



“Granules India Limited Q3 FY-15 Results Conference Call”

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Moderator: Ladies and Gentlemen, Good Day and Welcome to the Granules India Limited Q3 FY-'15 Results Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sumanta Bajpayee. Thank you and over to you, sir.

Sumanta Bajpayee: Thank you.

Good Evening everyone and Thank You for joining us today for the Conference Call organized to discuss Operating Performance and Financial Results for the quarter-ended 31st December 2014. To discuss the business performance and Outlook, we have with us the members of the senior management team, including Mr. VVS Murthy — our CFO; Dr. Prasada Raju — Head of Corporate Strategy. We will begin this call with opening remarks from company's management followed by a Q&A session.

Before we proceed with the call I would like to remind everyone that some of the statements made in today's discussion may be forward-looking and involves assumptions and uncertainties. The Safe Harbor language contains in our press release also pertains to the conference call. The transcript of this call will be made available to the website in due course of time. With this please let me turn the call over to Mr. Murthy for his opening comments. Thank you and over to you, sir.

VVS Murthy: Thank you, Sumanta. Good Evening, Ladies and Gentlemen, and Thank You very much for attending our 3rd Quarter Conference Earning Call. Our sales grew by 13% to Rs.320 crores in Q3 compared to corresponding quarter of previous year. We continue to improve the operating margin by 127 basis points by enhancing our operational efficiencies. We believe this margin is sustainable and will further improve due to our focus on manufacturing efficiencies which is critical in our industry. EBITDA was Rs.55.3 crores with the margin improvement of 127 basis points to 17.3% while PAT improved to Rs.23.6 crores. Our consolidated long-term loans as on 31st December 2014 were Rs.338 crores and the working capital loans are Rs.162 crores. On standalone basis, our revenue was Rs.319.5 crores with EBITDA of Rs.56.9 crores and profit after tax of Rs.24.4 crores.

Despite some production loss on account of cyclone in Vizag, Auctus contributed Rs.20.7 crores turnover during this quarter with a loss before interest in depreciation of about Rs.1.2 crores. Due to merger of Auctus Pharma with Granules India, the

current quarter and YTD December 2014 standalone figures are inclusive of Auctus Pharma financials, hence the current quarter and YTD December 2014 standalone numbers are not comparable with the previous quarter and the corresponding previous year period's figure. 42% of our standalone sales came from Finished Dosages business while 25% contributed by PFI business and 33% by API business. This compares to 39%, 33% and 28% for Finished Dosages, PFI and API business respectively in the corresponding quarter of previous year.

Our geographical breakout is concerned, 69% approximately of standalone sales came from regulated markets, i.e., US, Canada and Europe against 63% of sales the 3rd quarter of previous year. Our new PFI facility at Gagillapur with 4,000 tonnes p.a. capacity which is scheduled to be completed in the 3rd quarter of current fiscal year is delayed by almost 2-months due to delay in supply of some of the equipments which were finally received at our plant yesterday. We expect to commence the trial production in the new facility by end of next month.

Expansion of clean rooms at our Vizag facility i.e. Auctus facility which was acquired by us was also delayed by about a month mainly due to this cyclone in the month of October. We expect the clean rooms expansion will be completed in the next 2-weeks.

Board of Directors today approved fund raising by issue of equity shares to Qualified Institutional Investors to the extent of about Rs.250 crores with applicable green shoe option. These funds will be utilized for capacity expansion and new product development cost and working capital margin, etc. With this I would request the moderator to open the line for questions. Thank you.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the question-and-answer session. The first question is from the line of Runjhun Jain from Nirmal Bang Securities. Please go ahead.

Runjhun Jain: Just first a clarification which you have said about the breakup of revenues in FD, PFI, and API for the last year Q3FY14, can you just repeat that please?

VVS Murthy: Last year Finished Dosages contributed 39% and 33% came from PFI business and 28% from API.

Runjhun Jain: Can you throw some light on the Abacavir product which you have launched last year, how that progressing and what kind of revenues we are seeing in that and what is the outlook for the full year and the next year?

- VVS Murthy:** Dr. Prasada Raju will explain this.
- Dr. Prasada Raju:** Answer to the question on new product that we have introduced Abacavir, this year we might be producing close to around 4 MT which is equivalent to about Rs.10 crores of value, next year we are expecting about 8 to 10 MT of production for this product.
- Runjhun Jain:** How much you have done till date YTD; first, second and third quarter put together?
- Dr. Prasada Raju:** Including 4th quarter we can say it is about 4 MT.
- Runjhun Jain:** Are you still comfortable that Auctus can break even for the full year?
- VVS Murthy:** As we told earlier also 4th quarter we will be breaking even; we will be making profit, but full year basis will be breakeven, only 4th quarter some profit will be there and balance loss will be there for full year basis, we are evaluating that, we will come back to you on that.
- Runjhun Jain:** Have you finalized anything on your CAPEX for next year?
- VVS Murthy:** CAPEX we are working on that actually may be next 5-6 weeks we will be finalizing that, discussions are going on right now.
- Moderator:** Thank you. The next question is from the line of Ranjeet Kapadia from Centrum Broking. Please go ahead.
- Ranjeet Kapadia:** My question relates to the tax rate which is about 700 basis points lower than the last quarter and about 200 basis points lower than the second quarter. So, can you just explain the rationale for the lower tax?
- VVS Murthy:** Thanks, Ranjit for your question. The Auctus merger has been approved by the court, only in this quarter we affected the standalone numbers, we transferred this Auctus numbers also, Q3 standalone numbers contain Auctus numbers, similarly YTD numbers also contain Auctus numbers. Whatever loss is there we have considered it here and we work out the tax based on that that is why the difference is there.
- Ranjeet Kapadia:** How much was the accumulated loss for Auctus for the nine-month period?
- VVS Murthy:** About Rs.12.97 crores is there.
- Ranjeet Kapadia:** So almost Rs.13 crores on which they have got a benefit of tax?

- VVS Murthy:** Yes.
- Ranjeet Kapadia:** Confirming the figures for this quarter, Auctus sales of Rs.20.7 crores and loss of Rs.1.2 crores, is that correct?
- VVS Murthy:** Yes, Rs.1.21 crores is EBITDA loss.
- Moderator:** Thank you. The next question is from the line of Veena Patel from iWealth Management. Please go ahead.
- Veena Patel:** Sir, my first question was with regard to the Auctus. So what have been the nine-month figures with regard to the sales?
- VVS Murthy:** YTD sales of Rs.72 crores.
- Veena Patel:** What has been the utilization level?
- VVS Murthy:** Utilization must be around 40% level.
- Veena Patel:** You just mentioned about the new capacity expansion with regard to PFI at Gagillapur plant. So the new one would be around 4,000/ tonne per annum. What is the existing capacity for PFI?
- VVS Murthy:** Existing we have 14,400 tonnes.
- Veena Patel:** What utilization level is this capacity running?
- VVS Murthy:** Right now we are going around 70% capacity utilization approximately.
- Veena Patel:** I just missed out in the opening remarks. You mentioned the figures for the term loans and the working capital. Can you just repeat for the nine-month?
- VVS Murthy:** My term loans as on 31st December at consolidated level are Rs.338 crores and working capital loans are Rs.162 crores.
- Veena Patel:** We have any repayment schedule for this financial year?
- VVS Murthy:** Yes, already we are repaying.
- Veena Patel:** Because our interest cost has gone up in this particular quarter?
- VVS Murthy:** Yes, working capital utilization is little more because of Auctus merger

- Veena Patel:** How much would be repaid for this entire financial year?
- VVS Murthy:** Upwards of Rs.10 crores, but exact number I will check and tell you.
- Veena Patel:** How much was the production loss because of the cyclone?
- VVS Murthy:** Around 3 weeks we lost because of power and water supply is not available in Vizag.
- Veena Patel:** That should be translated into what number?
- VVS Murthy:** Number it is difficult to put because depending on the product scheduled in that period.
- Moderator:** Thank you. The next question is from the line of Vishal Gajwani from Birla Sun Life Asset Management. Please go ahead.
- Vishal Gajwani:** Sir, wanted to understand, you have declared a fund raising through QIP route, so, you have still not finalized the CAPEX plans. So, why are we going ahead with this QIP, possibly if you can tell me the rationale in terms of how this will be used?
- VVS Murthy:** We said we are finalizing, we are already discussing and we require funds that much we are very sure, only thing is how much exact amount and which location and all these things we are working, more details we are working out, and fund raising also we need shareholders' approval, there is a process for that. So that is why we have to take step-by-step so that there will not be any delay afterwards once we finalize the schedule.
- Vishal Gajwani:** Sir, from what I understand your Auctus is 40-50% utilization levels, even your standalone which is non-Auctus will be at 70% on an aggregate basis and I do not think it is very capital intensive for you to put up capacity. So just was wondering ...?
- VVS Murthy:** No, it is not like that, it will take about 12 to 18-months to set up a facility, so keeping 2nd year and 3rd year or 4th year requirements you have to start working now onwards. So at least 2-years ahead we have to plan these things.
- Vishal Gajwani:** Are you planning to do capacity expansion for the same products for Auctus and for your existing portfolio of products on the standalone side, or are there some new ventures or acquisition that you are planning?
- VVS Murthy:** This capacity expansion is not just for the existing products only, we can make any product in that depending on the requirement of the customers and market. We are

going for capacity expansion, but any inorganic opportunity comes also, we can consider it. Right now we are thinking of capacity expansion.

Vishal Gajwani: Any money earmarked to reduce debt from this new fund raising?

VVS Murthy: We can repay the terms loans from internal accruals .We do not require additional capital raising for debt repayment.

Moderator: Thank you. The next question is from the line of Jatin Kotian from Emkay Global Financial Services. Please go ahead.

Jatin Kotian: I had a couple of questions actually: first is you mentioned there is a green shoe option, would you be able to quantify at this point of time?

VVS Murthy: Green Shoe option means depending on the interest of the proposed investors and company's requirement we can go up to 15% as per guidelines.

Jatin Kotian: I understand that you are yet to commit on the CAPEX over the next couple of years plus of course the QIP that itself will play a part. So how would we see the growth drivers playing out over say the next one to two years – would it be just primarily from asset sweating you mentioned the utilization levels on a standalone as well as consolidated basis earlier or would you see any other drivers kicking in through different product portfolio or anything of that sort?

VVS Murthy: Next 12 to 18-months from the existing assets only we have to generate additional revenues and profits, because any new facility will take 12 to 18-months. So similarly new product development also, as we told in the previous conference call also, we are working on filing of new some ANDAs, next 9 to 12-months we will be filing 3 ANDAs and afterwards next 2-years another 7-8 ANDAs. We expect to get approvals in about 2-years' time. So the revenues from new ANDAs will be only from 3rd year onwards.

Jatin Kotian: So basically you are raising utilization levels is what I understand?

VVS Murthy: Exactly.

Jatin Kotian: How many ANDAs would you have filed and pending approval at this point of time?

VVS Murthy: Only one ANDA is pending which we are expecting approval in the next quarter .

- Jatin Kotian:** Would you be able to quantify something on the market size or the potential opportunity on that?
- VVS Murthy:** we have to work out, but it is Ibuprofen Rx ANDA, right now we have OTC ANDA approved and we are supplying to market.
- Jatin Kotian:** So that product is off-patent already?
- VVS Murthy:** Yes, it is old molecule.
- Moderator:** Thank you. The next question is from the line of Ashutosh Garud from Reliance Wealth Portfolio Management Services. Please go ahead.
- Ashutosh Garud:** In the previous con-call you had mentioned about some lesser growth being coming because of the cleaning rooms which you expected to build in, and even then this quarter the growth has been below 15% on the top line front. So I just wanted to know, what is the near-term outlook for the growth on the top line as well as if you can shed some light on the margins because margins have been still on a better side in this quarter as well as last quarter, so just wanted to understand what has been the progress and what kind of a growth you see in the coming year?
- VVS Murthy:** Earlier we told around 15% to 20% top line growth as well as bottom line growth. We feel that considering the up to Q3 numbers around 15% top line growth is possible still, bottom lines that 20% still holds good, and in the press note also we mentioned whatever YTD margins are there, we expect that will continue in the next coming quarters also. Growth means only for FY-'15 we are talking, FY-'16 growth will be better than this, that probably we will announce once our budget session is over.
- Ashutosh Garud:** Margins you have mentioned you would be maintaining the YTD margins which you have done in the nine-months?
- VVS Murthy:** Yes.
- Ashutosh Garud:** Any update on the clean rooms which you had mentioned?
- VVS Murthy:** I had already mentioned in my opening remarks, there is a delay by almost a month or so, and we are expecting next 2 weeks we will be completing the Clean Room work and immediately starting the trials from there, so somewhere in February end the clean rooms should be available for commercial production.

- Moderator:** Thank you. The next question is from the line of Chirag Dagli from HDFC Mutual Fund. Please go ahead.
- Chirag Dagli:** I am not sure if you covered this. Sir, you mentioned capacity expansion plans. Can you quantify these for Finished Dosage and API?
- VVS Murthy:** No, we are working on the details. We can share the details later. .
- Chirag Dagli:** This is ballpark, how much do you currently have and what do you intent to add?
- VVS Murthy:** At present we have 12 billion Finished Dosage capacity, we are working on additional capacity because we expect the customer requirement will be increasing in the coming years.
- Chirag Dagli:** So how much are we adding?
- VVS Murthy:** we will finalize and come back to you shortly.
- Chirag Dagli:** What about the API?
- VVS Murthy:** API also we are thinking, but we have not finalized any plan right now. We are discussing on that internally, whether we have to go for immediate API capacity expansion or not. We will finalize the API plan also within this quarter.
- Chirag Dagli:** So on an overall basis, did you say that the capacity utilization is 70% or was it only for PFIs?
- VVS Murthy:** Only PFI, API capacity utilization is almost 100% PFI around 70% and 55% to 60% will be FD capacity utilization.
- Chirag Dagli:** It would be fair to assume that when you are looking of adding these are obviously Greenfield projects and hence....
- VVS Murthy:** Not Greenfield actually, this is at the existing location because Greenfield expansion require more time for regulatory approvals.
- Chirag Dagli:** This QIP that you are planning to raise is for Brownfield expansion?
- VVS Murthy:** yes, you are right.
- Chirag Dagli:** Currently we are spending about Rs.25 crores annually. How should we think about R&D spend going into the future?

- VVS Murthy:** I do not think we are spending Rs.25 crores right now, this year we have given a guidance of around Rs.10 crores, and gradually we will increase the R&D spend. Major amount will go for process improvement as well as new product development i.e. ANDA development.
- Chirag Dagli:** So over the foreseeable future it will remain in this range?
- VVS Murthy:** No, next year onwards R&D spend will increase further.
- Dr. Prasada Raju:** R&D investment is going to be increased because of two reasons – #1 to feeding the product pipeline for the new division – the Auctus – at an API space, which also implies with the forward integration option for FD, we have been investing and the proposals are ready, we will see a steep increase in R&D expenditure in the coming years.
- Chirag Dagli:** Is there a number that we will sort of limit ourselves to?
- VVS Murthy:** No, we will announce shortly once our Board approves this. This is in discussion stage at present.
- Moderator:** Thank you. The next question is from the line of C Srihari from P.C.S Securities. Please go ahead.
- C Srihari:** You mentioned that the share of Finished Dosage standalone sales is 42%. Does this include the Auctus number or ex of this?
- VVS Murthy:** This is only standalone Granules numbers without Auctus.
- C Srihari:** But then the standalone numbers include Auctus numbers, right?
- VVS Murthy:** **Yes.** As we were giving segmental break up based on only Granules, so for comparative purpose we have given this quarter also like that only, Next financial year onwards we will include Auctus numbers also in segmental analysis.
- C Srihari:** Do you expect the share of Finished Dosages to increase significantly over the foreseeable future?
- VVS Murthy:** Yes, we are working on that, our idea is to increase the Finished Dosages contribution in the overall pie.
- C Srihari:** Do you have internal target for that?

- VVS Murthy:** Target is over a period of time we wanted to go up to 65% Finished Dosages, 20% PFIs and 15% API.
- C Srihari:** As regards your effective tax rate, can you give some guidance for the current fiscal?
- VVS Murthy:** I think you may consider YTD Dec tax rate for current year.
- C Srihari:** That should be around 30%?
- VVS Murthy:** Yes.
- Moderator:** Thank you. The next question is from the line of Runjhun Jain from Nirmal Bang Securities. Please go ahead.
- Runjhun Jain:** Just wanted your view on the 4-5 products which you are developing under the Auctus umbrella, what is the light on that which you intended to launch in the current financial year?
- VVS Murthy:** we are developing the ANDAs, product development work is going on, then we have to file ANDAs and afterwards around 2-years it will take to get regulatory approvals. So somewhere in '17-18 only the sales will start from those new ANDAs. Right now whatever we are doing API development, those sales will be reflected as and when we launch the APIs
- Runjhun Jain:** I am talking about the API sales, the API new products which you are developing and trying to launch like the Abacavir I think you were talking about 4-5 more products in this financial year, so that is on track?
- VVS Murthy:** That is on track but before quarter end probably we will be able to finalize the trials and, commercial sales may start next year onwards.
- Moderator:** Thank you. The next question is a follow up from the line of Ranjeet Kapadia from Centrum Broking. Please go ahead.
- Ranjeet Kapadia:** My question relates to OmniChem JV. If you can throw some light on what are the latest developments on that front?
- VVS Murthy:** As we told earlier also, OmniChem started trial production on August 15, 2014; two products trials we completed and one product was dispatched to our customer Ajinomoto OmniChem of Belgium, they already started utilizing the product and they have given clearance saying that yes this is meeting their requirements and they

asked us to dispatch the balance quantity also, second product trials they will take up, may be, next month, and they have also given order for another two products; the product technical transfer work is going on, probably commercials will start somewhere in next financial year.

Ranjeet Kapadia: What sort of revenue you are expecting in FY16-17?

VVS Murthy: The budget work is going on right now, but it will be anywhere between Rs.75 to Rs.100 crores on a full year basis.

Ranjeet Kapadia: So your share will be 50%?

VVS Murthy: 50% of that.

Moderator: Thank you. The next question is from the line of Jatin Kotian from Emkay Global Financial Services. Please go ahead.

Jatin Kotian: I just wanted to know, in case I missed it earlier, whether you have talked about our guidance for top line growth as well as bottom line growth for FY-'16?

VVS Murthy: FY-'16 specific number we have not given actually, only '15 we have given top line growth of 15% and bottom line around 20%, FY-'16 we are working, but certainly it will be better than this.

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

Darshit Shah: My question pertains to Auctus. Earlier, we had guided for around more than Rs.120 odd crores in Auctus revenue this year. So what kind of revenues we might make in Auctus this year?

VVS Murthy: This year our expectation is around Rs.110 crores.

Darshit Shah: I understand Auctus would turn profitable from next financial year. So what kind of margins can we expect from Auctus – would it be similar to what we are making in our Granules standalone business?

VVS Murthy: Certainly over a period of time but not immediately in the first quarter itself

Darshit Shah: Over the full year would it be fair enough to estimate the EBITDA margin would be close to 15-17%?

- VVS Murthy:** That is what we are working out. I can share this numbers next quarter.
- Darshit Shah:** What is the amount of loan do we have in Auctus?
- VVS Murthy:** There is no loan in Auctus. Granules has repaid the outstanding loans of Auctus.
- Darshit Shah:** You said for this QIP money, is there any allotment for the working capital needs from this QIP or this Rs.250 crores is purely for the CAPEX front we would be requiring?
- VVS Murthy:** Additional working capital margin is also provided in Rs.250 crores.
- Darshit Shah:** Now there will be no further addition to the loans?
- VVS Murthy:** Right now, no.
- Darshit Shah:** Nothing for the next couple of years, right?
- VVS Murthy:** I cannot say a couple of years because it depends on market and the customer's requirement how much capacity we require. As on date this is the requirement and it will be sufficient, if any further, suppose sudden demand is there then naturally we have to go for additional facilities and this one based on the...
- Darshit Shah:** But that you will be anywhere meeting from the QIP money, right?
- VVS Murthy:** QIP money is there, but again it is not end of it, we are having plans to grow much bigger than this, this is only a small portion. Immediately there will not be any new loans. Addition requirements will be met from internal accruals, if still further funds are required, then we will go for new loans at that time.
- Darshit Shah:** Last quarter I had a word with M.D. he was speaking about some expansion plan in the US. So anything materializing on that front or it is still at a very nascent stage?
- VVS Murthy:** We are finalizing the strategy. Probably end of this quarter we will be finalizing
- Darshit Shah:** So this QIP money would be required for that also or that is not from this?
- VVS Murthy:** No, not from this QIP amount.
- Moderator:** Thank you. The next question is from the line of Jehan Bhadha from Motilal Oswal Securities. Please go ahead.

- Jehan Bhadha:** Sir, could you provide the breakup of EBITDA margin segment wise, just like how you gave revenue split of your standalone business between Finished Dosage, PFI, and API?
- VVS Murthy:** As we told earlier we do not track EBITDA margin segment wise, only sales we track but for general information purpose as we told earlier also, high-single digits will be API margins and mid-teens will be the PFI margins, and 20% above will be FD margins.
- Jehan Bhadha:** So sir the target which you give you will achieve 65% of your revenues from Finished Dosage. What is the timeline for that?
- VVS Murthy:** Timeline is a little difficult to say, but my guess will be around 2-3-years it will take.
- Jehan Bhadha:** So accordingly, sir, your margin should improve from these levels from current year?
- VVS Murthy:** Yes.
- Jehan Bhadha:** So sir, what is the kind of trajectory you are looking say 3-year out?
- VVS Murthy:** Previously also given guidance, we are targeting up to 20% EBITDA margins over a period of time.
- Moderator:** Thank you. The next question is from the line of Chirag Dagli from HDFC Mutual Fund. Please go ahead.
- Chirag Dagli:** Sir, our effective interest cost is about 7% on our Rs.500 crores total loan book. So, I wanted to try and understand why is it 7%, is because of our substantial FOREX element and what is the effective split between foreign and domestic loans?
- VVS Murthy:** Being an exported company we take most of the loans in foreign currency including working capital loans, only for acquisition of Auctus some CAPEX we had taken rupee loan, otherwise most of the loans are FOREX loans, that's why our interest rates are low.
- Chirag Dagli:** 7% is effective interest rate over a period of time?
- VVS Murthy:** Yes.
- Chirag Dagli:** You do not hedge this exposure?

- VVS Murthy:** Because natural hedge is there already, we do not hedge separately.
- Chirag Dagli:** On the balance sheet of FY14, there was Rs.124 crores CWIP. So what is it now and what was that Rs.124 crores entails?
- VVS Murthy:** That includes Granules OmniChem project cost which is in CWIP as on 31st March. We have warehouse project work on as on 31st March in Granules Gagillapur facility in CWIP that we capitalized in the first half of current year. These are the two major things. There were some other small items, like effluent treatment plant and zero liquid discharge, nitrogen plant, etc.,
- Chirag Dagli:** How much would be the OmniChem JV out of this Rs.124 crores?
- VVS Murthy:** As on date, OmniChem total project cost is Rs.204 crores. Our share is 50% of that.
- Chirag Dagli:** And this Rs.100 plus crores we must have already spent and which is sitting in the CWIP?
- VVS Murthy:** Yes.
- Chirag Dagli:** Which is Rs. (+100) crores.
- VVS Murthy:** Yes.
- Moderator:** Thank you. The next question is from the line of Bhagwan Chaudhary from Sunidhi. Please go ahead.
- Bhagwan Chaudhary:** This was regarding what you shared Rs.204 crores CAPEX for the OmniChem, but at the same time I think earlier you estimated that the sales out of this project maybe somewhat Rs.100 crores.
- VVS Murthy:** The projected sales for next year will Rs.75-100 crores . We do not have any regulatory approvals as on date for Granules Omnichem. We will be making only intermediates next year also. Regulatory approvals will take about 2-years approximately. After obtaining regulatory approvals only we can start making APIs and supply to customers, till such time to fill up the plant we will be making some intermediates for supplying to our joint venture partner. Once we achieve full capacity utilization, the sales can be around Rs.550 crores from this project.
- Bhagwan Chaudhary:** That can be achieved by what time?

- VVS Murthy:** May be in another 4-5-year
- Bhagwan Chaudhary:** This JV is mainly for Japan or for?
- VVS Murthy:** **No.** Ajinomoto has nothing to do with this, Ajinomoto's subsidiary, OmniChem in Belgium, is our JV partner. They are in CRAMS business for last almost 40-years. Once we get regulatory approval from US and European authorities, we can supply the API to our customers directly, till such time we will be making intermediates to our JV partner Ajinomoto OmniChem of Belgium. Next year Rs.75 to 100 crores turnover I indicated that will be only intermediate business.
- Bhagwan Chaudhary:** And that will remain. You cannot supply the final product to Ajinomoto?
- VVS Murthy:** Ajinomoto is in different business altogether, they are not in pharmaceuticals.
- Bhagwan Chaudhary:** But the intermediate you are supplying to?
- VVS Murthy:** Our joint venture partner Ajinomoto OmniChem of Belgium this is wholly-owned subsidiary of Ajinomoto. Ajinomoto is a parent of Ajinomoto OmniChem of Belgium.
- Moderator:** Thank you. As there are no further questions I would now like to hand the floor over to Mr. Sumanta Bajpayee for closing comments.
- Sumanta Bajpayee:** Thank you for joining us today and thanks for your valuable questions. Management has shared their views and future outlook about the company. We look forward to have you in our 4th Quarter Earnings Call and we will soon update our Investor Presentation in our website. You are requested to have a look at it and feel free to get in touch with me for any additional queries if you have. Thank You.
- Moderator:** Thank you. On behalf of Granules India Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.