



Suven Life Sciences Limited

Q1 FY20 Results Conference Call

August 16, 2019

Moderator: Ladies and gentlemen, good day and welcome to the Suven Life Sciences Q1 FY20 results conference call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rishab Barar from CDR India. Thank you and over to you, sir.

Rishab Barar: Good day everyone and thank you for joining us on this call to discuss Suven Life Sciences' Q1 and FY20 Earnings. We have with us Mr. Venkat Jasti – the Chairman and CEO; Mr. Venkatraman Sunder – Vice President (Corporate Affairs) as well as Mr. Subba Rao – the CFO.

Before we begin, I would like to mention that some statements made in today's discussion may be forward looking in nature and may involve risks and uncertainties. Documents relating to the company's performance have been mailed to you earlier. I now request Mr. Jasti to share his perspectives on the performance and outlook. Over to you, sir.

Venkat Jasti: Thank you Rishab, and thanks everyone who has tuned in for this concall regarding our quarter one results for the '19-'20. As you are all aware that our quarter-on-quarter, there is a de-growth both in terms of the revenue, the PAT and the EBITDA, but as you know, our business model only gives you year end result after the stabilization, quarter-on-quarter there will be ups and downs, but compared to the last year same quarter, the revenue remained same and may be 1% growth, but the EBITDA gone up by 40% and the net profit gone up by 47%. And as you know even though the revenue is same as last year, it is because of the several product mixes which gives you very yielding returns and with respect to the second item, I want to tell you is with respect to the revenues, specialty chemicals, they had very good performance this year of Rs. 100 crore of turnover and also there is a good Rs. 91 crore of the CRAMS which comprise of both commercial of Rs. 35 crore to that extent.

I think things are going well and the commercial CRAMS last time I said it can be around Rs. 130 crore for the year, but it looks like it can be compared to last year which is Rs. 80 crore where it will be Rs. 160 to 170 or 180 crore the way things are moving. The second quarter will be in the same line as this one or maybe little bit better and maybe better margin and the traction is much better. As I said, the normal CRAMS growth will be 10% to 15% but the commercial CRAMS will be almost double or more than double, so that gives a better bottom-line for us.



With respect to the other things and CRAMS side of the business is concerned is the general CAPEX that we have been doing it which is around 300 plus [around] Rs. 320 crores, Pashamylaram Rs. 120 crore and Rs. 110 crore for Vizhag and Rs. 90 crore for the formulation. So out of that Rs. 120 crore spent, roughly Rs. 200 crore more needs to be spent. In addition to that, there will be another Rs. 40 crore of the recurring CAPEX which is replacement CAPEX. That is the CAPEX we are going to have.

And I have many questions regarding the Rising in the investments saying that the Rising-Aceto Corporation's website says 15 million is the value but that is not the true. The 15 million is one which we have paid in the bankruptcy proceedings out of the total proceedings to the company because that is the statutory application, but all the other liabilities are still accrued to us, [so that 75% of the cost] that means roughly 140 million is the cost of the acquisition including the working capital and there will not be any additional investments will be made from outside since this has just started and would not consolidate this time because still we are setting up and by September, it will be consolidated and the numbers will come from there, so if you have any questions on that I can answer later.

With respect to the NCLT proceeding, as you know it is not in our hands, but luckily we just got the date as per the meeting with the secured and the unsecured creditors by the judge and also the EGM which will be on September 20th and this extraordinary general body meeting for the demerger process. From there, the time will take maybe 60 to 90 days for the final, so hopefully, before the end of the year, the demerger can happen but that is not in our hands, so that is an update on that part.

The other thing is the innovation side. We were hoping as you know last time I mentioned it is possible for us to present the top-line data at the analyst conference in the last time, just last month, but unfortunately since the time was not enough, they could not gather all the data from all the doctors they could not do anything. We thought we will do the data analysis, up to 26 weeks; [we thought] we will do the top line data where the dosages have been given but that could not happen. So now we are going ahead with the [full] 30-week data and sometime in the end of September or the first week or second week of October, we will get the data results out, so then only we can let you know what is the outcome of that. So the reason why we could not present this because we could not get the data from all the sites this time for us, hence we will go ahead and do the full data lock in September. So that is what SUVN-502 is all about.

With respect to the SUVN-G3031, on July 19th and 20th, we had the investigators meeting where we have presented to investigators and along with their coordinators and now, the screening is in process, US FDA permission has taken place [for this phase 2 study] and the patients can be randomized into the trial anytime starting this month and this is the short duration study compared to SUVN-502 which is 30-week study. This is a two week study with 7-day washout, so it is only 21 days, so it is roughly 114 subjects to start with and it can go up to 171 depending on the interim analysis. If everything goes well, you will see the data by this time next year August timeframe.

So the other two compounds and SUVN-D4010 and SUVN-911, they are progressing very well to be ready as a long-term safety toxicology is happening because Phase-I that is already over and that we will be ready in the next 4 to 6 months that are going into Phase-II of proof of concept. I have covered more or less everything in general. Now I would like to stop here and take your question, so I can answer better.



Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Sriram Rathi from ICICI Securities. Please go ahead.

Sriram Rathi: Sir few questions. Firstly, on the commercial sales guidance that up to Rs. 160-180 crore now. So this increase is mainly because of which product, is it because of the Rheumatoid Arthritis or Women Healthcare?

Venkat Jasti: Sriram, we will give the product when it is come to yet but this is an indication and I cannot tell you which one it is for, but it is all the 4 products put together. This is the indication for the products.

Sriram Rathi: And sir secondly on the margin side. This quarter if I look at the specialty chemicals contribution has been significantly higher. Despite that, our profitability is very strong. So what would have driven that basically because the raw material cost is also down significantly as a percentage of sales? How should we look at going forward and is it a normal quarterly phenomenon or it could be like sustain at this level from here on?

Venkat Jasti: I see it to be the normal, but as I said quarter-on-quarter, you will have a variation and this in my earlier comment I said it is a favourable mix of high-value products are more in number including the commercial and the second quarter looks much better than the first quarter in terms of the volume and the value. In general, this year as I said looking better 10%-15% normal growth including doubling of the original commercial products.

Sriram Rathi: And sir just one clarification. This specialty chemicals, the profitability margin is now higher compared to the past or it is same level?

Venkat Jasti: No, it is same.

Moderator: Thank you. The next question is from the line of Piyush Goyal, an individual investor. Please go ahead.

Piyush Goyal: As you know, we all looking forward for a positive announcement on SUVN-502, it is 13 years of hardship. I hope it will give the desired results, but my question is especially on Rising. You have already answered partly in your opening comments, but I would like to know that you have invested \$35 million for 25% stake. It means you are valuing this company at around 180 million.

Venkat Jasti: No, ultimately \$140 million, \$35 million for 25% stake.

Piyush Goyal: No, 25% stake costing you \$35 million. So, company valuation will be \$180 million, that is correct?

Venkat Jasti: \$140 million.

Piyush Goyal: 140 million, sorry. And you have bought the assets on no debt, no cash basis on 15 million. So where the rest of the money is going, that is the first question. The second question is who is the shareholder for remaining 75% and are they investing on the same valuation as you are?

Venkat Jasti: The \$15 million going to the Aceto, Rising Corporation which is statutory obligations which we agreed during the back of secured proceedings. All the other

liabilities are to the vendors. There are about 80 vendors and also the cost of the acquisition is including the working capital that is required to start the operations out. These all put together \$140 million. And the other person is Shore Pharma LLC is the other partner who has 75% stake and he has all the money put according to the share.

Piyush Goyal: So I am assuming that he also investing in this venture on the same valuation as Suven is.

Venkat Jasti: Yes, exactly.

Piyush Goyal: What is the rationale for this acquisition because I am assuming it is a loss making unit. Aceto purchased this unit for \$80 million and so are you paying \$140 million for unit which they purchased for \$80 million or are you paying \$15 million for unit they purchased in \$80 million.

Venkat Jasti: I think your information is very wrong. Aceto has purchased one of the units at \$150 million sales with \$450 million value in 2016, not \$80 million.

Piyush Goyal: Sir my information is based on internet where they mentioned that they bought it for \$80 million in 2018.

Venkat Jasti: No, that is what I am telling you. They bought it for \$450 million. \$150 million roughly we paid at that time of that company will be drawn.

Piyush Goyal: So it has come down from that valuation to now \$140 million valuation in 2 years or 3 years' timeline?

Venkat Jasti: That is right. I said last time also it is what you call we have no debtor anything like that and no liability whatsoever because it has come through bankruptcy court proceedings and valuation is much better and we hope to bring it back to the old valuation within couple of years to 3 years, 4 years maybe.

Piyush Goyal: And what will be the rationale advantage for Suven by this acquisition?

Venkat Jasti: One, as I said is investment. The second, we said we have a relationship with Rising and with 3 ANDAs already developing for them. And this as we know Rising is a development cum distribution company and it has about more than 100 ANDAs under their belt with various customers. Future developmental 10-15 ANDAs which they develop every year if it fits into our proof of thing it will come back to Suven as a preferred partner to develop which we will accrue the revenue in the CRAMS side of the business and then when the development takes place and the approval comes in, we can manufacture and supply, then that revenue accrues as a CRAMS revenue. Then on the profit share, we will get the profit margins that also will be added to the CRAMS revenue and finally when it becomes profitable and gives dividend to our US subsidiary that will come back to Suven India also. So this is a multi-fold activity start with investment because we know 3-4 years it will bring the value.

Moderator: Thank you. The next question is from the line of Jeevan Patwa from Candy Floss Advisors. Please go ahead.

Jeevan Patwa: My first question or maybe the suggestion is will it be possible for us to publish the results separately for the CRAMS and the innovation part from next quarter



onwards so that people will understand after demerger how the numbers are going to look like?

Venkat Jasti: It will happen only after the demerger because right now it will be very difficult to do that as it is this consolidation and so many things are coming in picture, but its demerger is only maybe is a way it and after that in anyway, they will have a separate balance sheet. For your information, in the standalone if you see Rs. 60 crore, out of that Rs. 40 crore will be added back to the CRAMS side of the business and of course out of the Rs. 40 crore, we need to pay about 30% tax or Rs. 28 crore will be added back to the net profit margin. So, Rs. 57 crore If you take this quarter, it will be Rs. 85 crore. That is the way you have to look at it.

Jeevan Patwa: Rs. 80 crore would be the PAT for the CRAMS business for this quarter?

Venkat Jasti: No, it is the PAT for this quarter. It will be Rs. 10 crore maybe added. I am talking about the yearly about Rs. 40 crore will be added to the bottom-line.

Moderator: Thank you. The next question is from the line of Rohan Advant from Multi-Act. Please go ahead.

Rohan Advant: Sir, first question was on the breakup between core CRAMS, commercial and specialty if you could give that sir for the quarter?

Venkatraman Sunder: Total CRAMS is about Rs. 91.77 crore, specialty chemicals is about Rs. 100.53, contract technical services is about Rs. 6.69 crore. Out of the total CRAMS of Rs. 91.77 crore commercial CRAMS is Rs. 35.39 crore.

Rohan Advant: Sir and you said that in commercial, we should do Rs. 160 crore or above for this year in core CRAMS 10% to 15% growth and in specialty, how much can we do for the year sir?

Venkatraman Sunder: Specialty, we have given a total guidance of about Rs. 215 crore more or less same, but probably we will know as we move further how much will be specialty chemicals.

Venkatraman Sunder: Base CRAMS will be about 5%-10% growth max compared to last year.

Rohan Advant: Sir, second question was on the CAPEX program. In your initial comments, you said that our CAPEX is Rs. 310 crore, if you could just break it down between how much is it for intermediates, how much is it for formulations and when will each of these facilities commercialize their operations?

Venkat Jasti: Except for Rs. 90 crore for the formulations rest of them are all for the intermediates only. And one block will be operational by the end of this year fully. The second block the middle or the end of next year. Formulations will be middle of the next year.

Rohan Advant: Sir, Rs. 220 crore is for intermediates, Rs. 90 crore for formulations. In intermediates, there will be 2 blocks. One by end of this year, one by second half of next year and formulations second half of next year.

Venkat Jasti: Yes sir.



Rohan Advant: And this Rs. 220 crore of CAPEX that we are doing, sir what are the kind of revenues we can do from this block and are you expecting those revenues to come in and that is why this intermediate CAPEX is being done right now?

Venkat Jasti Unlike other companies, you cannot give a guidance based on the CAPEX because these are CAPEX based on the new requirements of the customers and also for the additional capacity creation. So you cannot just multiply 1:2 or 1:3 something like that. Proactively we are working, thinking that some of these molecules eventually comes into the commercialization by the time I need to have strategy and some of them are the requirements for the customers like as I said one of the blocks which will be ready by the end of the year is one customer requested that against that they will have OEL 4 capability that means occupational exposure level 4 which is a requirement. So this kind of requirement will come in and you cannot just say just because I put some 100 kilolitres of capacity, I will just get some Rs. 200 crore of revenue. You cannot say that, but at the same time, which can be recovered within a couple of years, the investment can be recovered couple of years depending on the product mix.

Rohan Advant: Sir, last question was on our commercial CRAMS. Sir, this year seems like it will be a very good year for us. In the past what we have seen is that once we have a very good year because the customers buy multiple years quantity in a year, it is generally followed by weak year or couple of weak years. So is that trend going to continue or this is more steady state supplies in commercial CRAMS now?

Venkat Jasti: It will always be like that as you rightly said they buy this year and we rarely have a repeat order in 12 months and sometime in 18 months depending on how the product moves and all that stuff. So CRAMS last year we compared to the previous year, it was less and now it has comeback.

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

Sachin Kasera: My question was regarding the CAPEX of Rs. 310 crore. While you did mention to the previous query that it is difficult to give a revenue estimate. Can you give us some sense as to by when do you expect this facility to get completely utilized by Q4 of FY21 or Q4 of FY22?

Venkat Jasti: This first block will be utilized by the Q4 of '20, occupied and the other things will be third quarter of '20-'21, things like that.

Sachin Kasera: So when we exit Q4 FY21, this entire Rs. 220 crore should be working at full capacity for whatever revenue it can generate?

Venkat Jasti: Yes, we will be utilizing the capacities by third quarter to fourth quarter of next year, one of them. The first block will be January to March timeframe.

Sachin Kasera: Second is on this Rs. 90 crore of formulation, there will you be able to give us some sense on what is the type of revenue?

Venkat Jasti: We are expecting some ANDAs to get into the approvals by next year 2020 calendar. By the time, our plant I think should be ready. As you know, we are not working on the blockbuster ANDAs, it is all the niche smaller one ANDAs like what we do with the Taro, similar kind of things will happen. And these things initial cost will be much higher than this formulation facility because the future additions for the block can be much better, cost wise.



Sachin Kasera: Sir, can you give us some update on your ANDA pipeline currently, how many are you having. What is the plan for this year and next year end? What are the type of approvals you are expecting because you mentioned 2020 we expect some good approvals?

Venkat Jasti: We have about 12 ANDAs under preparation, under development and out of that, 4 has been filed and another 2 more will be filed soon before the end of the year and we hope to get 4 ANDAs for the commercialization in 2020-2021.

Sachin Kasera: Can we assume it going forward we will continue to look at say filing between 3 to 5 ANDAs every year, that is a game plan?

Venkat Jasti: Yes.

Sachin Kasera: Secondly sir if I got it right, you mentioned that with respect to your investment only from Rising pharma, you expect some 3 or 4 full return in 3 to 4 years. Can you just give us some rationale or some of the assumptions on which you think this will be possible?

Venkat Jasti: Because it was having a sale of around \$360 million. At that time, the valuation at that place is around \$800 million or \$700 million valuation of that company. It came back and has gone into bankruptcy for some reason which was beyond anybody's estimate which can happen within 18 months of buying another company. So mismanagement or you can call it whatever it may be and the things they had to pay for the government not able to supply on time which costed heavily to them. So if we can bring it back to the level, right now this year we think the full year for 12 months it will be around \$200 million sales and will go back in 2-3 years' time that \$360 million sales for the valuation can go back to the original level. So that is the thought process we have. That is the investment. The other thing is we get some CRAMS revenue by development of the ANDAs and also manufacturing and supplying and third is the profit sharing of the new ANDAs. So over a period of 2-3 years, it will happen.

Sachin Kasera: But sir since you mentioned that that was the revenue, they were doing 18 months back. So are most of those molecules opportune still valid because we have seen in the generics business.

Venkat Jasti: Yes. Except one or two, small one or two customers, they did not have an impact but all other customers who are supplying them have come back to us because we are paying them fully up to the last penny. So everything is continuing. Now, we have to get back to this.

Sachin Kasera: And sir this \$140 million that we are capitalizing company at, will that be sufficient to take the company to \$350 million-\$360 million of top-line including working capital?

Venkat Jasti: I think so. I don't think we need to put any of our money on it and the approvals that will come in will be useful, some working capital will be taken. That is all we can tell. But I don't think we need anything because it is a virtual company as you said other than the people and the office and warehouse and it will not be anything else. Everything will be developed in collaboration with partner like Suven or somebody else. We have 60 partners. And there we will be doing the development and manufacturing and supplying and with Rising, we will be doing the distribution. We have a very good distribution network because it is a many year old company and

getting this kind of a pipeline is very difficult for any company really in a short period of time and that will help us in the long run.

Sachin Kasera: Sure. And can you expect any dividend sir from year one or year two or most of the profits will be reinvested to grow the business there?

Venkat Jasti: We hope to have some dividend by the end of the year, last 12 months.

Sachin Kasera: Sure sir. And sir just last thing on this CAPEX, after this Rs. 310 crore of CAPEX that we hope to complete in the next 2, 3, 4 quarters, is it fair to assume that then after that next couple of years the CAPEX intensity will come down quite a bit or the type of visibility in both plants everything we will continue to invest Rs. 150-200 crore a year every year for next 2-3 years?

Venkat Jasti: Depends. Right now, I don't expect anything other than the replacement CAPEX because as the plants are getting older replacement CAPEX is going up. Lastly it used to be Rs. 30 crore, now Rs. 40-45 crore. It will happen, but maybe it can happen for the formulation but not for the intermediates for now.

Sachin Kasera: Sure. But sir for formulation you said it will take lot of time to ramp up and then do so. At least for the next 3 years we should not be or are we looking at a very good ramp up in the formulation business also because of this Rising tie-up and we may have to do more capacity there?

Venkat Jasti: I know it is a good thing to invest, right? If you have the indication you will keep on investing that means you are getting right. Right now looks like there will not be anything other than the replacement CAPEX in the 20-21 timeframe, but other than whatever have apportioned have at least if it is necessary and if we do it you see we cannot not do this for a while as until the business shots up between the 12 months of achieving that. Then only we start doing it. It is a good thing if we had to do CAPEX, but right now I don't see anything. This will surface for the next couple of years at least.

Moderator: Thank you. The next question is from the line of BT Vainatheyan, an Individual Investor. Please go ahead.

BT Vainatheyan: My question is regarding Rising Pharma. And does this entail any board position for any of the, like for you all and who is going to be in charge of that particular division is my question please?

Venkat Jasti: Yes, Shore Suven's Managing Director is Mr. Vimal Kavuru, he will be the Chairman and Managing Director. And we have one Board position. Kalyani Jasti who is operating the Suven USA will be on the board of Suven Pharma Inc. and also on the Rising Pharma.

BT Vainatheyan: Thank you. And my second question is with regards to SUVN 502. Just in case when fully if it gets through, the molecule which is, suppose we outlicense it to another party for X sum of money, the molecule itself is to be produced by, manufactured by Suven in-house or will it be manufactured by them for the Phase-III trials. And does Suven have the capacity to manufacture for the, cater to the Phase-III trials in case it is being done in house?

Venkat Jasti: The manufacturing is not at all a big problem. There is a small volume they got in one campaign we can do and supply that for this Phase-III. It will be about 2000 odd patients roughly, that is not a big problem at all. It will be manufactured by



Suven and given it to them. But it has to be outlined at the hospital and get the data and see where we stand.

- BT Vainatheyan:** Okay. Any initial data which does get logged in?
- Venkat Jasti:** The only data which we know without having anything to compare is the safety data which is very good compared to any other things. But the efficacy data will be known only end of September, first week of October.
- Moderator:** Thank you. The next question is from the line of Rishabh Kale from Indsec Securities. Please go ahead.
- Rishabh Kale:** Sir just wanted to ask you said that there was a 10%-15% growth in your core CRAMS business. So may I know the assumption of getting to 10%-15% growth. And the second one even on the specialty side, you are saying 5% to 10%. So anything you are expecting to do or whatever?
- Venkat Jasti:** So there will be about 15% growth on the top-line, all put together.
- Rishabh Kale:** Sir I am just asking the assumptions. What are the key assumptions of having those 15% growth going ahead? Is that you are expecting some products to get into Phase-III or some to get into commercialization?
- Venkat Jasti:** The assumption is based on the performance we have and the visibility we have.
- Rishabh Kale:** And sir any guidance on any products going from Phase-II to Phase-III or do we see anything from Phase-III to a commercial thing?
- Venkat Jasti:** Not yet.
- Rishabh Kale:** Okay. And sir in the last year we had a problem from China, the raw material disruption. So is that we have come up with this or do we have any backward integration?
- Venkat Jasti:** We cannot have everything backward integrated, but we are trying; some part of it is backward integration. The problem still exists there, but it is only delaying the process. See, as I said there was a delay last time. That delay continues, but now we catch up with the delay, that means it is more or less current. So one of the items we are trying to do backward integration may happen next year.
- Rishabh Kale:** Okay. And sir and the last question, I missed out on the numbers for Core CRAMS and commercial CRAMS and specialties. Can you give it again?
- Venkat Jasti:** Yes. Core CRAMS is about Rs. 56 crore and commercial CRAMS with Rs. 35 crore, Specialty Chemicals is about Rs. 100 crore.
- Rishabh Kale:** Sir, and how many products are there in Specialty as of now?
- Venkat Jasti:** Two products of specialty.
- Moderator:** Thank you. The next question is from the line of Sachin Kasera from Swan Investment. Please go ahead.

Sachin Kasera: Yeah sir. If I got it right, you mentioned that the full year you expect Specialty to be around Rs. 215 to 230 crore. Is that the number correct I got?

Venkat Jasti: Yeah, 5% to 10% growth.

Sachin Kasera: I think from Q2, because Q1 we already have Rs. 100 crore, and for the full year we are expecting Rs. 215-230, so from Q2 this number will taper off significantly?

Venkat Jasti: Q3 always less, always. And again it ramps up in Q4.

Sachin Kasera: Okay. And how do we see this Specialty business next year sir. This can be sustained this Rs. 215-230 crore or you think from '21 or so we start to see a decline again. And are we working on anymore products also on the Specialty side?

Venkat Jasti: Yes. We are working on two more products, one may come in 2021, likely to come both of them in '20-'21 time. As I said, year ago we had a 30% de-growth and last year we have resorted back and now we are saying 5% growth, it all depending on how the market does and as I said, the first molecule is under generic now. So there is a price pressure also, but it will remain at this level for the next few years at least.

Sachin Kasera: Hopefully these two products when they get commercialized then do we again start seeing growth on this base?

Venkat Jasti: Naturally that will go up. But not unlike the first product, the other product, new products that are coming into picture will be around 7 to 8 million maximum sales per year.

Sachin Kasera: Okay. And sir of this R&D spend that we are doing, is it all towards the NCEs or part of that is, because now we are doing R&D specialty also and ANDAs also?

Venkat Jasti: No, people cost is not only it, CRAMS is also included. That is why we said 65% of the R&D cost or 70% goes to the NCE, the rest go to the CRAMS. Because, CRAMS all the materials is taken care of, but only the salaries we kept aside.

Sachin Kasera: And sir lastly on this 502, any thought process in the sense, have you already started talking to potential investors or companies for that or we will wait for the data and only then we will initiate talks?

Venkat Jasti: See, the chicken or egg, right. Since 2003, there is no news, everybody has criticism. Nobody talks about it, nobody comes to you until the data shows up. We have to wait for the data. But everybody knows who are interested in this business, everybody knows about our molecule at various stages including due diligence done over the years including the full due diligences including IP by two of them. So everybody knows about the molecule. But only they are just waiting for the data. Nobody comes right now, but when the data comes [good] you don't have to go, they will come.

Sachin Kasera: So hopefully as expected we are successful, then maybe by March 2020 we should be able to assess?

Venkat Jasti: Day by day nothing has come. I mean last two years nothing has shown up. We have just hope.

Sachin Kasera: So by March 20 we can expect some positive outcome in case these trials show good data?

Venkat Jasti: I mean, in this October you will know.

Moderator: Thank you. The next question is from the line of BT Vainatheyan, an individual investor. Please go ahead.

BT Vainatheyan: It is question, just a thought which crossed my mind. Just wanted to ask you, with this question to Rising itself, as you foresee a very positive this one in the next 3-4 years to make it profitable again and get back the original valuation. Does that also entail like Aceto, like going public after that or just remain as an enterprise between Suven and Shore, please?

Venkat Jasti: Yes, all the possibilities. Right now it is our jobs to build up that business pack because things will change in a jiffy. I mean the valuation can go in a big way in a couple of years and at the time yes, we are interested. We are able to go for an IPO that is our possibility or else for an exit, whichever way you think it. Because that we will not be talking about not as a business continuation of the ANDAs and there have been supplies and the profit sharing, that is the second part there. I am talking about as an investment as of now.

Moderator: Thank you. The next question is from the line of Rishabh Kale from Indsec Securities. Please go ahead.

Rishabh Kale: Sir, can you get the breakup for the Phase-I, Phase-II, Phase-III and the commercial molecules?

Venkat Jasti: Yes. 82 in Phase-I, 32 in Phase-II, 1 in Phase-III, 4 commercial.

Moderator: Thank you. The next question is from the line of Rohan Advant from Multi Act. Please go ahead.

Rohan Advant: Sir if you could share the R&D spend you planned for FY20 in standalone and in subsidiary?

Venkat Jasti: Standalone will be roughly \$10 million and subsidiaries will be about \$10 million.

Rohan Advant: Okay. So this is pretty much same as last year right, slightly more?

Venkat Jasti: Yes.

Moderator: Thank you. The next question is from the line of Piyush Goyal, an individual investor. Please go ahead.

Piyush Goyal: Just another question on SUVN 502. In the unfortunate even the data shows that it is not favourable, will everything we lost or we can do some modification and refile and also the question is because our entire pipeline is built in the CNS space. So the learning from this journey can be implemented to fast track remaining molecules, so if you can throw some light on that?

Venkat Jasti: No, I don't know where you are getting this information?

Venkatraman Sunder You mean to say that it is unfortunate the data is not good?

- Piyush Goyal:** I am saying hypothetically if results are not very favourable for 502, so is that end of journey for the molecule or we also have the opportunity to fine tune anything which is not so working so well and refile for trials or it will be totally lost and can this learning from the process we applied to fast track the remaining molecules.
- Venkat Jasti:** Yes. I mean certainly the learning will be useful for not only for us but also the community when developing the molecule for the unmet medical need. And since this has different indications which can be placed based on the data, as we know we have not only the main outcome methods there are another 7 outcome methods which we can see based on that so we can look this product it is not useful in one of the indications, it can be repurposed for the other indication presenting it to the what you call the FDA. But at the same time, as we said if it is not happening the outcome methods will be utilized for a better repurposing looking at the other molecules in a different direction. So it will be useful in the unfortunate event that it is not going through in the Phase-III levels. Yes, you are right.
- Moderator:** Thank you. The next question is from the line of Ashish Rathi from Lucky Investments. Please go ahead.
- Ashish Rathi:** Sir, the question is regards to the Rising Pharma only. Sir if I am not wrong, Aceto acquired this Citron and Lucid in 2016 and that is when I think Citron, the company was being headed by Mr. Vimal Kavuru came and merged with Aceto. And Mr. Kavuru has been at the President level for this company for the past 3 years plus now and it has been during this timeframe that the company has gone through all these tough stages. But the question is basically as to what is going to change per se because the leadership has been there for the last three years as well?
- Venkat Jasti:** What is it that you are saying that the leadership who is running this business is not there anymore. We have a new leadership team and expect one or two people who are operating people, all the top management is new top management this is going to run the place. So Vimal Kavuru, since he sold the company he works under Board only. First 6 months he was the President, then he was on the Board only. And he has not moved out because he has two other businesses to run at that time. So the new management is going to run the place.
- Ashish Rathi:** And now that he has become, I don't know what position, is he CEO for this company now, Rising Pharma, Mr. Kavuru will be?
- Venkat Jasti:** He is a CEO.
- Ashish Rathi:** Now, as the CEO of the Rising Pharma, is there anything else that he is also looking at in this capacity or this is the full time dedicated role that he will be playing as an executive role now, taking care of Rising Pharma?
- Venkat Jasti:** He has investment in other companies. But this is a full time role he is going to play.
- Moderator:** Thank you. The next question is from the line of Ashish Kacholia from Lucky Investments. Please go ahead.
- Ashish Kacholia:** Just wanted to get your sense of the overall growth of the CRAMS business in the current financial year that you have indicated?
- Venkat Jasti:** Yeah. As I said overall growth will be about 15%.

Moderator: Thank you. The next question is from the line of Apurva Mehta from AM Investments. Please go ahead.

Apurva Mehta: Sir, monthly the segmental wise, the services has gone down substantially to around Rs. 3 crore as we see which was traditionally the run rate was above you know Rs. 10-15 crore. Can you throw some light on that?

Venkat Jasti: Mainly the royalty has come down from the Taro sale, that is one of the main reason and the services will be gone into the next quarter. I mean, this is not our main bread and butter. It is only we are keeping it as a leverage exercise as the things, our main activities. When the more ANDAs come then maybe that will add to here as a profit share basis, that will add to here. Right now I think that is one of the reasons the Taro sales are down, so the royalty came down and couple of service items gone into the next quarter, will appear in this quarter.

Apurva Mehta: So what is the Taro contribution this quarter and what was the previous quarter's if you say?

Management: Our royalty is about Rs. 1.05, what was Taro's share, no we do not have. Rs. 1.05 crore, Rs. 1 crore you can say for this quarter as the royalty what we earned.

Apurva Mehta: Okay, Rs. 2.5 to 3 crore. So this is our normal run rate.?

Venkat Jasti: No, it came down from Rs. 2.5 crore. It will be the run rate yes, more or less.

Apurva Mehta: And on the second molecule which is going for trial, when the trials will get start getting, basically?

Venkat Jasti: Second molecule going for trial, clinical trial is all in US.

Apurva Mehta: When it will be starting from next month or already started?

Venkat Jasti: Screening is happening. Only the enrolment has to happen [start].

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Venkat Jasti: Thank you and thanks one and all for tuning in for this con-call on the quarter one results. As you could see this quarter the profit margins are much better because of the product mix and the second quarter also looks good and in general the traction is better this year and we expect a growth of about 15% overall growth for the next year, it is 25% on the quarter growth on bottom line that we expect to happen and we hope to have our data by October for SUVN-502 and soon enough for this month or next month the enrolment of SUVN-G3031 also to take place. And before the end of the year, we entail the profits and also be over so with demerger and certainly in 20-21 there will be two different companies, equally everybody will be having one share of each. And I hope to catch up with you next plan for the quarter 2 conference and thanks again for everybody to tuning in. Thank you. Bye.

Moderator: Thank you very much sir. Ladies and gentlemen, on behalf of Suven Life Sciences that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Please note:

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