dishman

24th May, 2018

To, **Department of Corporate Services** **Bombay Stock Exchange Ltd.** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. **Ref.: Scrip Code No. : 540701**	**To,** **The Manager,** **Listing Department,** **National Stock Exchange of India Ltd.** "Exchange Plaza", C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. **Ref. : (i) Symbol – DCAL** **(ii) Series – EQ**

SUB: TRANSCRIPT OF CONFERENCE CALL - QUARTER AND YEAR ENDED ON 31st MARCH 2018

Dear Sir,

With reference to captioned subject, please find enclosed herewith transcript of conference call arranged by the Company with Analyst & Investors, on Thursday, 17th May, 2018 to discuss the financial result and performance of the Company for the quarter and year ended on 31st March, 2018.

Kindly take the same on your record.

Thanking You,

Yours faithfully,
For, Dishman Carbogen Amcis Limited

Shrima Dave
Company Secretary

Encl.: As above

Dishman Carbogen Amcis Ltd. Ahmedabad

Dishman Carbogen Amcis Limited

Earnings Conference Call Transcript

Event: Dishman Carbogen Amcis Limited - Fourth Quarter and Year Ending March 31, 2018 Earnings Call

Event Date/Time: May 17, 2018/1600 HRS

CORPORATE PARTICIPANTS

Arpit Vyas
Managing Director & CFO - Dishman Carbogen Amcis Limited

Sanjay S. Majmudar
Director - Dishman Carbogen Amcis Limited

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

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

Moderator: Ladies and gentlemen, good day and welcome to the Dishman Carbogen Amcis Limited Q4 FY'18 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Arpit Vyas – Managing Director & CFO. Thank you and over to you, sir.

Arpit Vyas: Thank you, moderator and welcome all shareholders and potential shareholders to the concall of Dishman Carbogen Amcis Limited. First, we would like to thank you all sincerely for the support and the trust in the company.

We would like to take this time to showcase our view, perception and understanding for the business outlook in a better way so that you are able to understand a bit better how the business model is, along with discussing the financials and the potential businesses and the potential plans of the company further.

It might seem like we are reiterating the points over-and-over again and it would be boring I am sure but fortunately/unfortunately it does not change the reality which is that we essentially are a service business, we provide services for the customers to help them bring the theory to life which is just on paper. Then if the theory becomes practical, then at that point we can expect a relatively sustainable business coming which were at one point nothing but just a piece of paper. So going from paper to practical, one should expect that Dishman Carbogen Amcis group with our synergies, partnering with our clients to ensure that no shortcuts are taken. The possibilities of failure are reduced on the technical front to ensure that a good quality product is provided to the patient, to help manage and extend and even save his/her life. It takes anywhere between five to eight years. We as a company can only ensure that our services are done efficiently. Fate of the product is not in our hands. That's one aspect that everyone should always respect and understand. But what we could do is provide the talent that we have to other such companies and help bring success and we are doing that very well. In our business, most margins are made in late Phase-III and validation compounds. So one way to look at the numbers is that when margins increase, even without the top line, it is an indicator of good products having the possibility to go through. Because the clients are very protective about their IP, the information that the public has is the information that we have as well, except of the technical know-how, and again that belongs to the customer.

One thing you as investor and we, as company have in common for sure, is the eagerness of success. Our job responsibility and duty towards you is to ensure that we do not give any false hopes with what we think and perceive until they happen. But at the same time assure you on our dedication that success is an eventuality. It is our request that you understand things from our perspective and look at things in a different way than you normally would. Margin increase without top line increase is a good indication in our business, a great privilege that only a handful of ethical companies have in this world. In that scenario and perspective, you can now see that the EBITDA margin increase is about 7% YoY and the PAT is about 25% YoY. This is without

the notional points gain. Detailed numbers will be shared later by our finance head, Mr. Harshil Dalal.

Regarding the question that you might have on the loan front regarding the repayment, etc., we would like to say that for a long period of time, it was a difficult phase for the company, the loans were coming at a very high cost, making it harder for us to bounce back at the pace that we would have liked. But that only made us work harder, believe in our mission and vision and we did bounce back to the point where we helped and supported our banking partners change the regulation on loans, where we were able to detach the fluctuation of rupee against any of our respective currency's FX loans, which ensured our limit and fund while enjoying extremely low interest rates. So now we are actually earning from the bank rather than paying them essentially and we like the scenario and we would like to enjoy it.

The repayments and interest for the same are being done from our accruals. Apart from major CAPEX, incremental CAPEX is also being done from our accruals. At the same time, enjoying the income from the investments. So please do not expect us to reduce the debt while it is cheap. But do expect us to reduce the debt in places where we see it fit. This helped us keep many things including the institutions under control, which is more important for our business than just money.

I would like to pass on the call to our Global CEO & Director -- Mr. Mark Griffiths.

Mark Griffiths: Thanks, Arpit. Good afternoon, everybody. It is a pleasure to have the opportunity to speak with you again. So talking a little more detail about progress of our operations, we continue to have a very-very strong pipeline across all clinical phases. I know there is always acute interest in where we are on our late phase molecules and across the entire platform we still see significant opportunity for success with the number of late phase projects that we have coming through the pipeline.

If we talk about the boundary for Carbogen Amcis in Europe, we have a backlog now of probably getting on to two-thirds to three quarters for the year's revenue as order book which is very healthy for us indeed; gives us a lot of visibility which enables us to make very-very simple straightforward decisions about capital investment. As you will know, there are a number of key capital projects that will start to come to fruition in the next quarter. One of those are basically completed as we speak now and that is being rolled out to customers and I am sure, but I will be asked to give a bit more color on that in the Q&A Session.

We move on to Bavla and the later phase facilities that we have in Bavla. We are starting to see a return to our portfolio of the number of customers who migrated to other suppliers, over to other territories like China which is very heart-warming for us to see that clients start to value what Dishman used to do for them and still value that and starting to return to the portfolio. That is also a reflection on the hard work and efforts of our commercial team across the world and I want to take this opportunity to recognize their efforts.

So the pipeline is looking still robust. We have a number of projects that are moving into late phase, a number already there. As Arpit said, these can take anywhere between three and eight years. So that is something that is we are acutely aware of, we will start to manage, but I am not in control.

If we move over to our platform for products, I will start with Dishman, Netherlands. The business is still robust, we still see demand for some of the legacy products, that is we have been manufacturing there for many years, that is rolling, that is a rule and providers with the group platform to continue to innovate in the analog part of the business where we see the future growth of this business coming. That being said, the margins in that element of the business are exceedingly strong and remain exceedingly strong. That is the testament to our selling ability but also in the way we are arranging to work with our customers. Those of you who have been involved in the business long enough will appropriately say that we are doing more and more business to business activities rather than working through traders. That gives us much more visibility what clients need going forward and enables us to deploy our skills to try and solve their problems rather than solve the problem of a trader which is just margin, and that is really paying off for us. The vision in the Analog project, the major project which we talked about which is being led by our Founder and Chairman -- Mr. J R Vyas, is moving along very nicely indeed and we are still very excited about the opportunities that camp presents for the business. That is the key strategic project for our product side of the business and we are delighted that our founder and leader of the business is taking that one on himself.

So with that, I am sure we will get a lot of questions in the Q&A but I will hand over to Mr. Harshil Dalal who will give you the opportunities to understand the numbers. Harshil?

Harshil Dalal: Thanks, Mr. Mark. Very good afternoon to everybody. I am sure all of you did have a chance to go through the consolidated numbers of the group. Certain things that we would want to highlight upfront is largely on the foreign exchange accounting. So what we have done and we explained this in the earlier calls as well is that there is a change in the accounting treatment for the foreign exchange gains and the losses that we account for in the books, starting financial year '17-18. So from 1st of April 2017, what we are doing is that only the realized foreign exchange gain or loss has been accounted for in the profit & loss account while the unrealized gains and losses, those get accounted for in the balance sheet. Having said that, in the last financial year, that is 2016-17, we had recognized total foreign exchange gain for the full year of Rs.60 crores, of which about Rs.22 crores was realized gain and Rs.38 crores was the notional gains, that was recognized in that financial year. In the current financial year, we actually realized a foreign exchange gain of about Rs.43 crores; however, this is the notional gain which was already recognized in the financial year '16-17 to the extent of Rs.38 crores, the entire Rs.43 crores obviously does not appear in the P&L and that is a major difference in the P&L accounts for the current financial year as compared to the previous year. So as you know that all of the foreign exchange gains or losses that we account for are based upon the hedges that we undertake against our sale, all of that gets accounted for in the operating income and that is one of the major reasons why the operating income looks quite low as compared to the previous financial year

,and that automatically impacts the total revenue that has been accounted for in the last quarter of financial year '17-18 and the last quarter of '16-17.

So taking that into consideration, obviously, our total revenues for the quarter showed or reported decline of 15% from Rs.534 crores to Rs.451 crores. The EBITDA was Rs.121 crores as compared to Rs.146 crores; however, the Rs.146 crores of the previous financial year includes Rs.38 crores of notional gain. So on a like-to-like basis, the EBITDA for this quarter has actually grown by 7% as compared to the corresponding quarter of the last financial year. The profit after tax was Rs.51 crores as compared to Rs.42.8 crores of the corresponding quarter in FY'17. On a like-to-like basis, this would have also shown an increase by about 25-30% in the current quarter if we exclude the notional FOREX income.

For the full financial year, our top line was more or less flattish before the adjustment of Rs.38 crores of notional income. So we did a top line of Rs.1695 crores as compared to Rs.1714 crores in the previous financial year. Our EBITDA was Rs.445 crores as compared to Rs.453 crores in the previous financial year while our profit after tax was Rs.154 crores as compared to Rs.145 crores in the previous financial year.

Some of the other important points to understand in the profit & loss account are one, our other expenses have declined in the current financial year. This is largely on account of reduction in repairs and maintenance that we undertook across the subsidiaries as well as at the parent level, that was No. 1. No. 2, because there was a reversal of certain provision that we had accounted for a certain amount of maintenance expenditure that was expected to be done. The effective tax rate in the current financial year was lower as compared to the previous financial year. This was largely on account of the deferred tax asset reversal that we did in Shanghai in the previous financial year. So the impact of the DTA reversal in this year was lower as compared to the previous financial year.

Other important point to understand is on account of the exchange rate, at which the revenue was recognized in the current financial year. So as you know, most of our revenues are in US dollars and in Swiss Franc, the average US dollar exchange rate in the current financial year was close to 64.4 rupee per dollar as compared to the previous financial year when the average revenue booking was at the rate of 67. The Swiss Franc exchange rate was 66.34 as compared to 67.8 in the previous financial year. So that obviously had an impact on the overall revenue booking that we did in each of the financial year.

Coming to the segment wise revenue break-up: so CRAMS India as you would have seen in the fourth quarter of the current financial year the revenue grew significantly over corresponding quarter of FY'17. CRAMS India did revenue of almost Rs.88 crores as compared to Rs.35 crores in the corresponding quarter. This was largely on account of shipment of a lot of commercial products as well as development revenue that was booked in India. Carbogen Amcis revenue showed a bit of a decline as compared to the corresponding quarter FY'17. That was largely on account of higher commercial sales booking, that was done in the last quarter of financial year '17 versus financial year '18. Having said that, for the full financial year Carbogen Amcis has

outperformed the previous financial year by almost 5.5%. CRAMS UK overall revenue was more or less flattish as compared to the previous financial year; however, as you already know that the UK subsidiary largely caters to the requirements of Carbogen Amcis AG, so that is a Swiss subsidiary, so the revenues were more or less in line with the previous financial year.

Vitamin D business showed a decline as compared to the previous financial year as well as the corresponding quarter. This was largely on account of our conscious effort to reduce the sales of cholesterol, obviously, the margin realizations are much lower as compared to the Analog business, and because of our continued focus on the Analog business, the EBITDA margins for our Netherlands facility have gone up substantially.

The other business, as we have been saying, the Quats, Intermediates have remained more of our low margin business. So the revenue for the full financial year was more or less flattish; it declined by about 4% but we do not see any significant growth over there. Obviously, Shanghai right now is included in other which right now contributes a very small portion of our overall revenue, but in the last financial year now we have transferred the Shanghai subsidiary to Carbogen Amcis which should see more of revenue coming out of the Shanghai subsidiary.

As far as the EBITDA margins are concerned, segment wise the India margins for the full financial year was about 54% as compared to 56% in the previous financial year. Carbogen Amcis was at 20%, CRAMS UK was 23%, In Vitamin D business, that is our Netherlands business, we saw a significant increase in the margins from 33% to 38% and that was one of the major reasons why even though we did not book any notional FOREX gain in the current financial year, the overall EBITDA margins were more less in line with the previous financial year.

Talking about the cash profit and that is the metrics which we internally would like to see each of our businesses. The overall cash profit of the company increased from Rs.300 crores in the previous financial year to Rs.390 crores in the current financial year. So that was a growth of almost 30% as compared to the previous year. Our net debt after reducing our cash and the investments that we have on the book was Rs.873 crores at the end of the financial year 2018 which as compared to the previous financial year increased by about Rs.35 crores. However, our overall interest cost has been keeping on going down and our net interest cost after reducing the interest income that we earn on our investments that has reduced from Rs.46 crores to Rs.40 crores in the current financial year. That was the major highlights that we wanted to bring out in the current financial year as compared to the previous financial year.

Sanjay S. Majmudar: I would just like to summarize. Good Evening to all of you. So the overall summary if you look at one very important aspect which Harshil has elaborated, but in a very simple and nutshell manner if I have to summarize, there is a very big impact due to the change in the accounting by shifting to the cash flow hedge accounting in terms of foreign currency and foreign exchange gains and losses that we have adopted which is a more conservative way of doing the accounting. In summary, on a standalone basis, if you look at standalone accounts on a whole year basis, Rs.38.83 crores gain last year, the net effect is Rs.8.83 crores loss this year after reversal of last

year's gain, and similarly last year on a consolidated basis Rs.59.88 crores, almost Rs.60 crores gain is now reduced to only just about Rs. 1.74 crores. So what you see in this year is a very realistic picture in terms of the margins without the FOREX impact. I think this is a very significant single point highlight which I wanted to focus.

Moderator, you can throw the house open for Q&A.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the Question-and-Answer Session. We will take the first question from the line of Rashmi Sancheti from Anand Rathi. Please go ahead.

Rashmi Sancheti: Out of your 14-15 commercialized molecules now in the company, can you just break it up how much comes from the Indian facility and how much is from Carbogen Amcis and how much they have contributed in FY'18 total sales from commercial count?

Arpit Vyas: It is anywhere between 50:50 to 60:40 possibly in Carbogen Amcis with the potential of volume increase in future with the possibility of those molecules coming to India if Carbogen Amcis would not be able to cater to higher volumes. The revenue coming from them, you can have a mix of around 60% from new molecules validation in India and from Carbogen Amcis, Mark.

Mark Griffiths: From new molecules, probably 25% of the turnover.

Rashmi Sancheti: So basically you are saying that 60% of your Indian revenue comes from the new molecules, so the 40% is from the commercial products, right, and in Carbogen Amcis, roughly 25% comes from the commercial products?

Arpit Vyas: For India perspective, 60% of the revenue is coming from CRAMS, out of that probably around 30-40% would be from new molecules. But you bring a good point and we will do that analysis and bring it to your attention next time.

Mark C Griffiths: Just to be clear, 45-50% of the revenue is for commercial products, 25% of the revenue comes from validation activities, to get projects to commercial.

Rashmi Sancheti: How much was the Eprosartan total sales this year?

Harshil Dalal: That was about Rs.70 crores.

Rashmi Sancheti: So this has declined, right, from the last few years. So what is the outlook – will it be in this range only or it will increase?

Arpit Vyas: It will possibly remain in this range because there is a lot of consolidation happening with the pharmaceutical companies in Europe and USA. Of course, as we mentioned earlier as well, that this information does not come first from the client, this is our assessment of what is in the public domain.

Rashmi Sancheti: My next question is related to your overall sales and EBITDA margin. Like with the ramping up of your recently commercialized molecules and your ramping up in Phase-III products, what kind of revenue growth you see in FY'19 after the decline in FY'18 and what kind of EBITDA margins you see for FY'19 & '20 from current level?

Arpit Vyas: EBITDA margins we are at a very comfortable position right now. I think we should say that this is the level of EBITDA margins that will remain when the molecule will be able to go commercial and increase in volume we can expect that the price will be revised again, and it will come down. So you can say that with the mix of new possibility of validation and new molecules going in the future, this is a sort of EBITDA level that we as a company are also targeting and you all as investors should expect. Revenue wise, I think your guess is as good as ours, we expect that it might increase by 10% but again we do not get an information and hence we do not wish to give you any false hopes.

Rashmi Sancheti: So as of now you are saying that at least 10% is something which we can do?

Arpit Vyas: Overall at a group level if you see then we are expecting 5-7% but in that very minor portion of commercial revenue have been incorporated, this is solely on the developmental and services that we provide that we are talking about the increase.

Harshil Dalal: Rashmi, as you know, we do not take into account the possibility of a molecule going commercial and hence the revenue of the same. So just talking about the base business, we believe that maybe 7% growth in the top line looks likely considering the current molecules and the development and the molecules which have already gone commercial.

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

Cinderella Carvalho: Just wanted to understand, we said a few of the things from the pipeline in our opening remark, so if Mark could help us understand what is the status from the Carbogen Amcis side and how should we look at it in these coming two years, you mentioned I guess five projects which are in most advanced stages?

Arpit Vyas: At Carbogen Amcis level, this year we are going to be doing around 7-8 validations… Mark, if I am not mistaken?

Mark Griffiths: Yes, we plan to do 7, there is another couple depending on the filings, customers are doing their initial filings; one of those might be a fast track, so it might be 8, it might be 9, we think there is going to be 7, we are planning for 7, it is just not in our hands, what I can say is that the pipeline is strong, and that is the most important thing for Carbogen Amcis is that we have a very good comfortable mix of early phase-late phase commercial products, which means that if we see a tail off in one area or the other, the business is heavily insulated and therefore is in good shape.

Cinderella Carvalho: We are saying that there will be 8-9 or 7-8, validations?

Mark Griffiths: No, I am saying 7, there could be a couple of others but we just do not know, I am not saying 9, it could be 7, but I am not planning for 9.

Arpit Vyas: Again, as we said earlier, it is when such things happen you would see an increase in the margin possibly not a similar apple-to-apple comparison in the revenue.

Mark Griffiths: An important point to make here, for those of you who are familiar with the pharmaceutical industry, when we talk about margin increase in validation, in validation we are not making commercial quantities, some of these products, pre-validation batches might be 50 kilos, that is all, might only be 50 Kgs of material, so it is not a per kilo pricing issue, the thing about validation is you make an awful lot of margin because there is an awful lot of highly technical work to do, which is documentation, research and development, all of those things supporting the customer with his filing documents, it is not a per kilo based game at validation. Once we get out of validation into commercial, generally speaking there is a negotiation on commercial price based on expected volumes per annum and how that grows. That is a different game again. That is where the margins might be a little lower; however, the predictability of the business is significantly higher. That is why we have this mix and why we need this mix in a company like Dishman Carbogen Amcis. We need a mix of early phase things which are the frogs. And every so often so we kiss a frog, we find a prince. The prince is a validation process where we earn very good margin. The king or the queen of the world finally are the commercial products where we have very repeatable predictable business which we as operational people like and you as investors like. You like an element of predictability. Unfortunately, the early phase stuff is very unpredictable. The good thing is whatever work we do, we get paid for unlike the clients who if they do not get a product through, they lose the money, that they spent on it. One good thing about the unpredictability of the preclinical and a phase work is the matter what we do, we still get paid.

Arpit Vyas: So that is why you see we are investing more in our developmental capacities rather than large scale capacities.

Mark Griffiths: Yes, we want the capacity to have more frogs. The more frogs we have, the more chance we have finding a prince.

Arpit Vyas: And the work is out there, that is why we are making the investment.

Mark Griffiths: And the work is out there, yes, that is very true.

Cinderella Carvalho: I just want to understand our new building which is ready at Carbogen Amcis, will that also add to our top line, how should we look at that in FY20?

Mark Griffiths: Phase-1 would be complete and ready for customer work in July, I saw the capacity already.

Mark Griffiths: That is likely to contribute somewhere between Swiss Franc 25 million this year, but that is going to be Phase-1. There are other parts of projects in 2020 which is the expansion in Carbogen Amcis which is coming to fruition as well and they will start to contribute towards the third, fourth quarter of this year. Those are all Phase-1 in 2020. Projects in 2020 still has two years to go and we are still working through the next phase of our capital expenditure, but that capital expenditure is going to be low, we are not talking hundreds of millions, Swiss Franc or dollar say we are talking about 10, 15, 20, not 150, not 90, the projects in 2020.

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

Ranvir Singh: I see in the balance sheet goodwill has increased YoY by 88 crores from Rs.78 crores despite you are taking amortization. So what has actually led this?

Harshil Dalal: Ranvir, that is largely on account of the restatement of the goodwill. So as you know, the goodwill has been created, there are two parts to it – one which flows from the standalone account, so that is the amortizable goodwill of Rs.1,300 crores and second is the goodwill which comes on account of the consolidation. So since that amount was close to about Rs.3,000-odd crores, that is restated as per closing foreign exchange rate of the respective subsidiary. So there would be an increase/decrease depending upon how the exchange rates move.

Sanjay S. Majmudar: Ranvir, you look at the standalone that will give the correct picture.

Ranvir Singh: Yes, but what I understand is numbers suggested for FY17 also, so maybe that FOREX related part is understandable, but the difference is too at Rs.80 crores and I thought that because Rs.80 crores after taking amortization of some Rs.88 crores, that gives actually Rs.160-170 crores kind of delta?

Harshil Dalal: That represents about 5% difference in the foreign exchange rate because everything is restated in INR. As I explained earlier, the average exchange rates at which the revenues were booked, so here obviously the difference in the closing exchange rates for both the financial years that will impact the goodwill.

Ranvir Singh: This amortization this year what we have taken, but adjusted in FY17 also, so what was the amount?

Harshil Dalal: So the amount each year that we write off is about Rs.89 crores.

Ranvir Singh: What is the CAPEX in FY18?

Harshil Dalal: That was about Rs.210 crores.

Ranvir Singh: For FY19 what would be that?

Harshil Dalal: Similar kind of CAPEX, so say closer to Rs.200 crores, that includes the maintenance expenditure.

Sanjay S. Majmudar: That includes the Carbogen Amcis CAPEX as well?

Ranvir Singh: In Carbogen where we are doing this CAPEX?

Arpit Vyas: In Switzerland.

Harshil Dalal: As we had mentioned earlier, we bought that building last year for increasing the development capacity.

Ranvir Singh: Okay, you are talking about FY18 CAPEX?

Harshil Dalal: Part of it was incurred in FY18 and the remaining would be incurred in FY19, plus the additional CAPEX that Mark just talked about for the expansion of Carbogen Amcis existing facilities. So all put together, there would be CAPEX for Carbogen Amcis as well as in India where we are incurring the CAPEX for the high potent facility in Bavla.

Ranvir Singh: The presentation mentions that other expenditure has been lower because of certain repair and maintenance cost has been lower, but this amount is very high. So just trying to understand what actually led to this ?

Arpit Vyas: Some of our facilities have been observational almost more than 20-years and we as a company, although the equipments are not too bad but in the view of the technological upgrades that are happening YoY so substantially, we as a company have taken a call to start upgrading and that call was taken almost three years ago for which we have been making investments and that is going to be up and down as and when we are having the time to change and having a shutdown. So we have changed many of the equipments and for that reason you see a big reduction in the maintenance CAPEX because that is of course, a new facility do not require as much maintenance. So this is an eventuality that it will have to die down slowly, it will be bits and bots depending on what we need to change in criticality and what we can wait for. So the maintenance in this field is essential because people would not maintain are not having the ability to export, the compliance does not happen and we can see that in China, we can see that in India, the story is in front of you, I do not need to tell what is happening.

Ranvir Singh: That our lead molecule I am talking about is witnessing some collaboration with some other global players probably different clients are being made for different therapeutic use. So what we wanted to understand is that if the collaboration comes out with some new combination drug or this product is ramped in some other geography, our relationship or our supply prospect will remain intact or our supply, so should we assume this is a positive it is being ramped up or expanded or collaboration as you make?

Arpit Vyas: Basically, in any pharmaceutical new chemical entities to change from one supplier that you have registered to change again comes at a massive cost and these costs for such as small and

mid-size biotech to incur before the commercial revenue starts happening for them is not advisable because they are funded by venture capitalist and venture capitalist takes the calls.

Ranvir Singh: No, why I wanted to understand because when a third party enters in this collaboration, so they might have some other agreement or other suppliers. So is that a possibility, that is where I was concerned?

Mark Griffiths: It is a possibility and a reality that is likely to happen with that particular molecule and some others who are looking at. But again what I can tell you is we do not get the visibility of these things. These deals are done without having a supplier enrolled. With those we hear rumors and things like that but I think we are kind of relaxed enough, not to worry too much about rumors now. I think we focus on what we know, we focus on what we can reasonably predict and beyond that, we feel everything is clubbed on, I can tell you now that molecule could be stellar. That molecule can be a game changer, and you could also file even now. So what we are doing is we are doing the best we can for our clients, we get no visibility beyond what they order, they give us a little bit of visibility every six months, it is growing slightly but as soon as another indication comes along, they get might be another aggressive partner, it could double, there were two suppliers, we are the primary supplier, that we do now. And there are a number of other molecules which are behind that one with other clients that could well have the same type of profile in different disease areas. But again we have to be very careful because the pharmaceutical industry especially new chemical entity industry is incredibly secretive, we do not get all the information, so it is difficult.

Moderator: Thank you. We will take the next question from the line of Vishal Manchanda from Nirmal Bang. Please go ahead.

Vishal Manchanda: With regards to FY17-18, could you tell us how many new molecules you would have commercialized, so that would have gone into contract manufacturing apart from the ovarian cancer drug?

Mark Griffiths: Two in Switzerland have been filed for launch and we are manufacturing small quantities for launch, but these are low volume products, that is the one thing I will tell you, the two that I am talking about are very low volume products, we are talking 200-300 Kgs a year.

Arpit Vyas: In India, we have finished three validations, some of the campaigns from previous year of 15-16 coming into 17-18 and now we are just waiting for the volumes to increase upon the data which the customer would have received.

Vishal Manchanda: If you could tell how many would have been filed from your Phase-III pipeline by your customers in FY'18

Arpit Vyas: Around five. It is the customers prerogative of when they decide to file actually.

Vishal Manchanda: So could we see a couple of getting approved would be a fair expectation in FY18-19?

Mark Griffiths: Generally speaking, we hope that across the platform two to three compounds a year might go commercial. We do not know which ones they are. We are not in control of how that happens. That is our mental planning. But it is not based on factors, based on a little bit of historical data, it is based on the ratios you can find yourself in the market. In actual fact, the way that the markets being driven is the things are getting to Phase-III sometimes before customers they say, "You know, we are going to pull the plug on it." If you got 300 million invested in products, you are going to do anything you can to try and get it commercial in some way shape or form. You are not going to pull the plug, the first one you say banker that goes out, some customers will, some do not. While they are not pulling the plug, we are still earning the money.

Vishal Manchanda: Finally, on the Vitamin D business, you are forward integrating into Soft Gel formulations. So could you share where are we on that and when is that going to start commercial operations?

Arpit Vyas: The plant we have installed one line of Soft Gel and we are starting to do the qualifications for that and starting to put the product in stability. Again, this is a product that we are going to be marketing ourselves and it is a new kind of idea to be marketed. So we can say even that it will be commercial in two, three months but we cannot expect the revenue to be coming till we are able to educate the people of the need of this product. But there is a need and that is for certain we are seeing data and I am sure all of you are doing the blood reports, we are all deficient of D3, this is a better alternative to that. How we are able to educate the customers or the potential people to accept this is what will ensure further growth in the revenue.

Vishal Manchanda: So initially since it is going to be a new product, so would this mean you would have to burn cash for a couple of years to get this basically accepted commercially?

Arpit Vyas: We are not into advertising or any kind of things. Whatever cash we use is going to ensure what kind of information we can give to the patients to increase the likelihood of this product to be accepted in the market basically, but not in terms of advertisement or TV ads or anything like that, it is purely to do for scientific reasons probably to get rid of some misconceptions or misinformation that a patient might have or is afraid of ,do a few trials to prove that in human which would not be extremely expensive.

Vishal Manchanda: Finally, since you are running several new initiatives, how should we expect your employee cost moving over the next two years – will it be in low teens or maybe higher, so could you give some color?

Arpit Vyas: Employee cost for us is all relative. Once we are sure of the business, is when we start hiring people according to the need. So if the employee cost increases, maybe in one quarter it might seem higher but it will normalize itself in the next few quarters.

Moderator: Thank you. We will take the next question from the line of Nitin Agarwal from IDFC. Please go ahead.

Nitin Agarwal: Arpit and Mark, when we look through the next couple of years, operationally, what were the milestones that you guys are internally sort of monitoring in that, be on the outside can probably monitor because the revenues in our business does not give us a correct picture of the health of the business, so what are the kind of parameters that you guys are internally looking at that we should probably can monitor as a proxy?

Arpit Vyas: One of the parameters that we look at is the news flashes that it might come up, those news flashes would include the new filings that have been published in different countries and those countries accepting those filings and giving the approvals, the FDA audits, the EMA audits, the new partnerships that are done for possibly a different indication of the same molecules which is flashed, etc.,

Nitin Agarwal: Arpit, internally for your own key milestones that you guys are tracking as a business which you guys have in mind for the next couple of years?

Mark Griffiths: Yes, we monitor an awful lot of operational parameters and I am not sure we want to tie up with all the sorts of stuff. One of the key ones, Nitin, we look at is the level of venture capital money going into small biotech. That is a very important internal metric. Small buyers that is where all the innovation is done now, it is not done in a big pharma, it is all done in small biotech and basically it is related to how much money goes in to small biotech. That gives us an indication whether there is going to be a slowdown, whether the appetite of a large pharma to acquire small biotech whether venture capital money is getting assigned into the pharma industry. That is a really important metric and there are three places where that money goes in which is critical that we watch – Boston, San Francisco and then South Germany.

Arpit Vyas: So that is a fundamental basic point that Mark has mentioned, is ensuring us the entire feed on the pipeline.

Mark Griffiths: Where the frogs come from.

Arpit Vyas: Exactly, post that we monitor the frogs in which phases at the end of the year, how many frogs did we kiss in which phases, there has to be an ideal mix, we do not want too many of a big one frog and we do not want too many of Phase-II frogs and we do not want too many of Phase-III frogs even. So it is an ideal mix that we monitor and that is what gives us an indication whether to do an investment like we just did it in Carbogen Amcis, to increase the lab capacities and the development capacities with an option to even expand manufacturing capacities.

Mark Griffiths: But that is really important one, Nitin, from the pharmaceutical entity perspective. I just wonder if you can kind of monitor yourself as well if you are so interested to do, just keep an eye. We look at it across those three territories every month and so far, we do not see it sell out.

Nitin Agarwal: That is great news. Secondly, when we look at the pipeline, as you earlier used to sort of share some details with us in terms of, where are the numbers now at the end of the year in terms of late Phase-III and Phase-III molecules?

Mark Griffiths: I think in the line of late Phase-III, but it is something like 18-odd.

Arpit Vyas: When you say late Phase-III, Nitin, it does not mean that we have done the validation, but we are expecting to do a validation.

Mark Griffiths: Still two to three years away doing the validation. The biggest thing will be on-going clinical trials because we talk about Phase-III. But what Phase-III really means is Phase-III for us is upscaling, generating more data, putting more parameters around the process. Phase-III for the client is he has got material in patients and he is looking for clinical results.

Arpit Vyas: This is very good metrics for us as well because the time for the product to actually come for validation for launch is the time where we can do other product validations which would be moving from Phase-II or late Phase-II, to early Phase-III.

Mark Griffiths: Nitin, if you remember, in onclology, there is no Phase-II anymore, nobody is doing Phase-II in oncology for cancer now, they are going straight from Phase-I proof-of-concepts straight into human patient clinical trials, do not have the volunteer stuff anymore.

Nitin Agarwal: Of the total Phase-III pipeline, how many in oncology in that?

Mark Griffiths: Around 40% of them in some way shape or form address oncology. Nitin, you and I have been talking about more than 10-years. Oncology is still the biggest single unmet medical need. It is still the most diverse evil disease and there is a lot of research going into still, we are still looking, one single magic bullet of this disease, I wish there were but that is not going to be and still most people are suffering and where a lot of the efforts going in. The other area that is going in just where everyone else will benefit, is on lifestyle drugs, obesity, diabetes, eye care, skin disease, hair growth things like that. There is a lot of research going into lifestyle drug now because people are getting more affluent. Generally speaking, people have more money and they are focusing their efforts on other things now, more lifestyle than just being able to live. So those are the areas that we see considering activity and cancer is a terrible disease and our clients are doing everything they can to try and address and we are doing everything we can to try and support our customers. That is about 40% of our total activities in oncology across the entire platform.

Moderator: Thank you. We will take the next question from the line of Manoj Garg from White Oak Capital. Please go ahead

Manoj Garg: Mark, we have been working on quite a few molecules on the ADC side. So just would like to pick your mind like out of those pipelines which we have on the ADC side, which one are pretty in the advanced stage and how do you see the progress on those molecules?

Mark Griffiths: I think the two that are most exciting right now, one of them we are doing the linker and the payload, and that is edging closer to validation. I believe we should be validating sometime in the next second and third quarter. One that we have actually got in our ADC suite right now, we

are producing material for clinical Phase-III and it looks as though that customer has also licensed part of that molecule to another company, they were looking at another indication. So we do not have formal confirmation in that, we have informal confirmation. So there are two; one for US customer, one for German customer and both of them look interesting. The one thing I will say is that we are also monitoring what is happening with drug conjugates versus immunotherapies. Over the last six to eight months, there has been quite a bit of noise in the industry about immunotherapy and the potential benefits to address oncology. Having been in the business for 30-odd years, I am always cautious about listening to the hot topic. That being said, there is still has only ever been three antibody drug consequence approved for general use in the market. So we are still cautious. That is why we did not invest 20 million in a manufacturing plant for ADC. Our plant can do clinical up to about Phase-II, Phase-III, it is not really big enough to do commercial manufacture, we have a plan in the new building, one of the plans, the options for the new building is to build a manufacturing scale. We still do not see a full justification today to spend that 20 million. We could spend that 20 million and get a much bigger bank.

Arpit Vyas: But once the investment helps us to do is to give the assurance to the customer that when the molecules go commercial, we are able to invest and we will be ready.

Mark Griffiths: But it is still interesting ones. There is also a lot of early phase stuff going although we are doing work on. But the US one, the German one are both very interesting.

Manoj Garg: Another thing that you indicated there were five products being filed in 17-18 by your customers or your partners and obviously one won't know what would be the outcome. But just to get a sense that can you tell us maybe an indication wise like which are the primarily therapeutic area where these products are being filed?

Arpit Vyas: It is a wide range.

Mark Griffiths: Yes, it is wide. I think two in oncology, one is directly (CNS), Central Nervous System, one is in subset of Cardiovascular or CV and there is one in eye care.

Manoj Garg: Just to get a sense on the Quats business, like last two, three years the business has been more or less on these levels. So just would like to pick your mind and your thought process that what sort of is the plan on that business and how you see the presence in the Quats business and how it helps you in terms of the overall synergy for Carbogen Amcis first?

Arpit Vyas: So for Quats business is what made the company what it is today. So there is an emotional aspect to it as well as business aspect to it. Business wise if you see it is doing a decent amount of margin business even when the prices of Quats are going down which is helping us leverage the relationship that we make in the API business to the customers as well and forwarding them, expanding our capabilities in the Quats as well, providing them with better cost Quats at even low volumes because Quats, the price is very much related with the volumes. So that is helping the synergy building relationships with the customers very well for us. At the same time the

capacity of manufacturing Quats are almost at around 80-85%. We are not spending too much there on the R&D side of things unless we actually have to, unless something more specialize comes about in Quats, but otherwise this business on the emotional front, it has helped during the tough times of the API business after the market crash, it is what helped us remain in existence after 2009 economic downfall. So it has done a lot of wonders than it seems on the books and in reality.

Manoj Garg: Just to understand your guidance which you have given for fiscal year '19 on the revenue side, where you said that existing business as it stands will grow in maybe 6-7% kind of range and any new launches which will happen would get an incremental growth, is that the right understanding?

Arpit Vyas: Basically, what we are saying is that now the validation that has taken place, the customer will be waiting on the clinical trial front and report and then post the results how they market their products, in what region they are filing give us a visibility on the kind of volumes that is going to be seen in the future. So, 5 – 7% includes is a very marginal component of that volume, if it goes more than it is a bonus, but it mainly represents the revenue increase of the developmental capabilities of new molecules that we should do and from the generic that we had developed two, three years ago and we expect the volume to increase.

Manoj Garg: Even the product which has been filed by your customers, if any approval comes through, that would also be an incremental revenue?

Arpit Vyas: Correct, again, that incremental revenue is on the demand basis, so we have provided them large volumes of the validation and as of now we are waiting on their side for how much more volumes could we increase.

Mark Griffiths: So the way this works is our customers have their internal marketing teams. They take a call on what they think the volumes might be. Generally speaking they have ambitious volumes. From experience we know that we tend to take a more conservative view of those volumes and factually history has taught us we are right. When a product is launched into the market, you do not know what the uptake is going to be. It takes anywhere between two and four years for the product to become so well and you can really take a good clear estimate of what its likely to be. That is just the way it is. Some products depending on the indication, depending on the need, you might see in two years already stable commercial volumes and see that moving forward. Most other drugs three to four years in our experience. So the launched quantities in the first year are an indication of what the long-term commercial volumes might be. I do not know what eprosartan was when they first launched it, but I guarantee it was 90 tons a year.

Arpit Vyas: 2 tons I think it began with…

Mark Griffiths: Might be 2 tons or 3 tons when it started. You know really 20-years down the line we were 80 tons, 90 tons a year. I will bet to but that it is so high in those base, but we did not think it is going to be that big. You just do not know till it has been in the market for 2-4 years.

Manoj Garg: To understand maybe the near-term you have given a bit kind of guidance but just would like to see directionally, not holding you for any guidance, if we have to see three years down the line with more number of molecule in our commercial kitty, how do you see revenue growth panning out maybe three, five years kind of directional perspective?

Arpit Vyas: If we are being optimistic which we do not like being, then would maybe five years CAGR would be considered at around 15%, but again until it happens we are not guaranteeing anything, what we are guaranteeing is that the possibility of making that happen is what we are investing in on a regular basis. Success is basically an eventuality.

Moderator: Thank you. We will take the next question from the line of Ashish Thavkar from Motilal Oswal Asset Management. Please go ahead.

Ashish Thavkar: Sir, you had said in the opening commentary that the customers are returning back to us. So could you elaborate in which indication they are coming back to us and if we have started doing work for them?

Mark Griffiths: It is across the platform, that is where you see the uptick in CRAMS India, that is a couple of customers who we have not worked with for a little while and they can come back to work with us because they had bad experiences elsewhere and of course they had a little bit of funding to take their products forward. So, there are a whole bunch of reasons. We are starting to see a little bit of return I think geopolitically, the cost of doing business in China is going up, I think the cost differential between doing business in China and India is coming down and I think most western companies especially European companies find it much easier to do business with India as they do with China. There are a whole bunch of reasons. That is one of the reasons why I think sometimes customers go and chase price and they forget the quality is important, about quality of the service or quality of the product. One customer who has come back is a German customer and they are being serviced with very bad quality and they realize that spending extra $5 or $10 a Kg, guarantees quality and that is more important to them than the price now.

Arpit Vyas: Basically because of the market scenario in the pharmaceutical industry, the clients whom we are dependent on are now starting to look for supply chain sustainability rather than just cost, where we win.

Ashish Thavkar: But have we started doing work for them or we need to begin?

Mark Griffiths: Yes, two weeks ago when we had a substantial order from a German customer

Ashish Thavkar: Will it be fair to assume that these are at a better scale or better margins?

Harshil Dalal: These are all CREAMS

Mark Griffiths: We have all the innovator type products, not generics.

Ashish Thavkar: On the Carbogen Amcis side, we had outstanding orders worth $80 million…

Mark Griffiths: It has gone up.

Ashish Thavkar: Yes, it has gone up, good to know that, but last time we had commitment from your side wherein you said that we are yet to start work. So how is the progress there?

Arpit Vyas: It is an ongoing exercise, Ashish.

Mark Griffiths: That is what we call our backlog. So that work is constantly going up and down. So as soon as we finish the project, we are into our backlog. There are projects that are yet to start and we are looking at in excess of $90 million of business.

Arpit Vyas: So the point is basically before the investments, ideal scenario of the projects or in terms of numbers you want to see, the ideal scenario for us was anywhere between 65-70 million, the investment that we have done in Switzerland has given us the liberty to take that number up to 90 plus million.

Ashish Thavkar: But when is the Phase-II expected to be on line from Carbogen Amcis side?

Mark Griffiths: The project 2020 is around to-date, 13 or 14 projects across the Carbogen Amcis platform and the first phase of those starting to come into fruition in the next couple of months. So the new building we bought, the first phase of that expansion is coming in to play in July but I have already sold the capacity. That is normally the way that we want these investments to go. We want to push to the absolute limits of when we will make the investment, we know that it is going to fructify quickly. That is the goal, that is what we are trying to achieve there. That is bit of a balancing act I know with the backlog of orders that we are sitting on at the moment I think we are reasonably satisfied with the decisions we are taking are the right ones for the business going forward.

Ashish Thavkar: But the total capital expenditure is like $20 million, right, so this also includes your program ?

Harshil Dalal: No-no, it is Rs.20 crores.

Mark Griffiths: That $20 million is Swiss side last year.

Harshil Dalal: That is the total CAPEX of the Swiss side.

Arpit Vyas: Including the maintenance CAPEX.

Mark Griffiths: For Phase-1 of 2020.

Harshil Dalal: Obviously, the building is a part of it.

Ashish Thavkar: It includes 2020 also, that is what you are saying?

Mark Griffiths: Yes, 2020 plus the maintenance last fiscal year was $20 million.

Arpit Vyas: So the entire completion including the price for the land investment and everything would come close to around 22 million which will go towards '19-20 financial year as well. So that is for developmental capability and as earlier Mark said that if we see any ADC molecules going commercial then we will have to do a manufacturing investment which will require more CAPEX, but that decision is not taken as of now, it is just to showcase that we are prepared and hence the customer will not leave us because we do not have large scale manufacturing capacity, we have the plan and they are aware of it.

Mark Griffiths: Now we have the land and the space.

Ashish Thavkar: So how much have you spent of this $22 million till now for phase-1?

Harshil Dalal: $20 million is already committed. So in the next two months, we would already be completing the phase-1 of project 2020.

Mark Griffiths: The first parts of phase-1. I will give you one example; half way through phase-1 in 2020 customer came to us and say, we need to upscale our chromatography. We said, yes, we can, we did a modification and the customer is actually co-funded half of the capital. This is what happens. When customers are absolutely convinced, something is going to happen, they put the money upfront. Unlike the generic business where you are going to put all the money upfront and hope that you have got a product at the end of it.

Ashish Thavkar: Harshil, on the ovarian cancer drug, what sales would we have done for FY18 and what would be the guidance?

Harshil Dalal: That was about $8 million booked in financial year 18.

Ashish Thavkar: Revenue FY'19 based on the order book?

Arpit Vyas: But that is incorporating the 5, 7% increase that we are suggesting.

Mark Griffiths: But that is only what we know today, they could come back tomorrow, and it could be different again, we just do not know.

Moderator: Thank you. We will take the next question follow up from the line of Rashmi Sancheti from Anand Rathi. Please go ahead.

Rashmi Sancheti: On Vitamin-D business, you said that by adding D3 products, there will be some cost pressures. So is it something that will have pressure on 39% EBITDA margin or it will remain same only?

Arpit Vyas: It will be capitalized because that is ensuring the future revenue. So, the pressure on the EBITDA margins would be marginal.

Rashmi Sancheti: Related to your Disinfectant business where you mentioned earlier that you have an exclusive agreement with Johnson & Johnson for around 18-20 products, so currently what kind of sales we are doing there and what is the outlook in that business?

Arpit Vyas: From zero ideal capitalized asset, we are doing around Rs.15 crores.

Rashmi Sancheti: What is the outlook, like it will remain the same level or which you are planning to expand or something like that?

Arpit Vyas: We are not expanding there, but this capacity can cater to more, but this is mainly for the domestic side of the customer and we are hoping that our services would ensure that they can use the same product in the regulated market as well and for exports. So that is the plan here.

Rashmi Sancheti: Any peak potential sales you would like to guide from this business in next three years?

Arpit Vyas: Again, this is Contract Manufacturing business, it is not something that we market. In these cases how well the product is accepted by the likes of you and I.

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

Ranvir Singh: On Forex part, what we commented earlier, I think Sanjay mentioned something Rs.60 crores gain which would have been without this adjustment and they are reducing to some amount, so I could not get it?

Harshil Dalal: The total foreign exchange gain that we booked in the operating income in financial year '17 was Rs.60 crores, of the Rs.60 crores about Rs.38.5 crores was notional FOREX gain and the Rs.22 crores was the realized FOREX gain in that particular year. As compared to that in financial year '18, the net FOREX impact on the P&L is only about Rs.1.7 crores. The difference is almost Rs.27 crores between the two financial years.

Ranvir Singh: Just because if Forex is significant element for us, so do we have any forward contract to manage it or this volatility we are tackling just by changing the policy to book only realized ones, so that is the only policy we are handling with forex?

Harshil Dalal: All of these gains that you are looking at in the P&L, the realized gains are booked and the unrealized which was booked in the previous financial year, all of that was on account of the forward contracts that we had entered into as well as the foreign exchange currency loans that we have on our book. So all of that acts as a hedge against our sale. So if you remember correctly, earlier the exchange rate had gone to if we talk about the dollar/INR it had gone to 64 nut because of the forward contracts that we had on our book, we were able to get the realizations at a much higher rate. So the pressure is wherein we manage the forward contract for the sales that we do. So tomorrow even if the dollar goes to Rs.60, that should not impact us because we are fully hedged for instance.

Ranvir Singh: What portion of inventory or receivables we hedged?

Harshil Dalal: Right now we would have at least six to eight months of our receivables which are already hedged.

Arpit Vyas: Also, when we see a spike, our contracts allow us to hedge for the future years as well. So we take the opportunity to get higher numbers, for one instance, one contract we have with the customer which is for five years allowed us to book forward contracts for five years and in the respective years we have in all the years more than Rs.72/dollar, a small amount, but just to give you an idea of how we are doing.

Ranvir Singh: Our hedge are in what terms? I think this should be in Swiss Franc.

Harshil Dalal: Receivables are hedged across different currencies; it would be the US dollars, euros as well as the Swiss Franc and a certain portion of pound as well, it would be in all the four currencies, the hedging that we do is not for India, but it is also for our subsidiaries as well, as you know our subsidiaries also exposed to different currencies in the form of Swiss Franc as well as the Euro, we do the hedging for all of those currencies.

Arpit Vyas: Not increase the prices for customers as wel,l because the stronger Swiss Franc hurts our profitability margins in Swiss Franc in Carbogen Amcis; same case for euros because most of the receivables are in dollars but the expense are in the local currency. So we have to ensure that adding more people is not going to come at an unreasonable cost which will hurt the possibility of future business. It would be very complex, but rest assured, we are taking the right call with the nature of business.

Ranvir Singh: Secondly in balance sheet, I see investments have increased significantly from short term and long-term investments also. So, in consolidated number, what this actually indicates?

Harshil Dalal: As I mentioned earlier, about our debt and the investments. So these investments are the investments out of our treasury into bonds as well as mutual funds.

Ranvir Singh: How do we classify long-term and short-term?

Harshil Dalal: Like we have also invested in some perpetual bonds of certain banks, so since the tenure is more than one year, that is classified as long-term investment, if there are investments in mutual funds or liquid funds, those will be classified as short-term investments.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the floor over back to Mr. Arpit Vyas for closing comments. Over to you, sir.

Arpit Vyas: Thank you, moderator and thank you all for joining the call. We took this call a little differently to showcase our perspective of how we see things in the best way we could ensuring the customer, IP and confidentiality is also maintained. I hope that was helpful and is going to be considered in the calculation that you make on a regular basis. Again, please do not consider us

as QoQ or YoY target. The lifecycle of any product to reach its peak could range from anywhere between eight to ten years and this is starting from phase-1 to reach its peak kind of a lifecycle. Please consider the comments that were made that the majority of the margin that we get are in Phase-III and validations. So that means if we see a margin increase and not a revenue increase, that is actually a good news and I hope that information helps you talk to your further investors as well and enlighten them about this fact and hopefully this gives a clarity, and not the same question on revenue the next time but different questions from you which we look forward to answering. Thank you, all and have a great day.

Mark Griffiths: Thanks, everybody for your support.

Harshil Dalal: Thank you.

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