Jubilant Life Sciences Limited
Q4FY18 Earnings Conference Call
May 09, 2018

Moderator Ladies and gentlemen, good day and welcome to the Jubilant Life Sciences Limited Q4 FY18 Earning 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 would now like to hand the conference over to Mr. Ravi Agarwal – Head of Investor Relations. Thank you and over to you Mr. Agarwal.

Ravi Agarwal: Thank you and Good Evening to everybody. I am Ravi Agrawal, Head of Investor Relations at Jubilant Life Sciences. I thank you for being with us today on our Q4 and FY18 Earnings Conference Call. On the call today, we have Mr. Shyam S. Bhartia – Chairman; Mr. Hari S. Bhartia – Co-Chairman & Managing Director and Mr. R. Sankaraiah – Executive Director of Finance. We will begin with opening comments from Mr. Bhartia on the business performance and outlook; thereafter, Mr. Sankaraiah will share some key thoughts on the financial aspects of our performance. There will be an opportunity at the end of the opening remarks to get your queries addressed by the management including Mr. Pramod Yadav – CEO of our Pharma segment and Mr Rajesh Srivastava – Whole time director of the company and CEO of our LSI segment.

Before we commence the call today, I would like to remind you that some of the statements made on the call today could be forward-looking in nature and a detailed disclaimer in this regard has been included in the presentation that has been shared on our website. I now invite Mr. Bhartia to share his remarks.

Shyam S. Bhartia: Thank you, Ravi. Good Evening and thank you all for joining us today. I will share with you the key business highlights of the Q4'FY18 and FY18 performance.

I am happy to report a strong FY18 with revenue growth of 28% YoY to Rs. 7,518 Crore, EBITDA growth of 16% YoY to Rs. 1,588 Crore, normalized PAT growth of 29% YoY to Rs. 744 Crore and normalized EPS of Rs. 47.77.

While Mr. Sankaraiah will have a detailed discussion on the financial performance of the company, I want to spend some time with you today to broadly discuss our strategy and way forward for the company.

As you are aware we operate in three key segments, Pharmaceuticals, Life Science Ingredients and Drug Discovery Solutions, forming 53%, 44% and 2% of our total revenues.

Our Pharma segment revenues have grown 29% YoY in FY18 to Rs 4,013 crore while our Life Science Ingredients business has grown 29% YoY to Rs. 3,328 Cr.

Pharma Segment

The strategic pillars on which our Pharma business has been built are the following

First, our strategy is to be closer to the customer to provide high quality products and services. Hence we have created 70% of our asset base in North America and which generates almost 80% of our Pharma revenues. We leverage our insights from the highly regulated US market to launch products in other markets like EU, Japan, Australia and other emerging markets.

Second, an integrated business model to offer products and services which are cost-effective. Our Radiopharma and Allergy Therapy businesses are supported by CMO operations. Manufacturing of dosage formulations in India and the US gives us flexibility, cost advantage and allows us to service government contracts in the US, supported by R&D from India. We are also increasing the share of dosage formulation manufactured with our cost competitive inhouse API manufactured in India.

Third, we have a de-risked business model, focusing on niche areas with a diversified portfolio. We have created leadership positions in Specialty Injectables in stable, niche segments like Radiopharma and Allergy Therapy products. We have a fairly diversified customer base with our top 20 customers contribute only 29% to our sales.

Lastly, to create a strong pipeline of products, both in specialty and generics for future growth. Our focus is to develop differentiated products in Specialty Injectables with an objective to cater to the US market. In Generics, we are focusing on developing complex products with limited competition.

We adhere to high quality standards to achieve the above strategic imperatives. I am happy to report that all our six sites have had successful USFDA and other regulatory inspections and are fully compliant as on date.

I would like to give you some details on the individual businesses now. As you are aware, the Pharma segment has two key businesses, Specialty Injectables and Generics, which form 66% and 34% of our Pharma sales respectively in FY18. Specialty Injectables business has grown a healthy 59% YoY to Rs. 2,639 crore while Generic business has declined 5% during the year to Rs. 1,375 crore.

We have a well-defined strategy to become leaders in some of the businesses in Specialty Injectables segment which will help us to achieve sustained growth and profitability. I am happy to highlight that the Specialty injectable business has grown to over $500 mn on an annualized basis.

We are well positioned in the high value niche segment of Radiopharma, offering quality products in diagnostics and therapeutic segments. In the diagnostic segment, we aspire to be leaders in the segment of lung and heart diagnostics and have key products like MAA, DTPA, Sestamibi and Rubyfill. In the Therapeutic segment, we have leadership position in I-131 which is used to treat thyroid cancer. We have a very exciting pipeline of at least 5 products which we expect to file and launch in the next 5 years, including 505 (b) (2) filings and I-131 MIBG as an NDA.

In the last year, we have received supplementary NDA approval in DTPA for new indication of lung ventilation imaging and evaluation of Pulmonary embolism. We have already launched Drax Exametazime which is indicated for labelling of leukocytes to localize intra-abdominal infection and inflammatory bowel disease. We continue to ramp up Rubyfill installations in the US. We also received approval in Canada for the Rubyfill Elution System and accessories. With these various initiatives, we expect healthy growth in our Radiopharma business in the coming years. Revenues in Radiopharma grew 29% YoY to Rs. 1,049 Crore in FY18.

During the year, we have successfully completed the acquisition of Triad, which has the second largest network of radiopharmacies in the US, with over 50 sites spread over 21 states. Triad has strong relationships with all the major GPOs delivering more than 3 million doses annually over 1,700 customers. Triad brings us closer to our customers, and we are working on making the Jubilant brand a well-known and respected brand in hospital networks across the US and Canada. We have integrated our sales force in Rubyfill with the larger Triad field force to leverage Triad's relationships with major hospital networks. Triad revenues were Rs. 767 crore for the 7 months of operations under Jubilant.

Our CMO business produces sterile and non-sterile products for major global pharma companies. We are witnessing healthy demand and our order book stands at US$ 702 million. The market is moving towards price for performance with, first time right playing a key role and compliant and sustainable operations becoming key success factor in this business. On the other hand, there is limited operational capacity in the market. We are increasing capacities in the business, through increased shifts in FY19 and also by investments in a new Lyophilization line by FY20 which is expected to generate additional revenue going forward. In FY18, revenues grew 9% to Rs. 648 crore.

Allergy Therapy products operates in the very niche US allergen extract market which has very high entry barriers as most products in this business are biotech products with grandfather status requiring an NDA for any new approval from the USFDA for manufacture and commercialization. Jubilant enjoys strong brand recall with the "Hollister Stier" brand and we enjoy market leadership position in categories like venom where we have recently become the only suppliers of the product. We have adequate capacity to meet the total requirements of the market in venom which will aid our business growth in the coming years. We are also increasing capacities in Lyophilization in the Allergy facility to position ourselves for this growth. Revenues grew 15% YoY to Rs. 281 Crore in FY18.

Coming to our Generic business, we operate in two key businesses in API and Solid dosage formulations. API business contributes around 14% of Pharma revenues while Solid Dosage formulations contribute 20% of Pharma revenues, including US formulations which contribute 14% of Pharma revenues.

As all of you are aware, pricing pressure continues in the US formulations. As mentioned earlier, we are focused on cost efficiencies to sustain our operations in the current market conditions and also expand our reach in other geographies by leveraging our US filings. We are also working on increasing the overall integration of in-house APIs to our formulations, which will help us increasing the cost competitiveness in this business. We have filed more than 100 ANDAs in the US, including 37 pending ANDAs. We expect to double our portfolio of products in the

US market in the next three years including complex generics with limited competition. To meet the anticipated increase in demand, we are planning to increase capacity which is expected to be completed in H2'FY19.

Our Solid dosage formulations has remained flat at Rs. 803 Crore during FY18, as higher volumes in our US formulations business was offset by lower US prices and lower sales in our ROW formulation business.

In API, we are focusing on optimizing capacity utilization and have taken up various cost improvement projects to improve our profitability. We are looking at strengthening our presence in emerging markets like Turkey, Brazil, Mexico, Russia, China and South Korea. We are streamlining our product selection to ensure that some of our DMF filings are for First to File opportunities in the US market. This will be also aided by planned new launches, going forward. During the year, our API business declined 10% YoY in FY18 to Rs 553 crore, led by lower prices on some of our key products and deferment of orders by customers.

As you have seen in our results this quarter, we have rationalized our overall R&D portfolio, going forward This would enable our overall Pharma business, especially solid dosage formulations to be revenue accretive and improve our profit margins. As a result of this, we have taken a one time charge of Rs 91 crores towards product development expenses in the quarter.

Life Science Ingredients

Coming to our LSI segment

As you all are aware that our Life Science Ingredients business has fully integrated product portfolio using renewable bio-feedstock (i.e. Molasses and Ethanol) thereby following the green route of business. Life Science Ingredients business has three key business segments – (1) Specialty Intermediates (2) Nutritional Products and (3) Life Science Chemicals. Our products find application in various industries like -Pharmaceutical, Agrochemical, Personal care, Food and Nutrition, and other life science industries.

This segment has several key differentiators which drive business growth

First, the businesses operate under a fully integrated value chain through the green route. The key feedstock is ethanol from which we have built global capacities in our pyridine and LSC businesses. We have also forward integrated to higher value added products in multiple specialty businesses including Fine Ingredients and Vitamins which offer better margins. These strong interlinkages have made Jubilant globally competitive in all the key businesses we operate in.

Second, we have built global scale in many key products of our business. We are a top 2 player in pyridine and Vitamin B3 and 4th largest in acetic anhydride and 7th largest in ethyl acetate. Coupled with our integrated value chain, this has led us to cost competitiveness, ensuring attractive returns and the ability of the company to adapt to the business cycles around these businesses.

Third, we have strong manufacturing capabilities supported by R&D. We operate from 5 plants strategically located in India including one in SEZ at Bharuch. Most of sites are multi-purpose in nature allowing us the flexibility to launch multiple products. We emphasize continuous process improvement and de-bottlenecking to increase capacities and maintain cost control. We ensure that all our locations are fully compliant for sustainable operations. We follow the Green route, using ethanol for manufacturing which has a lower carbon footprint as compared to our peers. Most of our facilities operate on zero liquid discharge and we are very conscious of our obligations to the environment.

Coming to the various businesses in LSI

In our Specialty Intermediates business, we have leveraged our expertise in pyridine chemistry to be the number 2 player globally. Using pyridine and picoline platforms, we have forward integrated into several value added products used in Pharma, Agrochemicals and various other Life science industries. The business also offers Contract Development & Manufacturing (CDM) solutions to pharma and agrochem customers which complements our Drug Discovery solutions business. We have planned to set up a multi-purpose plant for intermediates at our SEZ in Bharuch which will become operational in FY19 and are working on further invest in one more plant in FY20. We also plan to launch multiple products from our sites, which will augment revenues in this business. We are also seeing some positive tailwinds from recent Chinese government actions with respect to environmental issues, which augurs well for our business. For the full year, our Specialty Intermediates business grew 7% YoY to Rs 970 Crore in FY18.

In Nutritional Product business, we cater to Human Nutrition, Animal Nutrition, Pharmaceuticals and Personal Care segments. Jubilant is the 2nd largest manufacturer of Vitamin B3 in the world and in Animal Nutrition, we are the largest producer in India for Choline Chloride. Our Vitamin B3 business is fully backward integrated with feedstock raw material (i.e. Beta Picoline and 3-Cyanopyridine) which is a co-product produced while manufacturing pyridine. We have recently received WHO GMP clearance for our Vitamins facility which will help us increase our footprint in the premium food and multi-vitamin business, with better realizations. We have plans to further increase capacities of vitamins and specialty premixes by debottlenecking and to invest in expanding the product portfolio in the coming years. During the year, this business has grown 23% YoY to Rs. 565 Crore in FY18, largely led by better market prices.

Our LSC business deals in three key products namely Anhydrous Alcohol, Acetic Anhydride & Ethyl Acetate. To further strengthen our global positioning in Acetic Anhydride market, we are expanding capacity of Acetic Anhydride by building a new global scale plant at our Bharuch SEZ site which is under construction and is expected to be in operation some time during end of FY19. This is expected to generate additional annualized revenues of Rs. 300 crore, and will make us among the top 3 merchant market player of Acetic Anhydride globally. We have invested in two new plants at Gajraula and Nira to enter into Anhydrous Alcohol business and in the short span of two years, have become 4th largest supplier to Oil Manufacturing Companies under the Ethanol Blending program. of Government of India. We have plans to further increase the capacity of Anhydrous Alcohol in FY19. During the year, sales in this business was Rs 1,793 crore, a growth of 48% YoY.

Drug Discovery Solutions

Our Drug Discovery Solutions segment revenues were Rs. 176 crore in FY18, representing 2% of company revenue. In this segment, we are focusing on an integrated approach from Drug discovery services, Chemistry services to GMP scale-up of Intermediates and Actives which complements well with our CDMO offerings of large scale GMP and non-GMP manufacturing through LSI business. This provides our pharmaceutical and other life science customers one stop solution from early phase development to commercialization of their molecule. We also have a strong commitment to innovation through in-house investments to partner with our clients. This has generated a strong portfolio of discovery assets both in early as well as late stage in the area of Epigenetic, Inflammation and Diabetes. We continue to evaluate further licensing opportunities of some of our existing pipeline.

Improved Financial Metrics

We have focused to strengthen the balance sheet and accordingly have used the company's operating cash flow to reduce debt by Rs 406 crore in FY18 and Rs 1,440 crore in the last 3 years, with the net debt reducing to Rs 3,219 crore as end FY18. Today, the company has strong financial ratios with Debt to EBITDA of 2.06 as compared to 2.62 in FY17.

Outlook

The company has laid a strong foundation and a well-defined strategy for each business and the outlook is positive. We see a clear roadmap for growing our businesses in sales and profitability in FY19, with H2'FY19 expected to be better than H1'FY19. The growth drivers are as follows:

- Specialty Injectables:
    - Growth from new products and execution of existing contracts in Radiopharma
    - Full year impact of Triad business in our operations with break-even profitability
    - Healthy order book and new customer additions, supported by higher production and new capacities to deliver better results in CMO
    - Higher sales of existing products and new capacities in Allergy Therapy products
- Generics: Higher volumes from new product launches and new markets
- Life Science Ingredients: Better demand for existing products, new capacities from ongoing investments and de-bottlenecking initiatives, and launch of new products to augment growth

To meet the increased demand in our businesses, we plan to invest about Rs. 550 Crore in capital expenditure in FY19. In addition, we plan to invest Rs. 300 Crore in R&D during the year, including Rs. 150 Crore in Product Development expenditure. We will continue our efforts to strengthen balance sheet by reducing debt and improving financial ratios.

I would now request Mr. Sankaraiah to share his perspectives on our Financial Performance during Q4 and FY18.

R. Sankaraiah: Thank you, Mr. Bhartia. A very good evening and I thank all participants for taking out time and joining us on today's Earnings Conference Call. I hope all of you have received our Financial Results and Investor Presentation.

Let me give you a brief of the financial highlights for the quarter and year under review.

Coming to the performance during Q4'FY18

We reported strong growth in revenues and profitability, led by healthy performance in Specialty Injectables and Life Science Chemicals businesses.

Revenue from Operations grew by 41% YoY and 9% QoQ to a record Rs. 2,252 Crore. This is on account of strong growth in both Pharmaceuticals and LSI segments. International revenue stood at Rs. 1,623 Crore, contributing 72% to the total revenue and growing 41% YoY.

Revenues from Pharmaceuticals segment grew 54% YoY and 12% QoQ to Rs. 1,238 Crore. Within this the Specialty Injectables business improved by 94% YoY and 8% QoQ to Rs. 850 Crore. This business now contributes 69% of the total pharmaceuticals segment revenues, up from 55% in corresponding period last year. I am happy to share that we have witnessed recovery in our Generic business, which at Rs. 388 crore, grew 6% YoY and 25% QoQ.

Moving on to Life Science Ingredients segment, revenue for the quarter stood at Rs. 968 Crore, contributing 43% to the overall revenue and grew by 30% YoY and 5% QoQ.

Drug Discovery Solutions revenue were at Rs. 47 Crore, higher by 5% QoQ and contributing 2% to overall revenues.

Coming to EBITDA, total EBITDA from operations for the quarter was higher by 52% YoY and 12% QoQ at Rs. 481 Crore with margins of 21.3%. I am happy to share that this is the highest EBITDA achieved by the company and has been led by improvement in both Pharma and LSI segments. Pharmaceuticals EBITDA was at Rs. 298 Crore, up 38% YoY and 22% QoQ with margins of 24.1%, on account of improvement in Specialty Injectable business. This is 189 bps higher than the margins achieved in Q3'FY18. Life Science ingredients EBITDA was at Rs. 187 crore, up 62% YoY with margins at 19.3% as compared to 15.6% in Q4'FY17. Drug Discovery Solutions segment EBITDA stood at Rs. 10 Crore with margins of 22%.

Depreciation and amortization during the quarter was at Rs. 182 crore, up from Rs 75 crore in Q4'FY17 on account of Rs. 91 crore one-time charge of product development expenses due to rationalization of product portfolio to reflect the current market conditions prevailing in the global generic markets, US in particular. As a matter of prudence, the company has chosen to take a charge in the P&L consistent with IND-AS which has no cash impact during the year.

Finance costs were lower 10% YoY at Rs. 72 Crore. Finance costs include borrowing costs of Rs. 51 Crore, lower 5% YoY and 10% QoQ, and non-cash charge on Stock Settlement Instrument of Rs. 21 Crore.

Thus, the company achieved Reported PAT for the quarter at Rs. 155 Crore, translating into an EPS of Rs. 9.94 per share of Re. 1 paid. Normalized PAT after adjusting for one-time charges stood at Rs. 226 Crore, up 51% YoY, with Normalized EPS of Rs. 14.53

Let me now discuss FY18 numbers.

During FY18, Revenue from Operations improved by 28% YoY to Rs. 7,518 Crore, led by healthy growth in both Pharma and LSI business segments. International revenue stood at Rs. 5,417 Crore, contributing 72% to the revenue and growing 28% YoY.

Pharmaceuticals revenues stood at Rs. 4,013 Crore, contributing 53% to the revenue mix and up 29% YoY. This includes revenues of Triad of Rs. 767 Crore acquired in September 2017. Excluding Triad, Pharma revenues and profits were up 7% YoY. Specialty Injectables reported revenues of Rs. 2,639 Crore, showing robust growth of 59% YoY, contributing 66% to Pharma segment sales as compared to 53% in FY17. I am happy to share that this business is now on track to deliver revenues of over US$ 500 Million on an annualized basis. Revenues in Generics business stood at Rs. 1,375 Crore, contributing 34% to the segment sales.

Moving on to LSI segment, LSI revenue for FY18 stood at Rs. 3,328 Crore, contributing 44% to the overall revenue mix and grew by 29% YoY, led by healthy growth in volumes and prices. Life Science Chemical Business has grown 48% YoY to Rs1, 793 crore while Nutritional Products have grown 23% YoY to Rs. 565 crore. Specialty Intermediate businesses has grown 7% YoY to Rs. 970 crore in FY18

The Drug Discovery Solutions revenue stood at Rs. 176 Crore contributing 2% to the revenues.

Total EBITDA from Operations in FY18 was at Rs. 1,588 crore with margins of 21.1% growing 16% YoY after giving effect to one-off acquisition related costs of Rs. 30 Crore. Pharmaceuticals EBITDA was at Rs. 1,006 crore with margins of 25.1% representing a growth of 3% YoY. Higher margins in Specialty Injectables were offset by losses in Triad and lower profitability in the Generics business. Life Science ingredients achieved highest-ever EBITDA of Rs. 632 Crore, up 46% YoY with margins at 19%, 215 bps higher than last year. Drug Discovery Solutions segment EBITDA stood at Rs. 19 Crore.

Depreciation and Amortization were up 42% YoY at Rs. 415 Crore and 11% YoY after excluding one-time charge of Rs. 91 crore of product development expenses due to rationalization of product portfolio.

Finance costs lower 17% YoY at Rs. 284 Crore from Rs. 341 Crore in FY17. Finance costs include borrowing costs of Rs. 220 Crore, lower 23% YoY as against Rs. 287 Crore in FY17. The non-cash charge on Stock Settlement Instrument was Rs. 64 Crore as against Rs. 54 Crore in FY17

The reduction of 23% in borrowing costs is due to lower interest rates on account of Bond Issue and reduction in borrowings on account of cash generation from operations. In FY18, the average interest cost of Debt stood at 5.97% as against 6.8% last year with cost of Rupee Term Debt at 8.16% and that of the dollar borrowings at 4.71%

Thus, PAT grew 12% YoY to Rs. 643 Crore with an EPS of Rs. 41.25 per share of Re. 1 paid. Normalized PAT after adjusting for one-time charges due to amortization and acquisition cost stood at Rs. 744 Crore, up 29% YoY; Normalized EPS of Rs. 47.77.

Let me share balance sheet perspectives now. We saw reduction in debt of Rs. 263 Crore during the current quarter, with the Net Debt at Rs. 3,219 Crore compared to Rs. 3,482 Crore on 31-Dec-17 on constant currency basis. In FY18, we have reduced debt by Rs. 406 Crore, after incurring capex of Rs. 397 Crore and Triad acquisition cost. As mentioned, this has led to a sharp reduction in our Debt to EBITDA ratio, which has improved from 2.62 in FY17 to 2.06 in FY18. We strongly emphasize our continued commitment to reduce the debt going forward.

Pharmaceuticals R&D spend in FY18 was Rs. 217 Crore, 5.4% of the segment sales, amd includes product development expenditure of Rs. 122 crore. R&D debited to Profit & Loss during the year is Rs. 237 Crore including one-time charge of Rs. 91 crore and amortization of Rs. 60 crore. We plan to invest around Rs. 300 crore in FY19 in R&D, around 6-7% of our Pharma sales, which includes Rs 150 crore of product development expenditure. We are optimizing our R&D investments in our generic business given the changed market conditions in the US, and increasing R&D spend in Radiopharma business where we have a strong pipeline, including clinical trials for I-131 MIBG.

We have spent Rs. 397 Crore of capex in FY18 and plan to spend Rs. 550 crore in Capex in FY 2019, mostly to expand capacities to meet additional demand.

We continue with our efforts to generate higher operating cash flows and utilize the same for capacity expansion and reduce debt to further strengthen the balance sheet with improved financial ratios.

With that, I would like to conclude our opening remarks. We will now be happy to address any questions that you may have, please.

Moderator: Thank you very much. We will now begin with the question-and-answer session. We take the first question from the line of Rakesh Jhunjhunwala from Rare Enterprise. Please go ahead.

Rakesh Jhunjhunwala: Good Afternoon Sir, I would like to understand what would your tax rate be next year?

R. Sankaraiah: Tax rate this year was 26.3%, next year it will be in the same range.

Rakesh Jhunjhunwala: You declared dividend of Rs.3, that means the payout ratio is less than 10%, your profits have grown and you have repaid debt and you pay around 10% of profits as dividend?

Shyam S. Bhartia: Rakesh ji, as you have seen, next year we are increasing our CAPEX to invest more into business. That is why this year we have maintained our dividend.

Rakesh Jhunjhunwala: There is recovery in the Generic business in America, as you said 25% QoQ growth, Has that come because of some new introductions or because of better prices?

Pramod Yadav: It is Pramod here. In case of the Generic business, growth has come mainly due to the product rationalization as many of the large players are moving out from few of the products because of the consolidation in the supply chain system where we see the opportunities in some of the pockets. We have also increased our capacity utilization in the plants and due to that we have been able to place higher volume.

Rakesh Jhunjhunwala: Because of volume growth and better price?

Pramod Yadav: Yes, better price in some of the products.

Rakesh Jhunjhunwala: Do you expect further reduction in prices next year or they are stabilized now for entire portfolio as a whole?

Pramod Yadav: We are expecting this trend to continue. We still see many of the pockets where we will be able to realize the better prices. We have already started seeing that trend and the signals in the market. Other than that, we are increasing the capacity further in India which will help us to rationalize the cost. We are also looking at doing more and more in-house APIs with the backward integration in the research, by that we expect that our costs will go down and will help us to be much more sustainable.

Rakesh Jhunjhunwala:So better pricing, better supply chain, therefore there is some kind of bottoming out in the Generic market?

Pramod Yadav: Yes, so with this we are extremely confident that we will be able to achieve higher revenues and also higher margins.

Rakesh Jhunjhunwala:How is RubyFill building up?

Pramod Yadav: We have a lot of traction in the Rubyfill and as of now our installations are going as per the plan what we have made. We have not seen any of the letdown anywhere in Rubyfill. Rather, we are quite happy and satisfied with the growth.

Moderator: Thank you. We will take the next question from the line of Pawan Ahluwalia from Laburnum Capital. Please go ahead.

Pawan Ahluwalia: I had a question on the Radiopharma business. So, obviously, we have not seen the full year results which we will get along with the annual report. But I was just curious what is the break up between volume and pricing driven growth in Radiopharma and specifically in the context of pricing it appears that the last two, three years we have managed to take some very good price increases across the product portfolio. Given that there appears to be increased regulatory sensitivity around this, are we likely to be able to keep taking 10% a year type price increases or do you think going forward that will become a lot harder to do? Given post the price increases, ROICs we hear in Drax are pretty attractive, are you seeing any increased competition on the horizon in any of the products that we should be aware of?

Shyam S. Bhartia: One thing I can tell you that we do three-year contracts with our Radiopharmacy and we do not increase price every year.

R Sankaraiah: Last year we mentioned that we have signed three-year contract for supply of Radiopharmaceutical products on the radiopharmacies. So that contract is valid up to next year.

Pawan Ahluwalia: But just given what you see in the industry, clearly, in the last cycle renewals we had substantial price increase. Going forward, are we likely to see sort of flat pricing and therefore flat earnings from the existing portfolio with increases to earnings really coming from new launches whether it is Rubyfill or Exametazime or things like that?

Pramod Yadav: This business, as you may be aware, has quite a high entry barrier. The Chairman mentioned that we are planning to launch five of the products in the next five years, this has a very good market potential as such, so we expect that our margins and the revenues in this business will continue to improve.

Shyam S. Bhartia: We have launched one new product which is Exametazime which is approved last year.

Pramod Yadav: We launched that in Q4'FY17.

Pawan Ahluwalia: What is the total market for that product right now?

Pramod Yadav: Overall market size is about close to $30-32 million and there is only one manufacturer as of now, so we are the second one, so we have quite a good potential to ramp up the market.

Moderator: Thank you. We will take the next question from the line of Amit Kadam from LIC Mutual Fund. Please go ahead.

Amit Kadam: I have two questions; one is on Triad. I just want more inputs from you, how the Triad acquisition, like done for the last six months or so, because we have seen marginal improvement in the quarter-on-quarter margins also, so I just wanted to know whether it is coming from Triad or other businesses? Second question is on there is Rs. 91 crore of one-time charge we have taken regarding the product development expenses. Can you throw some more light on this because I just checked the product pipeline, actually it has grown vis-à-vis December quarter or so?

Pramod Yadav: Triad acquisition is going as per the plan. It is quite a stable business. We are quite satisfied with the revenue which had been as per the plan here also. In terms of the margins, yes, this is the business which is very close to the breakeven, but it is an excellent strategic fit for the JDI business. So we are quite confident that with the synergies of the JDI and the Triad and all the operational efficiencies which we have already lined up, this business is going to serve a very good strategic fit for the JDI business as well as it will be self-sustainable on its own.

Shyam S. Bhartia: Regarding the question on increase in margin QoQ, I think all our other businesses had performed very well; LSC business, CMO business plus Radiopharmaceuticals business have performed better, so, all our Pharma businesses have performed much better.

Amit Kadam: Because this entire Pharma business is becoming increasingly challenging to understand in terms of where the margin improvements and things are actually happening. What is driving that, because we have generic which again from your commentary is seen to be bottoming out and seeing a good upside?

Second is Radiopharmaceutical is seeing its own traction and then we have Triad where this particular business could also see a break even. So that is what I wanted, a kind of more bifurcation from where the margin improvements are happening?

Pramod Yadav: You are right the margin improvement has been all around in all the businesses.

Amit Kadam: And then how do we look at this thing, looking to the current traction for the next entire year, all the three drivers within that Pharma space -- will it go along for the entire year in terms of growth?

Pramod Yadav: As Chairman mentioned few of the strategic fits which we have in our entire Pharma business and the kind of initiatives we have taken which have paid us very well in the last quarter and the last year results which you have seen, we are quite confident that we will continue to deliver quite good in terms of revenue and margins in all the businesses.

Amit Kadam: Second question on the Rs.91 crore of one-time charge. I just wanted to understand what is it about because QoQ also the product pipeline has actually gone up?

Pramod Yadav: In the US, quite a lot of consolidation is happening in the Generic market and there have been many products which have become much less competitive. We have taken the decision to relook at our entire portfolio and we have very critically reviewed it. This is very good because when the market is tough, it gave us the opportunity to relook at all our investments and accordingly we have rationalized our all research investments in a manner that we are able to adjust to the change in the market very currently. Also, on the product where we had seen that right now there is not enough of business potential we have taken this decision to write them off.

Amit Kadam: So were these the products which we had filed but had not commercialized and that cost we had booked in the balance sheet which we had taken a write-off for Rs.91 crore and how many products which we had written off because of this thing?

Pramod Yadav: No, most of these products are which were under development. So we took the decision not to invest more on them and take a decision right at the time not to go ahead with them. On this let me remind you that it is a one-time call, it is not that it is going to happen every year. Since the market has changed, so we took this call to have a very critical review and we adjusted our portfolio accordingly.

Amit Kadam: But can you like mention a number that how many things we actually had to pull down like Rs. 91 crore attributes to how many products what we have to relook at it from the current pipeline?

Pramod Yadav: I think it will be quite a lot of the products because you may know that for each of the product how many investment happens for the development up to ANDA stage.

Amit Kadam: So these are not products which we have filed? These were all under development?

Pramod Yadav: Yes, most of them.

Moderator: Thank you. We will take the next question from the line of Ankit Jhaveri from Good Bay Capital. Please go ahead.

Ankit Jhaveri: There has been recent divergence in the bullish statements of the management versus the management's actions as the recent sell down by the promoters as well. If you can kind of give us an explanation also as to why and how and what was the nature of this sudden timing of the sell-down by the promoters? And also the bullish commentary also kind of suggests that there is a lot of free cash flow generation happening and as Mr. Rakesh ji pointed out that dividend payout is quite low with CAPEX of just Rs.550 crore, when EBITDA of roughly Rs. 2,000 crores is being generated every year. So can you please kind of elaborate on these two points?

Shyam S. Bhartia: On the dividend, I just explained that we have maintained the dividend from last year, although the cash flow has gone up and we have repaid the loan and if you see our debt-to-EBITDA ratio has come down from 2.6 to 2, and we will further like to bring our debt-to-EBITDA ratio to less than 2. Secondly, our CAPEX requirement, generally we are spending about Rs. 350-400 crore every year. This year we plan to spend about Rs. 550 crore in view of the business requirements, some of our businesses which are needing capacity because of expanded demand from the various consumers. Therefore, we thought it is prudent to maintain the dividend and invest more into the business and pay some debt to reduce our debt-to-EBITDA.

Ankit Jhaveri: What is the target debt reduction that you are planning in FY'19?

Shyam S. Bhartia: It will be very difficult to give you a target as of today, but we will continue to reduce debt going forward.

Ankit Jhaveri: Regarding the sell down by the promoters and the timing of that?

Shyam S. Bhartia: See the promoters needed funds for their own requirements, that is why they had sold down some of the shares.

Ankit Jhaveri: There was no press release also that was released or anything of that sort like?

Shyam S. Bhartia: We have given a stock exchange notification that promoters have sold shares.

Ankit Jhaveri: But there were not any reasons given and that was sold at a significant discount as well to the current market price?

Shyam S. Bhartia: It is a general practice that some discount is given to most of the sell-downs by promoters.

Ankit Jhaveri: My last question is regarding the IPO of the Pharma business and have been at least in talks for quite some time. Can you kind of give us some timeline as to when this will kind of fructify?

Shyam S. Bhartia: In FY' 2019, we hope to complete our IPO.

Ankit Jhaveri: What would be the structure of this IPO like would this be IPO in the US or in Singapore?

Shyam S. Bhartia: We are looking at both the destinations and Singapore is a good destination and we are also looking at NASDAQ and Singapore also has an arrangement that we can co-list with NASDAQ also, so we are looking at all the opportunities we are going to have in next one or two months' discussion with all our investment bankers.

Moderator: Thank you. We will take the next question from the line of Aditya Khemka from DSP BlackRock. Please go ahead.

Aditya Khemka: A couple of questions; in the opening remarks someone mentioned about pricing pressure in the generic market in the US and then subsequently in another remark you said there has been meaningful volume traction as well as price traction in the generic market in US. So I just wanted some more granularity if you can, firstly, whatever pricing relief you have seen because of large players walking out, has that been on account of those products that we market through Cadista, our own subsidiary or has it been through the CMO channel that we manufacture for our clients?

Pramod Yadav: That comment which I made was in connection with the products of our solid dosage formulations which we market through Cadista. That maybe manufactured in the Cadista as well as through any other route.

Aditya Khemka: So end market products which you sell through Cadista, you have seen some reliefs in terms of pricing and growth in terms of volume, that is the fair statement?

Shyam S. Bhartia: In some of the products, not in all the products, product rationalization by some of the large generic companies.

Aditya Khemka: Secondly, I understand you source some APIs from third-parties and I understand from the market that there is some inflation in the prices. So where has been our ability to pass on that price increase to our customers been in the Cadista set up where we market the end product?

Pramod Yadav: It will be from case-to-case basis, some we have been able to pass on, at some places we have not been able to pass on but going forward, basis that we have done the rationalization. As we mentioned that as we plan to use more and more in-house APIs, we feel that the margins in this business will go up.

Aditya Khemka: Lastly, on the CMO operations side, how has the business traction there been and again the cost of basic material or intermediates coming from China would have gone up, so have you been able to pass on those prices to your end consumers on the Contract Manufacturing side?

Pramod Yadav: In the CMO business, we are seeing that the market is currently short on capacity. So our plants are running almost full. We have already taken the decision to go ahead and run the plant to service our customers' additional demand. We are also doing some investments in few of the lines there and with that we feel that the volumes in our CMO business will go up. Since there is a demand more than what we are able to serve, so you can very well assume that we are able to pass on the cost.

Aditya Khemka: Sir, is this additional demand coming from growth in the CMO market per se or is it coming from you gaining market share for some of your competitors?

Pramod Yadav: Both, it is with the additional customers as well as we have also added some customers in last quarter.

Aditya Khemka: On the Cadista front, again you said that next year you expect better margin improvement and you expect top line growth. That assumes pricing will have flat to better next year. So from what we are hearing from other circles these large consolidated buyers in US, they are sort of further arm twisting manufacturers to further reduce prices. So how does your sort of vision gel with that statement or do you think there is some inaccuracy in that statement itself?

Pramod Yadav: These are the products where we are doing the product rationalization, these are some of the products where we have a good scope, we have ANDAs and we have the supply chain in place of them, so those are the products we are targeting.

Aditya Khemka: Your pipeline for Cadista would largely include commoditized, already generic, five, six players sort of product or would it also include complex Generics with one or two players and high-ticket items?

Pramod Yadav: Chairman mentioned in his speech that we are spending now more of our research on to the complex Generics in Cadista and these are the generics which are a bit difficult in terms of the bioequivalent where the number of competitors are also not many.

Aditya Khemka: These will be oral solid dosage because as you are manufacturing for Cadista?

Pramod Yadav: Yes, that is correct, or in Roorkee. So it will be marketed in US through the Cadista but can be manufactured at any of the locations.

Moderator: Thank you. We will take the next question from the line of Alankar Garude from Macquarie. Please go ahead.

Alankar Garude: Thank you for the opportunity and congrats on good set of numbers. My first question is on Ruby-Fill. Can you help us quantify the number of installations done in the fourth quarter? I believe we had about three in the third quarter.

Shyam S. Bhartia: We have increased our installations from the Third quarter to the Fourth quarter. Fourth quarter we have added installations. But for competitive reasons we are not giving numbers.

Alankar Garude: But I just wanted to understand that in the context of us saying earlier that some of Bracco's contracts were scheduled to expire in the period from December to March 2018. So, in that context, how has been the traction?

Shyam S. Bhartia: I would not like to comment on any of our competitors but I can tell you that many of the installations are new and some of the installations are the existing ones.

Alankar Garude: Maybe a small follow-up to that; so Lantheus is currently doing the Phase-III trials of Flurpiridaz and the target market appears fairly similar to that of Rubyfill. So can you help us understand what differences are there between Flurpiridaz and Rubyfill, can it be a potential competitive issue later on?

Shyam S. Bhartia: No, I think that Ruby-Fill addresses the different market and Flurpiridaz is addressing a different market. So according to my understanding there is no overlapping but Flurpiridaz is still a long way to come.

Alankar Garude: Last question is more of a clarification; on the net debt reduction number for FY'18, so in the presentation we have given debt has reduced by about Rs.406 crores in FY'18. So has the Triad payment been accounted for in this number?

R. Sankaraiah: Yes, after Triad payment it is Rs.406 crore reduction.

Shyam S. Bhartia: After the payment for the acquisition of Triad and all CAPEX, this is our net debt reduction.

Moderator: Thank you. We will take the next question from the line of Tushar Manudhane from Motilal Oswal Securities. Please go ahead.

Tushar Manudhane: Just wanted to check in terms of the splits of the Specialty Intermediates for FY'18 has grown by about 7% but with this addition of Bharuch plant just if you can provide some guideline in terms of growth in this Specialty Intermediate segment?

Rajesh Srivastava: Specialty Intermediate has plans for new product as well as we have also told that we have added a new plant in Bharuch. So we definitely see the volume increase and the growth traction will continue even in next year.

Tushar Manudhane: Would it be like much better than this or would be more or less in line with this, the year-on-year growth in FY'18?

Rajesh Srivastava: Same or definitely better.

Tushar Manudhane: In terms of the acetic anhydride capacity addition, you have provided like additional revenue but if you can just help us in terms of the incremental capacity because of this capacity enhancement?

Rajesh Srivastava: We are currently having capacity of 100,000 tons and this new capacity is about 45,000 tons, so it is almost 45% more than what we have today.

Tushar Manudhane: This is on the back of the Chinese companies not coming back on track so soon or is this about the incremental demand you are seeing?

Rajesh Srivastava: No, in Anhydride, we have a very strong position in domestic market as well as in Europe and we are expanding our presence in international market where Chinese are absolutely not there. So we are competing with the companies in Europe and US. Obviously, it is not because of lesser Chinese competition, it is because of the little better demand and also some of the market share which we are capturing.

Tushar Manudhane: This 100,000 tons to reach full capacity tentatively, how many years did you take?

Rajesh Srivastava: Last capacity we increased about five, six years before, almost same is the site.

Shyam S. Bhartia: In fact, we have been using full capacity almost 100% for the last two to three years.

Tushar Manudhane: So this kind of like another 45,000 tons to be captured in another four, five years approximately?

Rajesh Srivastava: No-no, we expect it to happen maximum in a couple of years.

Tushar Manudhane: But is the demand more less on newer markets probably because of that?

Rajesh Srivastava: No, there is increase in demand as I said, there are products where Anhydrides is finding new uses particularly in Europe and US. Anhydride has found a new use where the new demands have come up. As we know, say any new capacity coming up in the world today. So obviously, the demand is increasing and someone has to make the capacity investments, so we did that.

Tushar Manudhane: If you can just help us like how much money would be spending for this particular capacity enhancement?

Rajesh Srivastava: It is about Rs.135-140 crore.

Shyam S. Bhartia: Some of which we have already incurred last year and will be spending this year as well.

Tushar Manudhane: Lastly, with now higher availability of molasses, so molasses going down, does that impact the ethanol prices as well or does that not?

Rajesh Srivastava: Molasses prices going down and molasses availability getting better is better cost to us but of course pricing of ethanol is depending on the market situation, but it definitely gives us a better cost.

Shyam S. Bhartia: But prices of ethanol for anhydride purpose is a fixed price, so the fixed price is on the government.

Moderator: Thank you. We will take the next question from the line of Pritesh Chheda from Lucky Investment. Please go ahead.

Pritesh Chheda: Sir, in the Life Sciences growth of 29%, if you could break it up into price-led growth and volume-led growth for FY'18?

Rajesh Srivastava: It is almost equal; you can say volume 55%, price 45%.

Pritesh Chheda: What kind of volume growth do you foresee over the next two years and are you ready with that capacity?

Rajesh Srivastava: As we have explained earlier also that our volume growth from existing products is happening as well as the new capacities and new products, coupled with we see continuing growth in our volume in the same way.

Pritesh Chheda: So that is a double-digit volume growth that you are looking for?

Rajesh Srivastava: Yes, we expect double-digit volume growth.

Pritesh Chheda: The molasses benefit on the raw material side, has entirely flowed into your P&L that we see for the last two quarters or it is yet to flow into your P&L on the lower molasses prices?

Rajesh Srivastava: Molasses procurement is for the season which starts sometime in August-September. So it will be flowing part of this year also. Some benefit from last year, major benefit will come this year.

Pritesh Chheda: Your realization will be in turn linked to how crude also behaves right in this part of the business?

Rajesh Srivastava: No, not in all products, only the products which are commodity in nature like the ethyl acetate but Specialty Intermediates and Vitamins, crude oil has less impact.

Shyam S. Bhartia: I think you if you are asking about the alcohol price. Alcohol price is fixed already by the government.

Moderator: Thank you. We will take the next question from the line of Ranvir Singh from Systematix Shares. Please go ahead.

Ranvir Singh: Sir, can you give a breakup of that Rs. 550 crore CAPEX between the Pharma and LSI?

R. Sankaraiah: Almost equal because now like Rajesh has mentioned there is Anhydride CAPEX which is there, like Pramod has mentioned there is increase in capacity which is required in lypholization of CMO business and also Generic business.

Ranvir Singh: Secondly, we are already rationalizing our products, so we see 35 ANDA pending. Have you curtailed to the existing product basket also anywhere?

R. Sankaraiah: ANDAs which has already been filed which we propose to launch for next three years are based on the approval that is going in line, there is no curtailment there. Like Pramod has rightly mentioned, these are all the ANDAs which we were developing where we do not see good economic value, those ANDA's we have curtailed.

Shyam S. Bhartia: All we have done is aligned our portfolio for the next three years.

Ranvir Singh: That understood, but the thing is currently we have 35 ANDA pending. Is there possibility because we are restrategizing and investing in the complex products, it would have some gestation. So are the chances that we will see some portfolio gap or approvals coming down going forward in short to medium term?

Pramod Yadav: No, the ANDAs which are already approved, everything has not yet been launched. So all those launch plans are already in place and we will continue to launch our products, in fact, we have plans to almost double the size of the portfolio in the next three years.

Shyam S. Bhartia: Products which are yet to be approved, we are going to launch those products as and when get approved. Those products have not been dropped.

R. Sankaraiah: That is why we have mentioned in our speech also that we plan to double our portfolio in next three years' time because there are certain products where we already got ANDA approval which is yet to be launched and there are new products which has been filed, where we have the pending approvals that is about 40 number, so these things will come to our revenue recognition in the next three years.

Moderator: Thank you. We will take the next question from the line of Abhinav Ganeshan from Canara Bank Securities. Please go ahead.

Abhinav Ganeshan: Good evening and congratulations on a great set of numbers. I have a couple of questions; first one is acetic anhydride and Pyridine business is doing pretty well. Is the growth sustainable?

Rajesh Srivastava: Acetic Anhydride I think we have already answered that the growth is continuing because of additional demand and in Pyridine business I think the growth is there but it is not as significant as we can see in future, so it is almost the same level, maybe 2-3%.

Abhinav Ganeshan: About I-131 what is the timeline for that?

Pramod Yadav: We are planning to start the trial in H2 FY'19 and once the trial starts it already has the orphan drug status from FDA, we expect to do the filing in about 18-24-months.

Moderator: Thank you. We will take the next question from the line of Surjit Pal from Prabhudas Lilladher. Please go ahead.

Surjit Pal: In Pharma if I remove Triad which anyway low margin business and Radiopharma which is again pretty high margin business, and pretty good concentration of one or two products, if I remove these two, the rest of the business in Pharma, does that meet your expectation or below expectation in terms of EBITDA growth and margin?

Pramod Yadav: Very much, as we mentioned all the business, we have grown last year and in each business we have good strategy in place and where we have plans to continue to grow. So the smaller business like the Allergy which has not been discussed so far we are seeing very good traction of the customers there. In one of the products which is venom now we have become the sole supplier of the product in the market.

We expect to have good revenue and margins as well as our market share increase in that product. All the businesses are expected to continue to do well.

Surjit Pal: But venom market size will be smaller, right?

Pramod Yadav: No-no, market size is quite good, and we being the only player, now the entire market is available to us.

Surjit Pal: Approval of methylprednisolone in some of the dosage and give it to second generic, do you think that will impact your US generic business in FY'19?

Pramod Yadav: No, it is not going to impact much because there are already two other players in the market and we are already competing with them in terms of the price and market share. So if there one more is coming, we will do competition with them as well.

Moderator: Thank you. We will take the next question from the line of Cinderella Carvalho from Dolat Capital. Please go ahead.

Cinderella Carvalho: Sir, just wanted a few thoughts, as we said that our Radiopharma business we are expecting the entire FY'19 outlook. So if we look at the Drax Exametazime and Rubyfill put together, how should we look at FY'19 in terms of only Radiopharma, if you could help us?

Pramod Yadav: We are not giving guidance for each and every business specific revenue but as we mentioned we are going ahead on the Ruby-Fill installations as per our plan, we have launched Exametazime in the market, the market size is quite good, so we see quite a good opportunity for the revenue growth as well as margins in this business plus we also have pipeline of the products built up on which developmental work is happening and we expect them to launch one-by-one and those products also have very good market size and very little competition.

Cinderella Carvalho: Any guidance over two to three years you would be able to provide us?

Pramod Yadav: I think as of now you should take the guidance that we will continue to grow in this business.

Cinderella Carvalho: Sir, coming to the Triad business, we said that this quarter there was a small loss. So would we be able to quantify the loss?

Pramod Yadav: It is not worth mentioning, it is very small, we had mentioned that we are almost at the breakeven.

Cinderella Carvalho: In terms of the entire LSI segment the way we have been guiding for the volume growth aspect of it, so we should expect a double-digit volume growth to continue?

Rajesh Srivastava: We have already said that, yes.

Cinderella Carvalho: Sir, coming to the crude prices, should they impact us anywhere in terms of our raw material in terms of the LSI side? Again coming on the currency side that rupee has been at 67-odd levels now, so do we see it settling or how should we look at it?

Rajesh Srivastava: On crude side, yes, some of the raw material solvents which are based on the crude goes up every day. So to that extent the products prices also changing. But in businesses as we already said that except for few products like ethyl acetate commodity, not big impact of crude price will happen in our business. On exchange, I think we are well hedged with our imports and exports, not big change I think.

Moderator: Thank you. We will take the next question from the line of Saion Mukherjee from Nomura. Please go ahead.

Saion Mukherjee: Sir, on the Allergy extract business, we have seen some good growth. What is the potential like because it used to be a slow growing business, and what are the things we are doing differently or happening in the marketplace this growth is happening?

Pramod Yadav: So in this business, we are doing two things; one is that we are developing the differentiated products which are giving us niche positioning and in that we are seeing quite a good of the traction in the demand from the customer and hence we are also increasing capacity plus we have been able to pass on not only the cost but able to get the better prices from the last two years. So this is the business which is having higher volumes and the better prices year-after-year. Added with that, the positioning of the venom, this business is going to give us good returns in terms of revenue as well as margin.

Saion Mukherjee: Sir, my second question would be in the outlook you mentioned that second half of '19 will be better than first half. Is there any particular reason for mentioning that?

Shyam S. Bhartia: Generally, our second half is better than the first half.

R. Sankaraiah: And also the capacity expansion which are coming in the second half obviously the revenue growth will be better in second half.

Shyam S. Bhartia: Most of our capacities are coming in the second half; Dosage Form, CMO, Allergy Rhinitis.

Moderator: Thank you. We will take the next question from the line of Sriram Rathi from ICICI Securities. Please go ahead.

Sriram Rathi: Sir, just two questions; one is any update on JPL IPO and is there any timeline for the conversion of IFC instrument?

Shyam S. Bhartia: As I mentioned just now, I think you must have missed it, we hope to conclude our IPO in FY'19, we are confident of it and when we complete our IPO, the instrument will be converted into equity share as per the contract with IFC.

Sriram Rathi: After the conversion of this instrument, what will happen to the charge that we have been taking as non-cash charge as an interest cost?

Shyam S. Bhartia: Every year we have been providing for this non-cash charge, so there will be no extra charge at the time of conversion, there is no cash outflow.

R. Sankaraiah: The principal plus the accrued interest will get converted into equity.

Sriram Rathi: On the net debt reduction that we have seen in this year of closer to Rs.400 crore, so any kind of outlook you can provide like what kind of repayment we are expecting or we are thinking of for the next year because we are growing as a company and though the CAPEX amount has increased, but I think this year also the CAPEX was around Rs.400 crore plus Triad, not much of difference?

Shyam S. Bhartia: Last year we spent about Rs.400 crore, which some of it is carried forward this year, and this year we hope to spend about Rs.600 crore. From next year I think we are going to be back at about Rs.350 crore to Rs. 400 crore.

Moderator: Thank you. Well, this was the last question. I now hand the floor over to Mr. Bhartia for his closing comments.

Shyam S. Bhartia: I would like to thank all of you for joining on this call today. If you have any further questions, I think Mr. Sankaraiah and Mr. Ravi Agarwal will be happy to answer, I am also available for any specific questions. Thank you so much.