"Strides Shasun

4Q FY17 Earnings Conference Call"

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MODERATOR: **ABHISHEK SINGHAL – MACQUARIE CAPITAL SECURITIES**

Moderator: Ladies and Gentlemen, Good Day, and Welcome to Strides Shasun 4Q FY'17 Earnings Conference Call hosted by Macquarie. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Singhal of Macquarie. Thank you and over to you, sir.

Abhishek Singhal: Good Evening, all. Thanks for joining in for the Strides Shasun's Fourth Quarter Conference Call. We have with us senior management of Strides, Mr. Arun Kumar – Executive Vice Chairman and Managing Director; Mr. Shashank Sinha – Group CEO and Mr. Badree – Group CFO. We also have the IR Team. I will hand over the call to Arun for opening statement and post that we can have the Questions-and-Answers.

Arun Kumar: Thank you, Abhishek for hosting us. Good Evening, everybody. My name is Arun. Like Abhishek introduced, the rest of my team is here and we are all here to take questions as they come.

So before I start this, we have had a fairly important quarter from various aspects, obviously the organization is disappointed that we are very close to lower end of the guidance. But having not met it, it is a disappointment. Our guidance is based on the premise of some specific target approval date that we receive from the FDA for at least five material products which regretfully did not come through and this was mainly because of plan GMP inspections of the facility which could not get completed before the end of the financial year. As most of you know, we have had successful outcomes around it and we hope that this issue of lack of product flow approval should be a thing of the past in the near-term.

Having said that, we have had an overall solid year; we have grown on several key elements of our business, predominantly in the regulated markets. So headline revenues increased by 23%, more importantly, our EBITDA have grown significantly and quarter-on-quarter our EBITDA margins have moved from 17% in Q1 to 23% in Q4. So there has been sequential improvements in EBITDA growth which is the primary thing we are focused on. Obviously, the bulk of the growth had come from the reg markets. What is most pleasing however for us is that contrary to what the bulk of the industry is facing, we seem to not only retain but grow our market share on key products in the US. So lot of our growth has come from the fact that we have increased the market share in some products like METHOXSALEN, RANITIDINE, and ERGOCALCIFEROL.

Our Australian business although had the overhang of the PBS, continues to deliver healthy results and this is predominantly to do with commercialization of new product launches. We have also commenced shifting products to India. We have got our first product approved and a couple of filings that has happened in the last quarter which we will get approvals for site changes in the next couple of months.

We did guide in the Q3 conference call that our institutional business will be muted which was the case and that is also a reason why our numbers do not add up to what it should be in a normal course.

Historically, the API division has the best quarter in Q4. But we have been taking several actions to improve the quality of the business and the margins, which we have successfully completed. Bulk of our capacities were reserved for increased offtake for Sevelamer which regretfully did not happen to the extent of the quantities that we hoped. So that was a trickle rather than full capacity output. Having said that, we see improved visibility in that business going forward.

Overall, solid focus at R&D. Like we mentioned, we would get to momentum in R&D in H2 we did. We however could file only eight filings against the 10 that we guided and this is predominantly to do with some challenging clinical studies that had to be extended, but we do hope that this is a near-term issue for us to solve. We now are comfortable to commit to our 15-20 products filing range on an annual basis and that is because of several actions that we have taken including dedicated capacities in manufacturing facilities for taking exhibit batches.

We obviously are very pleased with the fact that we are one of the few companies operating in this industry with four consecutive zero 483 inspections and on the manufacturing infrastructure itself we are now very close to commercializing our Singapore facility, we get into validations in a couple of weeks, and we believe that the plant will be ready for manufacturing in H2 of this year.

Additionally, we signed a joint venture agreement with Vivimed wholly related to their Alathur facility in Chennai which is an FDA approved facility and which recently got an EIR. This plant will give us the additional capacities that are required and together with our existing plants and the Singapore facility, we are comfortable in terms of capacity availability for at least the next three to four years. So we believe our CAPEX needs are therefore completely addressed for the regulated markets and that is a very important step in the right direction as we continue to work in a complicated and a complex regulatory environment.

There are several board changes that have occurred today. We have had four long standing directors stepping down. We are pleased to welcome Homi Khusrokhan into our board. He has held senior position in the GSK and at the Tata Group and he is on the board of the ICICI Bank too and we are delighted to have him. We continue to work on expanding our board in our continued focus for insights and governance as we grow the company to the next level.

Personally for me, it has been 27-years of having founded Strides. In the last 15-months we have worked very hard in finding a new leadership to take over from succession planning perspective and I am pleased to now announce that I have stepped down as the Executive Vice Chairman and Operating CEO and this responsibility of the CEO is now moving to Shashank as the Group CEO. We are also pleased to welcome Badree, our Group CFO on the board. I am very sure that we have all the pivots and the pillars to grow this business to the next level. I will continue to play an important role with strategy direction and also quality oversight representing the board's

interest and I am sure that we will continue to chug along even more aggressively in the near-term under the new leadership.

There are several other Corporate Updates. It is just a summary of all the actions that we announced earlier. I would not delve into them individually as we have explained all of this very in detail when the deals were announced and also in our press release.

With that, I will quickly request Shashank to make a few comments and then we will be more than happy to open up the session for Questions-and-Answers. Over to you, Shashank.

Shashank Sinha: Thank you, Arun. I think you covered broadly the highlights of the results and I think we will deal with some of the questions as they come. Just wanted to reiterate the fact that while we had delays in new product approvals and delay in tender awards, we believe that this was a solid quarter for us. On the numbers, one, the EBITDA margin has expanded, and full year revenue growth is good. All of that is on the back of organic growth or base business growth coming from market share increases in key products as you laid out. I think Ranitidine is the product we have talked about in the past. In the last quarter we have been able to increase the market share in Ranitidine to 18%, and if we add what we sell through the partnered business, we would be more than 40% market share and we are still growing. That is one of our first fully integrated products in the market. So that is really encouraging.

We are of course very proud of our compliance integrity record, and we have had as Arun mentioned four consecutive FDA audit with zero 483. We have doubled our R&D investments. So all our EBITDA growth that you are seeing is on top of the fact that we have nearly doubled our R&D investment year-on-year and now we have good visibility of filing. Our momentum is in tune with the filing rate that we expect over the next year. So it is a repetition of just the highlights but that is all I will say and then perhaps we can open to questions.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the Question-and-Answer Session. We have a first question from the line of Chunky Shah from Credit Suisse. Please go ahead.

Chunky Shah: My first question is on the institutional bidding side. I believe that the bidding happening in the month of Feb. So are the results out and what kind of market share have we secured there?

Arun Kumar: The Anti-Malarial business was rebid as you rightly said. The donor allocation in our understanding has dropped significantly by at least between 40% to 50%. So our allocation remains the same; we are about 20% of the total allotted units but on a much lower dollar base.

Chunky Shah: So we had benefited from exit of one of our competitors and 20% head risen up significantly. So…

Arun Kumar: We do not know if that is going to happen this year.

Chunky Shah: So we are not sure of that. So we are not aware if that competitor has got any market share or not.

Arun Kumar: While we have not heard any commentary to that effect but we will have to wait and see.

Chunky Shah: So our 20% was before we got benefit from there, right?

Arun Kumar: That is right.

Chunky Shah: My second question was on the other income. It has jumped significantly to Rs.73 crores QoQ. This question for Badree sir. Just wanted the split of Rs.73 crores?

Badree Komandur: This is mainly because of the exchange fluctuations on the working capital loans which were designated in the foreign currency and rupee depreciated and realized forward covers that contributed to the gain. Second thing is that we also recovered one of the old debts which we have provided in the earlier year.

Chunky Shah: Was not that part of the exceptionals which was there, I think both of these I saw in exceptional also?

Shashank Sinha: What is showed in exceptions is only on the long-term loans. What is on the working capital is part of the EBITDA.

Chunky Shah: So this also gets included in our EBITDA calculation, right?

Badree Komandur: Yes, very much, exchange and the bad debt recovery are always part of the EBITDA computations as in line with our accounting policy and it has been consistent over years.

Chunky Shah: What is our net debt number as on 31st March?

Badree Komandur: Net debt number is Rs.2,118 crores.

Chunky Shah: The API acquisition payment has already done, right. So are there any acquisition payments except for the Vivimed-I which are pending or any amount yet to be received from the sale that has been done which would take up or down our debt respectively?

Badree Komandur: Other than the Vivimed we do not have any.

Arun Kumar: But we still have to receive about $7-8 million on the transactions that we exited, right.

Badree Komandur: That is right, in Africa, we are expecting about $8 million, and we need to get the deferred consideration.

Chunky Shah: Just a clarification; this includes the Biotech debt as well or this is only the Pharma business that?

Badree Komandur: This does not include the Biotech debt. So Biotech debt is completely taken out of the balance sheet. So from now on, the performance of Strides will not reflect any items of Biotech and as we have been guiding in the past we will end this year with Rs.2200 crores excluding Biotech, we have done Rs.2118 crores which is much better position than what we had guided some two quarters back.

Chunky Shah: Also on the P&L side, the R&D is out or R&D was there in this quarter from Biotech?

Badree Komandur: This is all that is classified as a part of the discontinued operations.

Moderator: Thank you. The next question is from Sudarshan Padmanabhan from Sundaram Mutual Fund. Please go ahead.

S Padmanabhan: Sir, can you throw a bit more light on the JV with Vivimed Labs because we had spent quite a bit of time and effort towards in investing in both API as well as Formulations facilities. Just wanted to understand the rationale and what are the kind of benefit that one would expect from the Alathur facility?

Arun Kumar: Vivimed is predominantly an API company and they do have some several APIs that they make in Spain and Mexico and they have started filing several products. So the Alathur site is fully integrated with both supply chain comfort with an API supply and formulations. This plant as you know was a multinational facility, has a state-of-the-art plant and had very good FDA outcome recently. So we needed additionally about a billion tablet capacity which was readily available. That was the logic. The more capacity you throw into an existing plant, it impacts compliance severely, and we are very-very focused on rightsizing all our plants. So we have taken off one shift production from all our facilities as part of our compliance strategy. So we do not do any night shifts any more in any of our plants. So that is mainly due to with compliance strategy. So this was essential for us from that perspective but more importantly we have become exclusive distribution partners for the pipeline that is developed by Vivimed and we will benefit obviously from that pipeline, and also there is a margin share which is equal. So we have a manufacturing site which the cost of production is significantly cheaper than our flagship plants and we also get the pipeline ready. So that enhances our US sales in the near-term.

S Padmanabhan: Sir, about your comment on Sevelamer offtake being much lesser, can you throw some light on one, on Sevelamer, and second, on the other products as well as we embarked on the journey of focusing on value added APIs rather than commodity APIs?

Arun Kumar: Yes, Sevelamer we believe that we maybe one of the few API suppliers in the list of generic players who will get approval on this product in the near-term and obviously they are taking chances by asking us to produce. Now, there were some delay from one of our key customers. That has since been resolved and we will now start production from Q2 for that key customer and that is mainly to do with the status of their file approval. So we think it is a six month push back but from Q2 we should be back on track. On other APIs, we have reduced production capacity significantly in Pondicherry and Cuddalore, also to ensure that we are compliant and

you will be pleased to note both these plants were inspected with zero 483 result recently, but we have managed to improve pricing significantly. So on average, we have got API price increases between 12% and 14% but also our cost of compliance and other statutory compliances have increased marginally. So, it is becoming a better business we are currently improving operations in these plants by debottlenecking and rebalancing our manufacturing capacities.

S Padmanabhan: Sir, third is on your acquisition strategy. We had gone about with Perrigo and we had looked at acquiring capabilities and capacities in the past. Two things – one is do you still find that there is a gap as far as capability is in place because now we have spoken about capacities being in place. What would be the ideal net debt figure which probably one should look at or net debt-to-equity which one should look at probably by the end of FY'18?

Arun Kumar: I think Badree can answer this, but I can on his behalf, we already are at under three as of this year which is what the company has targeted on net debt to equity. We believe that we would be comfortably getting to 2.5 position that is our next milestone. We think we can get there in about 18-months. Do not forget that when we did the Arrow transaction, we were a little over 4 and we have brought this down very methodically and on quarter-on-quarter basis. So we are now under 3, 2.9 to be precise. So I think we have a very comfortable situation with that.

Moderator: Thank you. The next question is from Nitin Agarwal from IDFC Securities. Please go ahead.

Nitin Agarwal: Arun, you mentioned that cut in the donor funding from malaria. I presume, a lot of this would be maybe sustainable the way things have been developing on the donor side. So how does one look at the institutional business outlook for the next three years?

Arun Kumar: That is a new wave of products that is being introduced in the ARV arena and we have programs on around all of them. We have already completed our successful WHO inspection for some of those products. So we are expecting to be in the first wave on all of those products compared to what we were. Earlier we were not in the first wave on every product, this time we are. So we think that there will continue to be momentum in the ARV space. There is no drop on donor commitments. It is only on the malaria that we see that there is a significant drop. So it will have partial impact. I am not able to predict how this business is going to look like three years from now being very tactical and not very strategic. We believe that the donor value will remain the same. It is just a matter of how many new players are coming in and how is the pie split between various companies.

Shashank Sinha: I would like to add just one comment here that apart from what the business we get from donor agencies, there is also local businesses including businesses like in East Africa which are funded through local government and other agencies. By having our facility in Kenya, we are transferring a lot of the products from our portfolio into the Kenyan business. We will be in a position to actually get a share of that business which currently been very lower actually or which not existent for us today. So there is a little bit of the local business that perhaps will grow much faster.

Nitin Agarwal: Secondly, on the regulated markets business, you grew pretty well QoQ as well as YoY and the fact that we have not got too many approvals during the year as you mentioned. So what has been the driver for this business – It has been more of Australia for just driven growth or just how do the growth played out?

Arun Kumar: Nitin, it is a combination of both. So Australia obviously, our compliant strategy through an indirect control of pharmacy alliance, we now have access to 600 pharmacies, and recently we signed up a significant distributor relationship contract where we get to about 1,100 pharmacies what we call the "Frontline Supplier of Branded Generics." So to have control over 1100 pharmacies where the Arrow generic is substituted, it is a very important step for us to improve our market share. So if you look at IMS market share continues to grow. But what is more pleasing is the US operations… of course, Ranitidine is a big solace, because although there are ten-odd approvals like Shashank mentioned we have through another Indian partner, where we have licensed our ANDA, we have 40% on that market. It is a net-net $50 odd million product. Since we are fully integrated, it obviously improves our margin profile. So that is an important launch in an otherwise disappointing year in terms of product approvals. So all of this is helping, a combination of the two if I may say.

Nitin Agarwal: Lastly, in terms of the approval that you anticipate, are there any specific approvals you can sort of highlight to us?

Arun Kumar: What is in the public domain is Omega and there are several other products coming out of Pondicherry which are controlled releases. We are expecting our first bunch of controlled release products to be approved post the successful zero 483. Now what has happened is that although we had an inspection in June last year for Bangalore , that was particularly for the ointments facility new block that we had built and it was a pre-product approval inspection whereas the GMP inspection is still due and that is now being announced for this month. So that is a critical milestone for us to cross before we get product approvals from our Bangalore facility. Whereas now with the zero 483 which was GMP inspection, I am confident that our delayed release products will get approved from Pondicherry in a few weeks or a few months and this is what is the larger issue with the intensity of the inspections, either we are waiting for the GMP audit or our raw materials supplier is waiting for a GMP audit. So it is a cat and mouse game, but we are getting there, it is very disappointing, it has never happened that we have not got five tad not approved but obviously they were for this reason of inspection announcement. Now given it is over, I think we should now see an improved approval rate, but I am not as confident as I used to be when used to get tad because tad keep changing in the last day with very minor commentary which comes in the last day and then it gets pushed back by another three to six months. So it is difficult especially with the older files, Nitin. It is a lot more easier with the newer files because they follow more robust QBD processes and review mechanics with the FDA. Yes, it is a dilemma. I think we need a couple of quarters before we cross that bridge.

Moderator: Thank you. We have next question from Anmol Ganjoo from JM Financial. Please go ahead.

Anmol Ganjoo: My first question is to Shashank. Given the contribution of other income this quarter, what gives us reason for cheer that core EBITDA margin performance has been impressive?

Shashank Sinha: If we look at the component businesses and if we just look at business in emerging markets, which is the branded business, and as I said earlier, both those businesses have grown well. So if you look at the quarterly performance, regulated emerging markets business was up 37%, and if you look at full year number, they were up more than 50%. So certainly, the mix is improving and as we go out the value chain and add products like Ranitidine become more and more important, we are increasingly growing our integrated products. So it is a mix improvement that gives us better margin.

Anmol Ganjoo: Also from an FY'18 perspective, Institutional business which has been around 15-16% of our overall business, that obviously faces some challenges both on the total allocated donor side and the competitive intensity that you should face going forward. Approval timelines, obviously, they are what they are, India demonetization recovery. So when you look at FY'18, what are the thoughts and where do you think we settle in terms of both the top line growth and then margin trajectory?

Shashank Sinha: So it is going to be a challenging environment in FY'18, some of what you said is absolutely true. As far as India business is concerned, you read it in the newspapers every day, but our exposure in India is small. So to that extent, it does not affect us as it does other company or other company who have a bigger footprint in India. Clearly, the Institutional business and with the donor funding levels kind of being lower now specially for malaria products, we are obviously growing our ARV business quite well and we are transferring some of our products into our Kenyan facility where we will pick up local businesses. But I think in FY'18 our focus very much is going to be on market share increases and new product launches in the regulated markets, distribution expansion in Australia and ensuring that we get better compliance and better loyalty in the stores where we are the frontline generic company. The value addition from that clearly outweighs some of the challenges that we have in the Institutional in emerging markets.

Anmol Ganjoo: Can you give us any color with respect to, I know the approvals given the law of the land can move back or forth by quarter or so, even in that context, you had helped us with the second half guidance, but when we look at FY'18 profit growth drivers and try to pencil in some numbers, in four quarters, what does the EBITDA run rate look like given that we had a number to work within the 2H?

Shashank Sinha: We are not giving you a guidance at this point in time apart from the indicative commentary that we made on our robust filing rate, good product pipeline and some of the delayed approvals coming through in the back half of next year. So I leave it at that, we are not providing guidance for FY'18.

Moderator: Thank you. We have a next question from the line of Prakash Agarwal from Axis Capital. Please go ahead.

Prakash Agarwal: Just trying to understand this Rs.73 crores of other income I heard exchange difference, so the entire Rs. 73 crores is from the exchange difference of working capital or is there a break-up to it, I am just trying to dissect like how much is it due to the FOREX working capital change sir?

Badree Komandur: I will give you the exact numbers; it is about Rs.34 crores from FOREX and about Rs.20 crores is the recovery of bad debts which was earlier provided for

Prakash Agarwal: This is also part of other income?

Badree Komandur: Yes.

Prakash Agarwal: The remaining, sir?

Badree Komandur: The remaining is a normal one, which is we have got about Rs.13 crores of dividend which is sitting there, which is not classified as part of EBITDA.

Prakash Agarwal: So basically, I am trying to understand that if I remove this other income I am getting EBITDA margin of 17.7% which is quite low than what we reported Q3 which is about 21%, so I am just trying to understand the reason for the margin decline. Could it be due to largely the Anti-Malaria business that we highlighted that 3Q we have preponed or it is a little heavier in 3Q versus 4Q which will be much lighter. Is that the main reason and how should we look next year with API business being much lower because of the exit?

Badree Komandur: Obviously, there is a mix effect because as you rightly said, the Institutional business was a bigger contributor in the third quarter than in the fourth quarter. I think apart from that, if you look at the comment you made about the API business, as you know, from 1st October that will not be a part of the consolidated business. So there will be some gains from it in the sense that inherently the API business is the lower margin business being a commodity type business. But I think overall, if we look at the last four quarters, we have had expansion in our overall EBITDA margin.

Prakash Agarwal: I was trying to understand on if we just remove the impact of Institutional business, we would have done similar to last quarter or would it be like little deterioration from there?

Arun Kumar: It would be at the same level as last quarter or in fact slightly better than that. We have not seen deterioration in margins.

Shashank Sinha: Prakash, I just want to make a point here is that the exchange what you are talking about is on the working capital. As we move from B2B to B2C business, the working capital levels keep changing. This is inherent in the business. Do not think that exchange gain is not part of the working capital. It is mainly because of the working capital that has caused this impact. Last quarter, if you really see the exchange was almost muted; it went from 67 to 68 and from 68 to 64, so that is the impact you are seeing, that is the spike in the P&L which you are seeing. The limited point I want to say is that these impacts are all part and parcel of the profitability of the business.

Prakash Agarwal: As you said that second half the API business comes off. So clearly we will enter the (+20%) EBITDA margin range. So how should we look about the first half of the year in terms of just margin -- so should we take Q4 of FOREX or should we look at Q3 number or it should be a blended full year basis what we are seeing, if you could give some broad perspective that would be very helpful?

Shashank Sinha: It is hard to give you a perspective except to say that generally Q1 is a low quarter. In terms of our linearity, the second half of the year generally is much stronger than the first half. I would say that perhaps should give you a sense of what the year will look like.

Prakash Agarwal: I have just one more last question on the debt side. So last quarter, we were net debt of Rs.23 billion. I just want to understand what has been the key moments in terms of, a) I would have assumed the API payment would have increased the net debt by a billion and you mentioned some payment. So, Badree sir, if you can just walk us through what resulted in this net debt reduction?

Badree Komandur: Main difference is in the Biotech debt, Prakash. So the Biotech debt is not part of the Rs.21 billion what I told you. Today, the Biotech is taken out of the balance sheet, in the sense, that debt is no longer part of the balance sheet, which was Rs.230 crores or something, if I remember right in Q3.

Prakash Agarwal: Thank you. We have next question from Mr. C Shrihari from PCS Securities. Please go ahead.

C Shrihari: I was mainly interested in the joint venture that you have footed with the Vivimed Labs. So if you were to provide some guidance regarding the first venture may be either in volume or value term, and for the second JV in terms of the ANDAs that you plan to commercialize?

Shashank Sinha: I mean product-specific details; we are not in a position to provide you but the rationale for the joint venture as we have already stated in the opening remarks are two-fold, the capacity which is FDA approved, which aligns well with our growth plans, it derisks some of our current manufacturing having that additional FDA approved facility. The second, the product portfolio including the pipeline which is under development where we have the front-end presence in the US market and they have a good pipeline, so we will benefit from that. But we will not be able to get into product-specific details.

C Shrihari: Anything about the addressable market size at least?

Shashank Sinha: Not at this point in time.

C Shrihari: For the first joint venture, some kind of guidance either volume or value front?

Arun Kumar: We do not give guidance.

C Shrihari: In the sense of may be a billion tablets or stuff like that something?

Arun Kumar: Billion tablets capacity can be sold at $100 or $5. I think you have to keep watching this company as it evolves, how much more market share we can get, marketing arrangements that is in the US and then may be in two to three quarters you get a better visibility around it.

Moderator: Thank you. We have a last question from the line of Chunky Shah from Credit Suisse. Please go ahead.

Chunky Shah: So just on Vivimed, I got it that you are not giving any guidance, but has the company already filed a few products or they are in the stage of development as in so when can the potential first stream of revenues from Vivimed flow in into Strides?

Shashank Sinha: They have already four approved ANDAs plus the pipeline.

Arun Kumar: Vivimed already has four products which are marketed by partners. As per our agreement, these products which are marketed by partners would revert to Strides, Inc. There is a pipeline of products that is very interesting considering that they have a lot of niche API that they manufacture in the Mexican and Spanish facilities. We think that they should be able to file between four to five filings per year fully integrated but in the meantime, we will need this capacity as we are expecting some of these products like Ranitidine, for example, we are now facing difficulties in capacity because as Shashank mentioned, direct and indirect, we have 40% of the US market which means that we need at least 200-300 million tablet capacity to be serviced. So these are the products that we can easily shift to a new plant without any difficulties.

Chunky Shah: You did not mention the pending ANDAs that we they already have filed and not received, are you giving…?

Arun Kumar: They have four pending ANDAs.

Chunky Shah: Four approved and four pending? Okay. On the R&D front, this year we spent about $20 million of R&D. Now what is our guidance going ahead as in is this run rate sustainable for filing 15, 20 products or do we need to further step up the R&D here?

Arun Kumar: $20 million is good enough for this because obviously the last year we had to spend this kind of money to get to momentum. So you should consider this with a very marginal increase in spend on R&D.

Chunky Shah: On CAPEX, now that we are having an additional facility also coming in. I guess our CAPEX needs only would be limited to the maintenance CAPEX and something if required on the Singapore side.

Arun Kumar: Singapore side is fully funded, it is part of our debt book, and you are right, for several years, you will see, there will be no need for any significant CAPEX in the pharmaceutical business. $10-12 million is our average maintenance CAPEX on an annual basis.

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

Arun Kumar: Thank you, Abhishek for hosting us, and as always thank you for your patience and the company will be more than happy to answer any specific questions that one may have, so please contact any one of us, we will be more than happy to answer them. Thank you and have a great weekend. Bye.

Moderator: Thank you very much, sir. Ladies and Gentlemen, on behalf of Macquarie that concludes this conference. Thanks for joining us. You may now disconnect your lines.

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