

CSD/BSE&NSE/CC/2022-23
December 30, 2022

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

Scrip Code: 543064

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

Scrip Symbol: SUVENPHAR

Dear Sir/Madam,

Sub: Transcript of the conference call

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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 conference call for the investors held on December 26, 2022.

The above information has been uploaded on the Company's website at <https://www.suvenpharm.com/index.php/news-events>

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 Conference Call December 26, 2022

Moderator: Ladies and gentlemen, good day, and welcome to the conference call of Suven Pharmaceuticals Limited. As a reminder, all participant lines will be in listen only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded.

I now hand the conference over to Mr. Gavin Desa from CDR India. Thank you, and over to you, sir.

Gavin Desa: Thank you. Good day, everyone. And thank you for joining us on this call to discuss today's announcement of Advent International proposing to acquire a significant stake in Suven Pharmaceuticals from the Jasti family. We have with us Mr. Venkat Jasti – the Managing Director; and Mr. Venkatraman Sunder – Vice President, Corporate Affairs.

Before we begin, I would like to mention that some statements made in today's discussions may be forward-looking in nature and may involve risks and uncertainties.

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

Venkat Jasti: Thank you, Gavin. Thanks, everyone, tuning in for the call this afternoon. And as you are aware we have announced a structured deal with Advent International, which is known to everybody. I think rather than me telling what it is all about, I would rather answer your questions. But we'll have much more clarity than saying whatever it is existing on the website and the stock exchanges. I can now take the call, and I can explain the rationale of the deal.

Moderator: Should we start the question-and-answer session, sir?

Venkat Jasti: Yes, please.

Moderator: We have our first question from the line of Ankush Agrawal from Surge Capital.

Ankush Agrawal: Congratulations on the deal, sir. Firstly, if you can clarify a little bit on your role in the business going forward, like based on what you have provided to the news outlet during the interviews today. What I understand is that you would be continuing in your current management role for the foreseeable future till the time Advent gets Cohance to merge with it where and when the entity as a whole will become a bit larger entity. And then you will be phasing out and then acting broadly as an advisor to the company. So, if you can clarify on that, sir.

- Venkat Jasti:** Yes, you're absolutely right. That's the way it is. As you know, consummating this deal itself will take 5 to 6 months. After that, I will continue to run the business. Only when the merger has happened, I will be looking after as a strategic and advisory role. But the aim of Advent and ourselves is to value creation, using the added platforms that are existing. So, we have a certain speed, certain growth and certain capacity. But things are looking good. And with deep pockets of Advent and their global outreach and not only in the platform here and abroad and they have a reach into the global customers. We can get more business opportunities. And whatever the opportunity that comes in, it is a value-added proposition for which I will be the focus, and I will be the advisor on that aspect and that's the way it will work. And I'm keeping my rest of the stake in there as is because I believe that it will have a value accretion in the very near future. That's the rationale.
- Ankush Agrawal:** Sir, secondly, could you be able to elaborate on the Cohance's business model currently because Suven's business model is relatively different from what a lot of other players in India does. So, if you can help on that front. And secondly, like on the Suven side itself, like historically, we've been planning to get more on the life cycle management front and transition from the intermediate to the retail. So, would this merger help accelerate that in your sense?
- Venkat Jasti:** I mean when the focus is towards value creation, the merger will allow us to use the facilities that are existing and also the customers that are existing. Some of the things which you are not able to do at this time can utilize using the platform at the side. And those platforms, which they are unable to use some of the value-added services that will be done at the Suven Pharma. And eventually, the value-added production and the global reach of the customers through the management personnel of Advent, which are in the Life Sciences field will be able to help us. The Cohance platform has some API and CDMO, but the value creation will be the future focus.
- Ankush Agrawal:** Sir, lastly, just a smaller one. Does this valuation change our existing capex plan that we are undertaking?
- Venkat Jasti:** No, not much. Business is as usual. There will not be any change, change in even the people, not even a single person will not be left out from the existing operation.
- Ankush Agrawal:** And H1 initiative also stays intact, right?
- Venkat Jasti:** Yes.
- Moderator:** We have our next question from the line of Sudarshan Padmanabhan from JM Financial Services PMS.
- S. Padmanabhan:** Sir, my question is today when I'm looking at us, largely, the business comes from the API part whereas I would understand that a fair amount of sales also goes towards generics, and we are largely focusing on CDMO part with a significant portion with innovator. Just if you can give a little bit more color apart from synergies, I mean what can add as far as the scale is concerned? And second is on the margin side, I mean I would understand that Cohance margin should be significantly lower than our margin. So, from that side, do you believe that on a pro forma basis, is there any kind of synergy that can come through and expand the margins?
- Venkat Jasti:** As we were telling you, the platform will be utilized for the value-added products, which Suven is good at. That's the whole team which we want to

bring. We would like to utilize the capacities and the capabilities. Also, if you remember, in Suven, we're also trying to go and do the life cycle management for the innovators who we are working with. For that, I may have to put infrastructure. Right now, that will not be necessary because the platform will have that kind of infrastructure. So, this will be a value-add. Focus will be value-adding rather than just going in one direction. And that's what the future focus is going to be, and the capacities and all those things will be utilized to bring the value addition to the total platform. I have no idea how much the revenues and how much those things which we are not privy to this. And that will be only post the merger, it will not be to anybody, and at that time we can talk. Right now, the scheme which we are thinking is to go for a value added using the existing client base and also the clients, which Advent can bring in through their global sources and global management so that suddenly if needed capacities can be utilized with platform capacity. So, this is a value-add, and is going to be a synergistic effect both in terms of the revenue and on top of the EPS.

S. Padmanabhan: And then buying the 50.1% stake of your equity, I mean, I would believe that a part of this would basically go into funding the Suven Life Sciences candidate. So, from that perspective, would it be fair to assume that we would have enough funding for the next 3 to 4 years.

Venkat Jasti: Suven Life Sciences you're talking?

S. Padmanabhan: Yes, because I would assume that part of the money that comes from the sale of this could primarily grow.

Venkat Jasti: I think you have a wrong notion here because we never think of this to fund the Suven Life Sciences, we have to sell the stake. That's not what it is. As you know, even before we have started this, we started way back 6 months ago to raise the funds through the rights issue, and we have the money for the next few years. And moreover, there are some milestones coming into the Life Sciences. If we are lucky and successful, that will take you over the next 10 years. But funding for Suven Life Sciences is as always we have been doing, we will be doing it, not necessarily by selling 1 stake and we have to put it. That's not the intent.

Moderator: We have our next question from the line of Darshit Shah from Nirvana Capital.

Darshit Shah: Congratulations on the deal. Sir, so from what we understand is that this is a platform that Advent has created to kind of become a market leader in India in terms of API and CDMO. And funds from all the 3 companies, which currently they have under this basket, I think 30%, 40% is CDMO and this is API specialty plan. And post the merger I think the CDMO business will be more than 50%, 60% of the overall revenue side. Sir, in terms of synergies, I mean, since you have been in talk with them for quite a long time, if you can throw a little bit more granular detail on what's the road map for them, how are they planning to take this overall Cohance thing over the next 3 to 5 years? This is really an issue for the minority shareholders like us to know stay put with the new promoters.

Venkat Jasti: Anybody who'd like to have a value-added proposition which we're bringing to the table, and they have huge capacities and capabilities. And with our value-added roadmap, then we can integrate that towards that. And also, as we were telling you earlier also when the outsourcing is happening much more, including the life cycle management of the innovators, and this will be a value-added proposition again. At the same time, Suven don't need to spend money

to create infrastructure. The existing infrastructure will be focused towards the value-added products so that in general, value accretion and the synergistic business concept will be given and more offerings to our customers. That means they will be getting from nuts and bolts all the way to the formulation. This is the way we are thinking.

Darshit Shah: Got it, sir. So, in order to summarize basically is that the process which we were envisaging of life cycle management, where you are trying to move higher up the value chain. So, now that the process anyway is on track and further opportunity if that comes, we'll be able to use this platform and experience a growth which might happen soon. Otherwise, we do have taken a little longer to put the facilities.

Venkat Jasti: Yes, because some of these platform companies are already doing some of these activities with some of the innovators. So, we can combine all these things, and we can give you more offerings to them so that they don't have to go to different people. And that way, this will become one of the top 3 CDMO players which caters from the, what you call, innovation supply chain to the life cycle management of the innovator. So, that is the thought process.

Darshit Shah: And sir, lastly, on the roadmap, the press release of Advent talks of making Suven a \$1 billion company over the next few years, so I mean that what the roadmap basically talked, so that's a phenomenal kind of opportunity that Advent is looking from Suven. Would that be the right understanding?

Venkat Jasti: I mean, I think you need to ask that to Advent. But right now, our focus is using this platform, giving more offerings. My job is to get the more value-added products into the pipeline, which naturally will give us a bottom line and better broadline growth and all the stuff. With their capabilities in the global, I mean, outreach, I think they may have a road map to bring this revenue to \$1 billion sooner than later. That is their outreach when they start coming into the picture. Right now, our job is to utilize whatever we have in this partnership, make it a value proposition to the customers. And in turn, I mean value proposition to our shareholders.

Moderator: We have our next question from the line of Mayur Parkeria from Wealth Managers India Private Limited.

Mayur Parkeria: Sir, congratulation on the deal. Sir, I have 2 questions, one is Suven has always been a very respected, high corporate governance, very well in terms of the domain and expertise and your own image, this has been very respected in the industry and across the investors along. So, sir, from that perspective, just I wanted your comments on the stake which you plan to retain is it from a longer-term perspective, because from an investor perspective that may create a kind of an overhang because you have already sold 50%. So, will you like to just comment something on from the perspective of timeline, which you look at for the stake which you will be holding?

Venkat Jasti: As of now, there is no thought process of relinquishing that and I feel that the value creation will happen because if we keep just to the value creation side by using all the infrastructure that is there, by using all the clients that is there, by giving additional opportunity to the offerings to the customer, I feel that value will be much higher. So, we don't have any thoughts of relinquishing that at this time, and we'll keep following up as long as we create our value creation, not only to shareholders but to ourselves. That is the way we are thinking.

Mayur Parkeria: And sir, you feel that value creation process can start happening in the near term itself from the next 3 years perspective also, right?

Venkat Jasti: It should happen now as we start using the total platform and given the expanded offerings, I mean, it may not be overnight and it may not be in 1 year. But in a 3-year period, yes, it should rectify into the next level of proposition.

Mayur Parkeria: Sir, the second question was, sir, since there is a proposal along with this itself that they will merge the Cohance, the platform, along with this, there is a proposal. And from a revenue perspective, more or less, Suven and that entity are more or less pro forma, not very different, right? So, I'm sure there would be some understanding on valuations of those companies also. So, because your stake would also get diluted when that company gets merged. So, any color which you would like to give us understanding on what kind of valuations will happen over a period of time?

Venkat Jasti: It's very difficult to tell on day 1 what kind of valuation will come because we are working towards the value creation. I mean, if you think that it will be diluted and all that stuff, we don't think we want to keep this stuff, right. But that's not what our thinking is by bringing the existing platform and the scalability and the capability and also by having the deep pockets of our partner and also having the platform of the partner, not only in India and abroad and also the knowledge they have in the pharmaceutical field, they can bring through their management systems, more business opportunity, which will be towards the value-added products, that's what the whole aim is about. Whatever they have now, that will be transformed into value-added services. That's what the idea is all about. And it will take about 3 years before you start any big jump on that one. That's what I feel.

Mayur Parkeria: Sir, I was just wondering what is it that Advent gets for Suven on the platform because while they may get benefit with your expertise and you will get the value-added products even for that kind of entity and overall, 1 plus 1 can be much more. But from a Suven perspective, since you're going to continue to run the entity for some more time, what is it that they bring on table for you or for us as shareholders in terms of in the next 1 year? And how does it help us in that sense from a Suven perspective, sir?

Venkat Jasti: Because I will bring a new perspective for the existing team in the sense is the value creation. How do you value create and how do you focus and how do you strategize. That's what I bring to the table along with what we do. And that with these additional capabilities, capacities and strength, we can pass forward much quicker and much better. That's what I bring to the table. That's what we are getting.

Moderator: We have our next question from the line of V.P. Rajesh from Banyan Capital Advisors.

V.P. Rajesh: My first question was regarding the timeline of this merger. So, would it be that the open offer will get done first? And then after that, you will get into the merger discussion. Or will it run simultaneously to the open offer process? If you can just throw some light on that.

Venkat Jasti: The merger will be post the open offer only, really, when the Advent comes into the picture and they take from ours and the open offer, then only the activity will take place, not until that time.

V.P. Rajesh: And I was just curious, sir, that it could have been easily that you could have bought that business first. And then thought about selling your stake because you would have been running a much larger company as opposed to selling your stake at this point and letting Advent do whatever they want to do with the ongoing business. So, any comment on that?

Venkat Jasti: I didn't understand the question.

V.P. Rajesh: My question is that rather than selling your stake to them first and then letting them do the merger with their private entity, we could have bought the private entity from them. And then afterwards, you could have divested if needed to divest your stake in the combined entity. Because I'll tell you the concern is that once Advent controls public Suven, they can decide whatever that merger ratio is going to be. So, that's where I'm coming from.

Venkat Jasti: See, when the merger takes place by the time based on the fundamentals, it will be worked out. It's not just whims and fancies it will not be done. It has to be done based on what do you call EBITDA of this company versus EBITDA of that company we shared; the structuring will be done like that. So, I don't see that way. I think what we need to bring is to bring speed to the growth along with the reach of the global customers. And having additional infrastructure and capacity, all those things and also bringing some of our non-offerings will be offered by Cohance and some of the non-offering by the Cohance will be offered by Suven. This way, there will be a cross-selling and in the beginning, then it will be a merger with the timelines it will take. And so meanwhile, we can take it to the customer. These are the offerings in total which will sort of double our capacity and the capability in terms of the people and the volume and the R&D personnel and all that stuff. And the focus would be towards the value creation.

Moderator: We have our next question from the line of Amar Maurya from Alfaccurate PMS.

Amar Maurya: Sir, what I can understand is that with this merger, the Suven listed entity will get benefited largely in terms of the business opportunity more from the life cycle management, right? But let's say, I mean, whatever is the capacity which we got from the Cohance, I mean if Suven would have those capabilities, what kind of a life cycle business we would have been able to cater with this kind of available facility?

Venkat Jasti: I mean, it's very difficult to give you a number at this time, but the strategy what we are talking about is, it's not only the capacities, but also the reach of their global footprint in the pharmaceutical field, which can give you additional opportunity for those places where we are not working can be there. Already, they have some of the innovators in their things where they are doing the life cycle management. The same thing can be done here. Those whom we are working, then we don't need to look for the capacities and the capability. And this is going to be a strategy which we have worked to apply for faster growth and value creation. This is the way we are looking at it, not just generic purpose only. And that's the whole purpose that will be merged into Suven eventually. But otherwise, we'll be utilizing the total, not only the people, not only the capacity, but also their global reach to the customers, we could be very much indulge into.

Amar Maurya: So, sir, basically, what I'm trying to understand here is, like you were talking about a cross-sell opportunity, which you are looking can be very large, and

that can help to the existing business as well as to the life cycle management business, right?

Venkat Jasti: Yes, existing business and life cycle management and also new customers paying with, what you call, if the Advent has a reach in the global footprint by having other players not in India but abroad, and they can bring that to the table. Here, the value-added products, what we are doing, the focus with which we are doing, and that will be an additional thing. As you rightly said, capacities can be created, but getting the client to decide which will fast track the activity, that's the one thing which we are looking for.

Amar Maurya: So, basically, sir, what I think everybody is trying to understand is that do you see that the cross-sell opportunity from the existing Cohance portfolio as well as the Advent global reach would be very significant for you?

Venkat Jasti: The total thing will be eventually, right?

Amar Maurya: Yes.

Venkat Jasti: And that's what the intent is all about, to get to that point, speed up. Right now, we are growing at 15% to 20%. And we still speed up things, but how fast we can go to the next level is only time will tell.

Amar Maurya: Yes, I got that. So, basically, what you're saying here is that, let's say, you, as a company, I mean, on an individual basis, we're growing at a certain speed, this will enhance your speed significantly.

Venkat Jasti: Not only speed, but also quantum.

Amar Maurya: Also, the quantum?

Venkat Jasti: Right.

Amar Maurya: So, basically, I mean just simply trying to understand, let's say, sir, I mean, probably you would have doubled the revenue in 5 years at a 20% CAGR, right? Can the speed come to 2 years by incubating all these accelerators?

Venkat Jasti: Possible, sir. I mean, in our field, as you know, when some of the molecules was in commercial, sometimes give a doubling effect. Similarly, this can also happen, but this is very early to tell you that way, how fast we can do some. We have to utilize whatever opportunities that are existing because of the portfolio companies and also the deep pocketed, deep rooted Advent global footprint, which we need to bring it up. That can take it, yes, it's possible to do it in 2, 2.5 years.

Amar Maurya: And one last, sir. Like, if I see the merged entity now would have 35% kind of a margin, right? And when we increased our life cycle portion of the business, will the margin dilute further?

Venkat Jasti: No, not necessarily because when we are talking life cycle management means we're not doing just the generic life cycle management. We are talking about innovator life cycle management. Always this has a more value creation compared to the pure generics. So, that's what our aim is. That's where we are going to steal our growth also in addition to attracting more customers, but also that kind of things.

- Amar Maurya:** So, basically, the merged number, merged kind of a margin you tend to maintain over a period of time.
- Venkat Jasti:** That's what our intent is.
- Moderator:** We have our next question from the line of Sunil Kothari from Unique PMS.
- Sunil Kothari:** Congratulation for achieving your objective well in time. Sir, my question is you have nurtured Suven Pharma, as your baby, I mean your employees, your customers, the way you have relationship with your innovator world's biggest of all pharma companies. How those customers and your employees and your team will be comfortable with this Advent coming in? I'm sure you must have taken care of it. So, would you like to talk about some qualities which Advent will bring, which will give comfort to your very experienced team, R&D capabilities and your customer?
- Venkat Jasti:** We have reached out to our employees, there is no problem whatsoever. We also reach out to the customers. And we have given our commitment to run the business as usual with the same commitment and the focus with which we are doing it. There will not be any change in the personnel, and Advent is also committed to do that. And as I was telling earlier to the customer, our aim is using this platform to bring in value-added products into the pipeline and speeding towards that area rather than just doing this volume-based activity.
- Sunil Kothari:** Sir, my question is a little bit more from my concern is innovator was always comfortable with the Suven Pharma and Mr. Jasti. But with this new team, new feel, and they are very new to this field, they have just taken over 2, 3 companies during the last 2, 3 years. They are private equity investors. So, from that point of view, what's your thought process?
- Venkat Jasti:** We have access to continue to be active in the business directions and the strategy which I said I will do it, and we'll continue to focus on that. And they are committed too. The reason why they came into this is to have this value addition and they don't want to spoil the broth by doing unnecessary things. And as a matter of fact, they want to seed all other platforms also into the value-added products. That's where the intent is. I mean, everybody will have an apprehension, maybe you were also having apprehension in the beginning. But as you are committed and focused as we were all these years, which we promise we will do, I think they were a great way for the future growth of this organization.
- Moderator:** We have our next question from the line of Anandha Padmanabhan from PJM India AMC.
- A. Padmanabhan:** Congratulations on the deal. I missed your initial part of the comments. If you could just again repeat what would be your environment in the business post completion of transaction and post completion of merger? At what level would you be engaging with this company, in the combined company, once the merger happens?
- Venkat Jasti:** Because first, they have taken our company not only based on the generation of the revenues and all, but also the focus with which we do the business and also the value-added creation, which my job is to bring the total platform into the value-added services. And I will be doing this strategy and customer interest rate to continue the business, continue the commitment as long as I'm there with them, and that's what the intent is and they want to just speed up as fast as they can and they don't want to do anything that changes the mindset

of the innovators because that's where the growth both on the top line and bottom line will be over the years. That's what we hope it will be.

A. Padmanabhan: So, once the margin gets complete, you would continue to head the combined entity?

Venkat Jasti: Yes, I'll be working for the strategy, the guidance and all the stuff.

A. Padmanabhan: And you have sold a substantial portion of your holding. If you could just give a broad thought process on how did you decide in terms of the valuation at which you have sold it? It seems to be more closer to the current market price where generally, the trend is where the promoter is selling a controlling stake, they get some premium for parting with the controlling stake.

Venkat Jasti: Yes. I mean it has its pros and cons as you know when we start the activity, the price is completely different. And now the price is demand price. So, otherwise, years ago, if I sold, I would have got Rs. 600, right? In this business it does not work that way. I mean we have taken a decision, and we saw that value accretion will be coming in and the only reason we get a little bit more than what we thought of giving is because they would like to have a controlling stake because they are bringing the platform to the table, and they are going to do more investments if needed to look forward to the next value added product portfolio and things, bring the customers because as I said, we are growing at a certain level, and we're comfortable with that, but we thought this is the right time for the growth into a much faster pace in a value-added manner. I thought it was a better thing. That's what the thought process is.

A. Padmanabhan: And my final question, sir, if you compare the CDMO business of Cohance vis-a-vis the CDMO business of Suven, what are the key differentiating factors between these 2 businesses in terms of clients, in terms of the extent of engagement of the kind of products that you present?

Venkat Jasti: I don't have much deep knowledge of the Cohance side. But what I'm saying is naturally, there will be different client deals but they also have a lot of innovative clients where they are working in API part of the business and that will be useful and the capacities are there. R&D spend is there. And again, the other thing is Advent has deep rooted penetration into the pharmaceutical world through their management team, which will bring more value to us. So, this is what the thought process is, but I have not done a deep dive into the Cohance portfolio.

Moderator: We have our next question from the line of Nitin Gosar from BOI Mutual Fund.

Nitin Gosar: Would you mind citing out any example in past where a company like Suven and Cohance with the kind of product offering they are giving have been merged?

Venkat Jasti: I don't have any idea. I think this is maybe the first one. I don't know. I have no idea. I have not gone into researching the things that are happened. Based on that only I spoke. That's not the reason why I told you, and I told you why we sold and what valuation can come. I have not done any kind of research on that aspect.

Nitin Gosar: Okay. And another two questions. How comfortable we are all with the client? Or how comfortable the client would be to work with a promoter to an entity that

we have seen in the past the way they were comfortable with you versus a strategic partner who is running the CDMO space?

Venkat Jasti: We have our discussions with various players, and as long as the way you are running the business, the commitment you have, the focus you have without any changes in the same, they have no problem whatsoever. That's what our gut feeling is.

Nitin Gosar: Okay. And one last question. This is just an observation. One of the recent episode where Advent International is acquiring a company which is outside Pharma space, but it seems, you know, they have given a kind of uncomfortable P&L outcome to the minority shareholders plus the buyback offers have also not been that great. How do we ensure that the minority shareholder's interest has been taken care of with this transaction going forward with the same entity?

Venkat Jasti: Already they have announced the open offer with the same price what they are offering to us.

Moderator: We have our next question from the line of Julie Mehta from Ratnabali Securities Private Limited.

Julie Mehta: My first question pertains to promoter retaining almost a 10% stake in the company. So, I wanted to know if there is a lock-in for the same or not?

Venkat Jasti: Naturally, the lock in will be there for 18 months.

Julie Mehta: And my second question is regarding the open offer. Post-merger assuming zero acceptance in the open offer, what will be the holding in the merged entity by Advent?

Venkat Jasti: Depends on the open offer success. That I think you need to ask Advent. That's the acquirer's thing, which we cannot have.

Moderator: We have our next question from the line of Abdulkader Puranwala from Elara Capital.

A. Puranwala: Congrats on the deal. Sir, on this \$1 billion revenue what the new entity would be aspiring to achieve, what could be the product mix over here? I mean, when we talk about the innovative CRAMS business as well as the generics, because post this merger happening, I think, you know, from 8, 9% of your business coming from Generics side, it will move up to close to 40%. So, that \$1 billion, you know, how should we see the mix now going ahead?

Venkat Jasti: I have not given the statement. I think you need to ask the Advent on that, but our strategy and focus is still over the value creation using the existing infrastructure and the global footprint. That's what we are looking at it. I am not looking in the direction why and when they quoted, how they are going to have money.

A. Puranwala: So, from the current gross block what we have, you know, that is barring cash flow, I think FY22 we had a gross block of close to Rs. 680 crore. So, you know, what could be the potential revenue the new entity could derive from this gross block what we already have on block with us?

Venkat Jasti: I have no idea on that, sir, right now. I can only concentrate on what we are doing now. First of all, the deal will only happen sometime 5 to 6 months from

now. Meanwhile, my concentration will be on the existing thing, but when that act, because as I said, I do not have to deep dive into the Cohance. That needs to be done post the acquisition. Then only I will come into the picture, but my strategy for them and was and is and will be that it is a value creation for the platform which takes the much more value-added products and with their global footprint, we should be able to do that and with the expanded capacities and we can do that. So, right now I cannot give you all those details, but our focus is that way.

A. Puranwala: And so just final question, if I may. You know, when we talk about this entire merger happening, I mean, I understand it would be still 5 to 6 months away, but, any color how this entire deal will take place? I mean, in terms of the merger, would this be done through share swap, you know, we would be issuing, that is Suven Pharma would be issuing fresh shares for Advent, or, I mean, this might be done through our leveraged buyout wherein, you know, debt funded would happen? Because, I mean, if you look at the three entities what Advent has acquired, you know, which would be merging with us, the quantum looks pretty high. So, any color on that front?

Venkatraman Sunder: See, the scheme of demerger and now the scheme of merger will happen post completion of this portion. So, once this is completed, those valuation perspectives and other things will be revealed by Advent as Suven at this point of time released as a part of the document. At this point of time we have not evaluated and we have not gone into the details of those things.

Moderator: We have our next question from the line of Rajkumar Leishemba from Press Trust of India.

Rajkumar L.: Mine is just a clarification. I joined a little bit late. How much is the promoters selling off out of the 60% you have and at what valuation?

Venkatraman Sunder: Promoters are selling about 50.1% is the stake

Rajkumar L.: So, usually, the promoters would be left with 9.9% stake.

Venkatraman Sunder: That is correct.

Rajkumar L.: And what is the total value? There is some report stating it's around Rs. 6,300 crore. Is that correct?

Venkatraman Sunder: Correct.

Moderator: We have our next question from the line of Ashish Thavkar from IIFL.

Ashish Thavkar: Sir, there are some media flash, which says that, you know, the combined entity will have an EBITDA margins of 50%. Is it a right number?

Venkat Jasti: I don't know where the media has come and we cannot give you the combined entity thing because it's not even merged. I mean, it's not even execution has not taken place. It will take around 6 months from now roughly. And after that only the merging process will happen. That merger process as you know take 9 to 12 months maybe. So, I don't know where you got all these numbers. We have not said anything. We have not arrived at that number.

- Ashish Thavkar:** Fair enough. Sir, and we did speak about synergies, but are there any immediate synergies say in the next 12 months which can quickly show in our numbers?
- Venkat Jasti:** I think we will be going aggressively to the customers and also trying to get the new customers, but the business where we have value added products which we are getting it into the innovation side of the supply chain, and it will not be overnight. So, it has to be nurtured into, and once you get into there, then that will have a compounding growth.
- Ashish Thavkar:** Fair enough. Sir, just one last question. Obviously, as the Suven standalone entity, we always focused on, you know, we never wanted to dilute our 40% plus EBITDA margin profile, but with now the Advent business is also coming in, the focus initially would be on gaining scale and at the cost of margins or how it would be?
- Venkat Jasti:** I don't know what they do, but my strategy was to use that as a leverage to get the value-added products in the kitty and also getting more customers and giving more offers, I mean, offerings from the boutique. That's what we are thinking, but the strategy will be done by the Advent post the merger. Until that time, I will be running the business, and I will be giving the strategy to have a value-added product portfolio.
- Ashish Thavkar:** And the last one, when are the tentative dates, if you could share the, when would the open offer open up?
- Venkat Jasti:** This is contingent upon the CCI and the DOP approval. It can happen in 3 months, 4 months, 5 months.
- Moderator:** We have our next question from the line of Avnish Khara from VT Capital.
- Avnish Khara:** I just have one question. I wanted to understand you focused a lot on how Advent will be adding value by helping us accelerate the speed and quantum of our business. So, is it safe to assume that organically growing was becoming an issue for us for some reason?
- Venkat Jasti:** No, I think you misunderstood. I said, we can go into the next level with their portfolio companies and also Advent's global footprint in the life science industry, they can bring it to that. But see, I mean, as you know, we have a certain speed which we grow at. If you want to grow much faster than previous, you need to get into the inorganic also. For that you need to have also the pocket. I think we have deep roots, deep pocket, and deep infrastructure and enhanced capabilities and capacities. All these mix into the sort of things which will speed us actively, not that we cannot do it. Yes, I can do it, but as you know, the growth is we are growing at 20% maximum, and of course, taxes also make it much more faster, but this will speed up that activity. This is much faster after a couple of years.
- Moderator:** We have a follow up question from the line of Amar Maurya from Alfaccurate PMS.
- Amar Maurya:** Sir, one just clarification like, you know, in Suven, Advent has taken 60% stake. So, all the other entities which they had acquired, they are the 100% owner into that, right? I mean, there are not multiple promoters coming into the Board with this merger, right?

Venkatraman Sunder: No, it's very difficult for us to answer. We don't have those portfolio of the companies, what stake they have in different companies. In this company right now the intention is to acquire 50% from promoters, and there will be an open offer of 26% of which whatever is standard, we will know only after the open offer is closed and completed. So, we do not have at this point of time the complete details of, you know, Advent's current portfolio of what the stake in which company we have in deeper details. Probably, that may come later.

Amar Maurya: No, I'm just trying like, you know, before the merger, you would have got the like the Cohance is 100% owned by Advent, or it is like, you know, there also they have the minority shareholders of all this different entities?

Venkatraman Sunder: See, the majority is held by Advent. We have not gone into the details of the merger and right now the current valuation, the current aspect what we are looking at is Advent acquiring a stake in Suven. That's all. The merger proposal should come only after this is completed, and those details will be put on. Right now, we need to get the DOP approval. We need to get the CCI approval. We need to close the deal. Then we will be getting into those details. We have not evaluated those parameters at this point.

Amar Maurya: So basically, I'm just trying to understand that, I mean, I can understand that, you know, those details can be evaluated, but as a, I mean, because you are going to hold 10% stake in the merged entity or 7% stake in the merged entity, I am just saying, you know, we should be aware, right, that who all are going to join into the new entity?

Venkatraman Sunder: So, it is Advent that is holding the majority stake in these three companies. You can go into and check in their website, in the Cohance Life Sciences, there is a website for which you have more details about them, what kind of capabilities, what kind of leverage. The financial figures and those details are not available for public at this point of time being an unlisted company.

Moderator: We have our next question from the line of Rahul Jain, an individual investor.

Rahul Jain: I had two clarificatory questions. First, that in our press release, we say that Advent is going to acquire X percentage stake in our company, and then there is going to be a subsequent merger. The merger details as I hear on the call is something which is not known, and the management is retaining 10% stake in the merged entity or not or in the entity which is pre-merger. This is also not clear. Can you just throw some light so that all of understand what exactly is going to happen in the merger? Because in the press release issued by Suven, you all have spoken about merger. But then merger details are not available. They will be available after six months. Management is retaining control or 10% stake in the company, but there are no details. Who is coming in with this merger in the merged entity? We, as shareholder want to know this?, this is my first question. My second question is you just mentioned that there is a 18 month lock-in that the promoters have taken on the 10% stake. Correct? Now post-merger, whether you will have 10%? What happens to your lock-in share if the merger approval comes prior to 18 months? And these details are also not available in the press release. If you could just help us understand what exactly is the current promoter going to do in the merged entity? How will this entire transaction happen?

Venkatraman Sunder: See, at this point of time, you know, the current promoters, Jasti family is giving 50% of the overall company to Advent International as a standalone. And we have another 10% held at the moment. Post-merger, which is, you know, the release given, what we released is what was given to us from Advent

International that, you know, they are acquiring, because as a part of it, the seller post the share purchase agreement, they are supposed to release it we have released it. Now the merger part of it what you are talking about is they have a Cohance. They have a platform in which there are three other companies are built which is to be built. Those details are provided where you have these evaluation as well as the merger aspects, they will be coming up later post DOP approval and acquisition from the current promoters. Until then this 10% is on the standalone Suven Pharmaceuticals what the promoters should be holding. The 18 months is a continued transition period for which, you know, support will be there from Mr. Jasti towards the entire transition and also the acquisition that is being happening now. Post this 18 months period actually, and post whatever we call it as even the merger would also been completed. The dilution of the promoters' stake of 10% would have come down to a different value. That value will be determined both on the merchant banker valuing the entire thing and coming out with the thing. So, it should be difficult for us to come out with a swap ratio and say clearly like what it should be there in. Based on the valuations at the time of the merger documentation and the banker's evaluation and based on EBITDA survived at that time, it will be swap ratio will be determined. Based on that, this 10% can be down by the sale swap ratio.

Rahul Jain: So, sir, if I may just ask you, then if I understand this correctly, the reason why we mentioned this merger was something because the buyer wanted us to mention. But then the details of the merger or details of this is not known to us right now.

Venkat Jasti: You have to see it is a different context here. First of all, we are trying to sell the something, and the buyer is trying to do something with this acquisition. So, we are giving everybody what is the rationale in doing it. And these things will come as and when it is applicable. I cannot put a number today because I perform much better, and my EBITDA is much better. So, I get a much better swap ratio compared to the other platforms. So, this will be done by the merchant bankers at that time. So, we cannot give you all those things without even the deal has not happened. First, this thing has to happen. We are only giving you what is the prospect for the future.

Venkatraman Sunder: And also, in the release what Advent has informed us, it's like, you know, they will explore the possibility of merger. You know, I don't know whether it is going to be done. It is later they will be announcing it because we will not be talking on behalf of Advent at this point of time what they intend to do. At this point of time, the company is valued and we have a much larger platform to offer as a company to the global customer. On a continuing basis as the current, now global consolidations are happening. So, this is one of the areas that is important to focus on to offer a better service to the global customers to ensure that actually, we are part of the global here.

Rahul Jain: So, are you trying to hint that merger may not happen?

Venkatraman Sunder: I cannot say that at this point. They only used the word. If you really see, Advent intend, post completion of this landmark acquisition, Advent intend to explore the merger of the portfolio company Cohance which was to build a leading end-to-end CDMO and merchant API players servicing the pharma and specialty chemical markets. That is what the release what they have given. So, today, the merger what we are talking about is what you call, you know, it is based on the events happening. So, that is the reason. I am reading only from the release what is given.

- Rahul Jain:** So, just my last point. So, you are trying to say that you have mentioned it in your press release. You are just trying to justify the rationale but justifying rationale without any numbers to it. I don't think that is too comforting for anyone. At least for me it's not comforting because any rationale which you give, I mean, if it is not substantiated by numbers, I don't think doesn't make any sense to anyone. So, let's wait for your merger details to come before we can do something about it.
- Venkatraman Sunder:** Yes. I think we should wait for the merger details to come from Advent. As we at Suven at this point of time will not be able to talk about that.
- Moderator:** We have our next question from the line of Vainatheyan, an individual investor.
- Vainatheyan:** Good afternoon to all of you all. I would like to just ask you whether post-merger the name of the company will be changed from Suven Pharma to Cohance? Or Cohance will be merged into Suven and Suven will be still listed on the stock exchange as a company entity?
- Venkat Jasti:** That is not at all we are taking care of. This right now is, I mean, Cohance will be merged into the listed company.
- Vainatheyan:** And what happens to those people who have rejected the open offer in the sense, want to retain their existing stake in Suven Pharma and take a chance as to what will like what can happen in the future?
- Venkat Jasti:** No, as released when the merger takes place, whatever happens is the swap ratio, the number of shares will be in the same ratio as the swap ratio and the evaluation has to be much higher. So, it should not be any value depletion, but it will be value accretion given the number of shares are less.
- Vainatheyan:** So, that thing is assured that the investor would not lose like below this 495 or whatever they are offering, below this the investors would not be forced to actually parting their shares?
- Venkat Jasti:** Sir, you need to look into that and that based on what you call, the merger swap ratios and all that stuff, that will come into the picture later. Right now, how can I say today, you buy not only this company, but any company also today you buy at X amount, tomorrow the market goes down, somebody gives you a guarantee. It is not like that. Why anybody will not do this for a value creation? This is what Advent is trying to do the value creation. Nobody wants to lose money, right. He will not pay like this, right, if they want to lose money. If the shareholder is losing, the investor is going to losing it also. So, this is not the intent and that's a hypothetical question. We cannot answer at this time.
- Moderator:** We have our next question from the line of Pritesh Vora from Mission Street India.
- Pritesh Vora:** My question is post this acquisition, how do we minority shareholder get assured that whatever the merger ratio happened, because I understand our company has a higher EBITDA margin than the Cohance portfolio, and our growth rate is also much better than Cohance portfolio. So, how do we ensure that if the merger happens or whenever it happens is the benefit of minority shareholders?
- Venkat Jasti:** Yes. Minority shareholder by the time after the acquisition, the Suven promoters are also minority shareholders. I mean, this is one and the same to everyone.

See, it has to be on the valuation at that time based on the result at that time, not today. So, what happens in May or in April, and the results or the March will be the parameter. Based on that the swap ratios will be there. It is clearly mentioned that it will be based on the valuation from AID and merchant bankers will determine rest of the valuation. So, I mean, we are also in the same boat as the existing shareholders. So, it is nothing that we are going to wait for, I mean, we had to wait for the actual valuations is arrived at based on the fundamental which we have delivered at that time.

Moderator: We have a follow up question from the line of Darshit Shah from Nirvana Capital.

Darshit Shah: Just wanted to know that you have been exploring this option since long and you have met a lot of people including few of the pharma companies, big pharma companies as well as strategic private equity investors. So, in that whole process, do you think that this according to you was the best option which we could get for a long-term value creation for shareholders?

Venkatraman Sunder: Yes. I mean, you know, we at this point of time, this has been evaluated based on the multiple rounds of discussions we squared on with Advent given their various level of experience in their industry, and we felt this is the best choice at this point for us to grow. The future will be undervalued at the point of time when further plans will be revealed by Advent. Today we are talking from the point of view of Suven. And we cannot talk about Advent as an acquirer and then give their kind of options of what is the growth plan and all sort of things. That's why we are restricting ourselves to only focus on what we have done in Suven and then how we are evaluating this and then where the value addition or accretion which we are expecting to happen? Probably, you know, the future call where Advent is going to be part of it, some of these questions which may be returned and then they will be in a position to answer that.

Moderator: We have a follow up question from the line of V. P. Rajesh from Banyan Capital Advisors.

V. P. Rajesh: Just a suggestion, sir. If you can have Advent people on the next earnings call, I think it would be helpful for us to understand how they are thinking about the listed company and the merger with their private entity. That will be really, really helpful.

Venkat Jasti: Yes. We will certainly do that next time we have the investor call. So, we will include them so that you will have much more clarity. It's we don't want to give too much details at this time.

Moderator: We have a follow up question from the line of Amar Maurya from Alfaccurate PMS.

Amar Maurya: So, on the deal value perspective, I think everybody is concerned about that. So, currently, if you see, I mean, altogether what Advent has invested, at different period of time for creating this whole Cohance platform was around Rs. 3,700 to Rs. 3,800 crore. And based on the FY21 or FY22 numbers, whatever is available from the NCA, if we give the same multiple, we get to something around Rs. 4,300 to Rs. 4,400 crore kind of a deal value and which basically is the combined is 12 times EV by EBITDA based on that. So, are you saying that whenever the merger happens, this is the kind of a valuation which will be evaluated for the Cohance platform to get merged with Suven?

Venkat Jasti: That's not the way you had to look at it. I mean, you are bringing some unlisted versus the listed and all that stuff. Now you have to wait until the actual things

will come out and this is not the right time. We are only trying to sell the stake at this time, and it has to consummate. Then only these activities happens, and it will be done through a merchant banker, independent merchant banker and we are also as like any other shareholders, we are also the shareholders, and we will be looking after the shareholders' value also when the swap ratio is arrived at. So, right now it is beyond me to give you all these answers, and the next time we meet, we will have the Advent people also on our call, so you will have much better clarity. But you have to wait for things to happen. You cannot leapfrog and get the estimates everything today itself. The idea is to have independent banker's valuation based on the fundamental at the time of merger application is filed and the swap ratio is determined. And we are there along with other shareholders to protect ourselves.

Moderator: We have our next question from the line of Pankaj Gupta from Ratnabali Securities Private Limited.

Pankaj Gupta: Sir, I will repeat what my earlier participants have said, if you would be able to arrange a call with Advent International at the earliest. Also, I would like to say, sir, if in principle, decision of the mergers have been taken by both Suven and the Advent, and we know that Suven Pharma have a long history, and also the Advent and its entities like Avdoo, ZCL, and Cohance also have a presence for quite long. So, may be one-year numbers of EBITDA or whatever you are saying shouldn't make so much of a difference, and as an investors in your company, our fortune will be dependent upon the kind of merger ratios which would be chalked out. So, I again request that if you could arrange a call with Advent at the earliest, it would be helpful.

Venkatraman Sunder: We will pass this information to Advent team.

Moderator: We have the next question from the line of C Srihari from PCS Securities.

C Srihari: Basically, thanks for the opportunity. I have two questions. Number one, what is the kind of technology that would be available to Suven by virtue of the acquisition? And secondly, a hypothetical question. if this platform had been available to you earlier, what is the kind of incremental growth you could have possibly had?

Venkat Jasti: In the pharmaceuticals, technology is similar, but it is only the focusing which side of the spectrum you want to do the business, the value-added side or few generics side. That's what it is. That will determine. Technology should not be question. Here the capabilities and capacities is the one that counts, and the focus in which direction you are moving. That's all it counts. What is the second question?

C Srihari: The second one was a hypothetical. So, let's say, you know, if all these inputs were available to you, then what could Suven's numbers would have been vis-à-vis let's say with respect to the current numbers?

Venkat Jasti: No, and I really think at this time, and we are focusing until this acquisition takes place and exclusively on Suven only, and only post that we can do that and the strategies and all other things which we can talk about it in the next conference call where we also will involve the Advent people. So, the ratios and the rationale and all that stuff in addition to what we are bringing to the table, they also can bring to the table. Global footprint they can bring to the table. So, they can explain you much better and let us not draw to conclusions at this time. I think we would like to wait for the next opportunity. Right now, we are telling the rationale and that's where we are.

C Srihari: Could you please tell us the capacity utilization of the various verticals?

Venkat Jasti: Yes. As I said earlier, we have not gone to such kind of this thing. At this time we are in the process of signing the sale purchase agreement. Only when it comes to the next level, we will go into all those details.

C Srihari: No, sir, I meant to say, what is the current capacity utilization?

Venkat Jasti: I am not talking about some other company at this time, sir. We are not taking into account the combined, we have not started any activities yet.

C Srihari: I mean, for Suven as a standalone entity, what is the current capacity utilization?

Venkat Jasti: 100%.

Moderator: Thank you. As there are no further questions, I now hand over the conference to the management for closing comments. Over to you, sir.

Venkat Jasti: Thank you, everyone, for tuning in to this event that happened today in the Advent acquiring 50% of the stake, a significant majority stake in the pharmaceutical company with an intent to have a global footprint by making this the third largest CDMO out of India giving more offerings to the global pharmaceutical industry and making this value accretive both to the customers and to the stakeholders. And this will have many milestones to achieve. First, it has to go through the CCI and DOP approvals and then the share purchase has to happen. Then the open offer has to happen. Then only the Advent will come into the picture, and then at that time, we will explore the possible major aspects which is going to be in our thought process. So, with this, I thank you each and every one and hope to catch up with you next time where we will involve Advent people also so we have much more clarity by that time. Thank you for listening.

Please note: We have edited the language, made minor corrections, without changing much of the content, wherever appropriate, to bring better clarity.