Jubilant Life Sciences Limited

Q4 FY15 Earnings Conference Call Transcript
May 12, 2015

Ravi Agarwal: Thank you and good evening to all of you. I am Ravi Agarwal – Head of Investor Relations at Jubilant Life Sciences Limited. I warmly welcome you to our Q4 and FY2015 Earnings Conference Call. On the call today we have with us Mr. Shyam S. Bhartia – Chairman, Mr. Hari S. Bhartia – Co-Chairman and Managing Director, and Mr. R Sankaraiah – Executive Director (Finance).

We will begin with opening comments from Mr. Bhartia on the business performance and outlook. Thereafter Mr. Sankaraiah will share some key thoughts on the financial aspects of our performance. There will be an opportunity at the end of the opening remarks to get your queries addressed by the management.

Before we commence the call today, I would like to remind you that some of the statements made on the call today could be forward-looking in nature and a detailed disclaimer in this regard has been included in the presentation that has been shared on our website.

I now invite Mr. Bhartia to share his remarks with you.

Shyam S. Bhartia: Thank you Ravi. Good evening everyone and I welcome you all to the conference call.

During Q4 FY 2015 our income from operation stood at Rs. 1,537 crore and EBITDA stood at Rs. 253 crore with an EBITDA margin of 16.5%. Revenue from international market stood at Rs. 1,115 crore contributing 73% in total revenues. Key developed markets contributed 59% overall revenues. Within this, North America contributed Rs. 621 crore or 40% and 19% or Rs. 284 crore came from Europe and Japan.

For 2015 income from operations was at Rs. 5,826 crore with a corresponding EBITDA at Rs. 732 crore. This translates into the margin of 12.6% with international revenues contributing 71% of the total revenues. Revenue has been affected on account of Warning Letter in the CMO business, delay in new product launches in Solid Dosage Formulations and volume reduction in Advanced Intermediates and Ethyl Acetate business . In addition, profitability was also affected by unabsorption cost of submitted anti-dumping duty in China and price correction in Solid Dosage Formulations.

Coming to Q4 FY15 performance I am happy to report that our business has begun to show signs of recovery. Sustained strong performance in our Radiopharmaceutical business and normalization of CMO operations supported revenue growth in pharmaceuticals segment. In Life Science Ingredients, Nutritional Products and Fine Ingredients recorded healthy growth.

Let me give you key highlights on each business. In Q4 2015 the Pharmaceuticals segment revenue was at Rs. 763 crore, up 8% year on year and contributed 50% of the overall revenues.

Our API business performance during the quarter was driven by higher volumes. As of March 31, 2015 we have 39 commercial APIs including 21 in North America, 24 in Europe and 26 in Rest of the World. During the quarter, we have made 2 DMF filings in USA and launched Alendronate and Paliperidone in Canada.

Moving on, in the Solid Dosage Formulation business, I am happy to share that our Roorkee facility was successfully inspected by US FDA. Our supplies to Japan have also resumed in the last quarter post receipt of approval from regulatory authority. We have 48 commercial products across regions. We have received 4 ANDA approvals in US and a total of 10 ANDA approvals during FY15. During the quarter we launched Solifenacin in Europe and Valsartan in US, besides many others in emerging markets.

Our Radiopharmaceuticals business continued strong performance with significant improvement in margins with various strategic initiatives. Rubyfill is currently under active review with USFDA and we continue to prepare for market introduction subject to receiving final regulatory approval.

In CMO of Sterile Injectables, we witnessed volume uptrend in Spokane due to execution of order backlogs. Although our warning letter has not yet been lifted, I am happy to share that FDA has approved two new products and four supplements for our clients post re-inspection of facility in November and we are hopeful for an early resolution of the warning letter.

Moving to Life Science Ingredients, revenues from the segment stood at Rs. 774 crore in Q4 FY2015, contributing 50% of the overall revenues.

Our anti-dumping revenue petition in China has been accepted by MOFCOM in our Pyridine business. In order to mitigate the competition from China we have successfully started selling in new markets in our Advanced Intermediates business. Regarding Symtet, our efforts to stabilize the plant are ongoing. In another development, our Zinc Pyrithione plant was successfully commissioned during the quarter.

In Nutritional Products, the business recorded healthy growth during the quarter, which was aided by new orders and backed by improvement in both pricing and volumes.

In Life Science Chemicals, we witnessed enhanced sales volume in Acetic Anhydride while maintaining our leadership position in keen products in the Indian markets. We are witnessing pricing and volume pressures in key export markets in Ethyl Acetate.

I am happy to report that the Board of Directors has recommended a dividend of 300% or Rs. 3 per equity share of Rs. 1. This will result in outflow of 57.5 crore including dividend distribution tax.

In conclusion, we expect a strong recovery in FY 2016 both in the top line and bottom line. Our revenue growth is expected to be driven by Pharmaceuticals segment primarily led by improved performance in Radiopharmaceuticals, normalization of our CMO business operations and growth in our generic business through new product and new market launches.

Our Life Science Ingredients segment is expected to deliver better results due to improved operational efficiency, higher profitability and growth in Nutritional Products and Fine Ingredients businesses. We also expect previously announced management consolidation to drive business in a focused manner to improve the operating performance. We will also continue our endeavors to strengthen the balance sheet.

I would like to invite Mr. Sankaraiah to continue the discussions with his thoughts on financial performance of the Company.

R Sankaraiah: Thank you Mr. Bhartia and thank you all for taking out time to join for this call. I will commence the Q4 highlights followed by full year FY2015.

During the fourth quarter, Income from Operations stood at Rs. 1,537 crore. Pharmaceutical segment contributed 50% to the overall mix at Rs. 763 crore, up 8% year on year. Revenues from Life Science Ingredients segment stood at Rs. 774 crore contributing 50% to the overall mix.

EBITDA for the quarter stood at Rs. 253 crore translating to margin of 16.5%. Pharmaceuticals segment EBITDA stood at Rs. 200 crore, up 51% year on year and translating to an EBITDA margin of 26.2%. Pharmaceuticals segment performance was led by improvement in Radiopharmaceuticals business performance and normalization of operations in Spokane. Life Science Ingredients segment EBITDA was at Rs. 66 crores translating an EBITDA margin of 8.5%. Life Science Ingredients performance was adversely impacted due to unabsorbed cost of Symtet. Adverse impact in Ethyl Acetate in export markets on account of Euro depreciation and volumes and margin reduction due to anti-dumping and increased competition in China in Advanced Intermediates. The Reported Profit after Tax stood at Rs. 43 crore.

Let me give you updates on the yearly numbers now. Income from operation was at Rs. 5,826 crore. EBITDA during the period stood at Rs. 732 crore with EBITDA margin at 12.6%. The Reported Profit after Tax was Rs. (58) crore. The business wise reasons have already been explained by Mr. Bhartia in his speech.

In FY 2015, revenue from the Pharmaceuticals segment stood at Rs. 2,682 crores, contributing 46% to the overall revenue. EBITDA for the segment stood at Rs. 445 crore translating to an EBITDA margin of 16.6%. Excluding one-off write-offs, the margins in the segment stood at 21%. Revenue from Life Science Ingredients stood at Rs. 3,144 crore, contributing 54% to the overall revenue. The segment EBITDA stood at Rs. 322 crore leading to an EBITDA margin of 10.2%.

I would now like to touch upon some perspectives on the balance sheet. As on 31st March, 2015 net debt stood at Rs. 4,396 crore. This includes long term debt of Rs.

3,165 crore and working capital requirements of Rs. 1,231 crore. The increase in debt is mainly on account of acquisition of minorities in Jubilant Cadista. I am happy to state that loans which were falling due in FY 2015 and FY 2016 have been refinanced with the new loans having maturity of five to seven years period to ensure that repayment obligation can be met out of operating cash flows going forward in the standalone balance sheet. Also, all the swapped loans have been completely squared up and the Rupee loans have been taken to avoid any notional mark to market losses on the quarterly basis.

The blended interest rate for the borrowing will stand at 8% with a rate of Rupee borrowing at 11.3% and of the foreign currency borrowing at 5.3%. In FY 2015, the total CAPEX stood at Rs. 250 crore and the product development expenditure at Rs. 105 crore.

As mentioned by Mr. Bhartia, we are hopeful that in FY2016 we will witness revenue growth with improvement in profitability across all key businesses. We expect to do better on various counts. In pharma segment, we expect normalization in our CMO business operations, strong performance of Radiopharmaceutical business, and growth in Solid Dosage Formulation business from entry into new market and new product launches and volume growth in APIs to drive the growth in revenue and profits. Life Science Ingredients business is expected to benefit from the higher volumes in Nutritional Products and Fine Ingredients, better price realization in Nutritional Products and improved profitability across the key businesses. We will continue our efforts to strengthen our balance sheet.

I would like to conclude our opening remarks with that. I would request the moderator to take up Q&A please.

Moderator: Thank you very much sir. Ladies & gentlemen, we will now begin the question and answer session. First question is from the line of Lalit Kumar from Nomura Securities. Please go ahead.

Lalit Kumar: Sir my first question is related to Roorkee facility. We have successfully concluded inspection of that facility. Have we received any observation?

R Sankaraiah: We got two minor observations which have been answered successfully.

Lalit Kumar: And then sir if you can throw some light on Pyridine price and ban on liquid Paraquat by Chinese government. What is happening currently and how do you see price of Pyridine going forward?

Shyam S. Bhartia: Chinese government is still undecided about the liquid Paraquat. The ban continues in China. So there is this slowdown in the Paraquat production in China. Therefore, there is slowdown in the demand in China. Hence the prices are also soft in China.

Lalit Kumar: So for Pyridine do we expect next year also prices to be something like $3.5 - 4/kg or do you see further pressure going forward?

Shyam S. Bhartia: No, we expect the prices to be on the same lines as this year except that we have applied to MOFCOM for the anti-dumping duty. So if that comes in, we should have a better price realization in China although our share in China has come down substantially.

Lalit Kumar: Okay. And sir on Radiopharmaceuticals, you have mentioned that we are seeing a strong growth in Radiopharmaceuticals driven by some strategic initiatives that we have taken. So if you can elaborate on them.

Shyam S. Bhartia: I think we described last time that we have taken some price corrections in some of our products and volumes also are in a good shape. So both regarding price and volumes, we expect better results during this year, which was only applicable for nine months in the last year but at least this year it will be applicable for the full year.

Lalit Kumar: So currently from 27% margin that we have done in fourth quarter, how do you see margins in Pharmaceuticals in FY16? Any guidance on margin for the business?

Shyam S. Bhartia: **O**verall margin, if you see, is about 21% for the full year. We expect to see both, as we have mentioned, sales growth in Pharmaceuticals segment and also margin growth better than last year.

Lalit Kumar: Any guidance or if you can give us some numbers?

Shyam S. Bhartia: We will not like to give any guidance on the margin numbers going forward but it will be better than the last year.

Lalit Kumar: Sir just one last question on Symtet facility, have we seen any improvement in utilization in fourth quarter say from 15% that we had in Q3?

R Sankaraiah: We are still working on that. As of today we have not seen any major improvement for the fourth quarter number.

Lalit Kumar: So next year what kind of utilization level do you expect for FY16?

R Sankaraiah: Next year we are planning almost doubling on what we have done last year.

Lalit Kumar: Okay, so basically 30% utilization is what we are talking about?

R Sankaraiah: Around 25% to 30%. Yes.

Moderator: Next question is from the line of **Surya Narayan Patra** from PhilipCapital India Pvt Ltd, please go ahead.

Surya Narayan Patra: Can you give us an update on the Radiopharma price? What is the kind of price growth and volume growth that you have seen in FY15 if not for the particular fourth quarter because we have seen surprising growth of more than doubling kind of a growth this year.

Shyam S. Bhartia: As you can see, growth is good. We will not like to comment on the individual product pricing.

Surya Narayan Patra: No, that is fine sir but if you can share something on the volume and price growth, these two factors for the entire business put together then that would be?

Shyam S. Bhartia: It has many products and some of the products we are selling for many years. I think that in most of the products we are seeing both volume and price growth.

Surya Narayan Patra: Regarding the Ruby-fill, what is the kind of interactions that we are currently having with the regulators and why there is a delay and in what timeframe that one should be looking for the commercialization? Can you just give some clarity on it?

Shyam S. Bhartia: Regarding Ruby-fill, we continue our discussions with USFDA. We had applied for the 505-b(2) approval. We have received some response from them. We are preparing our replies to the response and we expect to get an approval by FY17 first quarter.

Surya Narayan Patra: Okay, regards to this Zinc Pyrithione plant what you commissioned and how big is the opportunity for this particular product and what is the kind of the CAPEX that you have done for this plant and what is the visibility that you are currently having?

Shyam S. Bhartia: See, this product is a very important product which is used in hair care and paint industry and we have not made a huge capital investment. We have made only a very small CAPEX of Rs. 6-7 crore, but this is a very important product which uses our Pyridines also and at the same time this opens up a new opportunity in the marketplace.

Surya Narayan Patra: But product opportunity wise any idea sir?

R Sankaraiah: As you know, we do not discuss product wise details in any of the calls.

Surya Narayan Patra: No, it is fine but normally is it like Symtet kind of product opportunity or it is smaller than that?

R Sankaraiah: This product is a strategic initiative for internal consumption of Pyridine. In that direction, we are developing many products. This is one of the products in that direction.

Surya Narayan Patra: So this is a forward integrated kind of activity?

R Sankaraiah: That is right.

Surya Narayan Patra: Okay. And this one-off expenses what we had talked about the facility, so since we have technically got the approval or clearance for the Spokane facility, so we should not be anticipating any one off kind of expenses starting Q1?

Shyam S. Bhartia: We have not got the approval as yet but we have got some product approvals. This is a very good sign and we expect some resolution in the warning letter.

Surya Narayan Patra: Sir do you really require any sort of real communication from the regulators after clearing couple of products from the particular front?

Shyam S. Bhartia: Of course you need a formal approval.

Surya Narayan Patra: And my last question would be on the CAPEX side. See we have indicated that this year we have done something like Rs. 210 crore kind of a CAPEX for 2015 and another product development cost of around Rs. 105 crore, so around Rs. 350 odd crore kind of investment that we have done. So at least on the CAPEX front what are the kind of CAPEX that we have done can you just briefly tell then that will be useful and what would be your future CAPEX for FY16?

R Sankaraiah: Rs. 250 crore CAPEX is mainly on expansion of capacity in dosage form business, debottlenecking of Pyridine capacity and some investment in Symtet for the last year. And other than that, there is normal maintenance CAPEX which is there for running the operations. And the product development is basically for the products which are filed for ANDAs and other regulatory filings which has happened in Dosage Formulations business and also in Radiopharmaceutical business for the new products. What we are incurring there is about Rs. 105 crore.

Going forward, we expect about Rs. 350 crore plus CAPEX. We are also augmenting the R&D expenditure much higher to get into more number of products into the market. So the R&D expenditure will be in the range of about Rs. 125 to Rs. 150 crore next year whereas the CAPEX will be in the range of about Rs. 300 to Rs. 350 crore. The higher CAPEX is mainly on account of increase in capacities in the Dosage Formulations business and some debottlenecking on increase in capacity in APIs and Radiopharmaceuticals. Over and above that, in Life Science Ingredients business there is some capacity expansion for forward integration plus maintenance CAPEX and also some CAPEX for Symtet.

Surya Narayan Patra: Sir just a clarification like last year during FY15 we have not done any fresh CAPEX. It is only a debottlenecking or a maintenance kind of CAPEX that we have done.

R Sankaraiah: No. Capacity expansion in Dosage Formulations business and API was there last year. And some CAPEX which is carry over from last year to this year on capacity expansion for Dosage Formulations business is there this year also.

Surya Narayan Patra: Okay. So that means whether that will have a kind of impact on the debt position for next year whether we should see some sort of enhanced debt levels?

R Sankaraiah: As of today, we expect to take care of our cash requirements for CAPEX and also for product development out of operation. We do not see any major increase in debt next year.

Moderator: Next question is from the line of Giriraj Daga from SKS Capital & Research, please go ahead.

Giriraj Daga: Sir my question is related to the 64 crore of asset write off. So what is it related regarding to?

R. Sankaraiah: Some of the plants in Gajraula or in Nira. These are all the chemical plants which are very old where the life of the asset has already gone, where the residual values are lying and some of the equipment which was not used for operations. We have evaluated all those useful life and whichever is the equipment which is not going to be used going forward. We have consolidated all those things and taken a write off during this year. And we do not expect this kind of things going forward.

Giriraj Daga: In terms of margin, you said that we are likely to do better than 21%, which is the fourth quarter margin. Have I heard that right?

R Sankaraiah: In pharmaceuticals last year, full year FY15 margins were 21% after taking out the one-time expenditure. So what Mr. Bhartia has mentioned is that we should be doing better than that. Similarly, in Life Science Ingredients, the average margin was 10.2%, in which again profitability wise going forward we expect better than that.

Giriraj Daga: But like if I put it this way that is there any seasonality impact in fourth quarter? So can't we assume fourth quarter margin to continue for the going forward? Is that a possibility?

R Sankaraiah: We do not want to give quarter wise breakup etc that too since this question is coming again and again we are giving you a broader guidance. Otherwise, we would like to refrain from giving any guidance.

Giriraj Daga: My next question is like we have converted some of our dollar loan to the rupee loan, so earlier we used to have the mark to mark impact on the P&L. So now we are not likely to have mark to mark impact. Is that what I heard in the opening remarks?

R Sankaraiah: That is right. Earlier we had Rs. 850 crore of Rupee loan which we had converted into dollar and we had kept it in dollar to have a natural hedge. Since we have segregated the businesses into Pharmaceuticals separate and Life Science Ingredients separate, we have also segregated the debt to the respective businesses separately. So we do not want to get into this fluctuation on account of mark to market every quarter. So we have replaced all the Indian loans except about $85 mn which is continuing in Life Science Ingredients on a standalone basis. Other than that, all other loans have been converted into Rupees so that going forward you will not see a mark to market on account of rupee loan converted into dollar.

Giriraj Daga: But would we still have $105 mn of standalone foreign currency loan?

R Sankaraiah: $85 mn which is there which will be used mainly for capital expenditure. It is more of a foreign currency translation monetary item as per accounting standard, not a mark to market.

Moderator: Next question is from the line of Chirag Dagli from HDFC Mutual Funds, please go ahead.

Chirag Dagli: In FY15 have we had any new launches in the Radiopharmaceuticals business?

R Sankaraiah: There was no new launch in Radiopharmaceuticals business in FY15.

Chirag Dagli: And have we sort of finalized on how we are going to market Ruby-fill in the market?

Shyam S. Bhartia: Yes, we have a marketing plan ready with us and we know exactly how to market the Ruby-fill and we have the people. Some of the people are already in place also. So we are already moving in the market and as soon as the product is approved we are ready to market the product.

Chirag Dagli: What I wanted to understand was that will Ruby-fill launch entail some OPEX that we need to incur?

Shyam S. Bhartia: Of course the sales expenditure will be part of the expenditure in the launch.

Chirag Dagli: But some of the hiring that we would have wanted to do has already happened is what you are saying?

Shyam S. Bhartia: No some hirings have happened, some hirings will happen, as and when we get an approval.

Chirag Dagli: And on the CMO piece, prior to the warning letter we were doing about Rs. 700 crore sales annually. How soon before we get back to that number?

Shyam S. Bhartia: We expect that during the year we should have normal operations plus some of the additional products which are approved also should add to the sales.

R Sankaraiah: If you see, in the CMO business in FY14 we had an actual number of Rs. 696 crore. In FY15, it is Rs. 448 crore. In Montreal the warning letter has already got lifted but this year the numbers have come down because we lost one customer order. So our team is working to replace that order with the new customer and once that is done and also once the warning letter of Spokane is lifted, we should be in a position to go back to the normal level. Given that we have a very good order book position, maybe in a year's time or so.

Chirag Dagli: My last question is what is the cash tax that we have paid versus the provision that we have made?

R Sankaraiah: I can answer that whatever tax which is there in the books of account is all deferred tax.

Chirag Dagli: So we have not paid any taxes. There has been no tax outflow per se.

R Sankaraiah: I repeat whatever the tax which is there in the books of account is deferred tax.

Moderator: Next question is from the line of Dheeresh Pathak from Goldman Sachs, please go ahead.

Dheeresh Pathak: In the Solid Dosage Formulations business, can give broad geography mix?

R Sankaraiah: In FY15 total dosage form is about Rs. 850 crore. Out of that about Rs. 650-700 crore is North America.

Dheeresh Pathak: Balance?

R Sankaraiah: Balance is Europe, Japan and rest of the world.

Dheeresh Pathak: In FY14 how much was U.S.?

R Sankaraiah: In FY14 total is about Rs. 876 crore, out of that about Rs. 660 crore is in North America.

Dheeresh Pathak: So no growth in U.S., hardly any growth in U.S. because of Methylprednisolone?

R Sankaraiah: You are absolutely right, Methylprednisolone prices have come down. Because of that, their numbers are muted but there are new products which have been launched during the year because of which the volume growth is there but their numbers have not grown substantially.

Shyam S. Bhartia: And product approvals that we received are in the last quarter for most of the products.

Dheeresh Pathak: And CMO Rs. 448 crore this is all done out of the Canada facility?

R Sankaraiah: No. It is both Spokane and Montreal put together.

Dheeresh Pathak: Spokane is 0 in this, right?

R Sankaraiah: Montreal and Spokane put together it is Rs. 448 crore.

Dheeresh Pathak: So it is irrespective of the warning letter there is still business being done

R Sankaraiah: Of course, warning letter does not stop the existing business.

Dheeresh Pathak: No, but I thought there was some client specific issues and new contracts were not signed.

R Sankaraiah: That we have explained last time. There was a client specific issue and also there was a plant shutdown because of which there was a huge reduction in sales in Spokane. Also, we have incurred additional cost to correct the situation, so that going forward that additional cost what we have incurred as one time of about Rs. 120 crore is not expected to be there. And the sales that we lost during that 4-5 months of production are expected to come back.

Dheeresh Pathak: So will it be fair to say that more than 50% of this is Canada?

R Sankaraiah: In Canada it is about, yes this year almost 50-50, yes.

Dheeresh Pathak: In Symtet how much capital has been deployed now?

R Sankaraiah: We do not provide plant wise information.

Dheeresh Pathak: What is the capacity utilization of Symtet plant?

R Sankaraiah: Around 15%.

Dheeresh Pathak: What was the investment this year in Symtet?

R Sankaraiah: Again plant wise, please do not get into that.

Dheeresh Pathak: In Symtet is there a cap we have in terms of how much capital we invest?

Shyam S. Bhartia: We have to invest as we go along for doing some corrections. But we are cautious about the investments and unless we get a considerable increase in capacity we are not going to invest.

R Sankaraiah: See whatever investments we propose now, we are very-very careful. Unless that investment is going to give us an additional capacity from the current levels, we are not going to invest that kind of money in that plant. That is very clear.

Dheeresh Pathak: And you said earlier we had converted rupee loan to dollar for a natural hedge. Now we have converted again back to rupee, so that natural hedge is gone, right?

R Sankaraiah: No. Like I mentioned, we have segregated both the businesses separately - Life Science Ingredients and Pharmaceuticals. So Pharmaceuticals is coming under Singapore whereas Life Science Ingredients is in India. So whatever loans in which we have converted Rupee loans converted into dollar to take care of the natural hedge, that natural hedge is continuing partly in Life Science Ingredient business whereas the API, Dosage from business of India which has moved to Singapore that has become a separate entity. So the management has taken a decision to convert all the loan, they have paid off all the loans by taking a rupee loan. But we will still continue on a net export basis to cover the exports minus imports, the net exposure to cover over a period of 12 months that policy of the management will continue.

Dheeresh Pathak: So instead of taking a balance sheet hedge you will?

R Sankaraiah: The problem is by taking the balance sheet hedge we have to do the mark to market every quarter. That means the entire liability is getting restated.

Dheeresh Pathak: In cash flow you will have to do that in the balance sheet and that would be the same way.

R Sankaraiah: No. See, every month you have to do the mark to market. So the entire liability has to be restated based on the closing rate on the date of balance sheet.

Dheeresh Pathak: No, what I am asking is that in case if you replace the balance sheet hedge with the cash flow hedge, cash flow hedge will not be mark to market on the P&L but it will have to be mark to market on the balance sheet, right. So from an accounting point of view what you escape is running it through the P&L, right?

R Sankaraiah: We will run through the P&L as all the forward covers.

Dheeresh Pathak: Forward covers mark to market will not run through the P&L.

R Sankaraiah: It will run through.

Dheeresh Pathak: So then how do you benefit because you are saying in either ways you get?

R Sankaraiah: No. If I take $200 mn loan which is going to be hedge against export for over a period of five years, that entire $200 mn has to be marked to market every month, whereas if you do the forward cover you do the forward cover only for one year that too on a net exposure basis. That means net exposure will be maybe $50 mn or $60 mn or something like that, compared to $200 mn plus. So you will not be having a balance sheet imbalance.

Moderator: We have next question from the line of Bharat Celly from Research Delta Advisors, please go ahead.

Bharat Celly: My question is regarding this Symtet business, as Europe business has declined this quarter does it mean that we have seen some sort of contraction in Symtet also?

R Sankaraiah: No, our Symtet production, like we mentioned, is at about 15% of capacity utilization. What we have mentioned for Euro decline is in regard to Life Science Chemical business where we were exporting to Europe. Because the Euro has come down from last year average of about 1.25 to this year to the low of 1.005 level, we became uncompetitive in Eurozone. Thereby we were not able to export in full swing in Acetyl business.

Moderator: That was the last question. I would now like to hand over the floor to Mr. Bhartia for his closing comments. Thank you and over to you sir.

Shyam S. Bhartia: I would like to thank you all for joining us at this conference call. In case you have any other questions, Mr. Sankaraiah and Ravi will be happy to answer individually. Thank you.

Moderator: Thank you ladies & gentlemen. On behalf of Jubilant Life Sciences Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.