"Caplin Point Laboratories Limited
Q4 FY2021 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Caplin Point Laboratories Q4 FY2021 Earnings Call, hosted by Batlivala and Karani Securities India Private Limited. 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 phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Alka Katiyar from Batlivala and Karani Securities. Thank you, and over to you, Madam!

Alka Katiyar: Thank you. Good afternoon everyone. On behalf of B&K Securities, I would like to welcome you all for Q4 FY2021 and full year FY2021 results earnings conference call of Caplin Point Laboratories Limited. Today, we have with us the Senior Management team including Mr. C.C. Paarthipan - Chairman of the Company, Mr. Vivek Partheeban - Chief Operating Officer, Dr. Sridhar Ganesan - Managing Director, Mr. D. Muralidharan - Chief Financial Officer, Mr. M. Sathya Narayanan - Deputy Chief Financial Officer and Mr. Avaneesh Singh - General Counsel and Compliance Head of the Company. I would now like to hand over the call to the management team for their initial comment. Thank you and over to you Sir!

Vivek Partheeban: Thanks, Alka. Thanks everyone. Welcome to our earnings call and I hope everyone is being safe wherever you are in India today. We are pleased to welcome you all to our call. Please note that the copy of our disclosures is available on the Investor section of our website as well as on the Stock Exchanges and also do note that anything said on this call, which reflects our outlook for the future, or which could be construed as a forward-looking statement must be reviewed in conjunctions with the risks that the company faces.

With that I would like to hand over the floor to our Chairman, Mr. Paarthipan for the opening comments please.

C.C. Paarthipan: Good afternoon ladies and gentlemen. I welcome you all to our investors call. At the outset, I wish you all stay safe, stay healthy and stay strong in this unprecedented pandemic.

Let us look at the scarce resource, the cash flow which is the most important business essential in this pandemic. Our cash and cash equivalent stands at Rs.470 Crores and the incremental cash in the parent company is 288 Crores in the current financial year. Further, we also have orders on hand from the parent company to the tune of $22 million to $23 million. Here we confirm that we do have sufficient raw materials and capacity to complete the exports on time. Further, we have an advantage in exporting the formulation from China to Latin America whenever some raw materials prices are high in India and low in China, hence, exporting it from China to Latin America is a unique opportunity for Caplin Point. Due to this pandemic many local companies in Latin America are not getting the raw materials on time as they have to import the same either from China or from India. This again is an opportunity to Caplin Point as we have our stocks closer to the customer and you are aware that ours is a stock and sale model in Latin America.

Now, let me highlight our expansion plans in Latin America. We are listing our product in various parts of LATAM such as Bolivia, Peru, Chile, and Colombia. Shortly, we will be starting our stock and sales business in this part of the world once the COVID curve flattens. We are also entering into the bigger geographies such as Brazil and Mexico in LATAM. We have received emergency orders from Mexico and also exported a few consignments in the recent past. Further we received our first order from Brazil which again is an emergency purchase. We also completed the agreement with a leading importer in Brazil which will trigger the online approval shortly. We are further in the process of acquiring few products approval from a leading company in India for Mexico. We also ensured new lines of marketing in the existing markets of Central America and Caribbean. The new lines of marketing which are our institutional sales and marketing of CNS drugs through doctors, which we had done using recently registered products developed by our R&D

I will give you a glimpse of the new projects. We are starting the oncology plant for OSD and injectable. The remodeling of the building is completed, in addition to the design and detailed engineering. The tablets and capsules section will be completed faster, hopefully in 12 months to 15 months. Our general OSD facility for regulated markets will also be completed in the next 18 months to 24 months. Further the API plant for US injectable and oncology are also in progress. In fact, we acquired the land in an industrial estate which is closer to our Caplin Sterile facility**.** The tendering for the civil and mechanical work is in progress. Our plans to manufacture the API from Key starting material will also make the company self sufficient as we do not have to depend on an external company or countries.

In Caplin's CRO wing, Amaris **C**linical, the US FDA audit is expected shortly for the same. This will also help the company to do BE/BA studies for many of our products in the regulated markets. Finally, we are also in the process of starting two more injectable lines in our Caplin Steriles facility, details of which will be presented to you by the COO. You are aware that the CAGR in the last ten years is 28% and above in times of revenue, EBITDA, PBT and PAT. We promised the shareholders in 2015 that our topline will become the bottomline in 2021 and we honoured it. Today, our focus is on cash flow and investing the same judiciously for the growth of the company. I am confident that in the next six years we are sure of creating a war chest of Rs 1500 Crores to 2000 Crores which will make the company a force to reckon with among the top Indian pharma companies. Thank you very much. Now, I request the COO to give his presentation.

Vivek Partheeban: Thank you Chairman. I will give a little background about what we have done in the U.S. markets specifically through our subsidiary Caplin Steriles. Last year we have shown a growth of over 30% in the topline in our US business despite all the challenges that we have faced during the pandemic. In two parts, one is many of the Outpatient Services in the U.S. was stopped because of COVID hospitalizations and as you know injectables are products that are typically sold in the hospitals only and number 2, the qualification of our second vial line was also delayed by about 6 or 7 months because of restrictions with ban in material moment within our states but despite that we have managed to show more than 30% increase in revenue, so we are quite

satisfied with that and we feel that the next year is going to be important for us because we are targeting cash flow breakeven revenue.

We also had four ANDAs approved in the last year, basically between January to April, which brings the total tally to about 10 ANDAs approved under Caplin's own name and five more approved through our partner. Of these, we have already launched 8 products and we have already completed the manufacturing of the launch batches for the other four and the last three products are planned for launch before October 2021.

We also had partnerships finalized for Canada, Australia, Brazil, and Mexico as the Chairman had mentioned earlier. We hope that we can have some revenue contribution from these places in the next 18 months to 24 months. Basically, any products that we are developing and launching in the U.S. we want to make it into a global dossier so we can extend to other countries as well and have some additional streams of revenue from these markets.

With regards to backward integration, we feel that this is going to be an important differentiator for our company because with prices bottoming out in the U.S., due to competition what really differentiate between Caplin's offering and XYZ's offering is continuity of supply which is very important for buyers in the U.S., so if we have our own APIs then we can guarantee that there will not be any disruptions in our supply and also when it comes to compliance, when it comes to confidentiality and all of that even cost for that matter I think will be very much in control if we had our own API.

We are working into the different ways for that, one is on an inorganic route and the other one is building on our own and we feel in the next few weeks we might be able to conclude on that and we will be able to give you more information. Also, with regards to the front end, we are actively looking at the right timing for us to launch our front end in U.S. As our Chairman always says what has worked out in the past for us we should concentrate on that and identify those pattern and if you see in RoW markets we are probably the only company that has end-to-end presence including the front end in Latin America so that is what we are trying to achieve in the U.S., as well, but time being of course is important and we feel some time in 2023 would be the right moment for us to start because we feel that we will have more than 30 ANDAs under our belt that we can launch in our own label.

We are also expanding our capacity significantly with activation of phase II of our injectable plant in Caplin Steriles. We are going to go for about 100 Crores–110 Crore's expansion which will add four more lines, two vial lines, lyophilized line and PFS line which is the pre-filled syringe line and also provision for another premixed batch line and the entire thing will be funded by the parent company.

In addition to this, we are starting to get into more complex products such as emulsions and suspensions both in injectables and ophthalmic because typically this is a space which sees lesser

price erosion and stability in the markets. It might take a little bit more time for approval and launch but this will be much more long lasting compared to very simple solution products.

That is it from regulated market side. I will just handover the floor to our CFO to give a little brief onto the numbers from last year and then we will open up the floor for questions after that. Thank you.

D. Muralidharan: Thank you Mr. Vivek. Good afternoon everyone on the call. This is Muralidharan, CFO of Caplin Point Laboratories. Welcome to the call once again.

At the outset, in the testing time what we all have been going through, the last year, I think has been a very gratifying year in terms of performance at all fronts for Caplin Point Laboratories. One the revenue has grown. Operating revenue has grown by 23% and for the first time we have crossed Rs 1000 Crores in revenue and Rs 300 Crores in PBT and Rs 250 Crores in PAT. This is a gratifying year for all of us even though the year has been not all that smooth. That is one thing.

Secondly, last year when we were in the call, there were apprehensions about the gross margin dropping, PAT dropping and opex going . the impact of the subsidiary acquisitions has been evened out, I am glad to say that we have gone back to the original levels of gross margins. We are at 55.6% gross margins current year as against 52% for the last year. So, the last quarter of last year was only 48% as against that we are at 57% this year and the impact of the pre-acquisition stocks what we had in the last year which impacted temporarily the gross margin level has been evened out. We promised that the evening out will take place over the last year which has happened. It is evident from the result what we are seeing.

Third, on the expenses, opex last year to this year, there has been increase in opex by virtue of subsidiaries coming into fold and a lot of Employees coming into our fold. even though the expenses have gone up, we have been able to deliver a higher profit margin and we are close to 24% to PAT which was about the earlier levels and also EBITDA margins we are sure that we will catch up with the increase in expenses would definitely be absorbed with the increase in revenues the coming year and we will go back to the original levels of EBITDA margins and PBT and PAT levels.

Fourth, on the balance sheet we see our networth is about 1200 Crores which is 88% of the balance sheet size. That means it is all through profit and on the asset side 75% of the assets is liquid in nature in terms of inventory, receivables, cash, and bank only 25% is in the non-current assets which is the property, plant and equipment that means we have good leverage and in taking the company forward with the available resources. So, these are the points which I would like to highlight as financial success and we are open to any questions. Over to you Vivek!

Vivek Partheeban: Thank you Sir. Yes, now we can open the floor for some questions please.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aashiesh Agarwal from Pareto Capital. Please go ahead.

Aashiesh Agarwal: Good afternoon. Thank you for taking my question and congratulations on a very good financial year 2021. I have a couple of questions, one, I gather that the Columbia stock and sale would be starting this quarter and would be starting sales in Brazil and Mexico also shortly, so could you give some sense on a trajectory as to by when Brazil and Mexico will start, what kind of revenue is expecting from these geographies this year and the next?

C.C. Paarthipan: I mentioned that we will be starting actually warehouses in these four countries where we have currently registered the products but at this juncture, it is not easy for us to give details on the exact start date, given the COVID situation. We will have to wait for it, actually COVID curve to flatten which may take actually between three months and six months also; however, we have already started doing some business in this part of the world. That is one thing, Second, as I mentioned in course of my speech, the business that we do now in Brazil and Mexico is based on the emergency orders which will continue because the situation which you and me face today is also one and the same in Brazil and Mexico, at the same time registrations as you are aware, it takes minimum of two to two and a half years but again we will be in a position to launch our business at the earliest in Mexico provided I feel that we should be able to travel there and understand the market scenario and then plan for the start, so eventually it all depends upon the COVID curve, we do not know when exactly it is going to flatten; however, the business which we do in other parts of Latin America will continue to prosper. Thank you.

Aashiesh Agarwal: I just have followup, you mentioned that 30% Y-o-Y growth in revenues in USA, so could you just quantify how much could we have done in USA in this quarter and what is our expectation for FY2022 from USA?

Vivek Partheeban: With regards to the last quarter, the last quarter the biggest one with regards to our overall sales contribution from the US, this year our target is to achieve cash flow break even and the visibility already is there for us because we have already launched eight products and as I was saying the next seven are going to launched imminently and with whatever forecasting that we have received from our partners in the US will go very close to achieving our target to cash flow break even. We feel that number is anywhere between INR 125 Crores and INR 135 Crores in the US.

Aashiesh Agarwal: Thanks. just one last question, the oncology injectables plant, you quoted in a separate subsidiary, any specific reason you chose to do it at that way? I mean you are looking at getting some investor on board over there or what is your thought process? That will be all from my side. Thanks.

C.C. Paarthipan: We do not expect any investor to come into that space but again you are aware that there are some benefits in terms of income tax and other things that is why we have spun it off as under subsidiary. Thank you.

Moderator: Thank you. The next question is from the line of Ashish Kacholia from Lucky Investment. Please go ahead.

Ashish Kacholia: Good afternoon Chairman Sir and congratulations to the entire Caplin team on a very good set of numbers. My question is pertaining to the regulatory compliances and preparations that we have done for the US market and Caplin Sterile. Can you tell us what steps you have taken to ensure that you can remain on top of the compliance curve?

C.C. Paarthipan: Thank you Mr. Ashish. Now from day one, when it comes to our U.S. business and the U.S. plans where we are operating in. For us compliance has always been the top of the priority. We have never really had a tradeoff between deliverables and compliance or revenues and compliance or anything. We have always felt that compliance has to be number one and today we feel that quality and deliverables are two sides of the same coin, so right from the beginning till today we have always engaged right from top down to make sure that we are engaged with our people specifically our quality people and to make sure that we also have external consultants in fact we work with two former FDA inspectors that have had more than 45 year to 30 years stints in the agency itself to come in and not only do mock audits for us but also give us training both in terms of quality and also data integrity and in other areas. We also try and make sure that we take right people because obviously when it comes to regulated markets, we need talent from outside, so we also try and make sure that we take the necessary people from good quality compliant companies because they will come with a good culture that will easily be blended the culture that we have at the plant and we feel that going forward we are going into much more higher levels of automation whether it comes to laboratory LIMS that we are intending to use and also going as close as possible to paperless system over there which gives adequate comfort level for any auditor to come and see, so we feel that our investment into this EPMR, LIMS and all of the software that we are getting into will also go somewhere to make sure that our compliance levels remains high.

Ashish Kacholia: My second question basically is when you mentioned that about we will do U.S. businesses was 125 Crores to 150 Crores in FY2022 and reach breakeven there, what is the total potential output from this plant? I mean what kind of capacity utilization will be doing to reach 125 Crores to 150 Crores.

Vivek Partheeban: Today, the capacity utilization is a little bit of misnomer for us because; 1) we are not doing only commercials from this plant, we also have big number of product that we are doing exhibit batches for us because these are the ones that we are going to file ANDAs, so but if you were to put some rough numbers on to it, we feel that we are at about 40%-45% utilization of capacity when it comes to purely commercial products but we realize very quickly that because U.S. is approving products much faster than before, we need to make sure that our capacities are in line with the number of products we are filing and getting approved, so this is the reason why we are going for another doubling of our capacity. It will actually be even the doubled when it is completed within the next 15 months. From current status we are looking at around 105 million–106 million units just in vials alone and when it comes to prefill syringes, we are looking at another, I believe, 15 million units, we are looking at 12 million in terms of bags and ophthalmic will be another 10 million, Lyophilization will be 15 million, so all put together, I think we are looking at well over 160 million units from this plant.

Ashish Kacholia: Okay, this is just expansion that you mentioned?

Vivek Partheeban: All put together will be around 160 million units.

C.C. Paarthipan: Mr. Ashish I would like to add few words with regard to the regulatory confidence. I fully agree with you this is a very important area as far as actually US FDA facility is concerned, compliance is part of a culture and in fact in the next one to one and a half years I am moving closer to that factory. I am building a house next to it. The process is like this, as you are aware culture is part of the habits of the people actually work in the company, integrity, quality, deliverables all is part of actually but habits of the people that create the character, the character creates to culture. When I go there because of my age, I will be in a position to understand the casual characters of my company. One good thing which we have done is this is closer to my village; the purpose of creating this facility is to help my roots, at the same time and also understand either the people who work in my company have to love towards the company or I have to create a fear in them. If one of these is not there, the culture will not be established and will not be able to actually create the culture of compliance which is needed as a matter of fact. This I guarantee you Mr. Ashish Kacholia because you are a well-wisher, and you are one of the leading investors of the company. Thank you very much.

Ashish Kacholia: Thank you so much Sir and my other question is about this expansion will cost us how much money and will we have to invest the entire money, or it will be invested in proportion with Fidelity investments?

Vivek Partheeban: This is going to cost us around Rs 100 Crores to Rs 110 Crores investment basically this is the entire phase two of our injectable plant that is going to be completed and because of company is sitting on decent amount of reserves right now, we from Caplin Sterile what we are planning to do is take a line of credit from the parent company at an arm's length and we are going to complete capex and we are not expecting or we are not looking for any sort of external investments for completing this capex.

Ashish Kacholia: Okay, so the equity structure will remain what it used to be, I think it is some 70-30 when it was taken?

Vivek Partheeban: It is 75-25 and it will remain exactly the same.

Ashish Kacholia: It will remain 75-25 and the extra capital will be in the form of a debt from the parent to the subsidiary?

Vivek Partheeban: Correct, yes absolutely.

Ashish Kacholia: Okay and the total investment after this investment will be how much including this 100 Crores–110 Crores what you are saying for the expansion?

Vivek Partheeban: You mean overall what has been already deployed?

Ashish Kacholia: Yes, deployed plus this 100 Crores – 110 Crores, right.

C.C. Paarthipan: Probably, the CFO will be in a position to give a correct answer to it. Can I request CFO to come and give the exact figure please?

D. Muralidharan: Yes, the total opex and capex that has gone into this facility till last year it was about 400 Crores but of course the book value the assets about around 150 Crores to 160 Crores, so that is the amount that is gone into the fixed assets. If we add to that 110 Crores of fresh investments, the property, plant, and equipment will stay it about total 300 Crores.

Ashish Kacholia: So, 400 Crores are already gone in and 100 Crores…?

D. Muralidharan: Yes, when we say 400 Crores that also includes the opex during their initial period.

Ashish Kacholia: Yes, opex capitalized basically is what you are saying?

D. Muralidharan: Not capitalized. It is not capitalized. It is the opex absorbed by the parent company before it was hived off.

Ashish Kacholia: 400 Crores plus 100 Crores**,** so 500 Crores and what is the potential output or sales from this unit at full capacity?

Vivek Partheeban: What happens is obviously the U.S. is a very dynamic space and then right when we start the development of a project up until commercialization, it is not going to be the exact same numbers as well, so it is not very easy to look at what would be the output from this plant but what we have targeted for ourselves both internally and also given out in public is that we are looking at actually being revenue of around $100 million from this plant in 2025-2026 and last year we have done 90+ Crores and this year we are targeting around Crores, I think our trajectory looks decent and with the expansion in capacities as well, we will be starting to look for some level of high quality contract manufacturing orders as well, so all put together I think conservatively we can estimate that the revenue potential after this plant that we have started is around $100 million by 2025-2026.

Ashish Kacholia: My last question is, is there any opportunity for us to play in the contract vaccine manufacturing space given that that is also an injectables kind of manufacturing process?

Vivek Partheeban: Of course, you are absolutely right, when you said it is injectable product but the fundamental difference is vaccines are coming under this category of biological products and we do pharmaceutical products, so technically both of them cannot be manufactured in the same plant unless you go for very high level of containment and all that which takes time and quite a lot of investment as well, so as our Chairman always says what is measurable is manageable then it comes to vaccine business, there is a lot of variables from outside, we do not have any control over the technology, we also do not have any control over the marketing of the product, so that is not some space that we are very comfortable with. We had evaluated in initially because when it

comes to the technology part of it, when it comes to fill and finish I think we are very comfortable doing it but everything else seems to be external variables over there, so we ended up not looking at investing into this space and I also feel and I also hear that there is significant amount of capacity coming in for vaccine manufacturing in the next 12 months to 15 months specifically in Hyderabad, Telangana area, so I think there is going to be a little bit of glut in terms of capacity available.

Ashish Kacholia: Fantastic Sir. Great numbers and wishing you all the very best. Thank you so much.

D. Muralidharan: I would like to just clarify in terms of the capex once the expansion is completed, it will be close to 300 Crores in terms of gross block. When we say 500 Crores it includes opex, which we have incurred in the past, this is already sunk in the books of Caplin Point Laboratories. The assets that will be productive, will be about 300 Crores in terms of gross block.

Ashish Kacholia: Thank you so much.

Moderator: Thank you. The next question is from the line of Siddheshwar M from SVR Consultant. Please go ahead.

Siddheshwar M: Good afternoon Sir. I have a question regarding the new subsidiary the Caplin Oncology, you mentioned briefly that it is a new manufacturing plant and there are income tax benefits, and am I correct to assume that we would be paying by 15% since it is a new manufacturing plant?

D. Muralidharan: We want to avail the benefit that is for new entities and that has been major thing and apart from that also being a focus area we want to keep it in the separate entity as such.

Siddheshwar M: Another question regarding the subsidiaries, so if I compare with five years back, there was just one subsidiary and now suddenly over the years many new subsidiaries have been set up, so is there any strategic reason for that and should we expect more subsidiaries in the future?

C.C. Paarthipan: If we look at the subsidiaries that you see now, these are all subsidiaries which has been taken over in the recent past and these companies are all our marketing partners in Latin America and so far, we have completed actually this one, the purpose of doing it actually is to have an effective control over supply and then distribution. Immediately we do not have any plan to go for any subsidiary other than the one which you have mentioned in our press release.

Siddheshwar M: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Jeetu Panjabi from EM Capital Advisor. Please go ahead.

Jeetu Panjabi: Good morning. Thank you so much for great presentation and great numbers as well. The two questions I really have, one is, your opening comments was that the focus of the year is going to be on cash flow, I would love to, if you could give us some more color on how you would define

success in measuring cash flow and also in terms of is it cash flow post capex and what kind of goals are you achieving over there? Second is, what are other metrics will you use to measure success from an organization standpoint 12 months from now besides the cash flow point that you saw over the last 15-18 months?

C.C. Paarthipan: As far as cash flow is concerned, you are aware that this is actually the most critical measure which one has to look at right now, which I told you before and this is mainly because of the fact that our business model is very unique. We not only manufacture and export, but we also import, we distribute, we go to the last mile also which is an end-to-end business for us. If we look at most of the companies of our size, none of the companies have an importing model actually where you will have this kind of end-to-end model. That is one of the reasons, we are in a position to have control over the business and that increases the cash flow increases the sale. Today, as I told you in course of my opening speech, not many companies are in a position especially the local companies in Latin America, they are not getting the APIs on time, they have to depend on India and China, that also opens up an opportunity for Caplin Point and that what we have done now, the moment actually this pandemic started, we started increasing our stocks. If you look at the recent past when we check with the last year and current year, we have increased the stocks to the tune of at least 10 million to 15 million, mainly in Latin America. All these take the more and more we export that increases the possibility of more and more sales which means more and more cash will be repatriated to India. This is as simple as that. There is nothing in the form of extraordinary marketing as such. It is simple distribution as we have created a stickiness effect in the bottom of the pyramid and the lower range of the pyramid in Latin America. The people understand this is a product where they will find the quality, they also see a good price in our product, we also give them the volume, we also give them the variety and novelty automatically they come to our warehouse and buy and there is nothing in the form of intermediary. It is the manufacturing is going to the last mile that really helps us to have a consistency in topline, bottomline and cash flow. This is as simple as that. Have I addressed your question, Mr. Punjabi?

Jeetu Panjabi: You have. Just a slight tweak or follow on that, so you again in opening comments you are sitting 470 Crores of cash, just if I were to take your cash flow that number will be higher 12 months from now?

C.C. Paarthipan: You please come again; I could not hear?

Vivek Partheeban: I will repeat his question. What he has asked is we are sitting along 470 Crores of cash flow, what is the expectation for this year in terms of cash flow?

Jeetu Panjabi: Will this number be higher than 470 Crores or just capex cash number on the balance sheet?

D. Muralidharan: Thanks Chairman. The cash balance as on last year it was 470 Crores. As you read in the press release we also have expansions one through investment into the oncology plant and the other through the API plant, this is all going to be catered through overall cash accruals whatever we

are carrying and we expect a similar cash accrual during the year, we will not be able to put a number of what it will be closing balance at the end of FY2022 because that depends on the project execution, how much of cash what we have planned will be absorbed in the current year. So what Chairman was trying to tell you was our focus will be on to increase the cash accruals so that we are always having free cash flow to take on further expansions either organically or inorganically. That is the objective.

C.C. Paarthipan: Let me also add one more thing to that point. The cash flow that you see today, more, or less we continue the same way. We do not have anything in the form of actually the pandemic affecting our people, what is happening today is affecting one or two is fine but if it affects more that may also will not totally affect the business, it may be 5% to 10% this way or that way. So, the cash flows will continue to remain the same that us because of the fact as I told you, we are increasing the export, we are increasing the sales as and when you will increase the sales the places where the goods are going to actually stay, we will have opportunity to sell more that means when you sell more automatically that has to become cash, cash will be repatriated to India. So, every time when we go for achieving this kind of a cash flow, it has to be invested, if we do not invest also the growth will not come in leaps and bounds.

Jeetu Panjabi: Sir, I have one more question this Latin America growth which has been a significant engine of your growth in the last 12 months at least and even before that, do you expect the growth rates to sustain or what is your thinking on that?

C.C. Paarthipan: I will give a detailed report on this because in fact I told my people. Today, we are in the smaller geographies of Latin America. As I told you before we are entering into the bigger geographies of Latin America. If you see the Latin American population, the Central America and one part of Caribbean that is Dominican Republic and then Mexico. So, when we go to Mexico that is a huge market and we also know how to sell our products in the private market in addition to the tender business that is where the big players are there. How are we going to compete the big players who have deep pocketst? We will not try and compete with the products that they are concentrating. Their concentration is on chasing the economies of scales. Big products like Anti-HIV, tuberculosis, but our focus will be more on 20-25 products. This will not be in the form of like Rs.1000 Crores and Rs.500 Crores. But this 20–25 products each one will be like Rs.100 Crores, I am talking of the APIs, so if I can manufacture a key starting material to API and formulation and then register the product in Mexico and Brazil and the other part of actually the bigger geographies like Columbia and Chile, I still have an opportunity to compete with the locals and the big players are not actually competing in this particular area, even if they come into this space my price will definitely will be equivalent to their price and their overheads will be much ahead of my overheads which means they cannot actually place the price which will be cheaper than mine, this is one reason. Second, most of the Central Americans and Mexicans are the one you will see in US, the Latin in US mostly they are all from this place and many of them in the next five–six years will understand, already we know there are people who used to carry which of course we do not entertain but again it happens for people who go from Central America to US they take not only that Pollo Campero which is like a Kentucky Fried Chicken,

they also carry some generic products because they want to help their own families which is there in U.S. The same way I found them carrying our products. Once we complete our business in Mexico in the next four, five years, Mexico being the number one country from where the migrants have come to U.S. that will open up another avenue among the Latin's in US in the form of our products. So, that is why in the five six years not only we will sell the product that we are manufacturing in Caplin Sterile, but we will also sell our Oncology products, we will also sell our tablet capsule ointment and other things which means we have basket of products with different buckets will open up a huge opportunity among the Latin population, which is in south America and North America, that is it. Is there anything you want me to add, please?

Jeetu Panjabi: No. I think I heard you loud and clear explaining of how the whole strategy is going to work and how you going to scale up and what are are the strengths to scale up. But would I be fair to summarise that you expect the growth rates to sustain, is that a fair summery in a one-line sentence?

C.C. Paarthipan: If I have to say the one thing which I cannot predict, which is an unknown, unknown to everybody is the pandemic. If the pandemic actually is not going to affect one company it will not affect me, if this is going to affect every company it is going to affect me also, it is as simple as that.

Jeetu Panjabi: Thank you, Sir, really appreciate your thoughts and best wishes.

Moderator: Thank you. The next question is from the line of Nitin Gosar from Invesco. Please go ahead.

Nitin Gosar: Thank you Sir, for the explanation earlier. Couple of points further on the debtor days and the inventory part, how should we understand like things going forward we will be having meaningful play coming in from U.S. How different is the debtor days and inventory cycle in U.S. versus the existing business that we have?

C.C. Paarthipan: Yes, I will just answer the first part of the question. With regards to U.S. our receivable days was anywhere between 45 days and 60 days. Today if you see our receivable days is sort of stabilized somewhere between the 80 days and 110 days depending on which part of the year you are looking at so, we are somewhere around 90 days–95 days right now. As the quantum of business increases in the U.S. and it is starting to become a meaningful part of the overall revenues maybe you will start to see the consolidated receivable days basically coming down for the overall company, but we are very comfortable at the current stage itself as you could see from the cash flows surplus that we have that even at 90 days–95 days we are able to substantially increase our cash and cash surplus. So, anything more specific on that of course our CFO can answer also.

Nitin Gosar: Yes, per se if you could touch upon the inventory days Sir?

D. Muralidharan: I will request Chairman to revert on this, inventory days because we always feel that the inventory is a significant advantage for us. Our Chairman will give a little more colour on that.

C.C. Paarthipan: As I told you before there are two sets of companies. When you say inventory, inventory in the factory definitely is not a good sign to the company. Inventory in the market especially during COVID times is a boon. It is not a bane. The reason is, as I already told, you raw materials are not coming to that part of the world because it has to come from India or China, and we are the only company having this warehouse model and there are not many companies and that too the inventory does not contain 5 product or 10 products, it consists of 300 products to 500 products that means you have a variety, you have novelty, you are in a position to give at a very good price because you have removed the intermediaries on top of it if a product is sold in a market for 10 years-15 years that is a guarantee for the quality. So, when you can give good quality at affordable price, when you can remove the intermediaries, which is a very risky business model, because you are removing the local, we faced all that, we faced all the physical risks. Today we are a force to reckon with in that part of the world. So, the more and more we increase the goods inventory it is better but if you look at actually the press release the inventory has come down on the contrary. It has come down to Rs.179 Crores from Rs.238 Crores. So, this one I would prefer the inventory to be on the book higher side so that the cash flow will be higher. For example, this first year, we have increased our cash flow to the tune of Rs.288 Crores, incremental cash flow I mean compared to the previous year. That has happened mainly because of actually the goods next to the customer.

Vivek Partheeban: One important point over here is there are three types of inventories, right? Number one is the one in the factory, the one on the water and then the one near the customer. For us, a significant chunk of it is on the waters and closer to the customers. So, very little part of it, of course the percentage wise I think CFO can describe very little percentage of it is actually work-in-progress and at the factories.

Nitin Gosar: Point taken. My reference was more to understand the perspective on U.S., will it create more pressure on inventory that be carrying the big ticket?

C.C. Paarthipan: No, U.S. I will also give you one more information on this. With regards to U.S. there are two things we need to take into consideration, today 100% of our sales from the U.S. comes from our partners and our payment terms with our partners were anywhere between 30 days and 60 days, number one, and number two we do not really keep any inventory in the U.S. So, our business model is very conventional today that is what we are looking to enhance by 2023 when we have our own front end but today it is a conventional business where products are basically made to order and these products are the one that are going through hospital so we do not really have to stock up in the US so you will not find any sort of pressure from the U.S. business when I consider few of places which is quite the opposite I would say.

Nitin Gosar: Got it. Sir, second question was pertaining to the ability to hedge the multiple currency, as we scale up the complexity in the business also gears up and today that we are on the front end mode because what are the metrologies we adopt in order to hedge ourselves so that the currency volatility for those countries which are at times pretty hard to deal with that can be managed well?

C.C. Paarthipan: Coming to the currency volatility three countries where we are currently in Panama, El Salvador, and Ecuador the currency is Dollar then Guatemala is the country which gives us the maximum business. We do around $2.5 million to $3 million per month and the currency is very stable and even Nicaragua and other countries also like Honduras the currency has not been any issue in the form of volatility. The only currency which is not very bad and at the same time it is not stable is in Dominican Republic. We fully know we are aware of it and the measures that we have taken if we supply the product in credit, if we give lot of credit to your customer yes there is a risk. But if you keep your goods in the warehouse whatever little risks you face in the form of devaluation can be offsetted by selling the products at a higher price to the same customer. So, this the answer I would like to actually convey to you.

Nitin Gosar: Got it and Sir last question is on the Brazilian market the understanding there is that it is very difficult to crack, especially on the branded side. What I could gather right now we are targeting the tender market but as the time goes by we would also aim the branded market, is that the right understanding, Sir?

C.C. Paarthipan: Today, brand marketing of course we will get into brand marketing for products which are difficult to manufacture. Since, you all know that we are more into R&D and we are getting into more and more complex products, so when we market the complex products in South America yes, we will definitely get into brand marketing, but the portion of sales will mainly from generic because right from US to other regulated markets their focus is more on generics because, generic is a product where they want the country to be benefited because of generics. When you go to tender it is generics, when you go to any institution private or public, they expect that you would supply generics. So, it will be a mix of generic and brand our major portion will be from generic and slowly we will build our brands also. Did I answer to your both, one more question you asked I could not hear it properly you please ask it?

Nitin Gosar: No, this was the question Sir, and just a follow up on this Brazilian market, particularly what we see is that Brazilian market or any such takes almost 4 to 5 years to approve a product. Is that a case with us also like if they are in tender market too we also see the similar channel because, the product approval process may be the same?

C.C. Paarthipan: Yes, you are very right, the Brazilian approvals seem to be long drawn process, but they have learnt every bitter way during this COVID. There was no medicine, they had to suffer a lot, they had to do for all emergency purchase so, now they are slightly changing the policy and you are also aware the Lula actually has come out, so the elections are in the offing and the people when they change the government and of course the present government also is in favour of completing the registrations faster. I do not know how fast it is going to be but definitely not as that as of before.

Vivek Partheeban: Yes, just one point to add America has come with guidance that says that they might also recognize other country's inspections on a mutual recognition basis such as UGMP and US FDA

and so both Brazil and Mexico they are slowly starting to open up to accepting inspection reports from other counties especially US and Europe.

Nitin Gosar: Thank you.

Moderator: Thank you. The next question is from the line of Sachin Kasera from Svan Investments. Please go ahead.

Sachin Kasera: Good afternoon Sir. Congratulations for a good set of numbers. I had one question on Caplin Steriles, if you could just give us the breakup of the revenue between the licensing income and the income from sale of products? Secondly, if you could share the EBITDA and the PAT number for Caplin Steriles for Financial Year 2021?

Vivek Partheeban: I would request our Deputy CFO Satya, because he looks at this closely to the best of my knowledge, we had at about 60% product revenue and 40% the profit share on milestone. But I think Satya can elaborate a little on this.

M. Sathya Narayanan: Good afternoon this is Sathya Narayanan here. As shared by Vivek our export revenues in Caplin Steriles for the year was close to 58% and the milestone and profit share contributed close to 42% and for the full year the PAT was negative Rs. 22.8 Crores.

Sachin Kasera: And what was the EBITDA number, Sir?

M. Sathya Narayanan: EBITDA is close to negative Rs. 24 Crores.

Sachin Kasera: Second question, there was a mention regarding another phase of capex in terms of Caplin Steriles and there was a mention that the parent company standalone but if I see the FY2020 annual report, there was Rs.150 Crores of cash lying in the balance sheet so which still I would believe around Rs.125 Crores of cash in the annual report. So, if you could just through some light why is there further necessity of borrowing from the parent company?

C.C. Paarthipan: When it comes to pure operations, we are able to live within our means, we are self-sufficient with the investment that Fidelity has made it to our company but what happens is when it comes to additional capex, we are not able to afford it with the investment alone. So, obviously as you know when it comes to R&D, we are one of the highest spenders of R&D in the country. In fact I believe we are number 1 as a percentage of revenue, and we also have conservative policy of charging of our R&D expenses as well, so we need to be prepared for the number of products that we are filing and the number of products that are going to get approved. We learnt the lesson in the last 18 months that US is also starting to approve dossiers quickly and we need to be in a position for faster launches as close as it gets to approval. So, we know that the business is going to grow, the volumes are going to grow so, we want to be ahead of the curve rather than be left behind a little bit. So, that is why I think when it comes to pure capex, we are going to go for loan from the parent company. But if it was going to be non-capex regular opex I think everything is taken care of internally by Caplin Steriles.

Sachin Kasera: My next question on Caplin Steriles is you mentioned in one of the previous queries is that by 2025-2026 we are hoping that we can achieve $100 million. Now, if you see the track record of Caplin other than this U.S. business we have been in the range of 35% - 40% EBITDA margins between 50% and 70% ROCE. So, is there some sort of a number we also looking to aspire to achieve Caplin Steriles four-five years from now where it will be $100 million?

Vivek Partheeban: So, if you take away spend on R&D and filing expenses and all of that, Caplin Steriles business today is still very profitable. I think gross margins we are very similar to parent company kind of gross margins. The fact that we continuously invest into R&D is the one that is pulling down the numbers a little bit and also I would say that once we have a front end presence in the US starting in 2023 we do not need to necessarily share the 50% or 30% of profit share that we give to our partners the entire thing can be absorbed by Caplin Steriles itself that will go somewhere to boost our bottomline as well.

C.C. Paarthipan: I would like to add one more thing here Vivek, as we told you that we are midst of actually starting, starting material to API for our injectable. So, which means once you complete actually the API registration in here that is DMF once we develop the DMF then this also becomes an end to our hurdle. You will have your own API, you will have your own formulation, you will have your own front end which means there are no intermediaries that is what actually will increase the profitability of the company too.

Vivek Partheeban: I mean it will be fully vertically integrated when that happens.

Sachin Kasera: My next question is regarding the Rs.300 Crore's capex which has been mentioned in the presentation. So, if you could give us the sense as to what is the plan as of now to spend in this year and next year. What is the timeline for commissioning of these three projects?

C.C. Paarthipan: When it comes to the Oncology plant this will be faster than the others because we have acquired four buildings from a bank. So, the civil which usually takes about 12 to 15 months that has already been completed here because we acquired the buildings itself so the Oncology part of it, the oral solid dosages we are hoping to have the first billing out of this within the next 12 to 15 months itself and second one is the API, I think if you are looking at green field project it will probably going to take about two years to be completed if it is going to inorganic it will probably happen obviously much faster of course we do not clarity on that today so we are going ahead with the assumption that there is going to be a Greenfield project only and number three the addition basically the expansion of capacity with the injectable plant will be completed in 15 months from now. So, shorter answer to your question is, this Rs.300 Crores – Rs.350 Crores will be spent over the next 24 months.

Sachin Kasera: Sure, and what is the type of payback or incremental revenue these Rs.300 Crores to generate for that Rs.600 Crores of incremental revenue once fully utilized?

C.C. Paarthipan: See it is very difficult to say at this juncture but that it will be manifolds. We do not want to give the numbers to be very honest with you because we are in the process of studying the market.

There are three kinds of market which we address today. One is actually the RoW market, the other one is non-regulator and then your U.S. So, I will not be in a position to give you the exact numbers on that please, to be very honest with you.

Sachin Kasera: Just one last question on the overall EBITDA margin, I believe that because of currently lower profitability in the sterile business there is some pressure on the EBITDA margins in the last two, three years. But this year we are expecting much better improvement in profitability there so, can we see that in the next two year to three years the EBITDA margins should improve from where we are currently?

C.C. Paarthipan: I fully agree with you. We feel so.

Sachin Kasera: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Mitesh Shah from ICICI Securities. Please go ahead.

Mitesh Shah: Thanks for taking my question and congratulations for continuously giving a strong result. My question is regarding to U.S. sales, you have achieved around $12 million this year and the in the next year also expecting around $18 million-$20 million and the expectation could be around $110 million. So, should you expect the fillip in the sales and sales and treat regards for the sales, I believe one it could be we are flowing into the front end without the partners. So, when we can expect the paying off the figures for this particular?

Vivek Partheeban: So, when it comes to the US trajectory obviously in the beginning periods we have focused more on simple solution products where typically the sales and the margins are little bit lower than some of the products that we are getting into right now which is more in to the injectable, emulsion and ophthalmic emulsion, suspension category and stuff and in addition to that we are also getting into premixed bags and pre-filled syringes life like products and all that. So, once we start to come through we feel that there is going to be a significant fill in the next three years. So, our revenue projection is based on this and also in addition to that like I would say once we have ramped our capacity we are also going to be going for some higher value contract manufacturing as well with larger player in the U.S. that is going to improve us under rate as well. So, while it might not be very simple curve it would be I would say rather in terms of steps rather than linear curve.

C.C. Paarthipan: To add one more thing, to tell you frankly when a promoter is non-technocrat and in the initial days it was not that easy to attract efficient project heads and all and most of the time people would not accept, they do not know they somehow actually create something then if that it leads to doing his ESOP. We have completed that process, what we have learnt is one when there something bad happens we learn from it, if something good happens you grow. Now, we have come to the stage of growth. Whatever happened in the past is because of actually the fact that every first-generation entrepreneur has to go through that if he is not a technocrat. So, whatever has happened in Caplin Steriles, if we are not in the position to generate enough cash we would

have been in trouble because this has not happened actually by leveraging the debt. It has come actually because of the fact that we have a very good set of marketing setup in Central America. We generated enough cash then of course we attracted an investor; we were not very keen also in spite of it then we decided there is a concept called Capital Plus in addition to capital they also promised they would be in a position to help us when we go for the front end marketing in U.S. So, all these things have happened. Now, we are confident that would be in a position to do well going forward. We have increased the capacity. We are further increasing the capacity. Today the issue is not marketing in U.S., the issue was actually capacity constraint that has been addressed then second people constraint, now we are in a position to attract good talents because we are offering the ESOP also to people. Our share price is being quoted at Rs.500 and we are offering it to our eligible employees at Rs.2. So, with all these put together we are very confident that we will get into that fast track. Am I able to give you the correct answer, please?

Mitesh Shah: Yes, thanks for the comprehensive answer Sir. Regarding your backward integration you said you are making the API plant. So, is that a preplanning or is any competition has increased and you are looking that would be the advantage for us. Is there any change in the competition scenario?

C.C. Paarthipan: No, this is something similar to the business model of all big boys. If you look at all the big companies they are not only into formulation they are into backward integration. When they go for backward integration they do not simply manufacture the API. Today what is happening you are aware that 70% of the API comes from China which means your dependence on China will always be there, to avoid the dependency one has to go for key starting material, intermediate, API, of course formulations we are the number 1 in the world especially in regulated markets, it is not China, China which is more into API, key starting materials, and intermediates. So, it is not that that we have done it just because the profits started eroding in the market it is the plan based on what the big people have done it and we have to follow it with a difference. Difference is since they have deep pockets they entered into some space already. It is not easy for us to go and compete there that is why as I told you before we have decided not to get into the areas where they are very strong. We have decided to go for molecules which are not big the molecules which are small or bigger and we increase the numbers. When you increase the numbers then you will also have an edge that edge will give us actually a space for us to compete any other company which is in the market. Have I addressed your questions, please?

Mitesh Shah: Yes, absolutely. One more about the Central America and Mexico and the Brazil where we have got the emergency approval so, that could be a meaningful contribution and these emergency approvals can give a boost to the presence of us in the markets Brazil and the Mexico in going forward?

C.C. Paarthipan: There are two things which will happen. When some country is coming forward for an emergency purchase if you can meet their requirement that means you have done something which will convince the Ministry of Health that this is the company which has the capacity to actually supply. For example, Propofol these are the products which create huge problem in U.S.

market also if you look at most of the companies which have registered Propofol in U.S. right from the big company in Hyderabad they manufacture it outside the country somewhere in Italy, the only company that is Pfizer is the company which exports in a big way to U.S. that is Propofol this is a product which we have exported to Mexico. We have exported at least 5-6 consignments. (Inaudible) 01:09:32 is the product it is established. Now, people who have seen this product in Mexico they have actually come forward to place an order for Brazil. So, that is an advantage that we see with that the quality will be established. Second, the people who use your product whoever is the company which will also actually the one which go in the form of word of mouth many people will come to know this company is in a position to supply a difficult manufactured product to the market. So, these are the advantages that happen. When this happens that will also open up other possibilities of getting into the market. You want me to talk anything in addition to that, please? Is it okay or any other questions, please?

Mitesh Shah: Absolutely. I am fine with that. That's it from my end. Thanks a lot.

Moderator: Thank you. The next question is from the line of V P Rajesh from Banyan Capital. Please go ahead.

V P Rajesh: Thanks for the opportunity. My question is how much revenue are we getting from countries like Columbia, Argentina, and Brazil?

C.C. Paarthipan: Columbia, Argentina, and Brazil we have not started the business. Columbia registrations are completed, Argentina, Indian companies none of the companies, 90% of the companies except one or two which have registered their API's. Argentineans are not in favour of the Indian formulations. Brazil as I told you before we have completed the agreement that will trigger actually the online inspection. We have got an order for emergency tender and we in fact are mobilizing the API and other things to manufacture the product and export. I think Columbia, Brazil, and Argentina. I think I have addressed your question, please?

V P Rajesh: My question was given the instability in some these countries, how are you making sure that our receivables do not get stuck, and we do not experience any potential currency devaluations?

C.C. Paarthipan: I have already answered this question once, I will repeat it. It is true there is instability in one country that is Dominican Republic the rest of it if you look at 7-8 countries where we have proven three of them like El Salvador, Panama, and Ecuador the currency is Dollar. Then Guatemala has been very stable even in times when Chilean currency and Brazilian currency took a severe beating Guatemala currency was stable and there was little issue in Nicaragua which has stabilized now. Honduras also is okay but one more issue here is if you give credit in the form of six months and seven months then what will happen there is a possibility of your currency getting devalued even for one, two months if you give that can happen definitely it will happen it is not that it will not happen and how will you offset it, the way to offset it you have goods actually in the local market because we have a warehouse and we sell from the warehouse, then the moment we find some products where the profits are little eroded because of the

devaluation we will always sell actually at a higher price the next one and make it up because not many companies have registration in the form of 300-400 products and there is no company of our size having a warehouse in the form of stock and sale model. There is no company from India of our size having registered 300-400 products. The big boys will not come to this market with these are all smaller markets. Generic business the big boys will always go for actually huge countries like U.S. or other countries where they will do tender business. So, that way we are very uniquely placed in this part of the world, especially in the smaller geographies. So, the currency volatility of the currency has not affected in the fast and it is not going to affect us also in the future.

V P Rajesh: Thank you. That is very helpful.

Moderator: Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal. Please go ahead.

Tushar Manudhane: Sir, just with respect to the audit which you have highlighted in the presentation at the CRO. So, is this to do with some product under shortage and which dossiers are these products are?

C.C. Paarthipan: The products that we are planning actually to do from our CRO is a mix of everything and this will also open us an opportunity for us to create anther CRO in Mexico. There are only two countries in the world where they expect the BE/BA studies to be done in their own countries one is Mexico and the other one is Russia. The advantage of actually this CRO will keep the bio-analytical here and we will only start the clinical side in Mexico that is (a), (b) the number of products we will not only do it for the regulated markets we will also do it for markets such as Chile, Columbia even one or two countries which are part of non-regulator market. The advantage of creating a BE/BA study is to prove to the doctors that the product is in line with the RLD, RLD is the innovator product. The moment you do it in an US FDA approved facility that enhances the image of the company that acts as an image building exercise. So, it is a mix of everything not only one actually in the form of going only for may be emergency product or such thing. We will do that also. The priority will be given to an emergency product but at the same time in the long run we will go for the mix which will ensure actually sustainability to the company.

V P Rajesh: I am referring to two ANDAs, which have been filed through the partners where BE/BA studies have been done from the CRO side, so is this referring to some products and the shortage acute prioritize US FDA to inspect this?

C.C. Paarthipan: This is not a product which is under shortage in U.S., this is a difficult to manufactured products which has been given to us by a big company from Hyderabad. We have used it. We have completed it. We have already filed it that will open up the opportunity for pharma triggering the inspection. So, anytime we expect the inspection to be completed. So, once you get the US FDA completed, you do not have to actually get the approval from many countries. Using US FDA you can do the BE/BA studies for registration. That is the idea of the whole thing.

V P Rajesh: Secondly, on this capacity utilization for Sterile injectable side because the place of ANDA filing will definitely be higher at least for over next three year- four years. So, subsequently we will keep doing the stability batches from that perspective how do we see capacity utilization increasing for the commercial purpose?

C.C. Paarthipan: The commercial is going to increase more and more in the coming year that is for sure. Once I think we have filed more than 80% of the current pipeline, we will certainly reduce the number of filings and then we will focus specifically on difficult to manufactured products find on find me too kind of products while on the same time strengthen our frontend and backend also in terms of API supply. So, I would say that in a short note the commission revenues by way of product supply will be much larger going forward.

V P Rajesh: Just last one clarity on the Brazil market where other than the tenders are we going file the products separately?

C.C. Paarthipan: Yes, we are going to be filing. In fact we have already started with the first two products with the partnership that we have set in the last couple of months, and we are not only focusing on emergency tenders. Obviously, our larger idea is to ensure that we have a presence in the years going forward. So, we are also filing products as well in Brazil, yes.

V P Rajesh: Understood. Thanks.

Moderator: Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to the management for closing comments.

C.C. Paarthipan: Thank you everyone for taking part in our earnings call and once again we all hope that you and your loved ones everyone is staying safe, and we hope to meet people in person when things allow us and when the pandemic situation is much more under control. Thank you very much for your interest in our company. Thank you very much. Thanks to one and all. Stay safe and stay healthy.

Moderator: Thank you. On behalf of Batlivala and Karani Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.