Dishman Carbogen Amcis

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22nd February, 2024

To, **Department of Corporate Services** **BSE Ltd.** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. **Ref.: Scrip Code No. : 540701 (Equity)** **: 974556 (Debt)**	**To,** **The Manager,** **Listing Department,** **National Stock Exchange of India Ltd.** "Exchange Plaza", C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. **Ref. : (i) Symbol – DCAL** **(ii) Series – EQ**

SUB: TRANSCRIPT OF EARNINGS CONFERENCE CALL - QUARTER ENDING 31ST DECEMBER, 2023

Dear Sir,

Pursuant to Regulations 30 and 51 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, pls. find enclosed herewith transcript of earnings conference call arranged by the Company with Investors on Thursday, 15th February, 2024 to discuss the financial result and performance of the Company for the third quarter ended on 31st December, 2023.

The aforesaid transcript is also being hosted on the website of the Company, www.imdcal.com in accordance with the Regulations 46 and 62 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Kindly take the same on your record.

Thanking You,

Yours faithfully,
For, Dishman Carbogen Amcis Limited
SHRIMA GAURANGBHAI DAVE
Digitally signed by SHRIMA GAURANGBHAI DAVE
Date: 2024.02.22 15:49:21 +05'30'
Shrima Dave
Company Secretary

Encl.: As above

Dishman Carbogen Amcis Limited

Earnings Conference Call Transcript

Event: Dishman Carbogen Amcis Limited – Third Quarter Ending December 31, 2023 Earnings Call

Event Date/Time: February 15, 2024/15:30 HRS

CORPORATE PARTICIPANTS

Sanjay S. Majmudar
Director - Dishman Carbogen Amcis Limited

Harshil Dalal
Global CFO - Dishman Carbogen Amcis Limited

Paolo Armanino
Chief Operating Officer - Dishman Carbogen Amcis Limited

Pascal Villemagne
Chief Executive Officer - CARBOGEN AMCIS entities, Company's wholly owned subsidiaries

Moderator: Ladies and gentlemen, good day, and welcome to the Dishman Carbogen Amcis Limited Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Pascal – CEO of CARBOGEN AMCIS entities. Thank you, and over to you.

Pascal Villemagne: Thank you, moderator, and good afternoon, dear shareholders. Welcome to our quarterly call. Happy to be here this afternoon with you and giving you a bit of news about Dishman Carbogen Amcis and particularly Carbogen Amcis on our performance on the third quarter of this fiscal year. This third quarter was a kind of a consideration of all the efforts we are initiating in different parts of the group to go to the next level.

Paolo is going to come back on the big success we had on EDQM in September and the latest nice consequences we have on that. On the Carbogen Amcis side, despite all the challenging currency FOREX issues with the Swiss franc variance, we succeed to perform nice in Quarter 3 results in line with our performance last year and the budget this year. So, we are very happy with that.

It's a bit more challenging on the profitability level because we still are bearing the difficulties we were having at the beginning of the year with the late start of our drug product business in France. The good news is that now, end of the third quarter, we finalized GMP production on that site which was validated, released and delivered to the customers.

So, we are now going through a few operational steps with a nice pipeline of our project there, and we are currently having a production planning, which is full until the end of the summer. And we have a large pipeline of quotations with different types of customers around the world, and we are very confident that next fiscal year we can achieve our targets with that site.

On the drug substance level with our Swiss, UK and Chinese operations, we are doing pretty well. We have closed the quarter with a large amount of purchase order for the development of CRAMS activities. As we speak now, we have announced approximately 150 million species of orders in hand for that part. If you add approximately 90 million commercial orders in hand for next year, we are in very good position to fulfill our target for next year. So it's very good.

At the beginning of this year, we also participated to the J.P. Morgan conferences in San Francisco and we got the confirmation of two important factors for our business. First of all, globally the pharma industry, as you all know, is doing very well at the beginning of this year with a nice performance for '23 for most of the big pharma and also mid-size pharma companies in the world, which are all our clients. A large number of deals, big deals like Pfizer acquiring Seagen, Seattle Genetics in the U.S. with 43 billion are really pulling the market and the investors to put more money in the biotech industry, which is giving us a lot of opportunity with new clients and new projects.

As you know also ADC business is very trending, as well as the oncology applications for new drugs and new treatments of cancer. So, two areas where the group is very strong. So we are also very confident for the coming quarters that we are going to harvest the fruits of our strategy of focusing on both oncology and the ADC business, both Carbogen Amcis and Dishman Carbogen Amcis side.

So, all in all, we are very confident with our future, in the long term, despite all the small challenges. And I think we are going to come back on that with profitability due mainly to some of the high exchange rates that are on the plane in our favor, being Swiss francs based affiliates of the group.

I will be happy to answer your questions later on and I hand the call to our global CFO Mr. Harshil Dalal.

Harshil Dalal: Thank you very much, Pascal. Hello, everybody. A very good afternoon to all. As far as the financial performance for the quarter ended December 31, 2023, is concerned, it was a strong quarter for us in terms of the consolidated numbers.

As far as the revenue is concerned, we closed at 651 crores on a consolidated basis, as compared to last year's same quarter, which was at about 640 crores. So, the growth was about 2%. But on a nine months basis, the revenue was 1,961 crores as compared to 1,794 crores, which is a growth of about 9.3%. So, the year continues to be strong for us and we do expect a strong Q4 as well.

As far as the EBITDA is concerned, excluding our notional FOREX impact, which was to the tune of about 76 crores in the quarter ended December 31, '23, this stood at 119 crores as compared to 115 crores in the comparable quarter of FY '23. This notional impact of 76 crores is largely driven by the movement in the U.S. dollar-Swiss franc currency pair.

As you are aware, most of our revenues in Switzerland are denominated in U.S. dollars. And we also hold balance in the U.S. dollar account, which needs to be restated at the closing exchange rate of the U.S. dollar-Swiss franc at the end of the reporting period. This FOREX loss pertains to that particular movement, where the U.S. dollar-Swiss franc as of 30th of September '23 stood at 0.9156, which as of 31st December '23 stood at 0.8417.

So, there was a movement of almost 750 pips in that particular currency pair and the balance that was in the U.S. dollar account was to the tune of about 120 million. So, there was that notional impact on the bank account balance. Part of that notional impact is already reversed in the current quarter because the U.S. dollar-Swiss franc is again back up to around 0.8850.

But since the reporting of the Swiss entity takes place in Swiss franc, we had to account for this translation loss on account of the FOREX movement. So the right way to look at our numbers would be to ignore this notional impact for calculation of the EBITDA and other financial parameters.

So, the EBITDA stood at about 119 crores for the quarter, and this translated into a strong 9 months EBITDA, which was to the tune of 309 crores as compared to 287 crores in the 9 months of FY '23.

As far as our segment was concerned, Carbogen Amcis CRAMS continues to show a good growth. So, we saw a growth of about 9.4% in the quarter as compared to Q3 of FY '23. In absolute numbers, the revenue stood at 506 crores as compared to 462 crores in the comparable quarter. And this translated into a 19% growth in the first nine months of the financial year, where the revenue stood at 1,504 crores as compared to 1,264 crores in the comparable nine months of the previous financial year.

As far as our vitamin D analogues and cholesterol business is concerned, we saw a dip in the revenue in the current quarter. So, the revenue stood at about 61 crores as compared to 82.5 crores in the comparable quarter of FY '23. However, the first half for the cholesterol and vitamin D analogues business in terms of revenue was quite strong. And hence, for the nine months, the revenue growth is at 14.6%.

The lower revenue in the current quarter is largely on account of lower sales of cholesterol, which was kind of a conscious decision because of the increasing prices or the increased prices of one of the key raw materials, which is the wool grease, which we are expecting should come down in the coming quarter.

As far as the India CRAMS business is concerned, the revenue stood at about 55.6 crores as compared to 46 crores in the comparable quarter last year, which is a growth of about 21%. And as we had mentioned in the previous call as well, we do expect that the India CRAMS business should generate a growth in the second half of the year and the increase in revenue in Q3 of FY '24 is in line with our expectations and we expect the Q4 should be even much stronger than what we saw in Q3 as far as the India CRAMS business is concerned.

The India Quats and Generics business, which is largely the business that we do out of our Naroda facility, we saw a dip in that particular business, largely on account of a slowdown in the chemical sector because what we manufacture are largely the quaternary compounds, the PTCs as well as certain generic APIs. So, we do expect that we should start seeing a ramp-up in that particular business starting from Q4 and going into the next financial year.

So overall, the quarter as I mentioned earlier, we ended with 651 crores of revenue. On a nine-month basis, it was 1,961 crores.

As far as the margins are concerned, Carbogen Amcis CRAMS business at an EBITDA level, excluding the FOREX, the notional FOREX impact, did an impressive margin of close to 20% for the quarter and for the nine months, this stood at about 18.3%, very much in line with what we did for the first nine months in FY '23.

In Q3 of FY '23, Carbogen Amcis CRAMS business had a large amount of commercial supply and especially Phase 3 supply, because of which the EBITDA margin was exceptionally high at about 22.3%.

The cholesterol and vitamin D business did an EBITDA margin of 16.6%, which is very much in line with Q3 of FY '23 where it did about 17% and for the nine months, it stood at about 15% as compared to 18% for the nine months of FY '23, largely on account of the increase in the wool grease prices that we saw over the last 12 months.

The India business on the CRAMS side did an EBITDA of about 11%, while the India Quats and Generics business did an EBITDA of about 7.5%. So, we do expect now with the clearances from two major regulatory agencies having been received including the official certificates in January from Japanese PMDA and the EDQM respectively, we do expect the India business to come back on track as far as the CRAMS business is concerned.

So, these were more or less the financial highlights for the quarter and the nine months ended December 31, '23. The net debt as of 31st December stood at about 158 million, which is about 2.5 million less than what we had reported in the last quarter and the capital expenditure for the first nine months was at about 25 million. We expect that it should be closer to 30 million by the end of the financial year.

Having said that, I would like to hand over the call to Mr. Sanjay Majumdar, our Independent Director to say some few words. Thank you very much.

Sanjay Majumdar: Thank you, Harshil, and very good afternoon to all. So, as Harshil explained, two, three major highlights and as Pascal also highlighted. One, the France facility, whatever initial teething troubles have been there, I think they are about to be solved or they are mostly resolved and that should see France starting to contribute in a regular manner, definitely a little bit from Q4 of this year and much better on an overall basis in the next fiscal.

Similarly, India, after the EDQM and the Japanese authorities have given official clearance, Indian CRAMS will also see a very handsome growth. The co-investment project progress is also quite good. Lot of developments are happening.

So, I am reasonably confident that the next fiscal should be one of the real regular steady fiscal with a significant top line growth as compared to the current fiscal because of all these favorable factors. At least in a higher mid to higher teens is what we are expecting and a very considerably strong EBITDA growth with the normalization expected in almost all quarters. Historically, because of a very long period of time, we have been facing difficulties, we are sounding cautiously optimistic, and our internal level of confidence is quite high.

So, I think with this, Harshil, we can hope for a very good next fiscal year, and we can open the call for Q&A or do you want, Harshil, do we have anything else to say or do you want the call to be open for Q&A?

Harshil Dalal: I think we will just hand over the call to Paolo to give an update on the India sites and then we can open the floor for Q&A.

Sanjay Majumdar: Please, go ahead, Paolo.

Harshil Dalal: Over to you, Paolo.

Paolo Armanino: Yes, thank you, Harshil. So, good afternoon to all the shareholders. I would like to give a few words more regarding the compliance of GMP at the site. As we mentioned, we received the final approval from the Japanese authorities PMDA on 23rd of January 2024 and this is related to the audit ended on the 31st of July till the 3rd of August.

We received after that, just after 10 days but not long week, the final certification from EDQM and AIFA, Italian Medicine Agency at the end of January. The EU GMP compliance certificate, which was the certification awaited, was uploaded by AIFA to the EudraGMDP website on 2nd February, which is less than two weeks ago.

This is the positive end of a very long journey, and I want to remember that Dishman Carbogen Amcis applied for EDQM inspection on 18 October 2022, but the audit took place on 18 to 20 September 2023, and the final approval was just received two weeks ago on 2nd February 2024. So, a long period.

This news has generated a lot of enthusiasm among our customers who are eagerly waiting for the EDQM final result. Since the last two weeks, we have been able to restart all the discussion with the customer regarding their own new project. Need not to say that that is a great achievement for the company and for the group overall. Hand over back the call to our global CFO, Harshil Dalal.

Harshil Dalal: Thank you, Paolo, for the update. So, moderator, I think we can open the floor for Q&A now.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have a first question from the line of Nitin Dharmawat from Aurum Capital. Please go ahead.

Nitin Dharmawat: A couple of questions. So, what is the revenue we are targeting from the French facilities in the next financial year considering the delays that we had?

Harshil Dalal: Pascal, do you want to take that or should I answer that?

Pascal Villemagne: Yes, I can take that. For this quarter and with the start, the real start of the review doing that we are generating revenues from the development activities but not from the operation line activities where we had delays. We are aiming for this quarter end between 7 and 8 billion of Euros revenues from this quarter.

Nitin Dharmawat: The cost of materials consumed has gone up significantly. So, what is the reason for this? Is it going to be in a similar way in the subsequent quarter and next financial year? Are we seeing any moderation in the cost of materials?

Harshil Dalal: So, the cost of goods sold for us on average remains at roughly about 20%. So, I think more or less for the year we should be closing at that. So, the only place where we have seen a significant increase in the raw material price, as I mentioned in my remarks, is in Netherlands where the prices of the wool grease, which is one of the key raw materials, that price has gone up significantly over the last 12 months or so. So, we are expecting that that should normalize over the next quarter, but apart from that the cost should remain at roughly around 20%.

Nitin Dharmawat: I see. So, in one of the remarks by the Independent Director, he has mentioned about significant growth possibilities in EBITDA and sales next financial year, that the company has been talking about in the previous Con-Call also. So, what makes you confident that we will be able to achieve this growth and we see so many positive changes? So, what has changed from the current financial year which is going to result in this in the next financial year?

Harshil Dalal: So, I think, you know, there are two or three triggers that we can mention here. One is the French facility where we have already done the CAPEX. I mean, the plant is already ready. We are now producing from that particular plant. So, we will have the first full financial year of production and sales from the French facility. So, that will be an accretion to the revenue as well as to the EBITDA and eventually to the PAT.

So, this year with 7 to 8 million of revenue that the French entity would be generating, we would still be generating an EBITDA loss, which would be say to the tune of about 5.5 million to 6 million. So, next year we do expect that we should be breaking even and even turning into profit depending upon the revenues that, I mean, achievement of the revenues that we have projected for the next financial year. So, this is number one.

Number two is that as we had mentioned earlier, we have entered into this agreement for an ADC molecule with a large Japanese innovator and the expansion that we had done for ADC in Switzerland, that is also now qualified, and we should start seeing the revenues coming, the production and the revenues coming out of that particular expansion, again, in the next financial year and going forward. So, again, you know, that would be the first financial year for the production and sales coming out of the expansion that we have done in Switzerland.

And number three is obviously one of the key factors, you know, that everybody was looking forward to was the regulatory clearance for the Bavla site, especially from the EDQM and the AIFA. So, now since that certificate is already in place, it would allow us to secure more business from the European region, which is the largest market for us as far as India is concerned.

So, in terms of the APIs, we would be able to procure more orders. One, from the existing customers. Number two, even from the new customers. And we are also looking at possibilities how we could usually collaborate with our, I mean, we can have a close collaboration between the Swiss entity and the Indian entity in order to transfer some of the products to India.

So with all of this, we do believe that it should have a positive impact both on the revenues as well as on the operating margins for the group as a whole.

Nitin Dharmawat: So, there is, looks like lot of dependency on the Euro that we are talking about for the growth. In the previous quarter, you talked about high inflation rates and energy costs, especially in Europe. So, how is the situation on that front right now?

Harshil Dalal: So, we are seeing the energy prices coming down from what they were about a year and a half back when the war had broken out between Russia and Ukraine or now close to two years. So, we are seeing the prices coming down, though those haven't come down to what we had seen prior to the war. But yes, I mean, we do expect that that should normalize or that should be at the current level for the next 12 months and going forward. So that is number one.

As far as inflation is concerned, yes, right now it does, I mean it is high, but now we are seeing based upon the data that is being published and what the Fed is talking about, what the finance regulators of the other countries are talking about, we do expect that the interest rate should start coming down during the course of the next two to three quarters. So, that should help in improving the inflation scenario, which should also help us in the overall cost that we are able to manage out of our European entities.

Having said that, you know, what we are also trying to do, and it is a continuous process, is to pass on this cost. I mean, it won't be like a one-to-one immediate transfer, but we have been successful and we would be pursuing our customers in order to transfer part of this increased cost to our customers which will start showing up in the selling prices that we charge to our customers. So, we are working on both fronts, one, on the cost control; secondly, also on increasing the selling prices wherever possible.

And also, from that perspective, it was also quite critical for us to get the regulatory clearances in India so that we can always evaluate India as a destination where we could do the larger scale manufacturing and that is the place where we can actually bring in larger amount of cost efficiencies. So, all said and done, we are trying to work on both the parts< on the cost control as well as increasing the selling prices.

Nitin Dharmawat: So, what is generally the lag time between, you know, the raw material price is gone up and the price which are passed on to the customer, what is generally the lag time? One quarter? Two quarter? Three quarter?

Harshil Dalal: See, it depends upon customer to customer and the length of the contract that we have with the customer plus the relationship that we carry. So, I would say, you know, it could range anywhere between two quarters going up to four quarters and again, having said that, if there is a contract which comes up for renewal, you know, that obviously opens up the possibility to renegotiate the contract. But I would say, on average, it would be on an annual basis. But Pascal, you know, if you want, if you have something else to add, please do.

Pascal Villemagne: You have said right on this increase of pricing. There is always a bit of a lag between time and we can transfer those increases in cost to customers due to the sequence of opening the negotiations with those customers. As you can imagine, in front of us, we have a pretty big company with a pretty big person in power. So, we really have to push hard and to negotiate hard on those things. But little by little, we are successful on all our contracts to pass it by.

What we are facing is over the last few quarters, the inflation was kind of ongoing and once you start to negotiate one new pricing and this pricing is coming into play and you face another level of increase. So, we are aware, I would say, in that kind of a race where we only have to come back to the customer to pass by a new price increase. What we can tell from now is we see a decrease of this inflation rate. It's not terminated. From time to time, we see some slight increase, but this curve is decreasing definitely.

So, that's the good news. And that means we are going to end up that rate of ongoing discussion negotiation of new pricing and at some point we should cope with our new pricing, our new cost and we should come back to a proper profitability level. That's very true. But we don't leave anything on the table, and we will push out all the customers whenever we have the opportunity to pass this cost increase. This is extremely important for us.

Sanjay Majumdar: I think just to add Harshil and Pascal, while yes, it's true that we are dependent on Europe, the fact is that we are in a very niche kind of the pharma broad categorization and we are still seeing an extremely strong pipeline for the new orders at Carbogen Amcis level and at EBITDA of about 20% adjusted to that one-off, I think overall our situation really is relatively less impacted as compared to maybe a general chemical or a agrochemical kind of sectors.

Pascal Villemagne: Absolutely, Sanjay, you are absolutely right on that point. As I was mentioning at Carbogen right now with this CRAMS development activities with a current pipeline at 150 million in total, we face a historical high level for the Carbogen Amcis entity. So, that's important to say, if you look only two years back, we have booked at the same time of the year 90 to 100 millions. So, that's a 50% increase in two years in this order and pipeline. So, demonstrate our confidence our customer is to place orders and then long-term orders with our business definitely.

Moderator: This question has been answered. We will take the next question from the line of Nirvana Laha from Badrinath Family Office. Please go ahead.

Nirvana Laha: So, this is my first time on this call. So, I will take you back a little bit in history. So, pardon me for that. So, in your history as Dishman Pharma over 10 years, I think the company made something like 10% to 12% return on capital and about 10% to 12% return on equity.

If you compare with other CRAMS or API players with plants abroad or in India, this is probably on the lower side. Since the merger in 2017, our ROCEs, even when we were doing 25%, 26% EBITDA margins, our ROCEs were at 5% to 6%, and since we have started the CAPEX and since the Russia-Ukraine war has started, it's almost no returns on capital.

So, can you help me understand as a person who is evaluating this company with fresh eyes, you know, what has led to this subpar performance on capital allocation? And today, what is the Board's expectations of return on capital or return on equity going forward in the next one to three years?

Harshil Dalal: So, thank you, Nirvana, for your question. So, you know, as far as the return on capital employed is concerned, if you look at our balance sheet, basically, there is, one, a large amount of goodwill which sits on our balance sheet which arose largely on account of the merger that we had undertaken in 2017. So, it was a merger between the group entities.

But the advantage that it gave us was to bring on the balance sheet the intangible assets that lied within the company, and so that was part of it and part of it is the goodwill on consolidation. So, you know, when you look at the ROCE, the right way would be to discount that goodwill when you take the capital employed because there is actually no cash which is going out for the creation of that particular goodwill. So, that is number one.

Number two, as far as our fixed assets are concerned you know most of our fixed assets are located in geographies outside of India. So, those fixed assets get restated at the closing exchange rate and so does the goodwill get restated at the closing exchange rate at the end of every reporting period. So, if you take 31st March, you know, that gets restated at the closing exchange rate.

So, we had done a calculation, I think about a year back. So, the impact which is embedded in the fixed assets just on account of FOREX, that stood at about 600 crores and today that impact would be even higher. So, even that needs to be discounted when you take the capital employed.

If you take this out, the return on the capital employed, especially, I mean, obviously, the last three, three-and-a-half years, we were impacted adversely because of the regulatory issues in one of our largest manufacturing plants.

But apart from that, if you take like financial year 2020 or 2019, our ROCE came to roughly about 15% to 16%. Our internal target is to move towards 20%, 25% in the medium term and get towards the 30% mark in the long term. But that is something which needs to be taken into account when you calculate the ROCE ratios because that would be the right way to look at it. And if you are considering the debt, the right way to look at the debt would again be in foreign currency rather in INR because there is a mark-to-market impact which keeps on happening on that.

Nirvana Laha: That was very helpful. So, in terms of your growth, in terms of revenue growth, will you be in a position to tell us what kind of growth you are looking for from FY '25 to FY '26 and how would that look like segmentally? So, I am not looking at exact numbers or anything, but in terms of percentages, if you have already been able to project something, how does the overall growth look like for the next one, two, three years? And segmentally, like India and Europe CRAMS and the generics and the vitamin D business, which would contribute how much to the growth?

Harshil Dalal: So, if you take a three to five year view, you know, we would want to grow and based upon what we have planned internally, we should be growing at a CAGR of close to about 15% on a consolidated basis.

The major drivers of this would be, one, definitely India, because now with the kind of the changes that have been brought in by Paolo and the team on the operational side, both at Bavla as well as Naroda, we believe that India now has the capacity and the capability to do a revenue of close to about 1,000 crores without any major CAPEX.

So, that is the capability which has already been built as far as the India sites is concerned and it will be one of the key growth drivers both in terms of revenues as well as in terms of the profitability.

As far as the Swiss entity is concerned, you know, that has been growing year-over-year, and we do expect that it should keep on growing at anywhere between 9% to 10%, if you take a five-year view. So, that is as far as the Swiss entity is concerned.

As far as the margins are concerned, you know, we should be somewhere around 20% to 22% because it would be very difficult to increase the margins exponentially in the Swiss entity largely because of the cost, especially of the employees that needs to be incurred in order to get more and more development projects.

As far as the Dutch entity is concerned, you know, we do expect a good amount of ramp up in the vitamin D analogues business and that is the most profitable business for us as far as the Dutch entity is concerned. Yes, I mean, right now we have certain pricing issues in terms of our raw materials, but on a five-year view, we do expect that that business should keep on growing at somewhere around 10% to 12%.

As far as the French entity is concerned, you know, that is a completely new revenue stream for us and that would keep on growing exponentially over the next three to five years' time and at its peak, it can do a revenue of anywhere between say, 40, 45 million. So, that will be all incremental revenue which would be coming in over the next three to five years' time.

Shanghai, Manchester, those keep on supporting the other business entities in terms of the intermediate and the key starting materials that we manufacture. So, you know, there would be kind of an integral part of the Swiss entity, Indian entity and the French entity.

So this would be more or less how we should be looking at the business where we would see a high amount of double-digit growth as far as India is concerned and close to about 10% to 12 percent as far as the other entities are concerned.

Nirvana Laha: And on the Indian entity, one, I think right now the run rate on CRAMS is about 200 plus. So as you scale up towards 1,000, how will the EBITDA margin trajectory look like? I think it's right now around 11%.

Harshil Dalal: So, if you see, historically the India CRAMS business had been doing close to about 40% kind of EBITDA margin. So, we do expect that it should be able to reach those kind of EBITDA margins on the CRAMS side of the business. As far as our Quats, intermediates, PTCs business is concerned, which we do out of Nerota, we should be able to generate close to about 25% kind of EBITDA margin. So, that would be kind of the right way to look at it.

Nirvana Laha: And a couple more questions. So, one on CAPEX. So, I think last call you said that most of your CAPEX, once the CWIT is commercialized, your CAPEX only becomes maintenance CAPEX from next year. So, is that right? And how much would that CAPEX run rate be? And for how many years?

Harshil Dalal: So our maintenance CAPEX is close to about 16 to 17 million, all entities put together. So that is something that we will keep on incurring year-over-year. As far as the growth CAPEX is concerned, yes, I mean, there would be a certain amount of CAPEX, I would say not significant, but only if it is driven by certain customer projects. You know, like, for example, we had this ADC molecule where we entered into a co-investment agreement with the customer, and there could be a possibility in the future as well. So, where it is completely driven by increased offtake agreement that we enter into with the customers.

Apart from that, you know, we don't expect any major CAPEX to happen over the next, at least for the next three years. The only other area where we are incurring, so to say, a capital expenditure is on the digital transformation initiative that we are undertaking across all of the Carbogen Amcis entities. And we are trying to integrate the organization as much as possible, as far as the systems and the processes are concerned.

Nirvana Laha: And if I had to model your depreciation, I understand CWIP is yet to come in. So, how would you suggest that we try to project your depreciation in the coming years? Is there a percentage to revenue or something like that we could look at?

Harshil Dalal: So, I think, you know, more or less we can take the depreciation that you see in Q3 as more or less the depreciation that you will see in the future because the French assets are already, so to say, put to use. So, we are already accounting for the depreciation in starting from Q3 of FY '24.

Nirvana Laha: Very nice. And last question from my side. You have about 1,000 crores of long-term debt. So, what will be the kind of deleveraging plan for this in the next three years? And what kind of free cash flow to equity are you looking to generate from FY '25?

Harshil Dalal: So as far as the long-term debt is concerned, you know, if you see most of the depreciation had happened over the last two, two-and-a-half years, largely because of the new facility in France, the EDC expansion, certain lab expansion in Switzerland, and for the CAPEX that we had done in India. So, we do expect that with no major CAPEX plans over the next three years or so, you know, whatever cash generation happens from the group, it should help us in reducing the net debt at a group level. And again, while we might not prepay some of this debt, on a net debt basis is what we will keep on seeing a good amount of deleveraging that should happen over the next three years' time.

Moderator: Thank you. We have a next question from the line of Kanav Garg from Garg Advisors. Please go ahead.

Kanav Garg: Sir, I have one question. My first question is, if I look at the number of commercialized molecules, I think they have increased by two in this quarter, and I think there has been one increase in number of late phase three molecules. Just trying to understand what should be the revenue potential of these commercialized molecules and they are in which therapy?

Harshil Dalal: Pascal, do you want to take that?

Pascal Villemagne: Yes, if I had the answer to that particular questions, the precise answer, that would be fantastic. But we are speaking of a moving target because all those projects in phase three, the revenue that are potentially generating those molecules at commercial level depends on the market authorization, which is not in our hands, because it's not our molecules. The IP belonging to our customers. So, it's an average we can tell, and you can be completely wrong because you have an assumption that this molecule could be a good fit for the market, and then they don't get through the market authorization.

What we can tell from an historical data point of view is we used to have a bunch of molecules, one, two, three molecules that are going through this commercial bridge from the phase three to commercial. So, that's going to be the same.

Now, is it going to be a success for our customer? Are they going to reach their own marketing target? What we have seen so far is that a lot of the focus they were providing were not at the level they were thinking of in the beginning, or at least they were just below that. So, it's very difficult to pull something out of that and tell you something that is going to be real.

I would like to, I would love to, because that would make our life much more simpler, but it's almost impossible to predict a number. What we can tell is what I should have mentioned in terms of global growth. That's what we are aiming and that's what we are trying to achieve this 15% growth over a few years. That's exactly what we are looking at. I am going to be more than happy to do better if we got a more successful molecule in the pipeline.

One thing is sure. It's from the one that recently moved to this position of commercial and I am thinking of this specific ADC business that we have with this Japanese partner, we have an extremely strong forecast and the return on the clinical community from the oncology community. So, we are confident that we can reach this minimum 15%. This is clear. Beyond that, it's very difficult to give you a number and if I am giving something, I will be completely wrong, honestly speaking.

Kanav Garg: My second question is, sir, I think in the previous call, firstly, like congratulations on clearing the regulatory inspection. I think in the previous call, we were mentioning that there is a pretty strong order inquiries and I think customers are waiting for this inspection to happen. I think we were saying that from this site, after the clearance, we can make some 400 to 450 crore revenues in the next year because in the last three, four years, the inventory has been exhausted.

So, I think that the growth expectations, at least for the FY '25, I mean, I think in the opening remarks, you said it will be mid-teen to high-teen. I think the numbers will be significantly higher, right? I mean, 400 to 450 addition from Bavla, then I think the French facility has gone online and Dishman, again, like you said, the ADC molecule has come into picture, that will also come into commercial production. So, I mean, why are we giving that 15% to 20% kind of revenue? Because it seems that the growth will be much higher at least for the next year.

Harshil Dalal: Yes. So, you know, it's always better to be conservative.

Sanjay Majumdar: But in the past, the history has taught us that it always pays to be conservative. Let us achieve it and we will talk about it.

Moderator: Thank you. We have a next question from the line of Kumar Saurabh from Scientific Investing. Please go ahead.

Kumar Saurabh: I am a new investor. One question I have is, the amount of volatility I see in the FOREX related losses and all is very high and I have very layman understanding. So, why can't we hedge it and make it more stable? That is my question number one.

Question number two is I have gone through the last three years of all the Con-Call transcripts. And if I look at the projections, I think in one of the Con-Calls, it is said that the minimum expected top-line growth rate is 12% to 15% once we get the right approval. And congratulations, we have got it. And the EBITDA growth rate should be higher.

There is one more ConCall discussion where it is said that by FY '26, we will reach almost 24%, 25% kind of EBITDA margin and the current EBITDA margin is almost 14%. So, if we take a 15% to 20% EBITDA growth rate from 14% EBITDA margin in next 2 to 3 years, and also we are seeing that we have reached 25% EBITDA margin, somewhere I think the numbers don't match. So, I have these two questions if you can provide more insights.

Harshil Dalal: Sure, Saurabh. So, the first question related to the FOREX movement. So, yes, I mean we have a prudent hedging policy already in place. So all of the revenues, all of the costs which are in different currencies than the revenues, the liabilities, we have a proper hedging in place in terms of the forward contracts that we enter into. We also enter into swaps in order to hedge the currencies.

But the notional FOREX loss, which is on account of just translating the balance sheet from one currency to another currency, obviously, and that is because with all the reporting has to happen in INR. And similarly for the Swiss entity, the reporting has to happen in Swiss francs.

So, now whatever balance is available, and in Switzerland it is possible to keep separate bank accounts in different currencies, which obviously in India is not possible. So, there we have like a dollar account, a euro account, a GBP account and then a Swiss franc account.

So, whatever is the balance which is remaining as of a particular cut-off date, so, say, for example, if a customer has given us an advance on say the 29th of December in U.S. dollars, that balance sits in the U.S. dollar account and on 31st of December, I will have to restate that balance at whatever is the closing exchange rate. Similarly, if there is balance which is outstanding on 30th of September, the same gets restated.

So, because of the significant adverse movement that we saw in the last quarter, you know, we will have to account for a mark-to-market impact on that balance, on that cash balance, which is available with us in an account, or in a currency which is different from the reporting currency. And the same thing happens in India because all the reporting is in INR, while most of our balances, most of our loans are all in foreign currency.

So, yes, I mean there will always be a notional impact, but the important thing for us to protect is the realized foreign exchange loss. So, if you see over a period of time, there has never been a realized foreign exchange loss on the liability side or on the asset side because of the prudent hedging mechanism that we have in place, and that is what we try to protect.

So, that is the answer to question number 1. If you have any further question on that, please let me know. Otherwise, I will just move to the next one.

Kumar Saurabh: Yes, please go ahead.

Harshil Dalal: So, as far as the second question is concerned, in terms of the growth in revenue and the EBITDA, so what we said is that yes, you know, we do expect a growth in the revenue of close to about 12% to 15% and there is a similar guidance that we are giving right now that we expect a CAGR of close to about 15% if you take a 3-to-5-year view.

What we said is that the EBITDA growth would be much higher than this 12% to 15%. And you are absolutely right, that our target is to move to 24%, 25% of EBITDA at a consolidated level because that is the kind of EBITDA margin that we were already doing if you take the financial year 2020 or maybe even 2019.

So, the point that we want to make is that we want to move back to those kind of margins. At that point, pre-EDQM, our target was to move to 30%, which obviously was not possible because of the EDQM overhang. But now that that is gone, our minimum expectation would be to move to the levels that we were at prior to the EDQM observations.

So, our 24%, 25% kind of EBITDA margin is something which should be achievable, and that is what we target over the next 2 to 3 years' time. And I have already mentioned the key factors that would drive that and as of now, we don't see any major challenges in order to achieve that.

Sanjay Majumdar: But just to caution you and just to clarify, the next year's projected target is around 20% because of the fact that we are still in the transition, and we are in the first full year of the new facilities where it is not the optimum level of operations, neither at the France facility nor in the co-investment project that has been just recently commissioned. So, the 20% is what is internally targeted for '24-'25. And as Harshil explained, we should see a gradual improvement, but we will talk about it as we start achieving the numbers that we are currently giving as a guidance.

Kumar Saurabh: And sir, this 40% number we used to do 4, 5 years back and surely market has changed in last 4, 5 years more competition would have come. So, what gives us confidence that old margins are still valid? Like, did we have conversation with the client and we have enough confidence that no client will be able to serve on the same margins?

Sanjay Majumdar: Sorry, I didn't get you. Did you say 40?

Harshil Dalal: Yes, I think Sanjay, he is talking about the India CRAMS.

Sanjay Majumdar: So, Saurabh, you are absolutely right. So for us, yes, the cost base has increased because of the increased compliances that we have put in place both at the Bavla site and the Naroda site. So, yes, the cost base has increased from what it was three-and-a-half, four years back.

Having said that, you know, it is not so much so because of the competition, but largely because of the increase in the cost base that we were compared to, and we have also increased the selling prices for many of our customers, and that is again an ongoing process as far as the India business is concerned as well.

So, we are trying to pass on that increased cost to our customers to the extent possible, and that will help us to reach the close to 40% kind of EBITDA margin over the next two to three years' time.

Kumar Saurabh: And sir, last question which is more extension of Nirvana's question. So, we discussed about the maintenance CAPEX. We have some clarity about the growth and margin. So, my sense is, our cash flow from operation should go back to 300 crore plus in next one year and maybe 350, 400 crore in next two years. Correct me if I am wrong?

And given we have this maintenance CAPEX and then we have a debt which is around almost total debt around 2,300 crore, so if we can go two, three, four years down the line, how do you see this debt reducing? Like, will we go from 2,300 to, will we maintain it? Or will there be a significant deduction or like 1,500? Do we have some internal targets to achieve to make the balance sheet stronger, especially given on the P&L we almost incur almost 100 crore of interest? So, if we are able to reduce the debt and save that interest, then, of course, it helps to improve our profitability.

Sanjay Majumdar: Right. You are absolutely right on that. So, as far as the debt is concerned, you know, the right way to look at it would be the net net number and that too in foreign currency, because we hardly have any debt which is denominated in INR, and unfortunately, since all of the reporting happens in INR, there is a huge mark-to-market impact on the debt figure.

And that is the reason in our presentation, we mentioned the Swiss Franc denominated net debt, which is right now at about 158 million. What the plan is that as we keep on generating the free cash flow over the next years, we would keep on seeing the net debt coming down with no major CAPEX plan that we have in sight.

So, yes, I mean, we would want to get back to close to about 100 million Swiss Franc of debt, 100 to 110 million over the next three to four years' time. So that's the target.

Kumar Saurabh: So, that means our interest cost should come down from 115 crores to somewhere around 60, 65 crores in three to four years.

Sanjay Majumdar: Yes. So there are two factors in the interest cost. One is, obviously, the increase in the debt, but more importantly, the increase in the interest cost. So, you know, as you would already know, because of the high inflation in U.S., Europe, also in India, the interest rates across the board had gone up significantly.

So, like, for example, the USD LIBOR, which went all the way down to zero, is currently at about 5.5%. Same is the case with Swiss Franc, Euribor as well as the pound LIBOR. So, you know, we will also see an impact because of the reduction in this interest rates over the next 12 months and going into the future. So, one, that will help us in reducing the interest outflow, and the second is obviously the decrease in the net debt.

Kumar Saurabh: And sir, one last question. So, we have spent a lot of money and finally we have got clearances both from Japanese and European authorities. And just as a layman, if you can explain what went wrong that time and through all this investment, what have we corrected so that in future for let us say in the next 3, 4 years we should not expect any kind of regulatory hurdle and the next journey is going to be smooth? If you can explain in a very layman manner?

Harshil Dalal: Paolo, you want to take that?

Paolo Armanino: I didn't hear actually properly, I was breaking the voice. So, I did not hear.

Harshil Dalal: I think he was asking what exactly went wrong, why we got this negative remarks from EDQM and what are the key corrections that we have implemented. Briefly, of course, in the interest of the paucity of the time, you know.

Paolo Armanino: What went wrong? Let's say, very briefly, there were some guidelines that maybe were not implemented. They were not updated on time probably. I was not here exactly when this happened at the global site level. What has been done? We implemented the new technology for what concerned the material management, the new quality technologies and we started a long process for what concerned the maintenance, maintenance. So, we rebuilt many facilities.

So, the guidelines keep changing continuously. So, to get out of the guidelines is becoming pretty simple. We need to keep updated almost monthly to not fall out of the guidelines. I think this is one of the main issues, which is not only the pharma industry. I think we have to stay very much updated about the changes of the guidelines and when the guidelines change, we have to adapt very quickly to this on engineering quality and so on and so on. I think this is more or less what maybe went wrong and this is what we need to be sure that remain in the right path.

Moderator: Thank you. The next question is from the line of Ritwik Sheth from 1 Up Financial. Please go ahead.

Ritwik Sheth: Sir, I have a few questions. Firstly, after the clearance received from EDQM and the Japanese regulatory agency, how has the enquiry been at Bavla? And have we seen better conversions? I know it's too early, but can you give a sense of how that has shaped up after we got the clearance?

Harshil Dalal: Yes, Paolo, I think you should answer that.

Paolo Armanino: So, yes, I have to say just in less than two weeks, but we have seen, as I mentioned in the previous call, we have seen a very great enthusiasm already in the CPHI in Barcelona in October. And of course, the customers need to see, as I think almost everyone, to see the EU GMP certification uploaded in the Eudra GMP site in Europe. So, in the last week, we received a lot of call.

As I said, I mentioned also in the past call, we were close to a contract. So, now we are ready to sign the new contract for two projects which are all projects, but the contract was expired. And the EU GMP certification was a key point to be able to sign this contract. We have seen many customers are approaching us and they are approaching us also for very interesting projects in the past. So, we have seen, as I said before, great enthusiasm in just 10 days, 12 days, but we see a really positive building around the momentum.

Ritwik Sheth: And does this customer need to physically visit the site?

Paolo Armanino: Yes. So basically, the European customers are obliged basically to audit us even though EDQM was here. So, there is a kind of regulation in Europe. But many customers, they are also relying on auditor agencies. So, agencies are coming here, they are auditing us and they are using the same report. But for example, last week we discussed with a customer, which wanted a project very urgently, and we shared the EDQM report because it was the same product which was audited by the EDQM, and they think they can handle this, the European authorities. So, yes, we are expecting a lot of audit from customers.

Ritwik Sheth: And given this, what kind of revenue growth are we looking at for the India business for FY '25 from the current low base, especially from the India CRAMS business?

Harshil Dalal: So, I think the India cramps business should grow at least in double digits, if not more, for, I mean, high double digits in the current or in the next financial year. And as far as the Naroda business is concerned, we do expect a good amount of growth in that particular business as well.

So, overall, I think India CRAMS, we are expecting that it should be closer to what we were doing pre-EDQM in the next financial year.

Ritwik Sheth: So, India CRAMS could be potentially 300 to 350 crores in FY '25. Would that be a fair assessment?

Harshil Dalal: Yes, that's a fair assessment.

Ritwik Sheth: And sir, second question is on the employee cost. This quarter we have seen a sharp jump on a Y-o-Y and Q-on-Q basis. So, where does this employee cost settle? I know, I think you have previously mentioned because of the currency translation. So, where does this settle around current 300, 310 crores quarterly run rate? Does it settle here or with this new French and Swiss facility, this goes up further in FY '25 from current base as well?

Harshil Dalal: So, this increase in the employee cost is largely driven by the FX movement. So, if you just compare Q3 FY '23 to Q3 FY '24, there is an increase on account of FX to the extent of about 24 crores. So, that is just on account of translation.

So, while the total increase is 30 crores, of that 24 crores is just on account of the Swiss Franc conversion into INR. Because last year, the average exchange rate for the Swiss Franc INR was close to about 83, which this year is about 93. So, there is an increase of almost about 12% just on account of the translation.

So, what we expect is that going forward, we don't see a major recruitment that should be happening at, I would say, globally for us. Albeit for the FX movements, you know, more or less we expect the employee cost should remain more or less at the same level.

Ritwik Sheth: And just on this, if Indian rupee appreciates against the Swiss Franc, this can reverse as well, right? Keeping the same...

Harshil Dalal: Absolutely. I mean, historically that has not happened, but yes.

Sanjay Majumdar: Yes, it is not theoretical, but yes.

Ritwik Sheth: And sir, another question was on the French facility. So, you mentioned at the start that we are looking to do 7, 8 million Euros in Q4. Did I hear it right?

Sanjay Majumdar: Yes, that's right.

Ritwik Sheth: And for FY '25, this number can be annualized 25, 30 million dollars or euros?

Sanjay Majumdar: No, I think more conservative could be around 20. Harshil?

Harshil Dalal: Yes, I think about 20 million Euros for the next financial year is something which can be budgeted.

Ritwik Sheth: And that is about breakeven at 20 million Euros?

Harshil Dalal: Well, it should be in excess of the breakeven is what we are expecting. Close to about 17 million, 17 to 18 million would be kind of the breakeven level. So, yes, I mean, we should be a little bit in profit.

Ritwik Sheth: And where does this reporting happen in the segmental? Does it come in the Carbogen Amcis CRAMS?

Harshil Dalal: Yes, so right now it is clubed under Carbogen Amcis CRAMS. From next year, you know, what we would be doing is putting in a separate segment for the French facility because that's a different business and as it becomes sizable, we will start showing those numbers separately.

Ritwik Sheth: Sir, one last question from my end. So, what is the gross debt and the interest cost? And what is the split of the debt in terms of FX, like Indian currency and Swiss Franc and USD and Euro? If you can give that split, please?

Harshil Dalal: So, our major debt is in Swiss Franc. So, I would say almost 95% is in Swiss Franc and that is the reason we report the debt in Swiss Franc when we give the presentation at the end of every quarter. So, right now, as of 31st of December, the net debt is about 158 million Swiss Franc and the gross debt in INR is roughly 2,105 crores.

Ritwik Sheth: So, gross debt is 2,105 crores and net debt is approximately 1,600 crores.

Harshil Dalal: Yes, so the net debt is 1,558 crores.

Ritwik Sheth: And what would be the average interest cost on this?

Harshil Dalal: So, the average interest cost is, you know, right now it is close to about 5%.

Ritwik Sheth: 5%?

Harshil Dalal: Yes.

Sanjay Majumdar: I think, moderator, if there are no further questions or if there is a repetition, maybe we can take them again offline and conclude the call with the last question.

Harshil Dalal: I think, Sanjay, there are just two questions remaining. So, maybe we can just complete those.

Sanjay Majumdar: Yes.

Moderator: Okay, sir, I will go ahead. We will take the next question from the line of Nirvana Laha from Badrinath Family Office. Please go ahead.

Nirvana Laha: Yes, thanks for the opportunity again and keep this short. So, Harshil, the interest cost this Quarter 33 crores, can we assume that this is the peak interest cost that we will see per quarter because we will start deleveraging from here?

Harshil Dalal: Yes, I would say so. You know, 33 crores looks to be a fair assumption. I mean, unless and until something happens and the LIBOR rates go up to 10% or something. But apart from that, yes, this can be taken as the peak.

Nirvana Laha: Sure. And on employee cost, so, I mean, thanks for your explanation of the inflation of CHF and how much impact that had. But even if I normalize for that, I think you are at about 40% kind of, you know, to revenue on employee cost. If I compare that with another CRAM CDMO player, which has factories in the U.S., and also adjust for how much the INR is depreciated against the USD versus the CHF over the last 5, 10 years, I think their costs are around 27%, whereas you are at 40%. So, I don't think that even for the currency adjusted to currencies that is in any way comparable. So, what is your thought around this? And is this figure going to come down as India scales up or what is the number we should update with say 2 years out?

Harshil Dalal: So, I think as far as the employee cost is concerned, and if you take an entity wise P&L for us at a group level, the largest employee cost that we incur is in Switzerland. So, almost 50% to 55% of the P&L, as far as the costs are concerned in Switzerland, that is the employee cost. And that is the kind of cost that we will have to incur in order to make sure that we are able to get more and more projects for development on the NCE side.

I mean, what we sell is the talent, is the technical capability that we have at the Swiss entity and that attracts our customers the most. What we are trying to do is to try and see how we could reprice the project as far as the development work is concerned. But it would be very difficult for us to reduce that cost from what the cost is currently.

And in a country where we are surrounded by the likes of Novartis, Roche, etc., I mean, we have to match the salaries which those guys are paying. And Switzerland all said and done is one of the most costly, but from a quality perspective, one of the most stringent, one of the best that you can offer as far as the CDMO is concerned.

So, I think that is something that we will have to keep on incurring. And yes, I mean, close to about 40%, maybe we can reduce it a little bit as the revenues increase from India because that is what I also mentioned earlier that India would be the destination where we can actually bring in the cost efficiencies. And now also China, you know, because China, which earlier used to make losses, now it has turned profitable for us.

So, these are the locations where we can actually bring in cost efficiencies and as the revenues keep on increasing, we would see the employee cost as a percentage of revenue declining and that would also be one of the factors in improving the EBITDA margins for the group as a whole.

Sanjay Majumdar: Yes. And Harshil, just to add, you know, if you see the consolidated position, the raw material cost is hardly 20%. In Switzerland, 50% of the revenues are coming from developmental work, which is, where the main input is the human technical inputs. So, we have a very strong team of scientists, PhDs, etc., working.

So, there is a lot of intangible or soft skills involved. So, therefore, you find this employee cost. Historically, it has been high, and still we should be able to deliver a 20% to 25% EBITDA in a normalized situation. So, I think, we don't know which CDMO or CMO player you have compared our numbers with, but this is what it is actually. So, you know, I don't think everyone is directly comparable.

Nirvana Laha: Sure. I am happy to name it as Piramal Pharma. Also like from 2017 to 2019, I think you guys were doing 35%, 37%.

Sanjay Majumdar: Maybe what we can do is, we can take this offline, once we also analyze what you are talking about and then I think Harshil can take care of your further requirements on this because we will have to look at the model actually.

Nirvana Laha: Sure. No, thank you so much. I appreciate the detailed answer.

Moderator: Thank you. We will take a last question from the line of Amish Sanghvi from Anvil Research. Please go ahead.

Amish Sanghvi: Just I would like to know what is the loss incurred at EBITDA level and PBT level for the French facility?

Harshil Dalal: So, for the French facility, for the nine months, the revenue was 3.9 million and the loss was 5.6 million. For the quarter, the revenue was 2.3 million and the loss at an EBITDA level was 1.4 million.

Moderator: Thank you. I would now like to hand the conference over to Mr. Pascal for closing comments. Over to you, sir.

Pascal Villemagne: Thank you very much, moderator, and thank you very much dear shareholders for attending these sessions of report. I hope that we have answered all your questions and as we mentioned, if there is further details, we can address that offline. Thank you very much and I wish you a good evening.

Sanjay Majumdar: Thank you so much. All the best.

Harshil Dalal: Thank you very much, everybody.

Sanjay Majumdar: Bye-bye.

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