



Suven Life Sciences Limited

Q4 FY19 Conference Call Transcript

May 27, 2019

Moderator: Ladies and gentlemen, good day and welcome to Suven Life Sciences Limited's Q4 and FY-19 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentations conclude. 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 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 Q4 and FY-19 Earnings. We have with us Mr. Venkat Jasti – the Chairman and CEO, Mr. Venkatraman Sunder – Vice President of 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 discussions 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 to everyone who have tuned into this concall for the year ending March 31st. As I mentioned in last year, last concall the fourth quarter will be much better, that you could see compared to quarter-on-quarter the revenue up by 90%, PAT up by 170%. Also mentioned last year that it will be 5% this way or that way of the top-line and the bottom line of our growth. We have to inform you that the top-line has gone up by 6% on a year-on-year but the bottom line gone down by 5% due to the various reasons. One is the product mix, the second one is the slight fast increase in some of the raw materials which we have sourced from the Chinese sources.

Going forward as I said last concall also the transaction is much better, both for the CRAMS side, of course given the specialty chemical and you would be glad to know that this year I think we have done, even though last year we have a 33% reduction in the specialty chemical, this year we have gone up by 40%. Thanks to outsourcing some of the specialty chemicals and also as I was mentioning that it is a possibility from other molecules when coming to the commercialization which happened. A small quantity has been dispatched and this 40% growth in this specialty chemicals year-on-year basis. I think it will remain the same as of now based on the indications from our customers and that part whereas the on the program side, the commercialized molecule for the women's health will continue to be ordered this year



also, small quantity, similarly for diabetes and something for rheumatoid arthritis also.

All and all, we did about Rs. 80 crore of commercial CRAMS last year, I mean this year-ended March 31st and we hope to, almost based on the indications the commercial CRAMS will go up to Rs. 130 crore next year. And the growth enclosing the commercial CRAMS and the core CRAMS put together we hope to achieve about 15%-20% growth next year while the specialty chemical remains the same level as this year. And that is the call for the CRAMS side of the business.

And last time we have mentioned the demerger. I think that demerger process is on [as scheduled]. We received the NOC from the regulatory bodies [like stock exchanges]. We are in the process of filing with the NCLT. I think that will take its own course. With respect to innovation, you might have seen our press release regarding our last patient visit [of SUVN-502 phase 2 trial], that means we have completed the clinical trial as far as the patients are concerned and now the database lock has to take place and that will happen after the cleaning up of the data and all the stuff. And our request with the CRO is to give us the top-line data by the time the International Alzheimer conference [AIIC 2019] is taking place in July in Los Angeles and we have scheduled an evening symposium for giving the top-line data results of our compound.

And also I want to bring to your notice, we have named this compound as Masupirdine. See, this is given by world health organization through every naming process called international non-proprietary name has to be given for all the molecules, during this process we have the approval for Masupirdine and is meant for memory, a for Alzheimer's, S U. for Suven and Pirdine is usually given for the chemical part of the 5-HT6 antagonist. It is given by other GSK and **Lundbeck** also the last year it as Pirdine. So, this is new name, for the SUVN-502. And if everything goes well on the data log and we may get little bit of head of the Alzheimer's Conference. If that happens, we will certainly let all of you know about it. We are clearly waiting for this. At least one milestone has been achieved with the last patient, last visit and now a second one is to soft launch of the data than getting the top-line results which will be shared with you as and when it is available and hopefully before Alzheimer conference is done. The second compound SUVN-G3041, we are in the final stage of filing FDA for the protocol and all, eligibility title and this quarter that will be done and next quarter we are likely to start enrolling the patient for this narcolepsy trials and the trial takes about 12 months to 15 months after it has starts. Of course, the other compounds are going through the SUVN-911 and SUVN-D4010 are going for the long-term safety part of the aspect as I mentioned earlier. Those are the compounds ready by 2020 will be prioritized by the proof of concept step.

So, I think I will stop at this stage and take the questions that the people have..

- 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:** First question is on the guidance. I just missed, for the commercial supplies you mentioned the guidance is Rs. 130 crore or something else?
- Venkat Jasti:** Rs. 130 **crore** for the year, I mean for the 19-20, at least.
- Sriram Rathi:** Okay. And for core CRAMS at 15%-20%, right sir?

Venkat Jasti: Yes, 10%-15% growth.

Sriram Rathi: Okay. Perfect. And sir if you can just throw some details on this minority stake which you have taken in Shore Pharma through a subsidiary. So, how much investment has gone and how much stake they have got and I mean what are the cost of that investment?

Venkat Jasti: As you know this is, we have taken on the as you said the minority stake and for all the people, people are expecting some revenue acquisition to our balance sheet which will not happen is the minority stake. And secondly, the idea of acquiring this, not acquiring, investing into this company is because we are doing the ANDAs ourselves which are in preparation and which we can grow through this channel rather than look for various other people. The third thing is the indirect benefit remains since the Rising Pharma is a virtual company, they developed 22 compounds year-on-year basis as some customer or other development than manufacturing get it done somewhere else. So, some of these compounds which we will take that developmental part which will act over revenue and later after successful filing with ANDA we can also manufacture and supply that gives you some manufacturing revenue also. So, this is a long drawn process and also a marketing tool for our own ANDAs and that is why we have taken [investment] and I just want to make sure everybody understands that there will not be any revenue accretion/recognition out of the business [in the near future].

Sriram Rathi: True. So, sir, how much Suven will be investing in this?

Venkat Jasti: 35 million.

Sriram Rathi: And the stake will be around 25%, is that correct understanding?

Venkat Jasti: Yes.

Sriram Rathi: And sir this specialty chemical business, I mean we have added one more molecule now. I mean the revenue are expected to be flat, right? So, basically the earlier molecule revenue will decline and this molecule should come back to full?

Venkat Jasti: Actually the old molecule, we got more orders this year compared to last year. Whatever the loss that has taken place last year that has come back again. Added to that we have little bit of this new commercial molecule has come, second molecule. That is why there is a 40% growth compared to last year, year-on-year basis. And I am saying that amount more or less 5% this way or this way will be continuing all these 3 products will remain for the next year as of today, that is the guidance.

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

Rohan Advant: Sir, regarding our investment in Suven Shore you said that it will be USD 25 million, is that right?

Venkat Jasti: 35 million.

Rohan Advant: Okay. And will this be in tranches or will this be on day #1?

Venkat Jasti: Day #1.

Rohan Advant: Okay. Sir, but if we invest USD 35 million in this subsidiary or in this JV and take a minority stake and in terms of our cash position, now that we are going to separate Suven Pharma and Suven Life, for our future R&D projects, god forbid if our SUVN-502 were not to go through then how do you feel comfortable in terms of the cash availability for future R&D spend sir?

Venkat Jasti: We said one side the innovative molecule is not gone through, but we are not counting any money on that. What money we are counting is on the CRAMS side of the business which we are internally accruing as I said much better traction is happening compared to the last year. Next year it will be much better. I think, of track we are not having any problems, no concern whatsoever for funding this.

Rohan Advant: Okay. Sir, and so the total cost of acquisition would be 35x4 which is 140 million, right? The balance will be brought in by the partner?

Venkat Jasti: Yes.

Rohan Advant: Okay. Sir, and any idea about the liabilities that are there on Suven Shore, I mean on Rising Pharma's book that we might have to bear?

Venkat Jasti: No, that is the, you don't understand, this is through the court process. All the liabilities has to be listed in document and which we need to clear it and some of them, the customers agree to take little bit **staggered**, but all this thing is part and parcel of this and no other additional liability will come other than that.

Rohan Advant: Sir, and regarding the breakup for the quarter, can you provide on core CRAMS commercials specialty and others?

Venkat Jasti: I can give the year-on-year basis, or you want quarter-on-quarter?

Rohan Advant: Q4 FY19, this quarter sir. Earlier quarters I have, I don't have for the March 19 quarter.

Venkat Jasti: This quarter the core CRAMS is about Rs. 113.8 crores. Specialty chemicals is Rs. 118 crores, CTS is Rs. 15.87 crores, of course out of that [CRAMS] Rs. 42 crores belongs to CRAMS belongs to the commercial.

Venkatraman Sunder: Core CRAMS is Rs.113.82 crores minus Rs. 42.82 crores.

Rohan Advant: Okay. Sir and so in specialty chemicals I think this full year we would have done roughly RS. 210 crore, right?

Venkat Jasti: Yes, including the new product it is Rs. 215 crore.

Rohan Advant: So, next year you are saying that it will stay at Rs. 210 crore-215 crore, right?

Venkat Jasti: Yes. 200-215, yes, same range. That is an indication given by the customer. There may be a possibility of increase but we are not taking it to into any consideration. We are saying that same thing will remain because what happened last year, the main product which they were doing all these years gone down by 33% but this year the same thing is gone up by 30%. Added to that some small amount has been added to second commercialization. So, we asked them and they said it will continue in the same range for the next year.

Rohan Advant: Okay. And sir just again sorry to like pick hair on it, but on Rising Pharma acquisition, sir, how do you think of it in terms of the return on investment over say 3-5 years the 35 million USD that we are investing?

Venkat Jasti: See, there are two ways you have to look into. It is not dollars and then fell on, you saying that you are going to get the indirect developmental revenue, the CRAMS and the manufacturing and supply revenue in the manufacturing of the CRAMS and of course the value creation in the main company and in 5 years our expectation is 4x other than the other where benefit we are getting.

Rohan Advant: Sir, 4x in terms of revenues in terms of revenues we can generate through that.

Venkat Jasti: We are talking about the valuation.

Moderator: Thank you. The next question is from the line of S. Vishwanathan from Unifi Capital. Please go ahead.

S. Vishwanathan: This is on R&D expenses. So, in the standalone for the full year we have done 60 crore, on console we have done about 120 crore. So, what was being done in the US subsidiary is it only for SUVN-502?

Venkatraman Sunder: Yes. That is correct. The additional is for SUVN-502.

S. Vishwanathan: And standalone 60 crore, last time you said 30% is for the CRAMS R&D and 70% is still for the drug discovery R&D?

Venkat Jasti: Yes.

S. Vishwanathan: So, this standalone R&D could be for all the other molecules also that are in the pipeline, besides SUVN-502?

Venkat Jasti: Yes. All the this can be molecules, we talked about nine products.

S. Vishwanathan: What is the R&D guidance for all the other molecules for FY20?

Venkat Jasti: If it goes to the clinical trial we are talking about \$10 million on the standalone. And depending on what stage we are, as I said SUVN-502 will take another \$4-\$5 million and I think this G3031 will take about \$6-\$7 million during the fiscal years 19-20.

S. Vishwanathan: Okay. So, as regards SUVN-502 when would you know the results of the trials?

Venkat Jasti: As I said the last phase, last thing is over. Now they are putting everything in the databases and cleaning up activity and source verification and all that and after that they would do the soft launch then they will run to get the results and we have requested them to make sure that we get these results before the Alzheimer's conference taking place in Los Angeles in July 15th to 17th. They said they will give it to us. It may happen even end of June also. So, if that happens we will certainly let everybody know. We are also eagerly waiting for [result, after] all these 4 years after clinical trial started.

S. Vishwanathan: That is great sir. And as regards the Rising Pharma, so this \$35 million investment in FY20 there will be some addition to the P&L, right? Yes, we may not have revenues but is it profitable company or is it a loss making company now?

Venkat Jasti: It is a bankrupt company we have taken over. It was making profit until two years ago.

S. Vishwanathan: It has about 85-90 commercialized ANDAs, right?

Venkat Jasti: Yes.

S. Vishwanathan: Okay. So, some revenues accruing out of that, if it resolves in a profit it will be consolidated otherwise there could be some marginal losses till it turns profitable?

Venkat Jasti: There is no consolidation it will neither have the positive or the negative aspect on our P&L. This is a minority stake holding, though irrespective to what happens at the Rising Pharma level nothing will be coming to the P&L of Suven.

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

Jeevan Patwa: I just want to understand about our acquisitions. So, we have actually taken all the human health division of the Rising Pharma and according to the financials which was published on the Nasdaq, last year December 2018, this human health division actually had a revenue of around \$360 million, maybe 2%-3% here and there but approximately \$360 million revenue, and it had an operating profit of somewhere around \$50 million. Is that the correct information?

Venkat Jasti: That was when they were making money, before they have gone bankrupt.

Jeevan Patwa: Okay. So, is that business going to continue? Any idea about how we will, how that division will generate revenues in next year FY19?

Venkat Jasti: Yes. It will start at 200 million and slowly going up to \$360-\$340 million in a couple of years.

Jeevan Patwa: So, it will basically go back to that level in next couple of years?

Venkat Jasti: Yes, because of the disruption there will be a little bit time it will take but certainly it will be much better and also it is backward integration into India through Suven both in development and supply, in couple of years whatever the problems they have with the customers also will be taken care of and things will move into the right direction.

Jeevan Patwa: And, second question is whatever API and intermediaries they are right now sourcing from other vendors, some part of it may be sourced from Suven Life, right?

Venkat Jasti: That is right. That will add to our CRAMS revenue. And you need to understand that development of these ANDAs will take couple of years. Some of the revenue accretion will not be immediate but even the revenue accretion is not going to be like a manufacturing-based revenue expense, it is an R&D based revenue accretion.

Jeevan Patwa: Right. So, whenever it goes back to the initial level of the \$350-\$360 million how much you think the API intermediaries and other revenue accretion would happen to Suven?

Venkat Jasti: We are not going to do anything that are existing molecules because they are all contracts with the customers. What else is the new developments that is coming up which instead of going to some third party will come to the partner, that is clear. So,



that is what the understanding is. So, don't expect anything from the existing to come to us.

Moderator:: Thank you. The next question is from the line of Rashmi Sancheti from Anand Rathi. Please go ahead.

Rashmi Sacheti: Sir, on the breakup side, I am not clear. You mentioned sales of services Rs. 15.87 crore for the quarter?

Venkat Jasti: Yes.

Rashmi Sacheti: Out of that Rs. 15.87 crore, how much is the royalty which goes to Taro?

Venkat Jasti: Rs. 2.42 crore

Rashmi Sacheti: Okay. And sir you mentioned core CRAMS at Rs.113.8 crore.

Venkat Jasti: No, that is total CRAMS.

Rashmi Sacheti: Okay. So, how much is the commercial orders?

Venkat Jasti: Rs. 42 crore.

Rashmi Sacheti: And sir, how much till date we have spend on SUVN-502, including the fourth quarter?

Venkat Jasti: \$24 million, till date [for phase 2 clinical development of this molecule].

Rashmi Sacheti: And how much more it is remaining?

Subba Rao: Further \$3-\$4 million, probably.

Rashmi Sacheti: Okay. And sir for next year for R&D budgeting on the other molecules which will move to Suven Neurosciences, USA, how much are we budgeting that?

Venkat Jasti: That is G3031, \$6-\$7 million. \$10 million in Neuroscience and \$10 million in **India**, so \$20 million R&D budget.

Rashmi Sacheti: Only one molecule is moving?

Venkat Jasti: Yes, it is the proof of concept.

Rashmi Sacheti: Okay. So, it is \$10 million from Neuroscience USA for this particular molecule and \$10 million on the standalone.

Venkat Jasti: Not particular molecule. The budget for Neuroscience, but that includes 502 and G3031.

Rashmi Sacheti: Okay. Understood. And sir, again one more clarity. Since the last patient got enrolled in May month and earlier you mentioned that normally it takes 6 months for the treatment. So, how is that we are getting the data in July month and we are presenting in the conference and how could that help you know for getting the customers?

Venkat Jasti: See, 6 months is all over. That is what we mentioned. The last patient has finished 6-month closing and visit, that is what it means, that means the clinical trials with the patients are over. Now what they are doing, they are collecting all the data and putting into things and make ways so this data verification and all those things are taking place and after that they will run the database and give us the top-line data which we will present into the, the Alzheimer's conference in Los Angeles in July. If positive data is there, then you have a chance to get a customer to buy this compound for further development and if negative data is there, it goes on to the shelf. So, that is black and white.

Rashmi Sacheti: And sir will this be the only conference where you will be presenting or you are looking for more other conferences also to keep on presenting the data if it is positive?

Venkat Jasti: We don't need to present. Once you present it in International Alzheimer's conference, that is the main conference and people will be knowing, we don't have to present in the conference to get the customer. The idea is everybody will be knowing if you present in the conference which is relevant to this disease, right? But everybody knows what the clinical data is coming in, whether it is positive or negative, based on that yes, then the collaboration and other things will start negotiation for all the stuff, if the data is positive.

Rashmi Sacheti: Okay. And sir, one more clarity on Rising Pharma, you know a follow up from the earlier participant. You said that 85 to 90 ANDAs are currently active in the market and the company is currently making loss and when are we starting this? In FY20 we are making this investment \$35 million and will the stake in the JV will that not add to our bottom line since the JV is consolidated at the bottom line?

Venkat Jasti: It will never be added to our bottom line because it is a minority stake holding. So, there will not be any consolidation.

Rashmi Sacheti: So, how much is that minority stake in the JV?

Venkat Jasti: 25%.

Rashmi Sacheti: Okay. And apart from this, lastly can you just mention how much is the CAPEX and what is the tax rate guidance for the next year?

Venkat Jasti: Yes, CAPEX as you know will be around Rs. 200 crore for the spreading around 12-15 months and the tax rate is...

Venkatraman Sunder: Tax rate is about 33%-35%. We are in a full tax regime.

Rashmi Sacheti: And sir this Rs. 200 crore CAPEX can you split like how much would be the maintenance and any new projects which you are working on?

Venkat Jasti: These are all for the new projects only. Maintenance CAPEX is usually about Rs. 30 crore to 40 crore which we are going to entail requirement based on requirement but this is a 200 crore is purely for the formulation development center and also in other block in Vizag.

Rashmi Sacheti: Okay. And sir that last question on the specialty chemical business, one more molecule which has been added, you are supplying it to the same companies for which you used to supply the first molecule or this is for a different company?

- Venkat Jasti:** It is the same company.
- Moderator:** Thank you. The next question is from the line of Cinderella Carvalho from Centrum Broking. Please go ahead.
- Cinderella Carvalho:** Sir, just a quick view on how do you perceive going ahead if the data is positive, what is your thought process and I missed a bit of your starting remarks. So, you guided that core CRAMS opportunities are looking buoyant, if you could elaborate a bit more on that. Thank you.
- Venkat Jasti:** Yes. Based on the explanation given by our customers and also based on the orders coming in during the course of the time, we expect the CRAMS to grow 15%-20% growth and commercial also going up from Rs. 80 crore to 130 crore.
- Cinderella Carvalho:** Sir, what was driving the commercial, which molecules? Is this the new Women Health?
- Venkat Jasti:** It will be for Women's Health and rheumatoid arthritis and also the diabetes?
- Cinderella Carvalho:** And in terms of the core CRAMS sir, any specific areas from which we are receiving any specific therapy rather from where we are receiving these extra queries?
- Venkat Jasti:** There is no specific therapy which we go by. It is all based on the chemistry. Only we tell when the commercialization happens what indication they are using is for. But all the molecules whatever we are supplying, doing R&D and supplying will not have any therapeutic indication. Only these two molecules we have indication. We have nothing to do with any particular area which we are working, we are working with each and every area. Whatever the successful molecule it goes into the commercialization then only we can tell our molecule is going to such and such disease category. That is all it is.
- Cinderella Carvalho:** And sir on SUVN-502?
- Venkat Jasti:** Yes, SUVN-502 as I said we are waiting for the big milestone of getting the results some time before July 17 where we are going to present our data, it may happen in the July month or it can happen in the end of June and now they are collecting all the data since the patient visits are over and they are going to do the self-verification then data based work and after that they will give the results to us. So, we are eagerly waiting for the data, so that we can present it to our shareholders and hopefully present it to the customers who are going to align with us in the future development of that molecule.
- Cinderella Carvalho:** Sir, the focus is clear that once the data is on the positive side, we will be aligning to some client and then work it ahead?
- Venkat Jasti:** Yes, because the cost of that trial will be anything above \$250 million which is not in our cup. The marketing specialty which we don't have, so we need to certainly go to the big boys and they will do the further development and which we will get some upfronts and milestones during the process.
- Cinderella Carvalho:** Sir, you said on the specialty chemicals we have added another molecule. You have also mentioned that with the earlier one molecule we have grown the base by 30%. So, is my assumption correct that our earlier molecule we have reached around 200

Cr. and the next 15 Cr is contributed by the coming molecule. Is that correct understanding?

Venkat Jasti: Yes. Small volume is there and it will continue to go there and based on the whole molecule sometimes it will go down the volume like last year. So, we are expecting with the new addition it will remain at the same level as 200 to 215.

Cinderella Carvalho: And sir when we look at this new molecule, if you can help us understand how normally these agro chemical side molecule grow, like in terms of NCE that we work or the commercial side we work normally, you know there is a delay in terms of once we give the validation or the launch quantity then we have to wait for some time. So, how does that progress in this case, in case of agro chemical. Is it a sustained supply or that also grows gradually?

Venkat Jasti: They are also in the same side. That also takes the same time as the commercial, molecule for the human health in the same range. We have supplied some small quantities for validation and all the stuff, now is the first time commercial they have launched the products. So, this is an intermediate only. Is not the final product and the volume is unlike the other molecule, it will not be in Rs. 100 of crore it will be mainly \$7-\$8 million per year.

Cinderella Carvalho: And sir coming to the Rising Pharma side, I mean the investment that we have done, I have heard your earlier answers, so just want to understand like whatever minority stake we took in this particular venture. So, that is only from a perspective of allowing us to get the access to this virtual marketing company? That was like a requirement that we had to adhere to or any other normal marketing arrangement wouldn't have worked in this scenario?

Venkat Jasti: See, for every investment there is various ways we can think of. You may think I need to get revenue immediately; I may think it is a long-term perspective. Let me know how the market because I am not in that market, let me know and then we enter that market because we are developing our own ANDA. Now instead of routing through somebody else and losing some money, now we can book our own better prospects. Secondly, the indirect benefit which we are going to get into our CRAM is the development, because this virtual company which we develop 10-15 ANDAs every year which is outsourced to a small people who do the only developmental work which some of them I can take it, that will add to our revenue. And also after that if the ANDA is successful then there is a requirement of supply and the supply because with a new formulation plan that we are building we also able to supply those things, that will add to our revenue. So, it is a learning experience, whether it is one side of the market, the other side is getting some business out of it. It is a long-drawn process like our brands.

Moderator: Thank you. The next question is from the line of Amit Sauji from AV Saoji Associates. Please go ahead.

Amit Sauji: Sir, in your language you used to say SUVN-502 is 0 or 1, so when do you expect FDA approval for this SUVN-502, 0 or 1?

Venkat Jasti: First of all the data did not come out. You don't have to worry about the FDA. The data has to be good. FDA is a matter of only time. But the FDA approval takes place after phase 3. So, 0 or 1 seems to be, if the data is good we have some alignment with somebody and they will give some money then that will be 1 and what is that 1, is only time will tell. So, FDA has no role in this until it has finished phase 3 and also has a positive phase 2 data.



Amit Sauji: Means, by the end of June or before July we will get at least data...

Venkat Jasti: Yes, that is what our target is. Hopefully before July 17th.

Amit Sauji: Sir, if you can give any range, the same type of deal done in recent or earlier year if it is one?

Venkat Jasti: Yes, earlier years the range is there, it is in the black and white, driven by compounds and received 150 million upfront 850 million downside royalties and all the stuff, but it has no meaning because until we go into the market, first of all we have to get the results, second of all the customer has to come and see the markets. This is a symptomatic treatment. If some other molecule which use in the treatment, I mean if it is disease modifying then they will have a better opportunity compared to us. You will get something out of it, but we don't tell at this time what will be the take home.

Amit Sauji: Sir, do we need any funding requirement for 19-20 or all the CAPEX and Rising Pharma will be done by internal approval?

Venkat Jasti: Yes. Already CAPEX is, I mean internal accruals only and if something is needed, we could take [some loan] for the what you call assets for CAPEX. Otherwise, we have enough to carry through with internal accruals.

Amit Sauji: What will be the guidance for the finance cost?

Venkat Jasti: There is no guidance other than 10%-15% growth I said to the CRAMS and status quo on the Specialty Chemicals.

Amit Sauji: No, regarding finance cost.

Venkatraman Sunder: Finance cost is very negligible based on the current 3 quarters we have.

Amit Sauji: And one thing sir, in the Q3 concall you have said that the sales are lower due to the impact from China material supply. Whether this Q3 sale and Q4 sale is combined in the current Q4?

Venkat Jasti: Yes, I told you last time, whatever the delay that happen, will go into next quarter something has happened. And now we have secured the raw material for the next two quarters and it can happen this year also, but as I said earlier, there is a slight increase in the raw material cost also which is shown in our balance sheet, that is 5% less profit compared to the last year.

Amit Sauji: Sir, any guidance on the bottom line for the year 19-20?

Venkat Jasti: 20% on the bottom-line growth.

Amit Sauji: Okay. Considering SUVN-502 revenue or not considering the same?

Venkat Jasti: As I said, I said it is zero, you said it is also zero, until it becomes 1, it cannot be a day-in day-out, they are one-off. So, you don't get anything like that. Right now, it is zero.

Moderator: Thank you. The next question is from the line of Ranvir Singh from IDBI Capital. Please go ahead.

Ranvir Singh: Sir just one clarity. You said the investment we are doing in Rising Pharma, somewhere we have to account for it. So, why the consolidation will not happen in that sense?

Venkat Jasti: I don't know. I have no idea. That is the rules and regulation. There is a minority shareholder, you don't get any consolidation.

Ranvir Singh: But somewhere either income or loss, because this 35 million we are funding from balance sheet, right?

Venkat Jasti: Let me tell you. This is an investment. When you invest into something that will not come into the balance sheet. It shows as an investment in the balance sheet. Because we have invested this into our subsidiary Suven Pharma Inc. USA which in-turn invested into Suven Shore Pharma, so which is now Rising holding.

Ranvir Singh: Okay. So, that USA subsidiary will have some income or loss from this investment, right?

Venkat Jasti: Yes. That yields on what you call dividends and otherwise there will not be any income because there will not be any kind of a consolidation there also other than the dividend which is received.

Ranvir Singh: And 35 million investment is from balance sheet of USA entity or from our Suven Life Sciences?

Venkat Jasti: From Suven to Suven Pharma Inc. which entirely is invested in Suven Shore.

Ranvir Singh: So, far, our business model has been totally different from that generic model. Now this Rising Pharma part is obviously this is a pure generic business model. We are developing a formulation center so I understand that going forward we will have opportunity maybe to supply material for this product, for this joint venture. But directionally after 4-5 years down the line, do we see we are going into formulation, formulation would be a significant part of our business, that generic formulation I mean.

Venkat Jasti: As I was telling last time also, even before this investment into the Rising, we will be developing this ANDA and that will become because those are thing that are after the patent expiry, most of them, so it will not have any impact on the other things. We are only using, leveraging our expertise and the capacities that we are having, which will keep on increasing, as I have said that we are developing, I mean we are constructing a new formulation manufacturing facility, so which will add substantial revenue maybe 3 years to 4 years from now.

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

Sanjay Nalvaya: Sir, I want to ask you one question. How and when we will be number one in the Indian CRAMS industry and the second sir can we maintain this PAT margin?

Venkat Jasti: The first question, as I said it all depends on the success of the molecules at the customer level so it goes to the clinical trials, so aiming that kind of a thing is very difficult and also you should not think in that direction. Just a beginning, number one has no meaning. But your second question is absolutely right, yes, we would try to maintain this margin, that is our aim.



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

Vishal Patel: Sir, the result given in this quarter, the growth year-on-year has come less, minus 5.20%.

Venkat Jasti: Yes. I clearly told in the beginning itself, our revenues gone up by 6% and profit gone down by 5% it is because of the product mix that we have because we don't sell the same products day in, day out. So, depending on the product mix and also it has affected a little bit with the raw material pricing increases also. That is why this reduction in the profit.

Moderator: Thank you. The next question is from the line of C. Srihari from PCS Securities. Please go ahead.

C. Srihari: To understand the Shore Seven deal better, so if I understand correctly, right now it doesn't have any product on the market, right?

Venkat Jasti: There are 90 products in the market which is going to about \$200 million sales which will happen. It is a virtual pharma means it is a development and manufacturing with customers from which they will distribute to the various wholesalers and government organizations. They used to do about \$360 million as in previous con-calls I was telling but because they have problems and now it came down to \$180-190 million which we think the acquisition will start at that number and keep going to this number in 3 years.

C. Srihari: So, currently you are at around \$200 million?

Venkat Jasti: Yes. Roughly \$200 million will be going.

C. Srihari: And any profit figures that you can share?

Venkat Jasti: For the first year, it will be flat because it is all starting, next year onwards you will see, profits will be going up, but that is only a two months, we need to wait to ascertain what kind of a ramp up is needed, what kind of costs are, those things will be known only in due course of time, but as one more time I want to tell each and every one who is on the line that there is no consolidation since we are minority stakeholders. So, as I said indirect benefit of developing the new products which are going to be and also supplying the new products for the institution, that is the indirect benefit and the direct benefit will be hopefully the investment we have made will quadruple in 5 years' time.

C. Srihari: Okay. So, it is developing about 10-15 products every year. So, if you take let us say 2-3 years' perspective?

Venkat Jasti: Some of them, which our capability and mainly on the capability. We cannot take it on every product.

C. Srihari: Over the next 2 to 3 years, vis-à-vis 80-90 products in the market, how many you see over 2 to 3 years?

Venkat Jasti: Every year 10 to 12 will be added, 10 to 12 will go down. So, it will remain around 100-120.

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

Pritesh Cheddha: Yes sir this Shore Suven pharma deal, currently we are not split into Suven Life and Suven Pharma. So, this will be part of Suven Pharma or Suven Life eventually?

Venkat Jasti: Suven Pharma.

Pritesh Cheddha: So, the cash which you, see in the last call you had mentioned out the cash part of Suven Life and cash part of Suven Pharma, so post this transaction, what will be the cash in Suven Pharma?

Venkat Jasti: There will not be any cash.

Pritesh Cheddha: And the EBITDA for Suven pharma for FY19 will be what?

Subba Rao: FY19 EBITDA is already given, it is 36%.

Pritesh Cheddha: Sorry, sir I have in the presentation pre-R&D EBITDA and post-R&D EBITDA. I do not know the R&D split?

Venkat Jasti: Post R&D EBITDA.

Pritesh Cheddha: So, post R&D is the EBITDA for Suven Pharma?

Subba Rao: Correct.

Pritesh Cheddha: And what is the growth expected on the EBITDA for FY20?

Subba Rao: Overall PAT what was guided is 20% growth.

Moderator: Thank you. The next question is from the line of Darshit Shah from Nirvana Capital. Please go ahead.

Darshit Shah: Sir, can you give me year-on-year numbers for the CRAMS, commercial CRAMS, core CRAMS and Specialty chemicals?

Venkatraman Sunder: Totally about core CRAMS Rs. 300 crore, [299 to be precise]. Commercial CRAMS is 80 crore, so that puts up total is about 380. Specialty chemicals 216 and contract technical services 50. That becomes 645.

Darshit Shah: And last year figures if that is possible?

Venkatraman Sunder: Last year figure, core CRAMS 295, commercial CRAMS 119, put together it is 414 actually and then specialty chemical was 154 and contract technical services 44, total last year was 613.

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

Rohan Advant: Sir, how many molecules do we have in phase 3 right now?

Venkatraman Sunder: One.



Rohan Advant: And regarding the cash of Rs. 300 crore, that we have, we said that all of that cash will be part in Suven Life Sciences. Now we would have of course \$135 million less of cash because we are going to invest in Suven Shore, so that would leave us roughly with only Rs.100 crore of cash which would go into Suven Life Sciences. Regarding your R&D ambitions that you have excluding SUVN-502, the cash that would be required for the future R&D pipeline, the accruals will happen in Suven pharma but the cash will be needed by Suven Life Sciences. So, do you plan to transfer say through dividends etcetera money from pharma to life sciences in the future, sir?

Venkat Jasti: No it is like this. Rs 300 crore is supposed to go after the **demerger**, into the Suven Life Science. And at that time, we may not have all the 300 crore. What other amount you have, you will put it in Suven Life Science. After that whenever money is needed which is a liability of the Suven pharma Inc, rest of the money, that will be given to Suven Life Sciences whenever is needed and when the internal accruals takes place. That's the way it goes.

Rohan Advant: Okay. So, it would be given as a loan to Suven Life?

Venkat Jasti: No, it is not a loan. It is a liability of Suven Pharma because it is supposed to go to Rs. 300 crore the day #1 to Suven Life Sciences, since we don't have the cash that will be a liability which we need to pay back, a year or a year and half from now when you accrue.

Rohan Advant: Got it sir. So, that will be a receivable for Suven Life and a payable for Suven Pharma and as and when Suven Pharma does internal accruals it will transfer so that ultimately over the next 2 years 300 crore is parked with Suven Life.

Venkat Jasti: Correct. That is right.

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

Sriram Rathi: This is just two questions. One is on the specialty chemicals; it seems that probably you have taken very conservative numbers for the second molecules considering the size of the first one. So, anything that I am missing here or it can become a big molecule going forward in the future...?

Venkat Jasti: No, you have not need anything. As I said as the value not only now, see the last four con-calls all these molecules will not be like the first molecule.. So, this will be as of now the guidance is \$7 to \$8 million.

Sriram Rathi: Okay. So, that is factored in the guidance that you have given?

Venkat Jasti: Right.

Sriram Rathi: Okay. And sir any timelines on the completion of the demerger process?

Venkat Jasti: Yes, as I said we have received the NOC from the various people who were supposed to give us like stock exchange and all. Now we are in the preparation to submit with all that stuff to the NCLT, after that you know the time it takes. I think hopefully in third quarter we should have this.

Moderator: Thank you. The next question is from the line of S. Vishwanathan from Unifi Capital. Please go ahead.

S. Vishwanathan: Sir, just want to understand about various capacities in capacity utilization. Can you please walk us through that?

Venkat Jasti: Yes. In Suven there is no capacity utilization because we do not make same product day in, day out. If I make the same product day in and day out I can tell you the capacity is 100 and we are using 30% capacity, even if you say the capacity utilization, I say in 110% any day, but when you come and actually see there will be some 20% of the reactors are empty because I cannot give same set of reactors for each molecules, everything will have a different requirement. I borrow from other lines something like that. So, it is very difficult to tell in CRAMS business unless you have a, like in specialty chemicals I can tell 100% utilization is there whatever the day, but when it comes to the CRAMS since this being a campaign basis production and the number of products which we do is 60 to 70 per year and the requirement of the reactors like glass line, like stainless steel all these thing will be different, so it is very difficult, however at the same time we are fully occupied.

S. Vishwanathan: Yes, but what about the formulations, sir?

Venkat Jasti: Formulation we are just starting now.

S. Vishwanathan: Yes. So, there except that ANDA?

Venkat Jasti: Next year it will have the capacity.

S. Vishwanathan: Okay. So, from next year onwards at least for the formulation division you will be able to give us what sort of capacity utilization?

Venkat Jasti: Sure.

S. Vishwanathan: And for the next year on formulations how many commercial operations we are targeting, FY20?

Venkat Jasti: There are one or two. We are expecting the ANDA we are maturing for supply.

S. Vishwanathan: Okay. So, I presume that will be in the second half?

Venkat Jasti: Right.

Moderator: Thank you. The next question is from the line of Rashmi Sancheti from Anand Rathi. Please go ahead.

Rashmi Sancheti: Sir, just want to know the 20% guidance on the bottom line which was given, it is on standalone basis or on the consolidated?

Venkat Jasti: It is going to be in standalone.

Rashmi Sancheti: Sir, but don't you think that is too conservative because we are expecting 10% to 15% growth on core CRAMS business then we are also expecting higher commercial orders and maintaining your Specialty chemicals sale same, there would be a good



improvement in the gross margins also because of the higher commercial orders. So, you are not expecting any improvement in EBITDA margin?

Venkat Jasti: See, it is not an excel sheet where we calculate the profits here because suppose suddenly some raw material prices goes up, how do I account for it? I mean we cannot give you a rosy picture and not able to meet, you are saying conservative, I said that is a realistic way to doing it. If you see all my **concall** and 5% is there that way so we don't want to go overboard. There are various parameters that are involved and sometimes in the last minute the alternate gets cancelled even though cash is going to come back and some impact and things may change. So, I cannot give you like a generic way where we can tell this much percentage and based on that.

Rashmi Sancheti: But if the things remain constant we should expect good improvement in operating margin, right?

Venkat Jasti: Yes, that we can take into consideration but this is what I am using.

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

Yash Nathani: While the official data is awaited, what do you expect, I mean it seems that the planning that you are doing in terms of utilizing the cash of 300 crore which you had earlier set aside for R&D for Suven Life Sciences is being spend for the overseas acquisition, overseas participation. So, what is it that you expect a) in terms of the data, are you optimistic on it from prima facie findings that you have?

Venkat Jasti: See, what you are alluding has nothing to do with it. The opportunity that came in they have done it because we have enough accruals that is happening, so we can sustain the R&D expenses, not thinking that something will happen and get revenue out of 502. That is not the intent. We don't have any idea and as I said the double blind data we will not be knowing anything until they tell us after the data which sometimes it happens in June and we want us to give us top-line data by July 15th or so, but I may get it earlier also, only at that time I can tell. Until that time we are not taking anything into consideration and we are not investing based on the view if it is going to come or not come.

Yash Nathani: Thank you. Sir, the next question is again regarding the SUVN-502 molecule that was from previous discussions it is evident that you are probably go into go in for an out-licensing deal because you do not want to get into the marketing and other factors pertaining to this particular molecule. So, while the deal will only happen if you get a one and not a zero, but there must be companies which must be in discussion with you about it and what is a very broad range that has been given in terms of valuation of such deal?

Venkat Jasti: See, we do not have, see until the data comes out because there is no new molecule that has come. So, people are not coming forward to you until they see the proof of concept data. So, there is no discussion and as far as the valuation is concerned, it depends on various parameters, what competition exist at that time, right? This is a symptomatic treatment. Compared to symptomatic treatment, if it is a disease curing molecule is available from other company, this value will go down, some value will be there but this value will go down. But as per the previous valuations are concerned for similar molecules, 100 to 150 million upfront and 500-800 million to milestones and the double digit royalty during the commercial supply.



Yash Nathani: Okay sir. Those are pretty good numbers. I think they will have a big boost to the company.

Venkat Jasti: Yes. When it comes we can talk.

Yash Nathani: Yes of course. I wish you all the best for that. Sir, another question is are all the cost of the trial of 502 expensed in as on 31st March?

Venkat Jasti: See, everything is expensed as and when it happens. Every quarter is expensed and so on is the clinical trial, if it is consolidation, if it is clear, it is shown in the standalone. So, everything is expensed every quarter.

Yash Nathani: Okay sir. And sir the last question is that. Now all the cash is, some part of the cash is being invested in the US subsidiary or has an investment and the balance about 100 crore odd would be left with Suven Life Sciences. You don't have any cash to run the CRAMS business.

Venkat Jasti: I don't need any cash to run the business, I am accruing money as you know quarter on quarter. Only thing I need is internally if we are expanding then we have to CAPEX for which we can go to the banks to get the debt.

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

Vaidyanathan BT: Sir, our fortunes of this company depend a lot on the raw materials which are being brought in by China. In one of the con-calls you had said that to avoid the fluctuations you are going to manufacture some of them in house through backward integration. How far has that been successful and how do you foresee that such fortunes of the company don't get affected in future by some measures where you can, we can manufacture in house totally or get a stock of thing at a certain price well in advance. Do you have any such plans for it sir?

Venkat Jasti: Not everything can be done backward integration. The size and the volume are the type of reaction that goes through the manufacturing which determines that. Yes, we do some of those things like that and hence the bigger volume and when we are doing a small volume products on a campaign base to get them done in-house is much difficult, that will only happens for the specialty chemicals there is a possibility to do backward integration for which we are doing here. At the same time, nobody can guarantee what will happen if we source for the raw materials. As I said last year it effected somewhat, so it cannot be more than 5%-10% but that is what our guess estimate for the future also.

Vaidyanathan BT: And what about this, sir we are a minority stakeholder in that Rising Pharma, who is the majority stakeholder and are they, they would be running the business in totality and what is the existing employee strength of that particular Rising Pharma at the moment sir?

Venkat Jasti: Yes. The other party will be running that in totality. We are only the investor.

Vaidyanathan BT: And any idea about the current employee strength of that pharma unit sir, which is for Rising?

Venkat Jasti: 90.

- Vaidyanathan BT:** One last question for SUVN-502, Masupirdine, see as per what knowledge I have is, we are one of the very few companies left out in the frame for even a disease, let it be a disease modifying or a symptomatic treatment or any such thing I think we are one of the very few companies which are left out in the fray, provided this SUVN-502 succeeds and I hope it does with the grace of lot of empathy. What do you foresee? See, the very fact that we have went into the phase 2 of this molecule was some company showed interest in it prior they wanted the data for it. So, are the same companies, you may not name them, but are the same companies in touch with you to see on a continuous basis as to what is happening with this particular showing interest in this particular molecule or they are like backed out or something like that?
- Venkat Jasti:** There is nothing like backing out. They keep on asking and when are we going to trade show and all those stuffs, they come to our booth and say where are you and what stage are you, when are you going to like to get it, please let us know and we get it and all the stuffs, so interest is still there, but it is not like a discussion based interest, they take regular interest. Only after the data is out then the serious people will come and talk about it. Some people are continuing with the different customers, everybody has fair interest because there is no new molecules since long time, we need some treatment for the people who are affected with this dreaded disease, I think everybody is looking out, but we need to get that milestone hopefully June or July.
- Moderator:** Thank you. The next question is from the line of Aditi Saoji from Easy Tax. Please go ahead.
- Aditi Saoji:** Finger crossed for SUVN-502. Sir I want to ask question about the timeline of the last patient last visit, was it on 23rd May. I mean it was completed on 23rd May?
- Venkat Jasti:** Yes.
- Aditi Saoji:** And in the Los Angeles conference on 17th July, what exactly are we going to present?
- Venkat Jasti:** We are going to have a symposium where four key opinion leaders in the Alzheimer's space will talk about the opportunities for diseased and all one of that will present our data also, the top-line data, whether it is positive or negative, how much is positive and then again on the safety, how safe is this molecule, all those things will be presented.
- Aditi Saoji:** Okay. Moving to financial statements, we could see jump in trade receivables. I mean it is almost 2.5 times, so could we get some insight into that?
- Venkatraman Sunder:** We have made a 100% jump in our revenue from the last quarter, so basically because of that.
- Aditi Saoji:** And also, other current assets have increased by Rs. 100 crore.
- Venkatraman Sunder:** Yes. There could be changes in these other current assets because see have advances which we have been paying for our CAPEX, some of them could be categorized in the other current assets.
- Aditi Saoji:** Okay. And also there is jump in investment by Rs. 34 crore, as you have mentioned in the financial?

- Venkatraman Sunder:** Yes, we keep investing whatever the approach whatever we keep investing in short-term funds.
- Moderator:** Thank you. The next question is from the line of Avshal Mohd., an investor. Please go ahead.
- Avshal Mohd.:** Sir will there be any business transaction between Rising Pharma and Suven Pharma post your investment in other associates?
- Venkat Jasti:** See, even before the Rising Pharma we have 3 ANDAs being developed. As I said Rising Pharma is a virtual company which in collaboration with partners like us developed it and then if we have the capability to manufacture, I also manufacture and supply them. So, similarly, would have been developing three ANDAs with them prior to our investment in that company, prior to the company goes into bankruptcy, we have that and in addition to that we have few more which they would outsource it to some other development company who come to us also.
- Avshal Mohd.:** Okay. So, how much business do you expect to increase because of this business transactions?
- Venkat Jasti:** Not much at this time, because it is a long-drawn process. It is a value-added this thing that comes into picture and 3 years from now maybe we have some numbers can be translated but now it is the small volume.
- Avshal Mohd.:** You have to buy to sell orientation in this investment as an associate. So, when do you expect to exit this investment, 5 years down the line of 3 years down the line?
- Venkat Jasti:** We just got in, even 90 days is not over and you are asking me when do I expect it to exit. It is not a trade kind of a thing; we will take a call when it is necessary. First let him fill that company and get the backward integration into India, so that this stability is there in supply and also the revenues are there for us, it is a long-drawn process as I said.
- Avshal Mohd.:** Alright. So, the Masupridine lottery ticket, when do you expect to first time disclose publicly disclose the results, will that be during the Alzheimer's association conference or earlier than that?
- Venkat Jasti:** If the data comes early enough from the CRO we will inform everybody, but the Alzheimer's conference since it is a dedicated conference of Alzheimer's patients which caters to present the total data so that they will understand. So, everybody will go to the caregiver groups and all the Alzheimer's branches and the partners will have a better look into it and then we will have a much better appreciation in the global scale at one go. If I send one press release in India nobody will be looking at it, but when it goes into the conference and gives especially if it is a positive result it will go to the world because it is international Alzheimer's company.
- Avshal Mohd.:** Good luck on that. Sir, next question, what is the expected the timeline for demerger record date, I mean expected record date and listing date?
- Venkat Jasti:** There is no record date yet because the NOCs have come from the stock exchanges where they are preparing the final documentation and will file it through shortly with the NCLT and as I was telling earlier, we hope the third quarter we will have the merger taking place.

Afzal Mohammed: And the expected listing would be again one month after that quarter?

Venkat Jasti: Yes, before December, approximately.

Avshal Mohd.: And sir, the book value of SLSL, post demerger and post shore investments of \$35 million, how much would that be book value of SLSL and SPL, both separately if you have a ballpark figure?

Venkatraman Sunder: **SLSL book value will be cash plus investments in Suven Neurosciences, Inc. Post Shore investment of \$35, it will not change SLSL as that will be under SPL.**

Avshal Mohd.: So, I am looking at the total equity value of SLSL, post demerger and post investment of Shore.

Venkat Jasti: We have not arrived at those numbers.

Venkataman Sunder: Because we have two things. One is that we are continuously incurring the CAPEX that is also going to get added plus these investments and our existing assets whatever is going to the SP: So, we will know post of this [demerger], maybe by end of third quarter we will know the exact value.

Avshal Mohd.: The 502 this is a triple therapy right, so are you giving 3 separate pills or there is a suffix dose combination of one single pill?

Venkat Jasti: Three separate pills at this time. It is a proof of concept. We buy those and give along with our medications those two medications also, but there is a possibility that we can mix all these things and make a single pill in the phase 3, that can happen. We have to wait for that to have this first dosage first.

Avshal Mohd.: And as far as I know Suven is the only company to combine all these three medicines, right?

Venkat Jasti: Yes, this is first ever triple combination in the history of Alzheimer's and first ever 500 plus patients in the Phase-2 trial also in the Alzheimer's study

Avshal Mohd.: So, you expect the efficacy be definitely be better than the current therapy?

Venkat Jasti: Not necessarily, we will wait and see [as the study is blinded, we do not have any idea about the efficacy of the molecule until is data is locked and unblinded].

Avshal Mohd.: Fingers crossed, okay. My last question sir, so the fall out of trade war between America and China do you expect more CRAMS business to be diverted from China to India of which Suven can be a beneficiary going forward.

Venkat Jasti: No, we are not into that. We are into NCE based activity and that comes from the customers, but it has nothing to do with China.

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

Venkat Jasti: Thanks Rishab and thanks for everyone listening into things. I think as I said plans are in place to getting a better traction and hope that will give us better revenue for



us and which will be using for the R&D expenses also some for shareholders benefit and the demerger hopefully will be done by third quarter and the unlocking of the value based on the fundamental will take place and the third thing is we are eagerly waiting for the data on this SUVN-502 which we call Masupirdine and hopefully it will be a positive one, so that will give a very good fillip to our R&D efforts. In addition to that, 3031 will be entering into proof of concept in the second quarter and third quarter, if not third quarter beginning. Things are going well and we need to wait for the milestones to happen during this year both in terms of the CRAMS and in terms of the innovation and thanks for tuning in again and thanks to one and all.

Moderator: Thank you. 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.*