Date: November 17, 2022

To,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400 001
Scrip Code: 543434

To,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051
Scrip Symbol: SUPRIYA

Dear Sir (s),

Subject: Transcript of the Earnings Call for quarter and half year ended September 30, 2022

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we hereby enclose the transcript of the Earnings call held on Friday, November 11, 2022 at 4.00 P.M. IST to discuss operational and financial performance of the Company for the quarter and half year ended September 30, 2022.

This is for your information and records.

Thanking you,

Yours faithfully,
For Supriya Lifescience Limited

SHWETA SHIVDHARI SINGH
Digitally signed by SHWETA SHIVDHARI SINGH
Date: 2022.11.17 17:43:41 +05'30'

Shweta Singh
Company Secretary & Compliance Officer
Membership No.: A44973

“Supriya Lifescience Limited Q2 FY23 Earnings Conference Call”

November 11, 2022

MANAGEMENT:	**DR. SATISH WAGH – CHAIRMAN & MANAGING DIRECTOR, SUPRIYA LIFESCIENCE LIMITED** **DR. SALONI WAGH - DIRECTOR, SUPRIYA LIFESCIENCE LIMITED** **MR. RAJEEV KUMAR JAIN - CHIEF EXECUTIVE OFFICER, SUPRIYA LIFESCIENCE LIMITED** **MR. SHIREESH AMBHAIKAR - TECHNICAL LEAD, SUPRIYA LIFESCIENCE LIMITED** **MR. ASHISH NAYAK - CHIEF FINANCIAL OFFICER, SUPRIYA LIFESCIENCE LIMITED**
MODERATOR:	**MS. RASIKA SAWANT – ORIENT CAPITAL**

Moderator: Good day ladies and gentlemen and welcome to the Q2 FY23 Earnings Conference Call of Supriya Lifescience Limited. 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Rasika Sawant from Orient Capital. Thank you and over to you, Ms. Rasika.

Rasika Sawant: Thank you and welcome to the Q2 and H1 FY23 Earnings Conference Call of Supriya Lifescience Limited. Today, on this call, we have Dr. Satish Wagh - Chairman and Managing Director along with the senior management team. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations as of today. Actual results may differ materially. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. A detailed safe harbor statement is given on page number two of the company's investor presentation which has been uploaded on the stock exchange and company's website as well.

With this, I hand over the call to Dr. Satish Wagh for his opening remarks. Over to you, sir.

Dr. Satish Wagh: Good afternoon and warm welcome to all participants. Thank you for joining us today and discuss the Supriya Lifescience Limited Q2 and H1 financial year 23 results. To take us through the results and to answer your questions, we have with us the top management from Supriya represented by Dr. Saloni Wagh - Director; Mr. Rajeev Kumar Jain - the Chief Executive Officer; Mr. Shireesh Ambhaikar - the Technical Lead; Mr. Ashish Nayak - the Chief Financial Officer of Supriya Lifescience Limited and our Investor Relations partner, Orient Capital.

I hope everyone got the opportunity to go through the financial results and investor presentation which have been uploaded on the stock exchange as well as on company's website. In Q2 financial year 23, we felt challenges in China market due to the lockdowns in the major cities. Our operating revenue in Q2 financial year 23 was Rs. 112 crores as against Rs. 150 crores in Q2 financial year 22 with an EBITDA margin of 25% and PAT margin of 15%.

For H1 financial year 23, our operating revenue was Rs. 213 crores as against Rs. 227 in H1 financial year 22 with an EBITDA of margin 28% and PAT margin of 20%. Having said this, we are confident that the upcoming quarters will be able to give us a large opportunity. We would like to introduce to you the new CEO, Mr. Rajeev Kumar Jain and I would also like to state that Dr. Shireesh Ambhaikar, the erstwhile CEO will continue with us as a Technical Lead and will continue to look over the expansion projects as well as CMO/CDMO projects in pipeline. With this, I now hand over the call to Dr. Saloni Wagh - Director to share the key highlights of our business performance. Over to you, Dr. Saloni.

Dr. Saloni Wagh: Thank you, Dr. Satish Wagh and good afternoon to all the participants. We welcome you to the Q2 FY23 and H1 FY23 earnings call of Supriya Lifescience Limited. I will just add a few comments on top of what Dr. Satish Wagh already said. In terms of business, for our key therapy antihistamine and key market China, we had a very muted quarter due to the continuous lockdowns in China due to which while the operating revenue has remained similar to H1 FY23. There is an impact on the margin since this market and product is the key margin generator. Other than above in our other key markets like Europe due to current Russia-Ukraine war situation and energy crisis, we are seeing delays in consignment. We don't perceive this as a revenue loss and we have demand visibility for these products and once the specific external uncertainties normalize, we expect to meet shortfall in revenue. Our current product portfolio continues to grow.

Additionally, for key products, we are seeing good traction in untapped regulated markets like the USA where we have initiated 5 new ANDA projects in this quarter for anesthetic, vitamins and antihypertensive range. Focus areas where we are experiencing excellent progress includes backward integration, increased capacity for future prospects and capitalizing on CMO/CDMO potential. Significant progress is made in the CMO/CDMO space. Work is in progress with various companies ranging from big pharma to innovator companies to work as a partner for supplying products as per their needs. Work is in advanced stages for the first commercial quantities to qualify Supriya Lifescience as a source. We also expect that two of the CMO projects will cross phase 2 and be ready for regulatory filing in the Q4 FY23.

With regards to capacity enhancement, work on construction of E block with about 350 KL reactor capacity is in progress. A new manufacturing block with a capacity of 70 KL attached to the new R&D facility with pilot plant is being set up at Ambernath. We are currently debottlenecking our existing manufacturing blocks to increase capacity of running products. We are seeing an increase in demand for current products.

Lastly, I would like to touch upon Company's backward integration business model. The top 12 products which we produce contribute 70% of our total revenue. We are extending the backward integration model to our newer products as well to stay competitive. By adding more products,geographies, increase penetration in regulated market, expanding our customer base, adding more operating site, we are completely de-risking the business, a stepping stone to our success story.

With this now, I hand over the call to Mr. Rajeev Jain - CEO to share our future strategy. Thank you very much.

Rajeev Kumar Jain: Good afternoon. Thanks Dr. Satish, Dr. Saloni and warm welcome to all participants. I have recently took the reins from Dr. Shireesh as a CEO last October 22. We thank all the stakeholders for this opportunity. As mentioned by Dr. Satish, despite of lot of unforeseen circumstances, like Russia-Ukraine war, lockdown in China, we have managed a revenue of Rs. 213 crores with EBITDA margin of 28%. We take this challenge as the opportunity to add more products in our basket with improved efficiencies. Our key focus area will be to increase our presence in regulatory market with new emerging market, backward integration, optimization of manufacturing capacity with proper utilization of man, material and machinery**,** ZLF upgradation, in-house ZLD and automation.

We are also working to reduce our working capital with proper planning and better coordination between marketing operation and procurements. Our R&D is also working toward some more niche product in our basket. Our newly upgraded facilities, new warehouse, D block is working well, our new building at our Lote will be operational from next month. Our new admin block, QC, R&D, and storage area will be enhanced and upgraded. Our expansion activity at Lote site Ambernath is going well in time. It will help us to add new CMO and CDMO opportunity. These facilities will be fully operational in Q1 FY24. We at Supriya see this as a fantastic opportunity for sustainable and robust growth.

With this, I will hand over this call to our CFO, Mr. Ashish Nayak. Over to Ashish.

Ashish Nayak: Thank you Dr. Wagh, Dr. Saloni and Mr. Rajeev. Hi everyone, I will now share the operational performance for Q2 FY23 and H1 FY23 which are under review. Our exports were approximately 79% of sales and share in the regulated market was down at 22% as against 53% in FY22, a dip on account of muted response in China due to lockdowns over there. Talking about the quarterly and half yearly performance, Company reported revenue from operations of Rs. 112 crores in Q2 FY23 and Rs. 213 crores in H1 FY23 as against Rs. 150 crores in Q2 FY22 and Rs. 227 crores in H1 FY22.

EBITDA in Q2 FY23 stood at Rs. 29 crores and Rs. 60 crores in H1 FY23 as against Rs. 80 crores in Q2 FY22 and Rs. 96 crores in H1 FY22. EBITDA margin stood at 28% in H1 FY23 as against 42% in same period last year. PBT was Rs. 58 crores for H1 FY23. Profit after tax stood at Rs. 42 crores for H1 FY23 at 20% of the revenue. Operating revenue has remained similar in H1 FY22 despite of muted customer response in our key market, China. However, since this market is a key margin generator, there has been a dip in our margin. There is no pricing pressure on our products. Also, we have not seen any major cost pressure on raw material. Logistics challenges faced in the earlier quarter has eased out.

On the expense front, there has been an increase in certain expenses like power, which stood at Rs. 9.5 crores for H1 FY23 as against Rs. 14 crores for the full year FY22, lab expenses at Rs. 2.3 crores for H1 FY23 as against Rs. 3.2 crores in FY22, repairs at Rs. 8.5 crores in H1 FY23 as against Rs. 7.5 crores in FY22. The increase in power and lab expenses is primarily as D manufacturing block that was commissioned in Q1 FY22 is now running at peak capacity. Over and above this, there has been an apportionment of IPO expenses approximately Rs. 1.8 crores which was not there in FY22. These expenses have been apportioned over a period of 5 years.

On the balance sheet front, as on 30th of September 2022, there has been an increase in the fixed assets by Rs. 5 crores, this is primarily towards equipments at Lote Parshuram. The capital work in progress has increased by Rs. 31 crores which is primarily towards the new admin block at Lote which is expected to get operational in the coming month, the ETP facility at Lote, the new raw material warehouse at Lote ,the upcoming manufacturing block at Lote and Ambernath manufacturing block. The admin block and the RM warehouse will be operational in the coming month, upgraded ETP facility in Q4 FY23 and the E block in Q1 FY24. Once the two manufacturing blocks are operational, the total capacity would stand increased to 810 KL.

Other noncurrent assets of Rs. 4 crores comprises of deposits given toward electricity. The net working capital was Rs. 405 crores as against Rs. 398 crores. Inventory was Rs. 106 crores which is approximately 261 days as against Rs. 92 crores which was 200 days as on March 22. Please note this is calculated on the cost of goods sold. Receivables was Rs. 81 crores which is 68 days as against Rs. 115 crores, so there has been a marked decline in the receivables by almost Rs. 34 crores, but in terms of number of days, there has been a marginal increase from Rs. 68 days to Rs. 75 days. Please note this is calculated on gross sales.

Cash and bank balance was Rs. 190 crores out of which Rs. 180 crores was in fixed deposits. Other current assets was Rs. 113 crores comprising of prepaid expenses of Rs. 12 crores, advance to supplier Rs. 24 crores and an advance against Isambe plot of Rs. 56 crores which we expect to be converted to leasehold land in the coming quarter once the agreement is signed off.

On the equity front, the reserves of Rs. 636 crores which comprise of share premium of Rs. 199 crores and retain earnings of Rs. 437 crores. Noncurrent liabilities were Rs. 21 crores comprising of provisions and deferred tax liabilities. Current liabilities were Rs. 89 crores comprising of borrowings of Rs. 30 crores and trade payables of Rs. 54 crores. Debt equity stood at 0.06.

On the cash flow front, operating profit before working capital changes was Rs. 60 crores. The increase in current assets was primarily on account of trade receivables, which as I said earlier have reduced by Rs. 34 crores, Inventory has gone up by Rs. 14 crores. Other current assets, there is an advance **Isambe plot** which has gone up by Rs. 42 crores and advance to suppliers have gone up Rs. 7 crores. Investing activity increased in productive assets by Rs. 36 crores of which Rs. 5 crores is fixed asset and Rs. 30-Rs. 31 crores is capital work in progress. Cash flow from finance activity is Rs. 8 crores.

IPO proceeds from utilization:

We have repaid the working capital facility to the extent of Rs. 60 crores. Out of Rs. 92.3 crores for E block, we have already utilized Rs. 13 crores and general purpose out of Rs. 36 crores, we have already utilized Rs. 35 crores.

This is all from my side. We can now open the floor for questions and answers. Thanks to all of you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Naresh Vaswani from Sameeksha Capital. Please go ahead.

Naresh Vaswani: So, on the revenue side, while you have mentioned that you have been impacted because of lockdowns in China, I want to get some more detail regarding this, how is it exactly impacting you and by which ports do you supply in China, how do you see this situation because you mentioned that you expect to recover the lost sales, but then these products would be seasonal in nature, so how do you plan to recover that? Second, if I look at the other therapies, apart from the Antihistamine, those have also been tepid year-on-year and now given that you had guided for a 25% sort of revenue run rate, how the first half we have seen a decline of 6%, so what will be your revised guidance for the FY23? And third is, your capacity utilization, you have mentioned that it is 72%, given that you have lost production and also you had a new block this year, how can it be 72% because if you have not reduced and your inventories are also flat from the March quarter, so shouldn't this utilization be much lower?

Dr. Saloni Wagh: Correct, I would like to take this question. In my speech, I have mentioned that our key market China, we have seen a muted response and the way the lockdowns have affected us is actually because airports in Shanghai, Guangzhou where most of the distributors, our key distributors are based, they were under lockdown because of which, what has effectively happened is the consignments have not been able to move. In fact, in the last two quarters, we have done some small shipments just to see if the import clearance process is proper and if they are able to clear the goods, however, these consignments were also stuck at the ports for a very long time about 2 odd months. So, that is the main reason why the lockdown in China is impacting our sales there because the consignments in terms of logistics are not able to move because of the shutting of the airports and seaports. The second thing was we would like to highlight and what have also mentioned in my speech is that the demand for the product is very much there and we have a good order book in hand and the demand visibility is still very much there for us which is why we keep saying that this is not a revenue loss per se. The product demand or the product is not degrowing and hence when the situation sort of stabilizes in China which it is expected to in the coming few months, we expect that this also should normalize and we should be able to move our consignments in this market.

Second, as far as capacity utilization is concerned, you mentioned that we are still at 72%. What has happened is that we have a multiproduct facility and what has happened in this particular quarter is that whichever campaigns were planned, these were the kind of products which are not very high contributors to margin or revenue, but these are the kind of product which have a longer cycle time, so while effectively you have not seen much distribution in the revenue as well as in margins, the fact is that the occupancy of these products in the plant has been there. For the first 6 months, we have produced about 372 metric ton of material which is a very large volume and that is why the capacity utilization still is at 72%. In the next few quarters, when the high margin product demand picks up and these products don't necessarily have a very long cycle time, you might see that even with the poor capacity utilization, we were able to generate higher margins and higher revenues. So, it is very product specific, I would say, in a multiproduct facility.

Naresh Vaswani: And given that you still believe that China will take some time to recover, what will be your revised revenue growth guidance for full year?

Dr. Saloni Wagh: So, like I mentioned before that the revenue dip has only happened because of the dip in key market, China. If you look at the other markets and other therapies, the key therapies in fact like anesthetics, they have so far done well, so because these are governed by external factors and external uncertainties and we still have a demand visibility there, I think we would like to wait and watch how the next couple of months shape up to give a firm guidance on what we will close that for this financial year.

Naresh Vaswani: But if I look at your other therapies, while I understand the China situation, but the other therapies also, the growth is very tapered on year-on-year basis, so while you are saying that you have orders in hand, what is stopping to ship in other markets?

Dr. Saloni Wagh: One of the other markets where we are and till quarter 2 there wasn't much impact, but some other area where we are seeing some slight impact and delay in consignments is Europe. As you know this is our second largest market and key products, the high margin generating products are going into the European region and because of the current war crisis there and also the energy crisis that they are facing, we have seen some slippage in terms of delay in certain consignment and again here I would like to reiterate that the orders are there in the book, however, because of the current situation there, it might look like a slippage in this particular quarter, but it is not a loss of revenue and once the situation in this market also sort of stabilize this, we should be able to get this revenue back.

Naresh Vaswani: But why I am asking this question again because we don't have any additional inventory on hand right now and given that you are saying that you have orders in hand, so given the capacities we would have, how will we plan to recover the lost sales because we don't have any increase in inventory in these last 6 months?

Dr. Saloni Wagh: So, that is something that we are working towards majorly whatever is there in the inventory. The orders are in the book, however, because of the like I said, issues and lockdowns in China and Europe, these consignments are not able to move. As far as the other products are concerned, we will have to wait and watch the situation because while we are getting more orders of the other product, the key margin driving products still are at a little bit of uncertainty due to the external factors. So, to give you a guidance, like I said before we will have to watch a couple of more months and probably towards the end of quarter 3 is where we will be able to give you more clear and appropriate guidance on where we will end that at the end of the financial year.

Moderator: Thank you. The next question is from the line of Aashish U from InvesQ Investment Advisors. Please go ahead.

Aashish U: Again, clarification on what the earlier participant was trying to understand, if the product which was not shipped, it should enter there in the inventory if it is produced or it should be booked into sales, so if it is not in either of the things, then, that production has not happened, so is there a disconnect between what you are trying to explain and what we are understanding?

Dr. Saloni Wagh: So, basically, what we are trying to explain is that the market for these products as such is not degrowing. The demand is there in the market, however, because these markets have been badly impacted because of certain external situations, the shipments and the orders have not been able to commercialize, so while it may seem that you know, it is a loss of revenue, but what we are trying to say is that it is not because the demand is still very much there, however, once the situation in those areas streamline is only when the customers will be place the orders and take the consignment.

Aashish U: So, there is an order, but it has not been produced and commercialized, that is what the situation says?

Dr. Saloni Wagh: I said that just also I mentioned and even when I was explaining before, for example, for our key market China, we had large orders, but because of the logistical issues when we tested our sending smaller quantities into that region, we had a lot of problems and the distributor, our agent had a lot of problem to clear this cargo which is why the next larger loads have not moved. So, this is the main gap which is happening, but the orders are in hand, but because we don't have clarity from the end of the customer on when we can ship these, they might not be visible in terms of revenue and the order booking.

Aashish U: And what is the fag-end you can say that these orders won't materialize now because season for them would be over possibly outer timeline?

Dr. Saloni Wagh: I think towards the end of quarter 3 is when we should have better clarity. We expect a lot of things to happen in favor of us and we expect these things to normalize. So, the end of quarter 3 is where we will be able to give complete clarity on the guidance for the full year.

Aashish U: And is the situation same with European business for you because it may not be as bad as China, but still some kind of say destocking there or kind of hesitance to take up their inventory of your products?

Dr. Saloni Wagh: As of now, as of quarter 2, we have not seen a very large impact from the European market. In the last 1 month also, yes, there has been some delay in shipping out the consignment. This is because of again the local issues over there where customer is not getting proper clearance for importing the cargo and everything. So, as of now till quarter 2, not much impact, but if the situation continues like this, we will have to wait and watch and we will only get a better clarity in the next 1 month or so on how things will move and how much of that will be impacted in this financial year.

Aashish U: And any other pressure points on the business or would you like to elaborate, so that we all investor can understand?

Dr. Saloni Wagh: Other than the lockdown in China and some unstable situation in Europe, we don't have any pressure points. In terms of raw material because of the backward integration that we have, we are very much secured in that front, so margin pressure is not there as such. Although for the two quarters, it seems like negative in revenue, but what I want to highlight here is that the product portfolio itself is growing and then you know this external factors sort of stabilize and normalize, whatever revenue and sales we have lost, we will be able to recover and that we can say with a lot of confidence because the demand visibility is very much there in front of us for these products.

Moderator: Thank you. We have the next question from the line of Devang Shah from Invest Savvy. Please go ahead.

Devang Shah: So, when you say that the demand is very much there and that you will recover the demand, is it more than going forward, the demand would come back or is it that even the period lost will be made up?

Dr. Saloni Wagh: I think even the lost period will be made up because for these key products in the past also we have highlighted that the market is stable and whatever we have lost in the previous quarter, we should be able to make up for that. What we are working on now is trying to understand how we are able to resolve the logistics issue specially in markets in China and how we will be able to send out the cargo because customers are also waiting to receive these orders and we will also be ready with producing these products, because these are all regular key products. So, we are just waiting to resolve the logistics issue and with that I think we should be able to make up for the lost revenue in the first two quarters.

Moderator: Thank you. We move on to the next participant, the question is from the line of Rahul Veera from Abakkus. Please go ahead.

Rahul Veera: So, there is a gross margin dip directly sequentially of 7%, just trying to understand that, what was the proportion of high margin products in Q1 versus Q2?

Ashish Nayak: If you look upon high margin products, in any case have been somewhere they are hovering around 50 to 52% in that range and since some of the key products that did not go into China, some other products have stepped in. So, if we look upon it, there has been no pricing pressure for any of our products and most of the raw material pricing has remained constant, so as a result of it, on percentage basis, if you look up on it, yes, it appears to be not much of an impact, down from 65% to 58%, but yes, that is where it stands.

Moderator: Thank you. We have the next question from the line of Tushar Bohra from MK Ventures. Please go ahead.

Tushar Bohra: Just couple of clarifications to start with, so we see a dip of about I think Rs. 50 crores, this is because of the issue in China, right, a cap of about Rs. 50 crores in one of your product categories?

Dr. Saloni Wagh: Correct, so it is majorly coming from a gap of sales in China, yes.

Tushar Bohra: For a specific product?

Dr. Saloni Wagh: For a specific product, yes.

Tushar Bohra: And the product in question is also possibly our highest margin product or amongst our one or two highest margin products, right?

Dr. Saloni Wagh: Yes, it is one of our key margin generating products.

Tushar Bohra: So, just to take the question one step forward from previous participant, your, say Chlorpheniramine Maleate, Ketamine and Salbutamol are 3 products, what would have been the combined sales for these three products in the first quarter and second quarter of this year and may be corresponding if you have for the previous year period also for Q2, so that we may be able to understand the impact specifically for these products?

Ashish Nayak: Tushar, I would not get into giving percentage contribution from any specific products. On the therapy front, I think it is very clearly mentioned in the presentation.

Tushar Bohra: But is it fair to say that the margin differential that we have between Q2 of FY22 and Q2 of FY23, other than the possibly that cost of Rs. 7-Rs. 8 crores of additional cost that we have highlighted across some line items, other than that the difference in Q2 of previous year versus Q2 of this year in EBITDA is largely attributable to this missed scale of specific product for your specific market? Is that fair to assume that it is largely because of that and there is no other shortfall from any other quarter in that sense from any other product?

Ashish Nayak: Primarily from that single product in China and there is another product, let us say which in the European market which again there was a slippage which we expect to make good in this quarter, but that is one. These are the two major factors and both of them are higher margin products.

Tushar Bohra: Second, the inventory that we are carrying this is at cost, right, so the Rs. 106 crores inventory that we are carrying is that cost effectively, so given that we have a very high value addition, it is fair to assume that we have finished good and may be WIP inventory, so that assuming let us say China problem resolves, say in the next 15 days, one month, we would still be able to ship out that product in this quarter or for that matter in Europe is it fair to assume that?

Dr. Saloni Wagh: Yes, if current situation normalizes, we are in a position to quickly commercialize these orders and sent out the products in the market where products are currently not.

Tushar Bohra: And can you highlight specific initiatives being taken on the other products, which you have some visibility to say in Q3 and Q4 that may step up in contribution besides your existing top 2 or 3 products, if you can highlight on some of the new products?

Dr. Saloni Wagh: Correct, so in terms of product therapies, we have seen good traction for the anesthetic range. In certain uptapped regulated markets like US, like I mentioned in my speech we have in fact in this quarter initiated 5 new ANDA projects for anesthetic segment. We have also initiated one ANDA project for vitamin range of products and antihypertensive range of product. Other than this, in terms of CMO/CDMO also we are seeing a lot of good opportunities in the last 6 months, two of which we can now say have moved to phase 2 and in fact we are in the process of doing the regulatory filings for these products in Q4 of this financial year, so we are seeing some good traction for anesthetic range. We are also seeing good traction for anti-asthmatic range of products. So, these are the 2-3 other areas other than the key antihistamine segment where we can expect and in the last quarter also, we have seen good recovery happening from these other products.

Tushar Bohra: And the opportunity size for these CMO projects, what kind of numbers you are talking about them, is it like some kind of comparable if you can give to the base business, are these material in context of the current base?

Dr. Shirish Ambhaikar: In terms of numbers, Tushar, as I have said earlier as well, the CMO business has a certain gestation time, so for example, the product that we started work on which is now getting commercialized, it has taken us about 1 year and the first order is coming and as Saloni said there are two other projects that are reaching a stage where we are making regulatory filings and thereafter when all the regulatory clearances are obtained, we will have the sales happening, so in terms of the size or the value, it will still not be significant, let us say in the 12 months, but after that it will be very significant. That is what we know and with the success of, let us say, the first CMO project, though the value may not be very high. In terms of the customer, in terms of the customer trusting Supriya, they have already started evaluation of two more products and this is how the CMO business grows if the business is established with one customer. So, in terms of the number, it is not fair for me to estimate what will be the value in the next 12 months, but after that this can be a significant contribution.

Tushar Bohra: And in terms of, there is a lot of talk that in last call also you had referred to lot of this China Plus One scheme, I am sure that with troubles in Europe there is also potentially medium-term opportunities opening up for us, just if you can highlight some of the kind of conversations that the management is having, what kind of traction you are seeing in new business enquiries for both generic APIs as well as specific CDMO projects in addition to what has already been….

Dr. Shirish Ambhaikar: Tushar, we are getting new enquiries almost every week and we just came back from some meetings where we are progressing on some projects that had discussed, these are significant in terms of number of products and also the potential business that is possible, so there is no slowdown on the CMO/CDMO space, we are seeing good increase in the number of projects. We have several projects that have been added to our list now.

Tushar Bohra: If you can highlight sir, like what could be the total number of active projects which are sort of being taken up now?

Dr. Shirish Ambhaikar: Tushar, as I said earlier, one is project where we are receiving the purchase order for the first supply, two products are getting into regulatory submission and there are at least half a dozen projects where the customer would want us to begin work or preparation on the regulatory part. So, there are quite a few projects.

Tushar Bohra: Just one request on this time to the management that as and when you think CMO/CDMO activity has started to pick up substantially, may be it can be disclosed as the separate line item in the financials as a separate product category?

Ashish Nayak: Definitely, the contribution from these projects should be highlighted as a separate line item.

Moderator: Thank you. We have the next question from the line of Aashish U from InvesQ Investment Advisors. Please go ahead.

Aashish U: So, just wanted to again understand seasonality for H2, what would be the approximate percentage of troubled geographies that you are mentioning in China, even Europe would you think that still the percentage would be much higher in terms of your contribution to the sales it would be affected, so any kind of correction on that would be helpful to us?

Ashish Nayak: We would not be in a position to give any specific facts to the geography as well as any products in this forum, but what I can assure you is whatever geographies are there, those have been properly addressed, we are just waiting for the right and opportune time. As things open out, we will definitely, we have the visibility as Dr. Saloni has stated earlier, we are regularly in touch with the customers, we do have orders and visibility in terms of what kind of volumes you can do, but certain things that need to normalize. Once things normalize, definitely we will be there. We have the capability; we have added customers earlier and yes.

Aashish U: So, what I was, slight disconnect that is happening is from your commentary it seems that it is a delay which will probably be addressed in the next 1 or 2 months or 3 months, but what we understand from macros or reading of what is happening in China, it seems that it is a continuous problem of zero COVID that they are following and it will not be addressed in the very near term, that is what the kind of understanding that we are having?

Ashish Nayak: See, at the end of it, these are things which are beyond our control. I do not know when things are going to get normal in China, we are in regular touch with our suppliers as well as with our customers. The moment we get the green signal, we are there to service their requirements. That is all I can say. I mean it can happen in the coming month; it can happen 3 months down the line. Only time will tell us. That is something which is not in my hands, not in your hands as well. Things have to get normal and once we get back to normalcy, definitely we have serviced these customers earlier. Let us understand that these are not new markets, these are not new customers, we have serviced them earlier and just because of the logistics issues, the challenges that are currently facing in these markets. That is the primary reason. Once we are able to open that, definitely why not.

Aashish U: At the beginning of the call, ma'am Saloni mentioned few geographies in the cities, where in China where things are a problem, can you repeat that, please?

Dr. Saloni Wagh: In the past, we have faced problems in airports of Shanghai, Guangzhou, so these are the airports where normally our distributors are clearing the cargos and both the time during the first two quarters, we did see problem during the import, I mean clearance at their side.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question that the management could answer. I would now like to hand the conference over to Dr. Satish Wagh for closing comments.

Dr. Satish Wagh: Thank you everyone for patiently listening to us. We have had a challenging quarter due to the current unstable global environment. However, we expect that when the situation normalizes we will continue to grow at a steady rate with healthy margins. We thank our shareholders for their support and we will continue to put our best efforts in achieving the sustainable and profitable growth. Thank you.

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