



“Alembic Pharmaceutical Q2 FY2014 Conference Call”

October 20, 2014



ANALYST: MR. ANSHUMAN GUPTA - PHARMA AND HEALTHCARE RESEARCH - EDELWEISS FINANCIAL SERVICES LIMITED.

MANAGEMENT: MR. PRANAV AMIN - DIRECTOR & PRESIDENT INTERNATIONAL BUSINESS – ALEMBIC

MR. SHAUNAK AMIN - DIRECTOR & PRESIDENT PRIVATE FORMULATIONS INDIA BUSINESS - ALEMBIC PHARMACEUTICALS.

MR. RAJ KUMAR BAHETI - DIRECTOR AND PRESIDENT-FINANCE - ALEMBIC PHARMACEUTICALS.



Alembic Pharmaceutical
October 20, 2014

Moderator: Ladies and gentlemen, good day and welcome to the Alembic Pharma Q2FY15 results conference call, hosted by Edelweiss Securities. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anshuman Gupta from Edelweiss Securities. Thank you and over to you sir.

Anshuman Gupta: Thanks and good evening to all of you. I am Anshuman Gupta and I lead the Pharma and Healthcare Research at Edelweiss Securities. At the outset, on behalf of Edelweiss, I would like to welcome you all for the second quarter results for financial year 2015 of Alembic Pharma. Today from the management side, we have with us Mr. Pranav Amin, who is Director and President for the International Business; Mr. Shaunak Amin, Director and President for the Branded Formulation Business; Mr. R. K. Baheti, who is Director and President, Finance and Mr. Ajay Desai who is Vice President, Finance and Company Secretary. I would like to hand over the conference to Mr. Baheti for his opening remarks. This would be followed by a Q&A session. Over to you Sir!

R. K. Baheti: Thank you Anshu. Welcome and thanks to everybody for joining our call for the second quarter of 2014-15. I wish all participants and their family a very happy and safe Diwali. Apart from Pranav and Shaunak as Anshu mentioned, we also have Mr. Jeshal Shah and Dr. Ashwin Rao with me to respond to any questions if you have post this presentation.

Most of you would have received our financial results and the investor presentation. However quickly, I will take you through the operations for quarter ending September 30, 2014. During the quarter, the total revenues grew by 13% posting sales of Rs.549 Crores. EBITDA at Rs.108 Crores is 19.7% of sales versus Rs.93 Crores at 19% in previous years corresponding quarter. This represents a growth of 17%. The profit before tax grew by 19% to Rs.96 Crores and the net profit after tax grew by 25% to Rs.77 Crores. For the quarter, not annualized, the EPS works out to be 4.10 per share vis-à-vis 3.27 in previous corresponding quarter. You are aware that our par value is Rs.2 per share.



Alembic Pharmaceutical
October 20, 2014

I am happy to share with you that this is fourteenth consecutive quarter of consistent growth both in revenues and profits for the company. The return on capital employed continues to be at around 34% annualized.

I would hand over the presentation to Pranav who will take you through the operations. Thank you.

Pranav Amin:

Good evening, everyone. During the quarter, the international generics grew by 9% to Rs.123.4 Crores versus Rs.113.7 Crores in the corresponding quarter last year. Some of the new products launched by us took a little longer to gain traction in the market. This is due to competition and in certain cases that have been incumbents in the market. We do not want to gain market share just the sake of market share. Our partners are doing a pretty good job and I believe in the next couple of quarters we should see some market share moving up in these new launches.

The API business grew by 20% to Rs.93.7 Crores versus Rs.78.2 Crores in the same quarter last year. Our R&D cost for the quarter was Rs.31 Crores which is roughly 6%. We filed one ANDA application and which takes our cumulative application to standard 65. We have about 35 approvals including 4 tentative and one for NDA. During the quarter, two DMF applications are filed as well and we have 68 cumulative DMF filings.

I will also take you through the branded formulations business. During the quarter the India branded formulations grew by 18% to Rs.276 Crores. Our Specialty and acute segments grew by 18% and 17% respectively. Most of the specialty divisions are growing much faster than the respective market growth. Recently launched divisions and Taskforces are performing satisfactorily and expected to gain further momentum in the coming quarters as well. During the quarter the international branded formulations was flat at 18 Crores. As informed to you earlier, our new product registrations in new territories are in process in the ROW business and we should see some results within the next two years.

I throw open this forum for Q&A.

- Moderator:** Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. Our first question is from the line of Nimish Mehta from Research Delta. Please go ahead.
- Nimish Mehta:** Thanks for taking my question. Pranav, a question to you, in terms of the new products that you just mentioned for the international generics I guess you are talking about that Telmisartan and Telmisartan HCTZ right?
- Pranav Amin:** Yes as well as Duloxetine.
- Nimish Mehta:** What is the kind of market share we have today or it is still negligible enough?
- Pranav Amin:** I think it is still negligible. The reason for this is as you know Duloxetine has lot of incumbents. We are slowly trying to take market share. As far as Telmisartan and Telmisartan Hydrochlorothiazide are concerned, our partners are also doing some effort there. The incumbents are holding onto market share quite tightly, so gradually we are trying to get wherever we can up, so these are the three products.
- Nimish Mehta:** Second actually the question on the margin. We have seen improvement in the gross margin but there is a sharp increase in the other expenditure on a quarter-on-quarter basis, it is about 25%, 27% so what is the reason for both the improvement in gross margin on a QoQ basis and increase in the other expenditure on a QoQ basis?
- R. K. Baheti:** The improvement in gross margin continues to be a result of product mix, more of formulations and within formulation in the branded business, more of specialty formulation. The increase in other expenditure particularly the marketing expenditure, as we already explained, that we are in investment stage in the domestic branded business as we have created the divisions, we have created the new taskforces and they will take a while to churn revenues.
- Nimish Mehta:** Is this the base that we look at from here on this kind of other expenditure?
- R. K. Baheti:** Yes.
- Nimish Mehta:** The resultant increase in the sales is yet to happen. Is that a fair understanding?

- R. K. Baheti:** Yes, in some divisions it has already started. It will gain momentum in some, as it is yet to start.
- Nimish Mehta:** Finally if I can squeeze one more on the US business again you maintain the guidance of launching seven to nine products right this year as well and also in the next year?
- R. K. Baheti:** On an average.
- Pranav Amin:** Yes,
- Nimish Mehta:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Nishith Sanghvi from CIMB. Please go ahead.
- Nishith Sanghvi:** Thank you for taking my question. Sir my question pertains to the international generics business. Now we have grown at 19% for the first half for the second half do we expect this growth rate to be materially higher given the fact that we expect market share gains in some of the recently launched products and also we have seen a sharp uptick in market share of our older products like Modafinil and Telmisartan HCT? So what kind of growth expectations do we have for this business in second half?
- R. K. Baheti:** Before Pranav talks about the business part of it, I think Nishith and most participants would be aware that last year Q2 and Q3 in international generics were big quarters because of not the quarterly business but for the clearance of accumulated orders post commissioning of the expanded facility. So the base for Q2 and Q3 were very large. Only at Q4 of last year I would say business was normalized. So this is one part. The other part is that we do not offer guidances. I think our broad macro guidance stays but Pranav can take you through the more specific questions if you have.
- Pranav Amin:** Nishith, see there are certain things which are in our control and some which are not, so what we tried doing is you are right in some products we have gained market share and some we have lost as well. What we are going to try doing is to continue supplying on time. Now how long that actually translates into us billing

our partners is something that we will see in next couple of quarters we will get an idea. I cannot give a formal guidance so we will try getting market share wherever we can.

Nishith Sanghvi: But Pranav just on these two products Modafinil basically we have seen some 800 odd BPS improvements in market share over the last quarter. This is what the Bloomberg show. So basically I think we have gained market share from generic players like Sandoz. So is this market share sustainable? What is your sense there? Can we sustain these kind of market share?

Pranav Amin: Again Nishith it is very tough to me to answer that because unlike many of the other pharmaceutical companies we do not have a direct front end. So we have limited information and what we hear from our partners. So it is very tough to say as long as we can see the only way one can lose market share if another incumbent comes with a lower price or if you are unable to supply, so assuming if these two changes if they okay on price and we can continue supplying then it is a sustainable.

Nishith Sanghvi: But the gain in these market shares in the existing products is not into cost of price decline since what your sense is?

Pranav Amin: I do not believe so. We will see again we would move one quarter behind from what happens in the market because it is a partnered product. So we will see and will know on the next quarter or so.

Nishith Sanghvi: On the India formulations front basically we have seen a strong improvement in volume growth for Azithral. Now the volume growth is upwards of 50% since August we are seeing this kind of trend till when do we see this kind of trend continuing for the product?

Shaunak Amin: I think you can see this trend to continue at least one or two more quarters at least.

Nishith Sanghvi: Basically next question is on the gross margin front, now we have shown a good 65% odd gross margin probably what do you see the trend going ahead so will it be an improvement, will it sustain or probably this quarter we have seen a strong domestic growth so that is one of the reason but now probably next quarter if we see a better international generic growth so we expect it to sustain or improve?

- R. K. Baheti:** No I think on quarter-on-quarter it is very difficult to compare. I have said earlier that this 64%, 65% kind of margins is okay. They are sustainable and when we are looking at the previous quarter that is September 2013 you are seeing a bigger impact but if you look on a QoQ basis this is more or less similar region.
- Nishith Sanghvi:** Sir if I can squeeze in last question. On the capex front we have guided for a Rs.250 odd Crores capex for the full year how much have we expended in the first half?
- R. K. Baheti:** We would have spent, you would see my statement of assets and liabilities because that is part of results this time but I think we would have spent about Rs.70 odd Crores and then another Rs.30 Crores would have been committed.
- Nishith Sanghvi:** So what our guidance stays at 250 Crores further?
- R. K. Baheti:** I said Rs.200 plus Crores. So I think we will stay with that number and we will complete most of the projects by March 15.
- Nishith Sanghvi:** Thank you very much Sir.
- Moderator:** Thank you. Our next question is from the line of Tushar Manudhane from India Nivesh. Please go ahead.
- Tushar Manudhane:** Sir just looking at the balance sheet I wanted to understand trade receivables have increased from Rs.273 Crores to about Rs.368 Crores in six month's time, so any sense?
- R. K. Baheti:** There has been an increase in working capital both at receivable level and as well as inventory level that is with the kind of business we have done both in the international generics, API and domestic formulation and quarter end sales is always higher so. I can only assure you one thing that everything is under control and norms.
- Tushar Manudhane:** Even the short-term borrowing has increased by 100 Crores so is that going?
- R. K. Baheti:** Short-term borrowing I think there will be a couple of reasons. One is of course the dividend payout for this year it is a large amount for a company on our side

and you have this capex's which we discussed and increase in working capital so you can get normalized over the year.

Tushar Manudhane: But overall total borrowing what is the guidance for FY15?

R. K. Baheti: I would not know the number but I think it will not be significantly higher in spite of about doing another 100 Crores of Capex invest on business.

Tushar Manudhane: What is the forex gain and loss for the quarter?

R. K. Baheti: Marginal I think rupee has been pretty okay between 61, 61.5 and it is marginal I think it is less than a Crore of rupees.

Tushar Manudhane: Tax rate just from tax rate it was like about 19% for the quarter?

R. K. Baheti: Tax rate exposure, a very small change because of profit distribution between subsidiary and the standalone so that is not significant. It will continue to be, we continue to guide for 21%. There is also some adjustment for deferred tax so probably that would have caused in slight reduction in tax rate.

Tushar Manudhane: But overall 21% is the guidance here.

R. K. Baheti: Yes.

Tushar Manudhane: That answers my question. Thank you.

Moderator: Thank you. The next question is a follow up question from the line of Nimish Mehta from Research Delta. Please go ahead.

Nimish Mehta: Thanks again for taking my question. Sir just an update in case there is any change in the guidance of filing of warfarin if that has changed please let us know.

Pranav Amin: We have said that we will file it from around February 2015 I think we are on target for that.

Nimish Mehta: Thanks very much.

- Moderator:** Thank you. The next question is from the line of Prakash Agarwal from CIMB. Please go ahead.
- Prakash Agarwal:** Good afternoon and thanks for the opportunity. First question on the R&D side around 6% spend in 1H so are we on track to do 6% to 7% or is it going to be lumpy second half if you could guide on that?
- Pranav Amin:** Yes, I think on an annual basis we should be about 6% to 7% close to 7% most likely .
- Prakash Agarwal:** Would it be fair to say that with the more than 50 projects on hand our filing rate which is the annual filing rate of six to seven products ANDAs in US is likely to increase next year onwards that is fiscal 2016 onwards?
- Pranav Amin:** Prakash, it is tough to answer that. We would like to. I just said last year was quite low. This year we should do about 6 to 7 primarily because of the six months stability. Moving forward yes we would like to see gradual improvement but again as you go up the chain in terms of the complexity you may have more failures but yes we should see an increase if not next year a year after at least.
- Prakash Agarwal:** Okay that is fiscal 2017 onwards?
- Pranav Amin:** Yes.
- Prakash Agarwal:** You have mentioned about number of scientists 350 pools of talented scientists has that number change in the last two to three years or that has been static?
- Pranav Amin:** Last two to three quarters have been static **Pranav Amin:** It is a gradual increase.
- Prakash Agarwal:** If you could update on the US FDA inspections for our facility has that happened and are there any observations?
- Pranav Amin:** Yes, so the last inspection we had for the formulation plant was in August or September 2012 so there is an inspection due anytime now. As regards API that was in early 2013 so that should probably be next year.

- Prakash Agarwal:** So we are waiting for our main formulation facility **Pranav Amin:** Yes I believe so.
- Prakash Agarwal:** Thanks and all the best.
- Moderator:** Thank you. Sir we have our next question which is from the line of Ankit Agarwal from ICICI Venture. Please go ahead.
- Ankit Agarwal:** One small question, can you give a brief broad breakup of the R&D expenses what is it mainly spent on currently?
- R. K. Baheti:** For the quarter the R&D spend is about 30+ Crores and that 6% of the company sales what exactly you need?
- Ankit Agarwal:** The breakup
- R. K. Baheti:** Basically 80% of it would be on F&D and 20% of it would be on chemistry.
- Ankit Agarwal:** Thank you that is enough. Thank you.
- Moderator:** Thank you very much. The next question is a follow up question from the line of Prakash Agarwal: from CIMB. Please go ahead.
- Prakash Agarwal:** I just wanted to get a broader view on the international generic business if you look at two to four year perspective since this year it is difficult because as you said last year was lumpy in terms of capacity additions and some products but if you look at a little longer picture is it possible to share a number that 20% plus kind of growth is possible given the strong NDAs that we plan to file in terms of where we have address complex generic opportunities would that be a fair number to look at?
- R. K. Baheti:** I think we would like to do that kind of growth over that the longer period that kind of CAGR 20% kind of CAGR is doable.
- Prakash Agarwal:** At the same time do you also anticipate scale up in R&D spent along with that as the growth accelerates?

- Pranav Amin:** Yes absolutely. I think because for us to grow we have to consistently keep in increasing R&D spend as a percentage it may stay around these levels but may be at one or two points higher.
- Prakash Agarwal:** Lastly are we on track to setup our own marketing front end that we talked about in fiscal 2016 onwards and what are the kinds of cost implications we could see in the near-term?
- Pranav Amin:** Yes we are on track I think sometime I said closely towards the end, may be end of FY16 we should start up. In terms of cost implication we will start in a relatively smaller manner. So I do not think there should be a big cost implication to start with.
- R. K. Baheti:** On the first year of the annualized operation we should be breaking even.
- Prakash Agarwal:** First year you would be breaking even?
- R. K. Baheti:** Yes.
- Prakash Agarwal:** Which will be fiscal 2016?
- Pranav Amin:** No that in fiscal 2017.
- Prakash Agarwal:** Thanks and all the best.
- Moderator:** Thank you very much. The next question is from the line of C. Shrihari from PCS Securities. Please go ahead.
- C. Shrihari:** Thanks for the opportunity. Of the 25 odd launches that you expect over the next three years in the US generic market can you give an idea how many would be Para-IV and what is the kind of addressable market size?
- Pranav Amin:** I do not have that figure with me right now. I can send it to you.
- R. K. Baheti:** We do not disclose product wise.
- Pranav Amin:** Yes, I can tell you addressable market size, I did not have, I can send it to you but in terms of how may Para-IVs then which type I think we do not disclose generally.

- C. Shrihari:** The second one was pertaining to capacity utilization can you please provide the capacity utilization for both formulations and API?
- R. K. Baheti:** Formulation currently is about 60% and it will stay at that number because we are further expanding the capacity so while our volumes pickup the capacity utilization will stay at 60% and we are comfortable with it. API is the fully used as of now where we are also making fresh investments so it is practically full utilization as far as API is concerned as of now.
- C. Shrihari:** When is the capex likely to come on-stream?
- R. K. Baheti:** Capex is already going on. I think most of the projects we would like to complete by end of this year.
- C. Shrihari:** Thank you.
- Moderator:** Thank you very much. The next question is from the line of Ashish Kacholia from Lucky Investments. Please go ahead.
- Ashish Kacholia:** Good evening Sir. My question pertains to our capex for the year financial year 2016 after this year what is the level of capex that we see for next year?
- R. K. Baheti:** Ashish, mostly I think the investment plan, as far as capex is concerned, would be over and 2016 would see a more of maintenance capex which would be in a range of 80 to 100 Crores.
- Ashish Kacholia:** My second question is can we get some sense on the direction of EBITDA margins over the next two, three years can we see expect a 100 basis points kind of an improvement annually?
- R. K. Baheti:** Yes I said and I repeat that for this year we expect the margins to be stable at around 19%, 20% and that is where we would like to consolidate. Then we would like the margin to improve by 125 basis points every year and the targeted margin number is 23%, 24% in next three four years.
- Ashish Kacholia:** Those margin improvements will be largely driven by the quality of our launches in the US?

- R. K. Baheti:** Also I think the domestic branded business is picking up momentum. I had explained to you a moment back we are in investment stage.
- Ashish Kacholia:** So similar kind of improvements in both the places or more on one side versus the other?
- R. K. Baheti:** I think for a company of this size you need improvements in both the places for overall margin improvement.
- Ashish Kacholia:** This US front end what is really the kind of benefit that we are looking for in terms of because our size does not seem to be all that large so as to justify a front end in the US, so what is the thinking exactly on this?
- Pranav Amin:** As I said earlier, it gives us adding a size is big enough with so many launches coming with our filings, we believe that we are in a position to one first benefit is that we would have more control on the front end because we have backward integrated in most of our products. . Second is we do give some profit to our customers roughly half so instead of that we can manage our operations in the same amount and give an additional benefit as well but this front end leaves something extra on the table obviously.
- Ashish Kacholia:** Thank you very much and all the very best.
- Moderator:** Thank you very much. Our next question is from the line of Gagan Borana from ICICI Securities. Please go ahead.
- Gagan Borana:** Thank you. All my questions have been answered. Thanks.
- Moderator:** Thank you very much. The next question is a follow up question from the line of Nishith Sanghvi from CIMB. Please go ahead.
- Nishith Sanghvi:** My question is for Shaunak. Basically, I just wanted your thoughts on the industry growth. Now we have for the month of September AIOCD showing a strong 18% growth and probably it was also if the base impact that is starting to show in so what your thoughts on the growth of the industry are how much is sustainable and till when we can see such kind of growth?

Shaunak Amin: Unfortunately I think both market research data that we get between the two, IMS and AIOCD are very different growth numbers for the industry consistently so I think it is hard to get a gauge on the right numbers, but I would like to see this is a one off case I do not think it is a sustainable. I do not think at 20% or 30% growth rate is sustainable. I do not know exact AIOCD numbers but I think that maybe a one off number but I think more likely the industry would be moving at anywhere from 8%, 9% up to maybe 14%, 15% and I think that is the good range to set the basis for projected growth.

Nishith Sanghvi: Sir the rebound in acute therapies for us basically was it a function of again the base impact or was it a function of the steps we have taken and it is sustainable again 17% growth in acute therapy?

Shaunak Amin: Yes, I think part of that is obviously because of the Azithromycin DPCO impact. There was a question earlier on the volumes are growing at almost 40%, 50% by unit so I think that definitely has given us that impact on the topline in the acute segment. I think the rest of the portfolio is doing quite well especially. Our two large cough syrups brands and along with that our large cold brands which are all legacy brands all of this has been showing good strong double digit growth, both in internally as well as reflection showing in the market growth.

Nishith Sanghvi: So probably your growth of 17% probably this quarter but we can if the 10% to 12% growth is a sustainable number for acute therapies as well?

Shaunak Amin: Yes it should be.

Nishith Sanghvi: Sir one last question from my end is on the derisking strategy now our dependence on one facility for the US business what are we doing to address the dependence on just one facility?

Pranav Amin: What we are going to do as I mentioned right now we are still expanding this facility. Once that happens the next stage we will be took another facility now there is two options one to derisk immediately we can contract manufacture some of our critical products with certain percentage or we would look for another facility or build a smaller one as such.

Nishith Sanghvi: That would be over the next two years?



Alembic Pharmaceutical
October 20, 2014

- Pranav Amin:** Yes.
- Nishith Sanghvi:** Thank you.
- Moderator:** Thank you very much. The next question is from the line of Alok Dalal from Motilal Oswal Securities. Please go ahead.
- Alok Dalal:** Good evening everyone. Pranav Bai, are you on track with some of the key filings in US over the next 12 to 15 months?
- Pranav Amin:** I think in terms of filings as I mentioned last year a little lower for filings. This year we should do about 6 to 7 filings, which is what we had expected at the beginning of the year so we seem to be on track for that.
- Alok Dalal:** Pranav Bai what kind of skill sets now would you require given that you may now want to move to in next stage of complex filings, do you have most of the skill sets with you?
- Pranav Amin:** I believe we do, I think in terms of what we are doing on the oral solids we do have some skill sets and as we go long we are acquiring wherever needed.
- Alok Dalal:** That is all from my side. Thank you.
- Moderator:** Thank you very much. The next question is from Tushar Manudhane from India Nivesh. Please go ahead.
- Tushar Manudhane:** Just wanted to know the number of MRs for domestic formulation?
- Shaunak Amin:** We are at about 3500 medical reps as of now.
- Tushar Manudhane:** Just wanted to compare year-on-year like for last year it was how much and for FY15 what is it about?
- Shaunak Amin:** This year we have added about close to 600 reps.
- Tushar Manudhane:** So then now is it stabilizing at this level or further additions expected?

- Shaunak Amin:** No I think there will always be some routine expansion to the field force every year that you will see purely because of growth in markets where you would want to keep adding the maintenance growth. I do not think for the immediate future we are looking at multiple opportunities so there would possibly the expansion again this year but not may be as large as what we had but there will be expansion in the field force because of new divisions.
- Tushar Manudhane:** Thank you.
- Moderator:** Thank you very much. The next question is from the line of Bhavin Shah from GeeCee Investments. Please go ahead.
- Bhavin Shah:** Thanks for taking my question. Sir these fourteen products introduced in the domestic market is my assumption correction when I say they are all equally spread across various therapies or they are more dominant in one specific category?
- Shaunak Amin:** Could you repeat the question?
- Bhavin Shah:** Fourteen products in the domestic market got launched in the second quarter is what the press release presentation says, just wanted to understand if they all equally spread across growth?
- Pranav Amin:** They all spread mostly but I think it is a mix of both few acute and mainly specialty products.
- Bhavin Shah:** You are not concentrating on any one specific TA right is equally?
- Shaunak Amin:** No there is no one specific team which has launched between six, seven of them but it seems spread throughout the regions.
- Bhavin Shah:** How does the second half look forward for you in terms of new launches there in the domestic market or it is pretty much band with the channel filling?
- Pranav Amin:** I think that we keep launching for that I think as of now we have about 15 divisions I just spoke to launch the product improve straightly so we will keep looking at launching new products to address the market more effectively.



Alembic Pharmaceutical
October 20, 2014

Bhavin Shah: The reason I am asking is really to understand in terms of the portfolio that you carry in the market in terms of having the right team behind to promote are we equally balancing both or it is just in a more of a concentrative model that you are following now?

Shaunak Amin: No I think we are following a balance model we have enough teams to carry the products. Our objective is to address the growth markets far more effectively as we have done in the past and I think we want to keep aligning our portfolio to growth markets so in order to do that we are launching new products. We are not launching a large number of products but we are launching enough products which allow us to effectively work and create and build good brands to start of with.

Bhavin Shah: Thanks for that. In US you are targeting six to eight launches every year that stays?

Pranav Amin: Yes.

Bhavin Shah: Thanks, all the best. Thank you.

Moderator: Thank you very much. The next question is a follow up question from the line of Ashish Kacholia from Lucky Investments. Please go ahead.

Ashish Kacholia: Sir my question pertains to the impending inspection of our facilities. In recent times we have seen some of the 483s and import alerts coming in on account of data integrity issues and within that there have been instances where the regulators have pointed out the ability of individual operators to change the data on the recording equipment or the computer system as it were. So in response some of the companies they have been taking remediation steps of putting in more automated systems where the human intervention can be minimized. So I would just like to understand from you where Alembic is placed in terms of automating the data recording and the general workflow and the process monitoring software is that kind of more integrated kind of software platform have we put in those in place?

Pranav Amin: Ashish, you are right. It is a good observation. We have been proactively over more than last two years, working at improving our quality standards and our training and the systems and processes that we have. We do use a quality management system and a data management system to automate as much as we can and so there is a less chance of a) any physical either fudging or mistakes in it;

we also use lot of MOP audits products which have been doing for the last two three years. We have also engaged consultants on a proactive basis to help improve the systems. So yes we do on your documentation part, yes we used at document management system.

Ashish Kacholia: Okay and typically we have seen one more set of observation which is this water leakage from somewhere in the passage there will be water leakage so what about all these basic hygiene issues?

Pranav Amin: That is also something that we are working on a regular basis. As you are right because lot of plants did have issues related to hygiene and cleanliness. That is something which in terms of the work culture takes a while to bring about but from our side we are trying to at least ensure that they are kept clean and whatever has to be done.

Ashish Kacholia: All the very best to you.

Moderator: Thank you very much. As there are no further questions I would now like to hand the floor over to Mr. Anshuman Gupta for closing comments. Over to you Sir!

Anshuman Gupta: Thanks. On behalf of Edelweiss, we thank all participants and Alembic Pharma Management for this interaction. I hand it over to Mr. Baheti for any closing comments that he would have.

R. K. Baheti: Thank you very much everyone once again for joining the call and look forward to, look forward to talk to you in the next quarter and if there are any specific questions you can email me or Ajay and we will be happy to respond. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Edelweiss Securities that concludes the conference call. Thank you for joining us. You may now disconnect your lines.