"Neuland Laboratories Limited Q4 FY-17 Earnings Conference Call"

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Moderator: Good day, ladies and gentlemen and welcome to the Q4 FY17 Earnings Conference Call of Neuland Laboratories Limited. As a reminder, all participants' 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 '*' then '0' on your Touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ankit Gupta from Christensen IR. Thank you and over to you, Mr. Gupta.

Ankit Gupta: Good evening to all of you. Welcome and thanks for joining the Q4 FY17 earnings call of Neuland Laboratories. Please note that we have mailed out the press release to everyone and you can also see the results on the website as well as the stock exchange.

To take us through the results of this quarter and full year and to answer your questions, we have with us from management Mr. Sucheth Rao – Vice Chairman and CEO ,Mr. Saharsh Rao – Joint Managing Director, Mr. Kumar Gupta AVP-Finance and Mrs Sarada Bhamidipati who is the company secretary.. We will be starting this call with a brief overview given by Saharsh on the performance of the company which will be followed by a Q&A session.

I would like to remind everyone that everything said on this call which reflects any outlook for the future or which can be constituted as a forward-looking statement must be viewed in conjunction with uncertainties and risks that we face. These risks are unpredictable but are not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual report which you can find on our website.

With that said, I will now turnover the call to Saharsh. Saharsh, over to you.

Saharsh Rao: Thank you, Ankit.

Good evening friends, a warm welcome to all of you joining this call. I would first touch upon the standalone numbers for the 12 months' period followed by the quarter's performance.

For the full year ended March 31st, the total operating income was Rs. 572.7 crores compared to Rs. 509.9 crores in FY16 representing an increase of 12%. EBITDA stood at about Rs. 88.4 crores compared to Rs. 81.5 crores during the same period in the previous fiscal year which is a growth of about 8%. EBITDA margin is at about 15.4% for FY17 as against 15.9% in FY16. Net profit stood at Rs. 32.4 crores for FY17 compared to Rs. 26.4 crores in FY16 an increase of about 23%.

EPS stood at Rs. 36.5 against Rs. 29.7 which is again an increase of 23%. Now just talking quickly about the fourth quarter of the fiscal year 2017, total operating income was Rs. 140.95 crores for Q4 as compared to Rs. 135.04 crores in the same period of the previous year which is about a 4% increase. EBITDA stood at Rs. 22.67 crores compared to Rs. 20.92 crores about an 8% increase. EBITDA margins for Q4 FY17 were at 16.1% as against 15.4% in Q4 FY16.

Net profit stood at Rs. 8.51 crores for Q4 compared to Rs. 6.63 crores of Q4 of the previous year which is about a 28% growth.

Moreover, basic EPS stood at Rs. 9.6 as against Rs. 7.5 of the same quarter of last year which is about 28% again. In the quarter, we also had some key highlights from the business which I would like to share. We scaled up two APIs in the generic space for the GDS business. First one is Rotigotine which is a dopamine agonist indicated for the treatment of Parkinson's disease as well as restless legs. The other one is Lacosamide in the CMS space, which is used for the treatment of partial-onset seizures and diabetic neuropathic pain.

In the CMS business, we had two major products scale ups at the plant level. So we are hoping that the business will contribute to the financials in the future. Under the finance side, we are happy to state that the CARE has upgraded our long-term ratings from CARE BBB to CARE BBB+ for the long term buying facilities.

Also just a couple of quick other updates. Last month we had the USFDA inspect our unit 1 facility. The agency made two observations which we believe are minor in nature and have already been addressed by us.

Another significant update is on the status of the merger of NLL with NHSPL and NPRPL. I would like to share that the merger scheme has been filed with the NCLT in Hyderabad. We believe that the process is on track for completion as per the plan.

So on an overall basis, we have had a satisfying fiscal as our performance remains steady on multiple accounts. On one side we deployed resources on improving our manufacturing systems and the other hand we are happy to have made significant progress in the new areas that are embarked upon. That said we also gather that our performance in H2 was relatively subdued when we compare it with H1 of the same fiscal.

We believe our strategy is on the right track and our performance is affected by some factors which were beyond our control but yet factors which are an integral part of our business. First, we had some major CMS orders in Q1 and Q2 which did not recur in H2 but have a strong potential going forward. Second, given the business mix, H2 was also affected because of capacity constraints which we believe affected our overall performance in H2.

Third, there was some drop in orders for some of the products in the prime category which is mainly due to the market environment. We believe however that all these factors stated above are short term aberrations to the performance and fundamentally the business remains robust going forward.

As we chart our course for fiscal 2018, we remain confident of our business strategy and the opportunities that we have worked for all these years. So with this, I would like to go ahead and open the floor to Q&A.

Moderator: Thank you very much. We will now begin with the question-and-answer session.

The first question is from the line of Rashmi Sancheti from Anand Rathi. Please go ahead.

Rashmi Sancheti: Sir, just want to know that the entire spillover order has come in this quarter or we might see some impact coming in Quarter 1 FY18 also?

Sucheth Rao: The entire spillover has not come into this quarter. I think there has been a little bit of spillover into subsequent quarters as well and given the nature of the business we do expect this. Obviously, it is an area that we are carefully looking at so that we can avoid this in the future.

Rashmi Sancheti: Okay so can you quantify like how much revenue from that niche segment this spilled over order that is going to come in Quarter 1 FY18 or is it very significant?

Sucheth Rao: At this point we are not in a position to really quantify the exact amount of revenue especially because it is the overall part of the business and we have not had any loss of business.

Rashmi Sancheti: Okay. And sir, can you just update on that two new CMS products which you have mentioned in the press release, which are those two products and what is the opportunity, which phase it is and if you can update on those two molecules?

Sucheth Rao: Well, usually we do not comment on specific molecules especially in the CMS space because we get covered by confidentiality agreements with our customers. It is an area where we cannot comment.

Rashmi Sancheti: Anything like which phase it is, whether it is Phase 1, Phase 2 or Phase 3 products of which market it is catering to or anything?

Sucheth Rao: The split of the CMS molecules is available in the press release and our investors deck, you could get that information from there.

Saharsh Rao: Rashmi, I will add a little bit of context. I think what we are consciously trying to make sure that we provide a high-quality insight into what is happening in the quarter without getting drawn into specific conversations about the individual molecules. So that is why I suggested what we are trying to do is we will try to limit to mention how many projects we are scaling up and then on an annual basis we break it down into what different clinical phases or commercial phases each of these molecules are in. So you will be able to also analyze the quality of our CMS pipeline but not every quarter only because I think it kind of draws too much detail which we believe is not necessary or does not really give you any required depth in the business.

Sucheth Rao: Also, we also felt that I think it is important to give our investor community the transparency on the overall health of our portfolio and the number of molecules because as you know, we build our capabilities based on the number of molecules rather than any one particular molecule. So our objective is to increase the number of molecules which we are doing contract manufacturing. Therefore, we will provide you with the details on the overall pipeline, but we have no option but to stay away from commenting on specific molecules or opportunities.

Rashmi Sancheti: Okay and can you just give the gross block for this year?

Kumar Gupta: It will be about Rs. 310 crores.

Rashmi Sancheti: For FY18 and FY19?

Sucheth Rao: We have not made an estimate.

Moderator: Thank you. The next question is from the line of Amit Biyani from Canopy. Please go ahead.

Amit Biyani: I have a couple of questions regarding your merger scheme with the other two companies. The first question is are you guys going to file financials for the two unlisted companies up to March 2017, that is the question 1. Moreover, then the second issue I have is regarding your financials that you filed along with the merger scheme I think some people asked this question on your Q2 earnings call about the margin and the expansion thereof you went from sort of Rs. 49 crores of revenue to about Rs. Five crores of PBT to Rs. 43.8 crores of income and Rs. 13.5 crores of PBT.

If you could walk me through the bridge as to some of the details around that specifically as you do that subcontracting expenses went from Rs. 9.5 crores to Rs. 33 lakhs, who was the subcontractor in that case specifically my question is, was that subcontractor Neuland Laboratories? Thank you.

Saharsh Rao: So Amit, let me try to answer both the questions together. I think with regards to the financials for FY17 for NPRPL and NHSPL we have the unaudited numbers with us which we will be uploading on to our website today. So that information will be accessible to you perhaps by the end of today. Also, I think that should primarily give you some sense of how FY17 performance of NPRPL and NHSPL has been. With regards to trying to understand the Q1 performance of FY17 of NPRPL versus how FY16 performance was for NPRPL, I think it is just important for us to give you a little bit of sense concerning how this business is evolving.

The business model of NPRPL is it functions really as a custodian of the CMS business, so it houses all the R&D of the CMS as well as all R&D activities. It also does the business development work for the CMS business. So as a result, it has a revenue sharing agreement with NLL which is at arm's length and therefore all CMS projects that come into Neuland Labs they come with a revenue sharing agreement with NPRPL. Now what you see regarding revenue to profit margins or the ratios over there they are primarily subject to the nature of the project that got delivered during the period that you are analysing the financials for.

Moreover, today our CMS business has not reached a size where there is quarter-to-quarter stability or certainty regarding margins revenues etcetera. There are quarters because of certain CMS products being executed in that quarter where you will see a different kind of a margin profile, and there would be quarters where due to certain other types of CMS products being executed in the quarter you will see a different margin profile.

So, therefore, it would be a little difficult for us to try to establish or predict a pattern in terms or even try to give any guidance regarding what the margin would be. I think a good way to analyse this for yourself would be to perhaps wait for FY17 unaudited numbers that we post and then look at it how it compares with FY16 as well as FY15. Q1 of FY17 also is available so you can look at that as well. So perhaps that might be a way for you to get some good insight into it.

Moderator: Thank you. The next question is from the line of Abdul Puranwala from B&K Securities. Please go ahead.

Abdul Puranwala: Just couple of questions on the deferred sale what we had in Q3; so we largely did not book in this quarter mainly due to the capacity constraint. So just wanted to know that going forward on a revenue basis on a quarterly revenue basis, would Rs. 140 crores to Rs. 150 crores be your decent consumption?

Sucheth Rao: No, I think it depends all on the product mix because as you know for Q1, Q2 we were able to deliver Rs. 150 crores consistently. So I think based on how the product mix moves the revenue for that quarter also will change as we said in the past calls I think the quarter-to-quarter numbers are expected to have some level of volatility to them, and I do not believe that fact is going to change. However, overall we see the business growing, and that will be reflected in the quarter-to-quarter performance though between the quarters it may be a little bit up or down.

Abdul Puranwala: Okay and although this quarter has also seen a decent jump in the gross margins so can you tell us, give us some flavor on what led to that significant jump?

Sucheth Rao: So part of the reasons for that is that we had good variants regarding the raw material prices primarily because of the financial health of the company we can leverage our cash to purchase or raw materials. Part of it happened because of some of the CMS business which came in which is typically at a slightly lower raw material cost than the generic business.

Abdul Puranwala: Okay so I mean should we see this trend going forward or?

Sucheth Rao: It depends like Saharsh shared in his opening comments we did see a little bit lower revenues from our prime APIs, and as you know prime APIs are our old APIs with a raw material cost component is a little bit higher than the overall business. So that it depends on the product mix, it could come back up.

Abdul Puranwala: Okay sir lastly, can you just tell me what is the total debt on books as on the balance sheet date which would include the current maturities as well?

Sucheth Rao: So, the total debt on books is about Rs. 192.23 crores, about Rs. 41.16 crores is our long term debt and the rest of it is working capital and currently our working capital utilization is in between 60% and 70%.

Moderator: Thank you. The next question is from the line of Janani Rajashekar from Securities Investment Management. Please go ahead.

Janani Rajashekar: My question is really in the context of some of the problems that other Indian pharma companies have been facing regulatory wise. Do you see an opportunity here in terms of manufacture of drugs like Levetiracetam, have you seen any traction in orders here?

Sucheth Rao: See from an overall perspective I think it is unfortunate that what is happening with our peers in the industry having said that obviously based on specific products that get impacted it is always possible that there is an opportunity to sell some of our products. So, I think we continue to monitor what is happening with the products and the supply, in fact, we have much information that we analyse regarding potential drug shortages in the US, Europe or other parts of the world and based on those indicators we get. If we look at our product pricing capacity and formulate a product level strategy, you are right I mean there could be opportunities, but at this point, there is no specific product that we would like to comment on.

Janani Rajashekar: Okay but in case those opportunities came in we would be capable of meeting that kind of demand?

Sucheth Rao: Yes, absolutely and so that is the reason for the proactive analysis because we do look at what products are getting impacted in the overall supply chain and to see whether we are geared up to support that.

Janani Rajashekar: Okay and so far we have not seen any specific traction on any of these?

Sucheth Rao: We operate in a highly regulated environment where the qualification as an alternate supplier takes a few months to about a year from the initiation of the work. So obviously we do not see any immediate impact, but at the same time, these kinds of products also consume capacity for which you know for us to arrange the capacity, to build the capacity also can take us about six to nine months. So it is a combination of these two factors.

Saharsh Rao: And also we I think we are starting to see some traction in terms of interest but I think for us to qualify those opportunities which was explained takes time.

Sucheth Rao: No, but I think your question is well founded because we found that as long as we stick with our APIs we are a long-term players, we continue to create capacity we have seen that we have achieved leadership for most of our prime APIs. So to your question the core part of our strategy is to really look at what is happening in the API space and were discontinued keep offering that API creating the capacity so that we end up being a leader for that specific product.

Janani Rajashekar: Right. So just to clarify that I have understood this right currently you said you have seen interest but you are not currently negotiating anything at this point?

Sucheth Rao: So the interest can be understood in many ways, in some cases it is request for samples, in some cases it is request for a price so we are definitely seeing traction. The reason we are not making any specific comment is because it takes time for these kinds of things to materialize so we do not want to be overly optimistic about it.

Saharsh Rao: Just want to also give you, we want to sensitize you that the business is not going to weaken immediately but we are seeing traction in terms of enquiries etcetera and also I think as Sucheth said we also need to make sure that we are able to manage our capacity planning etcetera so that we can ramp up to these market demands which we think is a good problem to have.

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

Pritesh Chheda: Just wanted to check you have initially mentioned to one of the questions that your constraint by capacity planning or capacity and referred to Rs. 150 crores quarterly number. So basically which is Rs. 600 crores revenue for the capacity on an annual basis. I think in your earlier conference call whenever we have asked you have referred to a Rs. 800 crores revenue possible out of this facility. So just wanted to reconcile exactly what kind of revenues is possible from the existing capacity and it has been a couple of quarters where the revenue growth has not picked up. So Quarter 1 was due to, Quarter 3 was due to supplies, Quarter 4 is some other reason, so some comments there if you could offer?

Sucheth Rao: So, I think it is a good question, we appreciate it. I think as you know in our industry the capacity depends heavily on the kind of product mix that we are doing. At the same time, there are certain production blocks which are operating only at 50% at 60% capacity; there could be certain production blocks, which are running at close to 90% capacity utilisation. So we will see that there is a quarter-to-quarter variation in the product mix which could impact those products where we are already a little bit capacity constrained where we immediately initiate actions to increase the capacity so that this problem does not continue for more than a quarter or a quarter and a half.

So I guess what we are trying to say is that even if we do with a capacity constraint in production blocks for a type of product mix we are in a position to take actions to come out of that capacity constraints within two-quarters. However, when we say that this kind of capacity is capable of carrying us to 750 crores, Rs. 800 crores kind of a turnover, we also assume a certain product mix that most of these production blocks will be at an optimum level of utilisation. So what we are typically trying to do is we try our best to forecast the product mix for the next one, two, three years and take actions presently to orient the capacity to meet that product mix.

However, as you know the market always that we forecast does not always come the way that we predict it because things are always changing in the market regarding certain products going in short supply, certain products performing better than expectations. So we have to orient our capacity to meet the overall demand constantly, and that could cause these constraints in short to medium term. So I think your question is very valid, I believe that we are aware of it, but we keep orienting our capacities to make sure that we can meet the objectives of the business in the long run.

Pritesh Chheda: On the growth side in the second half?

Sucheth Rao: I am sorry?

Pritesh Chheda: The other question was on the growth side in the second half, whatever challenges that you have highlighted, any resolution, any rectification in sight or when do you see the growth picking up? This is also in context of the fact that few quarters back you had clearly articulated the possible growth rates in the niche and the CMS, so there were growth opportunities in niche and CMS and the prime was supposed to grow single-digit. And blended there was certain growth assumption. So how are we tracking on that if you could give some color there?

Saharsh Rao: Yes, I think as we have stated before and I think I have said in my opening remarks, the business fundamentals remain quite robust going forward but I think FY17 represents a year kind of metamorphosis where we are still making the transition. Q1 and Q2 as I have analysed earlier represent a very favourable product mix, business mix and our ability to deliver on that. H2, on the other hand, has not represented that. I think as we go forward, it will be imperative to recognise that Neuland will continue through this metamorphosis which means that there will be quarters or periods where there will be unthinkable product mix.

However, because of the healthy business outlook that we have, we believe that in a time this will no longer become a periodic thing, but we will have consistent performance because the overall mix will get elevated. Where we are struggling is to give precise guidance regarding which quarter it will happen or how exactly it will grow because that is something that we cannot predict because of the fundamentals of our business.

Sucheth Rao: Moreover, also because of I think in all fairness also because of the forecasting of the business so when we do our internal analysis of the projections that our customers give us, we have seen that sometimes the projections vary on an average by a minimum of 20%. So if a customer is telling us that they will buy ten tonnes they could end up buying 12 tonnes, or they could end up buying 8 tonnes, this is the normal standard variant. For a product which is just being launched like a Salmeterol or some of the other APIs, the variant is much more because the market has not settled down and it is still in that highly volatile period.

So taking this into consideration for us to be very specific is next to impossible but I think from an overall perspective once we do augment our capacity which we have been talking about and we expect some concrete action to happen in FY18. I think from a capacity point of view from a product mix perspective we will be able to handle that much better and that is something that we are looking forward to.

Pritesh Chheda: Lastly, I just wanted to check have you given out the P&L for FY17 for those two companies**?**

Saharsh Rao: I think it should be out by end of today.

Pritesh Chheda: Can you just share the PAT figure if you can for those two companies?

Pritesh Chheda: And the corresponding equity new equity the share to be issued the incremental equity to be issued to those two companies if you could just tell that?

Kumar Gupta: Yeah, that Neuland Pharma Research Private Limited the PAT is around Rs. 12.80 crores for full year FY17 (Unaudited).

Kumar Gupta: The other company Neuland Health Sciences it is a loss of Rs. 3 crores.(Unaudited)

Pritesh Chheda: Okay and the corresponding equity to be issued the incremental equity shares to be issued?

Sarada Bhamidipati: It will be roughly about 27 lakhs to 28 lakhs shares.

Pritesh Chheda: This is the incremental after the knockout on account of your, right?

Sarada Bhamidipati: Correct, so the capital would be about 1.15 crores of shares would be the post-merger number giving you Rs. 11.5 crores of paid up capital.

Pritesh Chheda: Okay nothing in treasury right no stock will be in treasury?

Sarada Bhamidipati: No.

Moderator: Thank you. The next question from the line of Ranvir Singh from Systematix Shares. Please go ahead.

Ranvir Singh: Sir, our press release saying that two products which we have scaled up in API so just wanted to have a sense of revenue potential and I also know that three products were scaled up in last quarter. So when actually the revenue will start flowing from these products?

Saharsh Rao: I think these two products that we are referring to here Rotigotine and Lacosamide I believe we have different strategies for commercialising them in various markets and I think depending on how these strategies pan out we could commercialise them anywhere between the next two to five years. It also depends on the patented landscape and the kind of strategies that our clients are also following. For example a molecule like Lacosamide or even Rotigotine it can be commercialised even today in some markets, but it has some limitations regarding patents and things like that in other markets. So I think it will happen steadily over time, but I think in the next two to five years we will see the full commercial benefits of it.

Sucheth Rao: So just to add to that Ranvir, the molecules that we select and scale up roughly fall into two categories one is where the patent is of course not expired it is something like a Rotigotine or a product such as Moxonidine or Propofol where the patent is expired. In the latter case, the launch from our side as Saharsh was saying could happen within two years of us commercialising that API as mentioned in the release.

Whereas if the molecule which is still under patent could take us as much as five to seven years to commercialise it. Moreover, one of the reasons why we share this information is because it should be able to give you some clarity regarding when we expect to launch it, and that addition of these molecules is also strengthening our overall product pipeline.

Ranvir Singh: Fine. And I think last quarter we talked about that part of the businesses we have spilled over to this quarter and this may go to even the subsequent quarter. So that was all this revenue were related to Salmeterol and Entacapone?

Saharsh Rao: We actually never mention which specific product this revenue was from, Ranvir but yeah whatever spillovers happens is kind of going to I think some of it has been recognized in Q4 but also over the subsequent quarters.

Ranvir Singh: So overall how is the traction in Salmeterol in Europe basically?

Saharsh Rao: I think we continue to remain very optimistic about the product I believe that it seems from the updates we are getting from our customers I think everyone is very excited and they stay excited. I think North America is the biggest market and I think we will probably start seeing real revenue impact in the next one to three years.

Sucheth Rao: So just a couple of other comments because this is an important product for us. One is that the facility that got inspected recently is also the facility where Salmeterol is made. So from our point of view, there are no regulatory hurdles for this API. Second, the only issue with Salmeterol historically has been that the launches have gotten postponed because of the complexity of the project both from our side and the customer end. However, we expect the overall performance to be good as Harsh was saying for Salmeterol because I think it is meeting expectations regarding what the opportunity is.

Ranvir Singh: Yeah fine. So what I wanted to understand like in last quarter in Q3 whatever shortfall in revenue we saw and again we have resumed in Q4 at the level of Q2 and Q1. So nearly we have despite the part of a spillover coming in Q4 we have been able to barely maintain the run rate which historically we have been making for in Q1, Q2. So that seems that the growth part is actually not coming from new projects. So your sense on that?

Saharsh Rao: I think it is an important question Ranvir, and I believe that you have also analysed it accurately. The second half of the year is not as we had expected regarding its growth and I think that is mostly driven by those three factors that I talked about. Theand I think what is important is I think tincrease on an overall basis which is driven by our business fundamentals regarding the kind of opportunities that are there for the products, the CMS projects and even for the prime products, I think those fundamental remain healthy.

However, I believe we are limited by whatever constraints we have today. Moreover, I think that being one, I think the CMS orders some of those high-value CMS orders were missing in Q3 and Q4. Also from a prime products point of view we saw a little bit of a dip regarding the orders we got for some of the prime products and also the capacity constraints because of positive product mix and the configurations were also impacting. So yes, I think the spillover of revenue was one factor but ultimately, I think the overall performance of H2 needs to be seen in conjunction with these three things and more importantly I think we are not too concerned about the overall prospects because we feel that the fundamentals are quite strong and I think the overall outlook that we have maintained in the past remain.

It will always remain in the future that we will have a quarter or two quarters of muted growth because of these unfavorable product mix, because of a lack of a big CMS project etcetera but over time we believe that we will have critical mass of not just niche generic products but also CMS projects which will get commercialized that business will grow. I think we mentioned in the past that at a steady pace we believe in a straight line our growth will be around 20% year-on-year. We have also mentioned that we believe our EBITDA margins will move from the 14%, 15% to a 20%. We remain confident on these numbers but we also remain very grounded to reality that these numbers will not happen in a straight line or consistently every quarter but will happen definitely over time.

Ranvir Singh: So for FY18 can we expect at least 100 or 200 basis point improvement in EBITDA?

Saharsh Rao: I think it is very important to look at it from a slightly longer horizon Ranvir, and it is difficult for us to give precise guidance only because our business contains these uncertainties that we ourselves cannot control. So I think I would remain committed to saying that on a three to four year basis we will grow the business at 20% year-on-year and EBITDA margins as a result of that will improve to closer to a 20%.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question. We would request you to send your unanswered questions to the IR team. I now hand the conference over to the management for closing comments.

Saharsh Rao: Thank you, everyone, for taking the time to join our call. It is a good discussion I think we enjoyed answering many of the questions that were posted. Also, we believe that there is a very good understanding of Neuland's business model in the analyst and the investor community today. So I think much credit goes to each of you being diligently following the company. I think our company is in our business model it is fairly complex and I think it is something that it is a story that we believe will unfold over the year to come. It is a business which is very sticky in nature, and therefore we believe that it is something that will be very sustainable in the long term.

However, we believe as in any business we will have our ups and downs, and nonetheless, we are very confident and optimistic about our future. We are also very excited about the ongoing mergers with NPRPL and NHSPL we believe that will also bring in further improvement regarding margins as well as transparency and also regarding overall robustness of the business.

So with that note, I would like to say thanks again and look forward to being in touch and also perhaps when it is the investor call for Q1FY18 results. Thank you very much.

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