“Solara Active Pharma Sciences Limited
Q3 FY2020 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the Solara Active Pharma Sciences Limited Q3 FY2020 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 the 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. Abhishek Singhal. Thank you and over to you Sir!

Abhishek Singhal: A very good afternoon to all of you and thank you for joining us today for Solara Active Pharma Sciences earnings conference call for the Q3 ended FY2020. Today we have with us Mr. Jitesh Devendra, Solara's Managing Director, Mr. Bharath, CEO and Mr. Hariharan, the CFO to share the highlights of the business and financials for the quarter. I hope you have gone through our results release and the quarterly investor presentation, which have been uploaded on our website as well as the stock exchange website. The transcript of this call will be available in a week's time on the company's website. Please note that today's discussion maybe forward-looking in nature and must be viewed in relation to the risks pertaining to our business. After the end of this call, in case you have any further questions please feel free to reach out of the Investor Relations team. I now hand over the call to Jitesh to make the opening remarks. Over to you Jitesh!

Jitesh Devendra: Thank you Abhishek. We welcome you all to Solara's Q3 FY2020 earnings call. I believe you have received the press release earning set and the SEBI results that have also been posted by the company on the stock exchanges. Joining this call with me are Hariharan, CFO of the Company and Bharath Sesha, the new CEO of the company. As you are already aware, Bharath joined us in December 2019 to take over the helm of affairs and contribute to a value creation journey with his wealth of experience managing P&Ls and strategies of several leading companies. I firmly believe that he brings the right expertise which the company needs to step up its progression towards achieving stated outcomes. That said Bharath, Hari and I are available today to answer any questions that you may have for us.

Coming to the financial results for the quarter, I am pleased to share that Q3 FY2020 is yet another quarter that demonstrates our strategic acceleration towards achieving profitable growth. While the ordering pattern led to a marginal dip in the revenue growth, our performance in the quarter was noteworthy for many and new milestones that we have achieved. First, for the first time in our journey, we have surpassed 25% operating margins for the company. It is worth to note that this is the fifth successive quarter where our margins have continued to expand quarter-on-quarter and have been over 20%.

Second, in the quarter, we have clogged our highest of profit after tax at Rs.413 million which is two times over the PAT reported in the same period of last financial year. Third, our efforts in Ambernath have started to result in better capacity utilization as we continue to reduce the under recoveries. Fourth, our R&D efforts continued to progress as planned while we had one additional DMF filed in the US, our efforts on market extension are fructifying and we have completed extensions in new markets for seven of our existing API.

Fifth, the initiatives around the CRAMS business are on track. As I mentioned in my previous calls, we have an opportunity pipeline on $10 million and we are confident some of these will start yielding results in FY2021. We continue to grow our opportunity pipeline through a multifaceted market outreach involving our network of consultants, current relationships, legacy customers and direct marketing efforts. We are also in the process of recruiting Global Head for our CRAMS division.

Lastly, as you may have seen in our press release during the quarter one of our top 10 key APIs Ranitidine Hydrochloride experienced regulatory confirms due to US FDA's notification around the NDMA impurity in the product. While we have voluntarily suspended our sale of the API in the month of September, we were able to quickly turnaround in addressing the issue around the NDMA and resume production in a phased manner in Q3.

To summarize, the financial year 2020 today is in line with the approach, we have continued our focus on improving our efficiencies which has been one of our major contributors with the margin uptick. At the same time, we are also focused on revenue growth, the foundation of which has been laid out in last financial year as well as in this financial year. We believe that the financial performance of this quarter is an excellent validation of the business model we are establishing. We are confident that the new products and new markets will continue to enable the growth of our revenues in the coming period. We also remain confident on a medium-term guidance of 15% CAGR on revenue and 20% CAGR on EBITDA considering FY2019 as a base. Thank you everyone and we are now open for question and answer.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Vaibhav Gogate from Ashmore Group. Please go ahead.

Ashwini: Good afternoon. This is Ashwini here. Jitesh, Hari, Bharath and the rest of the team congratulations, a very, very solid and encouraging set of numbers, very heartening congratulations. So, I just had a couple of questions. One is the revenue line so obviously

while the EBITDA margin expanded, and EBITDA has shown a phenomenal growth, how should we read into sort of the revenue line which is lower as compared to the September quarter and it is lower as compared to the same quarter last year as well.

Jitesh Devendra: This is Jitesh. First, thank you for your wishes. On the revenue part of it, we had a temporary dip in one of our top 10 key APIs. We believe that this to be a temporary phenomenon. We are confident of achieving the 15% revenue CAGR growth based on a three-year guidance given earlier and Ranitidine we only initiated production in the month of November as we have stated in our press release, so I would say there is no concern from our revenue growth perspective.

Ashwini: No I was just wondering because in your presentation and your press release you speak about efficiency multiple times, so I was just wondering that have you taken some sort of product rationalization or market rationalization where you stepped away from certain APIs or certain markets which are lower margin markets and therefore the EBITDA focus has driven that revenue decline, but you are saying that is not the case?

Jitesh Devendra: As I said in my previous calls also, we are looking at CIP for all our key APIs and we do want to maintain our minimum 50% gross margin as a threshold. Of course, that has also increased because of some of the CIP which is coming to effect and we continued to see if some products do not give us that then we look at replacing with the new products what we have in our pipeline

Ashwini: On similar line, the 500-basis point increase in EBITDA margin is obviously very, very encouraging and well ahead of what we might have expected. In your view are the EBITDA margins that you posted for the December quarter, is there a seasonal or one-time element to it or this is we would think as a sustainable number from a medium-term perspective?

Jitesh Devendra: We are confident that this number of Rs.82 Crores as EBITDA is the sustainable one.

Ashwini: Rs.82 Crores or a percentage 23.5% EBITDA margin which one is sustainable?

Jitesh Devendra: One is on absolute value and number and from a margin perspective if we take at the year then we are confident that the EBITDA number would be in high teens to early 20s.

Ashwini: Looking at your filings, you speak about 8 to 10 API or DMF filings each year, but this year we have seen only two. So, is there a reason, is there a sort of reason why you have gone slow or there some regulatory bottleneck that is holding you back?

Jitesh Devendra: Our R&D pipeline is on track, for this year instead of 10 we may end up with six to seven filings only. We would have validation for one more product but that we can only file once we have confirmation from the customer, so in effect we would be around seven to eight for this year. But apart from that we are confident that the pipeline what we have including the status of each of the products at the R&D stage we are confident that we will hit that 10 number in the next financial year.

Ashwini: How do you account for your R&D, do you expense it out as the expenses are incurred or you expense it out when you submit the file to US FDA, so what I am asking is that by what you are telling me, you will obviously have spate of filing in the January to March quarter because you filed only two, so you will have four to five filings in this quarter, so will there be a significant corresponding R&D expense jump or that is more of a steady as we go kind of a number?

Jitesh Devendra: So, we do not defer our expenses Ashwini as and when it is incurred we expense it out.

Ashwini: Okay, alright. Then you are coming to Ranitidine what are you seeing in the market place, are there any other suppliers who come in who have been able to meet the US FDAs, NDMA contamination standards or are you pretty much the only game in town?

Jitesh Devendra: As of now we are the only one, but I am sure the other API players are working to ensure they resume supplies.

Ashwini: It would be fair comment, because what you seem to indicate that this margin increases on account of new product introduction introduced by you and market expansion so that it now makes about 5% of your revenues and the margin increases on the back to back, so the full upside of Ranitidine is still to come that would be a fair statement right?

Jitesh Devendra: Yes, because we had only two months of production in Q3 for Ranitidine, so in Q4 we see a full three months of production.

Ashwini: Right and the last question from my side is that how do you see this China lock down hinder or help your business case especially for the raw material supply or a key starting material supply obviously you must be also looking for alternative sources, do you have an alternative source for pretty much everything you buy from China, how do we think about that risk?

Jitesh Devendra: About the China situation, we need to see how it pans out, because as everyone would have read they are talking about resuming office on February 9, 2020 which now could be to mid-February, as far as this quarter is concerned, we are well covered, but we need to assess

the situation how soon they are back in office and resume supplies. As we have also mentioned in my previous calls right, we have started to look at alternate sources away from China, we have identified sources in India and Europe and that qualification is in process, so hopefully if there is a risk for Q1 we should be able to source from these alternative vendors that is what we are working on it right now Ashwini.

Ashwini: Your Vizag expansion is that on track for trials to start in the next whatever three months or so?

Jitesh Devendra: Yes, it is on track in fact it could be sooner also, but it is on track.

Ashwini: Thank you so much. Congratulations once again and I will step back in queue.

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

Vinay Bafna: Good afternoon Sir. Thank you for giving me the opportunity. First congratulations on good set of results. What I understood from your commentary is that your revenue decline Y-o-Y and quarter-on-quarter largely because of key molecule, is it possible that the temporary disruption in Ranitidine was one of the reasons for this sequential decline or would it be a large part of the reason?

Jitesh Devendra: I now mentioned that the dip in the revenue was not all because of Ranitidine right, we had only one-month loss on the Ranitidine production and one of our top 10 APIs that has seen a temporary dip.

Vinay Bafna: Sir, considering how the Ranitidine market has shaped up and since you are the only supplier now, before the disruption and after the disruption have you seen a significant gain in market share or in price which has contributed to certain jump in the EBITDA margins in this quarter?

Jitesh Devendra: Situation is still evolving right now, and it is too early for us to comment and we do not comment on any product to product margins, it is too early to say anything on what could be the potential upside on Ranitidine.

Vinay Bafna: I understand I am not asking for any quantitative values, just qualitatively has there been a market share gain post resumption even in these two months or are you seeing that in a couple of weeks or may be in a month or two is gain a higher market share than you were before and has the pricing been better in general just qualitative indication?

Abhishek Singhal: Our formulation partner has just started to kind of get back into the market, possibly the quarter down the line we will be able to give you a good sense of how the market share for our formulator is evolving, at this point of time it is too early to give you an indication vis-à-vis we had in uptake on the margin, on the market share sides, of course the profitability would have increased a bit, but we do not want to give specific comment on that.

Vinay Bafna: Fair enough. Next question would be that about the China issue, so another participant also eluded to how there is a risk and you are trying to mitigate it through alternate sources, but the key question remains that even further alternate source of the key raw materials have ingredients from our China, so have you got a ballpark number of indirect or a direct dependence on China for your key starting materials?

Hariharan: Of our total raw material cost around 35% is imports and 30% is from China and 5% from other markets.

Vinay Bafna: Okay, got it and now considering this is my last question, could we see the China situation to be an opportunity as and other more people trying to reach out to you for you to become their alternative source of supply?

Jitesh Devendra: Not yet Vinay, we have not seen anyone reaching out to us

Vinay Bafna: Alright.

Vinay Bafna: I understand, there is still inventory lying around in the supply chain, so but as a risk mitigation procedure like you are looking for alternate sources, wondering if other companies are also looking out for alternate sources and they have reached out to you?

Jitesh Devendra: Not yet.

Vinay Bafna: That is, it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Anand Bhavnani from Unify Capital. Please go ahead.

Anand Bhavnani: Thank you for the opportunity. I have two questions. First is, on this entire NDMA impurity turning up in various APIs, so first it will start on now Ranitidine broadly from what you have read in the media, it is because of a solvent change DMF is being now used whereas it was not used earlier and solvent change could be one of the reasons, so just wanted to understand for our products set, are we at this point in time losing any DMF in any of the manufacturing process for any of the products A and B, whether we have contemplated

changing our manufacturing processes to preemptively avoid NDMA on any other of the API that you manufacture?

Abhishek Singhal: We do not want to discuss the process details out here, all that we maintained is that we had gone through the due process that FDA had asked to and our process the NDMA was very much within the limit and we have resumed our supplies, now exactly what the reason is for others, we do not want to specifically comment on that in our call.

Anand Bhavnani: Sure, but in general from a risk perspective again this would have in anyway triggered as to reassess other APIs that you manufacture from any impurity perspective and if you can just broadly share is there any particular set of any such impurity NDMA and any other APIs because as reading in Singapore now they are studying Metformin for this impurity and in some batches they have seen in Metformin as well, so broadly from our portfolio perspective how are we managing in avoiding this risk?

Jitesh Devendra: Coming to your question about this NDMA on another APIs, Yes, we are evaluating in proactive manner if these issues could be in our other APIs.

Anand Bhavnani: Sure, and in case of our capex plan I think the Vizag unit should be commissioning sometimes in calendar year, my understanding correct?

Jitesh Devendra: Yes.

Anand Bhavnani: If you can give us a broad sense, how do you anticipate this capacity utilization in this unit and would there be any follow-on capex after the Vizag unit commissioning?

Jitesh Devendra: Once the Vizag unit is commissioned, we are targeting this for the regulated markets, the entire capacity coming towards full fructification in the next financial year of course will not happen because we have to go through the regulatory approval process of the USFDA as well as other regulatory agencies like MHRA, then post those approvals and once our capacities come to an optimal utilization, we would of course look at if there is a need to put in additional capex in Vizag because there is a huge land area, so all what we are talking about our future expansions will happen in Vizag.

Anand Bhavnani: Fair to assume that Vizag approval will take may be another six, eight months, so may be only from Q3, Q4 of FY2021 you might see some revenues, or it could be in FY2022. Second half of FY2021 or FY2022 the time to see some revenues, is my understanding correct?

Jitesh Devendra: If our regulatory approvals come in place yes, we could have sales in the second half of FY2021 and that is what we are targeting towards.

Anand Bhavnani: This is because only regulatory, we would not be in the intervening period using the production for non-regulated markets, is that a possibility?

Jitesh Devendra: Yes, there is a possibility if we get the price that justifies our cost as we do not really want to get into it which disturbs our margins. It is not that we are not looking at it, we are looking at it, but you can consider that the major utilization of the capacity is for the regulated markets.

Anand Bhavnani: Thank you and I will come back in the queue.

Moderator: Thank you. The next question is from the line of Mahek Talati from Y J Investment Advisors. Please go ahead.

Mahek Talati: Thank you for the opportunity. Congratulations on a good set of numbers. Sir, I have question regarding the Vizag plan, now since you are raising funds to the tune of Rs.460 Crores, what was the reason behind raising the loan funds for the capex plan?

Jitesh Devendra: Can you repeat the question please?

Mahek Talati: Since you are raising funds to the tune of Rs.460 Crores, what is the reason behind raising debt for the capex plan?

Hariharan: The maximum equity funding is expected by next year only and to ensure to support capex for growth, term loan has been availed.

Mahek Talati: Okay and is that raised or not Sir?

Jitesh Devendra: Can you repeat the question please?

Mahek Talati: Is that debt raised or is it yet to be raised?

Hariharan: Yes, we have raised some debt.

Mahek Talati: Okay, thank you Sir.

Moderator: Thank you. The next question is from the line of Vaibhav B from Ashmore Group. Please go ahead.

Ashwini: This is Ashwini here once again. So I just wanted to ask more about the CRAMS business, so we have been sort of speaking about this, we also were trying to see if we could get an M&A sort of an opportunity there, but it appears that you started to look for the organic build out, because you are saying that you are looking for global head for the CRAMS business and there is a pipeline of $10 million, so I just wanted to get a sense of this business plan, by when do you think the revenue starts to come in, what would be, would you need to invest lot of money into labs and into capacity for CRAMS or is there something that can be done in your existing R&D without requiring much capex, how should we think about this revenue line, when do they start etc.?

Jitesh Devendra: Ashwini, Jitesh here. On the CRAMS business, we do have some legacy CRAMS business and we are building up on that and as I said that we have started our efforts organically also by various channels and we have received RFPs worth $10Mn which we have bid. We are confident that as more opportunities we are getting and building upon the $10 million, we would see the new business starting to occur in the next financial year. From our inorganic part, we are continuing to look at the acquisition opportunities, but as of now we have not got one and we are actively in that space. The third is on the opex or capex, so we have two R&D Centers and we have enough capacity from the capacity point of view to accommodate CRAMS projects, what we would have to do is probably in the more on the opex front where we will have to probably hire manpower to run those projects. I hope that answers your question.

Ashwini: Second, is the margin profile at the EBITDA level, because these are all cost plus projects from how I understand the industry things about them, are these kind of margins in CRAMS higher than what you report at the company aggregate level or similar or lower I mean over the next three, four years as this business scales up, how does it impact margins?

Jitesh Devendra: On the CRAMS margins, going by our past experience when we have done this business now for us as Solara we are a new entrant even though we have legacy years of experience in manufacturing, so in some projects like big pharma I am just giving you an example when we have to get in this more about proving our capability, the first few projects would not yield those desired gross margin, what the CRAMS business would yield right there in the range of 60% plus, but we have to then establish our credibility by delivery what we have promised, then there are some opportunities which we have received where the margin profile is much higher, but as we get established and when I say as we get established with a big pharma which takes about two years so we can say in the next two to three years, the margin profile what others get in this business I am sure we will enjoy those margin profiles as well. Classic example you will see is Divis or others in this space where they have a mix

of both the business and their EBITDA margins are 30% plus, so that our aim also to improve our EBITDA margin profile.

Ashwini: That is, it from my end. Thank you so much.

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

Ranvir Singh: Thanks for taking my question. Again, on CRAMS side, is there any timeline when we can see CRAMS contributing some meaningful revenue in our overall revenue?

Jitesh Devendra: A meaningful revenue would be at least it is contributing in double digits say 30% of overall revenues in next two to three years, because our current business is also growing which have eluded previously, so it will take at least three years for the CRAMS business to have significant revenue impact on our overall revenues.

Ranvir Singh: You are saying 30% kind of contribution we can expect in two, three years that is what you are saying?

Jitesh Devendra: No, I said after three years, not in two to three years.

Ranvir Singh: Okay fine and Vizag unit what has been the total investments in this unit?

Hariharan: We are not giving specific details about the project cost.

Ranvir Singh: What is your cash balance as of today, what amount is lying there?

Hariharan: We have around Rs.88 Crores of cash.

Ranvir Singh: What is debt as of today?

Hariharan: Rs.600 Crores is the net debt.

Ranvir Singh: One more in this quarter, I believe that has been some one-off kind of revenue which I assume, do you think this is sustainable base?

Hariharan: I think Jitesh did highlight we did not have any one off what we said was that for Ranitidine which is one of our key APIs, we just had two months kind of contribution for this quarter, so definitely we see what we have done this quarter is sustainable. Secondly, Jitesh did highlight that we had one of our top 10 molecules where we have seen some disruptions in

terms of demand and we think that should revert to normal next financial year and we have already started, some improvement should happen in the next quarter.

Ranvir Singh: Has there been a contribution of Tamiflu also there?

Jitesh Devendra: Tamiflu is Oseltamivir, we do have Oseltamivir as one of our top 10 APIs and that is normal business for us.

Ranvir Singh: That is, it from my side. I will be in queue in case I have more.

Moderator: Thank you. We will move onto the next question that is from the line of Ranjit Ramrakhiani an Individual Investor. Please go ahead.

Ranjit Ramrakhiani: Thank you for the opportunity and congratulations to the whole team for good set of numbers. I had two, three questions. The first one is that earlier a couple of quarters back as I understood the focus on moving from commoditized products to more value-added products, now the question is how much have we progressed in that and some Q3 what does it that we can decipher in terms of new products which are non-commoditized material impact?

Jitesh Devendra: In our current base products, as we have said before also we continued to do this CIP and that has paid the results so that has also improved our margin profile and we continued to look into current portfolio of products where we are unable to do a CIP which yields us a normal gross margin then we would exit gracefully in that API and the new products we have had in this financial year and also contributed to 5% of our overall revenues and the other aspect of it is where we have done market extensions of our current APIs, so we are also increasing sales of current commercial where we would look at compensating our existing sales to other customers with these new markets. So, all these efforts are what we have undertaken in the last financial year as well as in this financial year.

Ranjit Ramrakhiani: The question is now I do remember the products being explored for other geographies a couple of quarters back now, is it showing traction and which areas, or which other geographies are you seeing traction if any?

Jitesh Devendra: No, we do not give specific geography on quarterly basis but on annual basis we provide.

Ranjit Ramrakhiani: Fair enough, also you mentioned that the new products are contributing around 5%, now has it captured the market to your expectations or you believe that the new set of products can do much more and we are just in the initial phase where it is kind of progression phase

where the market is just accepting it and finding whether it is good or not or something like that?

Jitesh Devendra: In the new products what we have launched for that specific market we are happy with the market share and those products also we have extended to other markets where once we get the approvals we will initiate the sale in the coming financial year or depends on the regulatory approval, but for what market we have launched we are happy with the market share.

Ranjit Ramrakhiani: Excellent, your clarification on CRAMS took few questions which were asked before, I just want to extend the question a bit, there are some players who are saying CRAMS is a bit of difficult to run and it is better to exit and some probably deciding that, now do you see any specific challenges in the CRAMS business and if they were what would the top two, three challenges which Solara would face and how would we make sure that the risk is mitigated?

Jitesh Devendra: In the CRAMS business, we have to be realistic, we do not expect that the business will come tomorrow and that is one of the main things in the CRAMS and we have experienced that in the past and that is why I am very confident that we will do well in the CRAMS because we have that patience to do it. The second thing is you promise what you must deliver the third part is what is the differentiation you are bringing on the table, so those are the three main things at least what we see is one of the successful parameters for CRAMS.

Moderator: Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal Securities. Please go ahead.

Tushar Manudhane: Just on this coronavirus in China, maybe you might get an alternative supplier, but will that have any impact on the prices and, in that sense, how are we positioned to pass on or to get the benefit on the goods?

Jitesh Devendra: Good question. Thank you. There are going to be price increases from the alternate vendors, we will have no option but to pass it onto our customers, and the customers also have a time period or a notice to give through the end retailer, but to answer your question if there is going to be increased in the cost, we will have to pass it on with the API price.

Tushar Manudhane: That would be not so difficult given be into regulated market alternate side piling would not be there with your customer, is that the reason why we are so confident to pass it on?

Jitesh Devendra: Because there is a valid reason and with our customers whom we have had long term relationships, we are very open with them and we will explain to them why there is a cost increases.

Tushar Manudhane: I understand you do not answer product specific, because the Ranitidine the way the issue had been so far and may also the KSM would be dependent on China, if you can clarify?

Jitesh Devendra: We must assess because someone rightly said that though the KSM may be from India, there may be some components which comes from China, so that is the evaluation process what we are doing with our vendors as well.

Tushar Manudhane: Got it, that helps. Thanks.

Moderator: Thank you. The next question is from the line of Anand Bhavnani from Unify Capital. Please go ahead.

Anand Bhavnani: Thank you for the opportunity. In case of CRAMS we have seen that there have been a lot of players in the Indian pharma industry who have significant capital but the business has not come and the overall returns have been weak, so I am very sure you would have studied them if you can just give us a sense as to how do you plan to avoid similar such errors and you have particular return oriented strategy of investments in CRAMS, for example, would you be doing it in stages so as to avoid any big capital being invested with yield returns?

Jitesh Devendra: We have the necessary infrastructure to take on the CRAMS business as well as present to our client as I mentioned before this business is all about you need to have the patience, you do not expect that you meet the client and you get the business tomorrow that is the key factor and we are patient enough and that is how we are also mentioning in our calls that it will take at least minimum three years for CRAMS to be a significant revenue contributor.

Anand Bhavnani: In terms of our capex, if you can give us a ballpark sense of how much would be the initial capex only towards CRAMS and over next three years as we keep trying to build the business, what could be the ballpark capex that would have been done by 2024 or 2023 in CRAMS?

Jitesh Devendra: We have the infrastructure to take on CRAMS business and if there is any specific build out which is required for certain project on the CRAMS side then the customer funds for the capex investment if it is very specific to that project.

Anand Bhavnani: In our attempts to do CRAMS, would it be on Solara on its own or you are also exploring joint ventures, is there joint venture or inorganic route open as far as our strategy goes or you will be primarily relying on our own efforts?

Jitesh Devendra: We are growing the business organically also and we are actively looking for an acquisition target in the CRAMS business.

Anand Bhavnani: Good luck. I will come back in the queue.

Moderator: Thank you. Ladies and gentlemen, we will be taking the last question that is from the line of Vaibhav Gogate from Ashmore Group. Please go ahead.

Ashwini: This is Ashwini here once again. So, two questions, one is when you speak about your 15% revenue growth guidance and 20% growth in EBITDA starting with the FY2019 base that does not include in CRAMS am I correct?

Jitesh Devendra: CRAMS would be not that significant Ashwini. Our business of CRAMS contributes about 5% to the total revenues.

Ashwini: Second question is on the partnership that you have with Strides on Ranitidine, do you have to supply all your Ranitidine API to them or you will allow to supply Ranitidine to others or do they have a right of first refusal or something like that?

Jitesh Devendra: They are the one of the largest players in the US market and we supply to them as we have other customers in other geographies as well.

Ashwini: That answers my question. Thank you so much and all the best.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Abhishek Singhal for his closing comments.

Abhishek Singhal: Thank you all for joining us. Thank you very much.

Moderator: Thank you. Ladies and gentlemen on behalf of Solara Active Pharma Sciences Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.