya from AlfAccurate Advisors. Please go ahead.

- Amar Maurya:** Sir, couple of questions, first thing is that you said that now likely to perform in line with the industry for the second half, so are you changing your guidance like at the starting of your call, you had indicated something like that, so just wanted to understand what was exactly that, how the second half for the pharma and for the specialty CDMO looks like?
- Venkat Jasti:** This thing I told is that time when we spoke, we said this will be a 5% less compared to last year or flattish year, but we said the visibility and all the stuff, we will yes surpass that, maybe 2 to 5% earlier I was telling, 2 to 5% growth will be there on the overall, so that way and also second half looks good on both products, both on the pharma CRAMS and Specialty.
- Amar Maurya:** So, when you say second half looks good, so I am trying to understand, so in a second half versus second half, are we going to see some growth in this because I believe CDMO pharma otherwise there is a high base, right of the COVID molecules which was there largely in the second half, right?
- Venkat Jasti:** Totally what I am saying is total sales will be we are surpassing compared to the last year and we will know as and when it comes in, but right now I cannot give you a split on that, but totally we are saying that the guidance which is -5% it may be (+2% to (+5%) rather than the flattish growth.
- Sunder Venkatraman:** See last year, the overall revenue was about Rs. 1,320 crore. During the last quarter we have informed that it will be more or less trying to meet that. In spite the COVID related molecule, which was there as one-off however, as we are in the last 6 months, now we are on the visibility, based on this it looks like that we will be surpassing the Rs. 1,320 crore overall which includes the mix of pharma products, which includes commercial as well as specialty chemical. All put together, we will be crossing. It will not be flattish, there will be a minor growth which could be 2%. If we are lucky, it could be as much as 5%. That is what we are trying to guide at present. Based on what it is like last 1320 of last year's turnover, for the 6 months we have achieved about Rs. 617 crore which means that usually next quarter, next half, obviously that will be better than the first half to reach whatever we are talking about 1320. That is what it is.
- Amar Maurya:** So, basically that way you are saying the second half would be better than the first half?
- Sunder Venkatraman:** Correct.
- Amar Maurya:** And in terms of the gross margin like overall we maintained that guidance of the full year kind of a gross margin.
- Venkat Jasti:** Yes, as we have said we will be having a +40% EBITDA margin for the full year.
- Sunder Venkatraman:** So, this is basically based on the product mix, right, so probably at the end of the year, we will know exactly what it could be, but we always give a guidance of 40 plus.
- Amar Maurya:** So, basically if I see average, I think even in the first half the average is around 40%, so what we are saying here is in the second half in terms of the EBITDA margin perspective also it would be better than the first half?
- Sunder Venkatraman:** Yes, to meet that it will be going like that. based on the ratio of pharma CRAMS to Specialty chemical. If the ratio changes, so this will also slightly.

Venkat Jasti: We have given basic guidance.

Amar Maurya: And how would FY24 will look for us?

Venkat Jasti: It is too difficult to say at this point of time. We always give guidance only for 6 months.

Venkat Jasti: Qualitatively, customers are saying we are coming back to normalcy and that should lead us to better traction and better opportunity, so other than that I cannot say anything.

Venkat Jasti: We will not be able to quantify because we always go by the order book position, very difficult to predict that.

Moderator: Thank you. The next question is from the line of Cyndrella Carvalho from JM Financial. Please go ahead.

Cyndrella Carvalho: Sir, just wanted to understand your view as you are indicating that we are in terms of R&D projects inquiries we are reaching the prepandemic level, can you help us understand the traction a bit more from our perspective and from the industry perspective depending on your interactions with the industry participants?

Venkat Jasti: As you know, over the last 3-4 quarters, the number of inquiries are less, may be 7 or 8 or something like that and now they are going to almost doubling to that level. So, it doesn't mean all these will mature into taking an order and all that stuffs, but eventually that will add up. Similarly, based on the interactions we had after years, we are meeting first time many of the customers during the BHI and they are also hoping, not hoping, they are saying that they are coming back now only and the next year budget should give you better traction and the new molecules that they are going to concentrate on compared to the reprocessing the whole molecule for the COVID related activity which was the case for last 2 years, so in that basis, also the speed with which the commencement of the clinical trials happens also and based on the sectors it gives us more opportunity for us to get the revenue. So, all in all, the traction looks good and whether it will ramp out to be a real positive, it is always the lag time is a 6 months to 9 months or it is 1 year to 2 years that is the question. So, that only time will tell on that.

Cyndrella Carvalho: And sir, if anything that you would like to highlight on our hiring of new CEO, any update on that which you would like to share?

Venkat Jasti: No, nothing has happened and it is very difficult to get somebody on a commitment basis for the long-term basis. We are still trying in-house growth bringing in people who are working from our organization. That also is taking time, but as of now, it takes another 6 months before I can have any concrete proposals.

Cyndrella Carvalho: And if I can squeeze in one last question, what I understand is our overall traction will be better than the second half, but given that there are certain price easing or the raw material inflation also easing, does that carry forward into the next year also, is that understanding correct from the margin perspective?

Venkat Jasti: Yes, you may have the raw material prices going down, but the other thing is going up on the environmental angle year-on-year the expense is going up and secondly, the fuel and power cost is also going up. So, it is a mix bag but right now, second

half we are telling based on the visibility, but the future we are taking up qualitatively based on the attractions we had with the customers.

Moderator: Thank you. We will move to the next question from the line of Ranvir Singh from Edelweiss Wealth. Please go ahead.

Ranvir Singh: Sir, my question was related to Casper Pharma, we have inspection you said in July for 3 products you have filed, so wanted to understand what is your status there? By we can accept Commercialization on this product or where we are in approval process stage?

Venkat Jasti: As I was answering to the earlier caller, we have filed 4 ANDAs, one we just launched, but it is very small value and the next ANDA are starting in March of next year, March and June or something like that and during this time, we are going to buy another 6 to 8 ANDAs in the next 12 months. So, the revenue generation if at all will be happening during 23-24, but not much during 22-23.

Ranvir Singh: And just a general question on CRAMS side, because we saw other players in CDMO business also reporting a weaker number, so wanted to understand at macro level, is there any shift or any change or sluggishness in demand or if you have witnessed any slowness in inquiries, so any sort of indication are you witnessing or this is the cyclical things that happens more often and next quarter we will see most of this coming back?

Venkat Jasti: The CDMO has two different connotation there is a regular products or innovative products. Innovative products are depending on successful molecular in the clinical trial. We were saying this year we could be a negative growth, but the visibility in growth, now we are saying we are going to surpass that and it is despite the addition of revenue we generated in the COVID (in previous year) which is not that much going to be this year. So, that means traction is there but based on the qualitative traction of the customers and they are coming back to normalcy that should lead to give us more opportunity, does not mean that that will be a generator of the revenue because at the end of the day it is the success of the molecule at the clinical trial will give us more benefits. So, as and when it happens as I said as of now we have only 6 months visibility based on that we could give you better than last quarter's performance for the next 6 months.

Ranvir Singh: From a perspective, I wanted to understand like, during the COVID there is a lull in demand because slowness in clinical trials, so there is a significant fall in our new inquiries and then again there was a pent-up type of demand just after the COVID, so then suddenly the inquiries have started gearing up, so that I wanted to understand is there any angle here that because in last year just after COVID, there is a lot of inventory supplies or inquiries has already made so now there is some sluggishness or some slowness here in this quarter, so is there any kind of case you are seeing in this business?

Venkat Jasti: No, as I was telling you until now it was slow and the customers are saying we are getting back to normalcy, not only that will lead to getting of more opportunities and that will be shown in our next 6 months also and hoping that will continue in the new year also. That is what our hope is.

Moderator: Thank you. The next question is from the line of Rohan Samant from Multi-Act Equity Consultancy. Please go ahead.



Rohan Samant: So, my question was on the number of molecules that we have in the commercial phase, you said that we have 8 molecules in pharma CRAMS, so I think earlier we were saying that we had 5 products, so are these 8 molecules from those same 5 products and different variants we are counting as different molecules or we have had incremental molecules flow into the commercial?

Venkat Jasti: Yes, there are couple of incremental molecules mainly for the Retroviral and that its not going to give you too much of a volume in general, but only the numbers goes up because they are launched in something in last year first quarter or this year last quarter. So, that is why we thought until because being a very small volume, we never know that it will be in the Phase-3 also because it is very difficult for us to know until it goes in the commercial because they do not divulge what stage therapeutic area and what stage it is there, so couple of time while we are assuming the Phase-2 actually based on the quantity, where when you find that it was in the what you call launch stage, but the volumes we cannot write even though the numbers goes up, it is only a very small volume at the Phase-2 value like only but the numbers have gone up to 8.

Rohan Samant: So, out of the 8, two are such smaller products, right?

Venkat Jasti: Very small product, yes.

Rohan Samant: And one incrementally large product has also gone into commercial because we had 5 earlier, right?

Venkat Jasti: No, that was the [molecule]. 6thone was [molecule].

Moderator: Thank you. The next question is from the line of Ayush Vimal from Clearview Capital. Please go ahead.

Ayush Vimal: I have two questions, is there any discussion with customers on forward integrating into API manufacturing, I think you had updated last quarter that some of these discussions might start?

Venkat Jasti: Yes, we had a customer interactions with them and it will be as I said last time itself, it will start sometime in the year 2023 because now only they started what you call travelling and all that stuff. I think this is the end of the year for them it is usually the calendar year, they will plan for some time in the next year and hopefully, 2 or 3 customers shown interest, but we see different departments compared to where we work with them because we are in the developmental cycle. So, they are in the matured cycle and generic cycle, so we are looking in that direction. It will start next year.

Ayush Vimal: One more question I had was on the CAPEX of Rs. 600 crore that we have earmarked for the next couple of years, just to clarify this is entirely replacement CAPEX and this is not going to increase our capability or capacity in any form, right?

Venkat Jasti: No, one is of the units is replaced CAPEX, purely that is going on, that will be finished before the end of the year because that is the 35-year-old unit, so you need to have new block and second one is contingent upon the government asking us to move out of Jeedimetla R&D site which we just taken permission from the board for Rs. 200 crore. That we don't know because only when the Pharma City open I think they will ask us to fast forward our activity, so nothing is being done on that, only Rs. 150 crore is for the future CAPEX and that we will based on the traction of the molecules

that are there with us. You had to act proactively I think it will be done sometime in 23-24, not right now.

Ayush Vimal: And if I may squeeze in one more question, do we have any escalation clauses build into our contracts given that we face raw material escalation, are we in a position to pass it on to our customer and if yes then with what lag?

Venkat Jasti: In the CRAMS business, because they give you once we take the order it has been already taken care off, but when any increment in the raw material happens when the repeat order comes, we can charge, but once this order is placed nothing we can do, but on Specialty chemicals that will be in a regular basis, so that we will be requesting and the prices have gone up by more than 10% and split of the escalations will be given to us and that is only where you can get the escalations done.

Moderator: Thank you. The next question is from the line of Darshit Shah from Nirvana Capital. Please go ahead.

Darshit Shah: Just one question on the cash and cash equivalent including mutual fund investments, what is that amount at the end of the quarter?

Sunder Venkatraman: Yes, Total cash is about Rs. 350 crore which includes investments in mutual funds and bonds of about Rs. 292 crore.

Moderator: Thank you. The next question is from the line of A. Puranwala from Elara Capital. Please go ahead.

A. Puranwala: So, just on these 8 molecules what you have commercialized, would it be fair to assume that in the quarters ahead, it would be the only 5 projects what we had previous would be contributed to the revenue while on the other 3, may or may not contribute ahead?

Sunder Venkatraman: They are evenly distributed. You cannot say that which one contributes because we have an order book for next 6 months which we are able to give, they are set for delivery, few of them are to be delivered this quarter or the following quarter, sometimes they may ask us to differ may be one quarter kind of thing. There are cases where it happened actually they wanted us to supply much ahead of time which we did actually that last year also we did, the first quarter also we did. So, this is based on, one thing is like we don't have a stock and sale item, it is all based on the order book and now there are pretty much on deliveries.

Venkat Jasti: It is like, we can't say that actually whether the contribution is going to be there only for 3 products, 4 products because some of them will be there, a small quantity, need not be a big quantity, but it may be there.

A. Puranwala: And sir, lastly, what would be the fixed operating cost of the Vizag and the Casper side if you could provide this number?

Sunder Venkatraman: Vizag, we are not giving plant wise cost.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to management for closing comments.

Venkat Jasti:

Thank you everyone for tuning in for our earnings call and as I was mentioning, last time when I was talking to all of you, we are not sure about the traction and hence we gave the guidance of flattish to (-4%) to (-5%) but based on the next six months and the qualitative interactions with the customers and the movement of the molecules and the order book position so we say now that we will certainly surpass last year's numbers which posed by us and with the normalcy coming into the global innovator arena and the trials being fast track, the indications that are meant for us originally and based on that we hope that 2023-24 will be good year, but I can't give you any quantitative guidance on that. With this, I thank you everyone and hope to catch up with you in the next conference call that is quarter 3 results. Thank you. Thank you one and all.

Moderator:

Thank you very much. On behalf of Suven Pharmaceuticals Limited, that concludes this conference. Thank you for joining us.