Jubilant Pharmova Limited
Q2 FY'22 Earnings Conference Call
October 22, 2021

Vineet V Mayer: Good evening, everyone. Thank you for being with us on our Q2 FY'22 Earnings Conference Call. 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 press release that have been shared on our website.

On the call today, we have Mr. Shyam Bhartia – Chairman; Mr. Hari Bhartia -- Co-Chairman and Managing Director; Mr. Arvind Chokhani -- Group CFO; Mr. Pramod Yadav – CEO, Jubilant Pharma; Mr. Giuliano Perfetti – CEO, Jubilant Biosys; Mr. Syed Kazmi – CEO, Jubilant Therapeutics and Mr. Arun Sharma – CFO, Jubilant Pharmova.

I now invite Mr. Shyam Bhartia to share his comments.

Shyam Bhartia: Thank you. Good evening, everyone. I hope you and your family are safe and healthy.

The company reported 4% top line growth during the quarter, driven by steady revenues in the Pharmaceuticals segment and robust growth in the Contract Research and Development Services segment. In the Pharmaceuticals segment, while Radiopharma, Allergy and CMO businesses reported growth on year-on-year basis, the API business performance was lower on a higher base last year and Generic business witnessed headwinds due to temporary pricing pressure in the US market. Generic business was also affected during the quarter by import alert at Roorkee plant and by the impact of the industry-wide impurity issue in certain Sartan products that led to the lower sales and some product withdrawal.

In our Contract Research and Development Services business, we witnessed strong growth both year-on-year and sequentially driven by continued strong demand from our customers for our Drug Discovery Services.

In Proprietary Novel Drug business, our clients are on track to take one program to the clinic stage by the end of this financial year.

Our strategic initiatives of API demerger is progressing well and we have received consent from the bondholders and term loan holders and have filed the first motion in NCLT in September 2021. We expect to complete this reorganization by the end of this financial year.

During H1 FY'22, we grew our revenues by 20% year-on- on-year and improved our EBITDA margins by 2.44% versus H1 FY'21 due to recovery of Radiopharma business and strong performance in Allergy Immunotherapy, CMO, API and Contract Research businesses.

I would like to mention that over the medium term we have very strong growth levers in all our businesses. To drive growth in these businesses, the company will continue to invest accordingly.

I would like to welcome Giuliano Perfetti who has joined as the CEO of Jubilant Biosys Limited and brings with him over two decades of experience across businesses and global markets. I wish Giuliano all the best. I am confident that he would play a strong role in further strengthening and scaling up our Contract Research and Development services business under Jubilant Biosys.

With this, I hand over to Pramod to discuss the Pharma business.

Pramod Yadav: Thank you, Mr. Bhartia. A very good evening to all of you. Pharmaceuticals revenue was at Rs.1,543 crore versus Rs.1,516 crore in Q2 FY'21. Our Radiopharma business witnessed improvement in sales year-on-year-on-year; however, pace of recovery during the quarter was affected by increase in COVID-19 cases in the US. I would like to mention that we continue to maintain majority market share in key products in this business.

Ruby-Fill installations during the quarter was affected by the higher COVID-19 cases in the US. I would like to mention that we continue to maintain majority market share in key products in this business.. Ruby-Fill installations during this

quarter was affected by higher COVID-19 cases in the US, We remain however bullish on Ruby-Fill given its unique benefit to the patients and have completed doubling of Ruby-Fill manufacturing capacity which will enable continuous growth in this product over the near, medium-term.

Our NDA I131 MIBG clinical trials both for phase II and phase III are progressing satisfactorily.

Radiopharmacy business witnessed steady performance year-on-year; however, volumes were somewhat impacted during the quarter due to ebbs and flows of COVID-19.

Our aggressive turnaround plant is on track to grow top line strongly with new customer wins, expand network to service, newer geographies and enhance cost and procurement efficiencies and we have witnessed positive outcome over the last two quarters.

Allergy Immunotherapy reported robust performance both year-on-year and sequentially with strong recovery from COVID-19 backed by healthy growth in revenue resulting from volumes, higher than pre-COVID levels.

In our CMO business, we witnessed year-on-year growth in revenue driven by continued strong demand from customers as well as due to COVID-related deals. In addition to Rs.200 crore COVID related revenue that we realized in Q1 FY'22, we booked around Rs.150 crore of COVID-related revenue in Q2 FY'22. This is against Rs.93 crore in Q2 FY'21. With The pandemic cases showing downward trend, the CMO performance is expected to return to normal levels in coming quarters. The capacity expansion project at Spokane is underway and is expected to complete by end of CY '24. Once completed this will open further growth avenues for the CMO business.

Performance of our API business was lower year-on-year due to higher base last year but sequentially it witnessed a strong growth with stable margins. We expect this trend to continue though of late we are seeing price increase for some of key starting materials being imported from China as well as increasing solvent and utility cost in India. We expect this cost to be passed through finished goods prices. We are also reducing our dependency on imports from China for KSMs by developing them indigenously.

Our API business demerger as mentioned by the Chairman is underway and once completed it will create a robust platform that provides end-to-end services from Drug Discovery Services with the clinical research to contract manufacturing of innovative and the generic APIs and would unlock massive potential for growth over the medium-term.

Our Generic business reported lower revenue and profit during the quarter due to several factors such as pricing pressure in the US market, lower volumes due to import alert at the Roorkee plant and industry-wide import issue in Sartans that led to voluntary withdrawals. This was partly mitigated by higher Remdesivir sales.

EBITDA for quarter was at Rs.324 crore as compared to Rs.343 crore in Q2 FY'21. In H1 FY'22, Pharmaceuticals business revenue was up by 18% year-on-year driven by recovery in Radiopharma and strong growth in Allergy Immunotherapy, CMO and API businesses. The Generic business also grew by 8% year-on-year in H1 FY'21. EBITDA during H1 FY'22 grew by 32% versus H1 FY'21 with 2.28% improvement in margins to 22.2%.

With regard to Roorkee import alert, our remediation activities are ongoing as per the plan and we expect to complete the same early next calendar year.

The Nanjangud OAI status remains as it is. We have completed remediation activities and await USFDA inspection.

With this I hand over to Giuliano to provide insight into Contract Research and Development Services Business.

Giuliano Perfetti: Thank you, Pramod. I am excited to become part of the Jubilant Biosys group and I'm glad to interact with you all through this earnings call for the first time.

At Jubilant Biosys, we have a robust platform with all the levers to significantly scale up this business both in terms of capabilities and capacities. In our Contract Research and Development Service business under the Jubilant Biosys brand, we delivered another quarter of strong performance during Q2 FY'22, driven by continued strong demand from biotech companies for our integrated discovery as well functional services such as chemistry, DMPK and Discovery Biology. The business has healthy pipeline of new contracts and customer acquisition for FY'22. Q2 FY'22 revenue grew 44% year-on-year and EBITDA grew 73% year-on-year

with a margin of 32.9% versus 27.4% in Q2 FY'21. Our H1 FY'22 revenue was up by 49% year-on-year, EBITDA by 81% year-on-year and margin stood at 35.6%.

I'm also glad to mention that our new state-of-the-art Chemistry Research Innovation Centre (CRIC) at Noida is now fully operational. The new facility has been designed with highest global compliance standards to support both Biotech and Big Pharma by delivering speed, quality and innovation.

In view of the strong demand from our customers, we have approved further expansion of the Greater Noida facility which will deliver both chemistry and the DMPK services.

With this, I now hand over to Syed to discuss the Proprietary Novel Drugs pipeline.

Syed Kazmi: Thanks, Giuliano. Good evening, everyone. In our Proprietary Novel Drugs business, we are developing a pipeline of first-in-class and best-in-class agents to deliver precision medicines focused on addressing unmet medical needs in the area of Oncology and Autoimmune disorders. We are also leveraging our industry validated Drug Discovery platform to identify novel promising assets and move them from discovery to development on an accelerated timeline. Our first-in-class LSD1 HDAC6 Dual Inhibitor addresses multi-billion-dollar market segments in both hematological, malignancies and solid tumors and has successfully completed pre-IND meeting with FDA with a goal to file the IND by end of CY2021 and initiate first-in-human clinical studies in early 2022.

Three more programs are following this lead: A First-in-Class PAD4 inhibitor targeting Autoimmune disorders such as Rheumatoid Arthritis, subsets as well as metastatic cancer, a differentiated PRMT5 inhibitor with potential best-in-class profile which uniquely shows both blood and brain exposure and therefore can address brain tumors like GBM and brain metastasis and finally an oral brain penetrant
PDL-1 inhibitor, first ever potential checkpoint therapy for brain tumors. We anticipate the submission of additional INDs by the end of 2022.

In our Proprietary Novel Drug business, we are developing very high potential assets that have attracted significant interest from institutional investors and strategic partners. The company is working towards creating shareholder value in this business through an external capital base earned or potential partnering with major global pharmaceutical companies.

With this I now hand over to Arun to discuss the financials.

Arun K Sharma: Thank you, Syed. A very good evening and I thank everyone for taking out time and joining us on our quarterly earnings conference call. I would like to highlight the company's financial performance for the quarter and six months ended September 30th, 2021.

For the quarter financials, revenue from operations during the quarter was at Rs.1,657 crore as compared to Rs.1,591 crore in Q2 last year. Pharma revenue stood at Rs.1,540 crore versus Rs.1,516 crore in Q2 FY'21, while Contract Research business reported revenue at Rs.108 crore as compared to Rs.75 crore during
Q2 FY'21. Reported EBITDA during the quarter was at Rs.344 crore as compared to Rs.350 crore in Q2 FY'21, with a margin of 20.8% versus 22.2% in Q2FY'21. Depreciation and amortization expenses during the quarter was at Rs.100 crore versus Rs.85 crore in Q2 FY'21. Finance cost during the quarter was Rs.35 crore versus Rs.46 crore in Q2 FY'21, a reduction of 25% year-on-year. Reported PAT during the quarter was at Rs.143 crore as compared to Rs.147 crore in Q2 last year. EPS for the quarter was at 8.97 per share versus 9.21 per share in Q2 FY'21.

Now moving on to H1 FY'22 Financials:

For H1'22 revenue stood at Rs.3,292 crore versus Rs.2,747 crore in H1 FY'21. Pharmaceuticals revenue was at Rs.3,085 crore versus Rs.2,612 crore in H1 corresponding year. The Contract Research and Development Service revenue was recorded at Rs. 196 crore against Rs. 132 crore last year. The reported EBITDA for the period was at Rs.723 crore versus Rs.536 crore in H1 FY'21.

Depreciation and amortization expense was at Rs.188 crore versus Rs.167 crore in H1 last year. Finance cost stood at Rs.69 crore versus Rs.94 crore in H1 FY'21. Average blended interest rate at H1 FY'22 stood at 4.62% versus 5.17% in H1 FY'22. PAT for the First Half 2022 was at Rs.303 crore versus Rs.182 crore in H1 FY21 with EPS of Rs. 19.06 per share versus Rs. 11.44 per share in H1 FY'21.

Net debt on a constant currency basis on September 30, 2021, was at Rs.1,823 crore versus Rs.1,928 crore as on March 31st, 2021. Net debt to EBITDA improved to 1.14 as on September 30, 2021, from 1.42 as on March 31st, 2021. During the quarter, we saw a net debt increase by Rs.173 crore which was mainly attributable

to temporary increase in working capital which is expected to normalize during this financial year.

On YTD basis, net debt on a constant currency basis was lower by Rs.105 crore. Capital expenditure excluding R&D capitalization was at Rs.131 crore for the quarter and Rs.238 crore for H1 FY'22. For full year, we maintained the same spend around Rs.700 to Rs.800 crore for this financial year.

With this, I would like to conclude our opening remarks. We will now be happy to answer any question that you may have. Thank you

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Rahul Veera from Abakkus. Please go ahead.

Rahul Veera: Just a couple of questions from my end. Even though we executed a couple of CDMO contracts in this quarter, in terms of margin, we are on the much lower side. Usually with CDMO contracts we've seen the margins being on the upper end. I understand our Radiopharma business is not yet fully back to the 2019 levels, but even after considering that, the margin of 20% is much lower. Can you throw some light there?

Pramod Yadav: So, the margins in CDMO were a little lower because of two reasons; one is that the CDMO deal value in comparison to previous quarter, in this quarter it was slightly lower and in our CDMO business we also include API where we mentioned that for some of the Sartans, there was a product withdrawal. So, that impacted the margin for the quarter.

Rahul Veera: Once Radiopharma comes back to normalization. Do we see our margins moving close to 25% plus?

Pramod Yadav: The margins ultimately will move up to very healthy levels and that will be driven by our increasing installs of the Ruby-Fill, by our increasing launches of more of the generic products and our NDA I-131 MIBG. And as the COVID continues to get normalized, overall those dispensing will increase because the elective diagnosis will come back to the normal level. So, yes, the margins in the next two to three years will bounce back to very healthy levels.

Moderator: We take the next question from the line of Vishal Manchanda from Nirmal Bang. Please go ahead.

Vishal Manchanda: Has the Radiopharmacy business completely normalized or even that is yet to normalize?

Pramod Yadav: This business in the month of April and May had almost normalized because during that time the number of COVID cases in US had gone down substantially; however, from June onwards, the COVID again started increasing and June, July, August, and September were the months where they were impacted by COVID. So, those dispensing in that business had gone back to between 90% - 95%. But from the last one week we are again seeing overall better trend in the US. So, let's keep the fingers crossed.

Vishal Manchanda: I just want to understand the margin impact of the decline in Radiopharmacy business. At a gross margin level, it would be a healthy business, so all that you lose would kind of come out of the EBITDA, is that right to assume?

Pramod Yadav: So, we have been mentioning from the last two calls that we have put the very robust strategic initiative in place in that business to grow the top line. You are right that if the top line grows, the fixed cost at the pharmacy level is more or less remaining same or it doesn't go up in the proportion of the top line. So, you get a very healthy bottom line in the process. And along with that, we are also looking at improvement in operational efficiencies and the procurement efficiencies. And we mentioned that in two years' time period the business will be at the breakeven and we are tracking it and we are on track.

Vishal Manchanda: Any improvements that we can see this year in terms of 100 basis points margin improvement on account of the efficiency measures that you are taking?

Pramod Yadav: Since we are already taking efficiency measures and we are already seeing the improvement, if the COVID situation doesn't deteriorate further we expect this year our margins to be better than last year.

Vishal Manchanda: Where would be DTPA in terms of the normal volumes, is it still 50% lower or it has started to come back?

Pramod Yadav: It's extremely difficult to predict the exact number on quarter-on-quarter because this all will depend upon how many doses have been dispensed from the various pharmacies from ours as well as from others. But we have seen an uptick in DTPA as well as MAA in this quarter. However this is not yet close to the normal level, it's

still much lower. We have seen slight improvement but we have yet a lot of parts to cover.

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

Tushar Manudhane: Just would like to understand how much would have been the impact of this voluntary withdrawals and it will come under the raw material cost and affecting the overall gross margin?

Pramod Yadav: It will be difficult to mention the exact amount that how much have been the impact, but if you can see our overall EBITDA margin in comparison to the previous quarter, has gone down by about 2% to 2.5% though the revenue is more or less same. So, that much of the impact majorly has come due to these withdrawals as well as the import alert into the Generic business and overall US pricing pressure into Generic business.

Tushar Manudhane: Just taking this further now, is this withdrawal exercise more or less done and so we will not have this impact in the coming quarters or that will still continue?

Pramod Yadav: So, the withdrawal is done but we will be back in the market in the next quarter.

Tushar Manudhane: Basically, trying to understand how the gross margin will have the trajectory going forward?

Pramod Yadav: So, even in this quarter though we will start putting the product back into the market which will be free of the impurities, but it will get to the normal level in the last quarter of this financial year. So, we will also see some impact of that in Q3.

Moderator: The next question is from the line of Tarang Agrawal from Old bridge Capital. Please go ahead.

Tarang Agrawal: Two questions from my side: one, what is the value of the gross block associated with the Roorkee capacity? And how much of remediation cost do you anticipate over the next 12 to 15 months?

Pramod Yadav: On your second question, how much could be the remediation cost, we had already incurred quite a lot of remediation cost while we were taking actions on the warning letter observations. The observations which have come again in the last

audit because of which we have got the import alert, they require some of the changes in our SOPs and the training to the operators and that kind of the remediation efforts which really doesn't incur much of the remediation cost, it's nowhere material.

Tarang Agrawal: So, it's only a matter of time and getting those processes in place that this should help with the remediation, correct?

Pramod Yadav: Yes and we indicated that we expect that we will be completing all that in early next calendar year. Then we will let the FDA know and then we will have to wait for the FDA to come and audit us.

Tarang Agrawal: My second question is relating to the CRDS business. I just read that you have recently just completed the expansion of the Noida research center and suggested that maybe perhaps you're going in for a larger expansion given the burgeoning demand environment for this business, would that be accurate?

Giuliano Perfetti: So, that's accurate. The capacity expansion I was referring to has been completed and commercial operations commenced from September 2021. Then I mentioned further expansion we plan to do for the DMPK and chemistry and this will start generating additional revenue from first quarter 2023 onwards.

Tarang Agrawal: Giuliano, just wanted to check, are these new campaigns that you're getting from your existing customers or new customers that are approaching you?

Giuliano Perfetti: Yes, our current customer base is strong and so we're leveraging existing customers as well further developing the customer base.

Chris Krawtschuk: Net book value of our assets at Roorkee is $35 million.

Moderator: We the next question from the line of Rahul Veera from Abakkus. Please go ahead.

Rahul Veera: Any other CDMO contracts from COVID that we are foreseeing?

Pramod Yadav: We continue to explore the possibilities and the opportunities and as and when we will be concluding any of the contracts, we will be informing about that.

Rahul Veera: So, as of now CDMO will largely be running on these previous old contracts which are relatively low margin business, is that correct to say?

Pramod Yadav: No, let's not say low margin, even our normal business in the CMO also had a very healthy margin. They started looking a little less in comparison to much better margin into COVID-related deals. So, yes, the COVID-related deals in Q3 and Q4, we had mentioned that the business will be coming back to the normal level.

Rahul Veera: Quick question on the Jubilant Therapeutics and Jubilant Biosciences. Are we planning to raise any funds in either of them?

Hari S. Bhartia: As we have explained in the past that in the Therapeutics, we are looking to raise the crossover round for our projects which are going into clinic. In Biosys, we have no plans of raising funds right now.

Moderator: The next question is from the line of Runjhun Jain from Nirmal Bang. Please go ahead.

Runjhun Jain: Just one clarification. When we got this import alert in the month of July, in the press release, we have mentioned that there is not much impact on non-exempted portfolio. We have stated that it would be less than 3% of the revenue. So, what has changed or if you can quantify the impact in this quarter and it is likely to continue for next at least two three quarters going forward also?

Pramod Yadav: So, for the non-exempted products we had mentioned that the three conditions which FDA has put on us which we have to comply with, and those three conditions included testing of the product at an independent laboratory and also taking the entire GMP verification by an independent consultant. You may appreciate in the GMP process to get the product tested at a different lab needs, the meta transfer, then analytical method, validations and then the product testing, etc., So, it took some time and same way for a GMP consultant also to virtually/remotely have access of all the production records and verify them and then give the GMP certificate also took some time. So, that impacted the performance during the quarter; however, now we have geared up on both those things and the exempted product shipments have started going to the USA.

Runjhun Jain: So, you mean to say that during Q2, there were kind of no sales from Roorkee which would start with the exempted products from this Q3, is it right to say?

Pramod Yadav: Yeah, so after the import alert, the sales of exempted products from the Roorkee has started about two to three weeks ago and it's ramping up.

Runjhun Jain: Last on Nanjangud, you've said that remediation is almost over from our side, so when we are expecting the next development on this probably online inspection, what is the next logical step there would be?

Pramod Yadav: To our best of understanding, FDA had not been doing online inspections for the normal GMP audit, they were doing online inspection for product approval, etc., but now in the recent past FDA has restarted doing the audits in India. We don't know that our Nanjangud plant comes where into their priority list. But we expect FDA to come and audit us soon.

Moderator: The next question is from the line of Alankar Garude from Macquarie. Please go ahead.

Alankar Garude: My first question is amidst lower Sartan prices, what were the drivers for the strong sequential growth in the API business?

Pramod Yadav: So, other than Sartans, we also have many other products and even in the Sartans also there was a demand, the pricing pressure was mainly on the Valsartan wherein the Valsartan, the pricing during the nitrogen impurity and the supply was very limited, had gone up substantially which now have come back to the normal level. But other than the Valsartan, we have a huge product range for various therapeutic applications and as you know there is a higher demand for the APIs because there had been a lot of discussion about the reducing dependency from the Chinese supply chain. So, we saw the additional demand coming up because of that and we had a high volume sequentially. Though in comparison to a year ago it still looked a bit lower because the last year was the exceptional quarter. In Q1 our plant was closed. So, in Q2 the dispatches were very high.

Alankar Garude: Is it also a factor of the debottlenecking exercise, which is currently happening, so have we realized any benefit of that in this quarter?

Pramod Yadav: That is not a one-time exercise. We have six plants and the various streams over there at that site and plant-by-plant, stream-by-stream we are doing the debottlenecking and those action plans are on track. So, depending upon in some of the products where the debottlenecking has happened, we may have realized the benefit of that. But it has not been completed for all the products for all the streams.

Alankar Garude: My second question is you spoke about higher KSM and solvent prices and your ability to pass it on to the customers. Can there be some lag in passing on this higher input cost?

Pramod Yadav: Yes, there could be some lag because one is that we do not know how much inventory our competitors are holding at the old price. So, a customer may take time to negotiate and give us the revised price. So, it could be that, but in the API business we have seen that whatever is the cost increase generally it gets passed on into the finished goods prices.

Alankar Garude: May be a small follow-up there is so these issues specifically pertaining to the China power outage problem, that could continue in this third quarter as well. So, would it be fair to assume that the higher prices which we are seeing right now those could continue in the third quarter as well?

Pramod Yadav: We will start seeing the impact of our prices, some impact we will start seeing in Q1 and we will see more impact in Q4 because we also are holding some inventory of the raw materials, but yes in some part of Q3 and Q4 we will see impact of those prices and we have to make the assessment how much will be able to pass on. As of now we expect we will be able to pass on complete increase with some lag.

Moderator: The next question is from the line of Roshan Nair from Equentis Wealth. Please go ahead.

Roshan Nair: My question pertains to more of general business. So, with that the pricing pressure, lower volumes due to import alert and all these problems pertaining to Generic business, so when can we see the revival in this segment of business?

Pramod Yadav: In terms of revival in the US generic market, it's a cyclic pattern; every one- or two-years price pressure comes and when the price pressure comes, some of the weaker players who are not making margins, then they vacate the market, the market again becomes short and then prices again start going up. So, this cyclic pattern continues and currently we are at the bottom of the cycle.

The other impact on us is because of the import alert. So, the products currently are restricted for import into US. We are making arrangements to get them contract manufactured at third-party and then from those locations we start bringing them into the US, but this process takes time. Generally, the process takes about eight months to 12 months. For the products which are exempted, as I mentioned earlier

that we are streamlining the issues and we have started supplying the products to the US market. And the fourth and last is that we don't expect that import alert should last long. We are hopeful that in the next audit we will be able to get this import alert listed. Once that happens then anyway the situation becomes normal. Till then whatever capacity we are having, we are also trying to maximize the capacity for the non-US markets. So, we are taking the various initiatives to minimize the impact of this import alert.

Roshan Nair: My other question is relating to the capacity expansion at Ruby-Fill manufacturing capacity. So, in the first year what would be the percentage in terms of ramp up of the facility, the one which saw the doubling of manufacturing capacity?

Pramod Yadav: So, we had almost doubled the capacity in Cadista in our US dosage form facility. And in my speech, I mentioned doubling capacity of the Ruby-Fill at our Montreal facility. Your question is for which business?

Roshan Nair: The US one.

Pramod Yadav: So, the capacity whatever the investments we have made in that is now available and as I mentioned that we expect to put Sartans back in the market towards the later part of this quarter and ramp up into the next quarter. This increased capacity will help us quite a lot to get much better market share in FY'23 in the US market.

Moderator: The next question is from the line of Vivek Gupta, an individual investor. Please go ahead.

Vivek Gupta: Probably some of the questions are answered earlier but a couple of questions still are left in my queue to ask. So, first one is I see that the trade receivables are towards the higher end during this quarter along with the inventory. So, what would be the reasons for it?

Pramod Yadav: The inventory is higher because of a few of the disturbances we talked about the market withdrawal or the import alert where we had continued the production of the exempted products, but we were in the process of fulfilling the conditions of the FDA. So, that as soon as those conditions are fulfilled, supplies can go up. So, that was the reason on the inventory side. On the trade receivable side, I'll say that it may be only the timing and the product mix impact as such.

Vivek Gupta: One more request I would like is I find there are no exchange filings coming from Jubilant Pharmova side about the updates and it is only at the time of results that you mention all the details in your presentation. So, it would be great if we have some intermediate press releases to better understand what is going on from the company's business perspective.

Pramod Yadav: Whenever there is any material event which as per the requirement, we have to inform we ensure that that information goes to stock exchange.

Vivek Gupta: Just to quote with an example is like recently you mentioned in the presentation citing that you have submitted to NCLT about the reorganization scheme for this Jubilant Generics with the Jubilant Pharmova. There was no exchange filing corresponding to the same. It was done in September I suppose, correct?

Arun K Sharma: We did the filing on the relevant date.

Arvind Chokhany:: It was done, Vivek, at the time of the last quarter results announcement and it was very well covered with the proper exchange filing, Vivek, you might have a look at that.

Vivek Gupta: No-no, no, that is fine, sir. I'm talking more from the NCLT submission perspective.

Arvind Chokhany: So, these are intermediaries. There are five or six steps in the path as you know, Vivek. So, when we informed in the first quarter results along with the exchange filing and we announced a public announcement, in that it was clearly mentioned and we can share that with you that announcement and you can get that from the stock exchange website, details of the steps and procedures. This is just an intermediate update we are giving the journey and it said that it will be effective of 1st April next year and there'll be all kind of processes that we will run in the meantime.

Moderator: The next question is from the line of Jay, an individual investor. Please go ahead.

Jay: I believe with the kind of product and management bandwidth we have got; we would be able to pull up. A couple of questions, sir. One is on Europe foray for Ruby-Fill and second one if you can show some lights on SOFIE Biosciences partnership, how is it going, and do we look at increasing stake in Sophie Biotech? And third one probably there are many management interviews being done by the various business channels. So, I could hardly see our management coming on the

business channels and discussing the business updates. So, if you could do it more frequently would be helpful for individual investors?

Pramod Yadav: Thank you for the compliments and your third point which you made is duly noted and we will take the necessary action on that. On two of the questions on the Ruby-Fill Europe, we got the approval in the Ruby-Fill in the Europe and we have started doing the installations in the Europe as well other than the US and Canada where we had been doing earlier. So, that's an additional geography which we have started developing and we are getting a good traction on that.

On your second question, SOFIE Biosciences, they have three business verticals, they have the network of PET Radiopharmacies where we have many of the complementing things with them in terms of overall distribution and acquisition of the customers. So, there the corporation is continuing. The other piece is that they have novel assets called FOPI for the diagnostic and the therapeutic applications. For the therapeutic they have out licensed this to Novartis and for the diagnostic they have kept it themselves, they are as of now in the process of taking the approvals of that from the USFDA, so they are making the filings. And their third business vertical is doing contract manufacturing for these radioactive isotopes along with the ligand and then helping the other biotech companies, pharma companies and universities to develop the product. We see a lot of synergies into our business with their business. About the pharmacy I already talked about. They have good products for them for the distribution and I can speak about them because that's in the public knowledge. You know that Biogen product is approved for Alzheimer. They also have agreements with the company called NMI who has a Neurastat product which is required for the diagnosis for Alzheimer. Earlier the Neurostat was not getting too much of the attraction because therapeutic application was not available. Now the therapeutic application being available, they will have a substantial business for the dispensing of the Neurostat and same way they also have the other context for the PSMA product of the PSMA side, which is also expected to bring healthy revenue and the margins for them. So, we are very happy and satisfied with our investment and we are very confident that this investment will give healthy return.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments.

Shyam Bhartia: Thank you so much for the conference call and wishing all of you a very Happy Diwali in advance.

-End-

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