



LASA SUPERGENERICS LIMITED

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Ref. No.: LASA/SE/20-21/017

Thursday June 25, 2020

To, Corporate Services Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. BSE CODE –540702	To, Corporate Services Department National Stock Exchange of India Limited “Exchange Plaza”, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. NSE CODE: LASA
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Sub: Transcript of Conference call

Dear Sir/madam,

A Transcript of conference call held on June 19, 2020 is enclosed herewith and the same is also uploaded on the company's website at <http://www.lasalabs.com/corporate-announcement.html>.

Kindly take the same on your records

Thanking You
For Lasa Supergenerics Limited



Nidhi Kulshrestha
Company Secretary and Compliance Officer



LASA SUPERGENERICS LIMITED

Q4 & FY20 EARNINGS CONCALL

SPEAKER – DR. OMKAR HERLEKAR – CHAIRPERSON & MANAGING DIRECTOR



Lasa Supergenerics Limited
Q4 & FY20 Earnings Conference Call
19th June 2020

Moderator: Good evening, ladies and gentlemen. I am Steven, the moderator for this conference. Welcome to the conference call of Lasa Supergenerics Limited arranged by Concept Investor Relations to discuss its fourth quarter and financial year ended March 31, 2020.

We have with us today Dr. Omkar Herlekar - Chairperson & Managing Director. At this moment all participants' lines are in the listen-only mode. Later we will conduct the question-and-answer session. At that time if you have a question, please press '*' and '1' on your touchtone telephone. Please note that this conference is being recorded.

I would now like to hand the conference over to Dr. Omkar Herlekar. Thank you and over to you, sir.

Dr. OmkarHerlekar: Good evening, ladies and gentlemen. I am Dr. Omkar Herlekar - Chairperson and Managing Director of Lasa Supergenerics Limited. Welcome you all to discuss the Q4 & FY20 Earnings call of Lasa Supergenerics Limited. First and foremost I would like to thank you all for taking your precious time out to attend this call.

We also have with us Mr. Kabra who looks over the financial aspects of the company. I would like to start the discussion with a small introduction about Lasa Supergenerics Limited. Incorporated in 2011, Lasa Supergenerics Limited is a globally well tested brand with high quality products accepted by large companies across the globe. Our company is a pioneer and among the leader in the manufacture of veterinary APIs.

With a well versed established brand known for its high quality products amongst various customers recently we have added a new feather in the form of steroid in our portfolio and also we are exploring the best possibilities to come up successfully with the anti-COVID drug Favipiravir. To efficiently control the supply chain the group has backward integrated its key molecules from discovery research to full scale up bulk production.

The group has alliance with leading Indian and global LML health conglomerates and uses good manufacturing practices and the world class technologies in its operations. The company has its inner units with the state of the art manufacturing facilities located in Mahad and Chiplun in the State of Maharashtra with a total installed capacity of 4,300 metric tons. The company exports to countries like Australia, Bangladesh, Middle East, China etc.....



Now I would like to throw some lights on the financials. Q4 FY20, the revenues from operations from the fourth quarter ended March 31, 2020 at Rs. 48.58 crores. The company reported Earnings before interest, taxes, depreciation, and amortization that is EBITDA of Rs. 9.01 crores in Q4 FY20 as against Rs. 8.48 crores in Q3 FY20. That is up to 7.8%. The company's EBITDA margin stood at 18.55%. Company's reported PAT of Rs. 2.58 crores for Q4 FY20, the company's PAT margin stood at 5.31%. Earnings per share of the quarter in Q4 FY20 stood at Rs. 0.89.

FY20. Total income for FY20 ended March 31, 2020 was at Rs. 17.27 crores. The company reported earnings before interest, taxes, depreciation, and amortization that is EBITDA of Rs. 29.95 crores in FY20. That is Rs. 11.11 crores in FY19. That is up 169.6%. The company's EBITDA margin improved from 6.55% in FY19 to 17.91% in FY20. The company reported a healthy increase in PAT up to Rs. 3.63 crores for FY20 as compared to the loss of Rs. 12.04 crores in the corresponding financial year.

The company's FY20 PAT margin stood at a robust of 2.17% against minus 7.1% in FY19. The finance cost has reduced from Rs. 8.38 crores in FY19 to Rs. 8.1 crores in FY20. Highlights of the quarter. Recently we have proposed to acquire Harishree Aromatics and Chemicals Limited which is a strategic investment in order to achieve fully backward integration. The amalgamation will result into synergies as you move the scale of economies the operational efficiencies and enhance the shareholder value.

Currently we are waiting in principle approval from the exchanges which is expected soon and host of other queries are being resolved. We have also received FDA an order for the commencement of Progesterone. It is one of the 26 drugs that had export restrictions due to COVID-19 situation. It is mainly imported from China to meet the domestic requirements. We came to reduce the dependence on China by manufacturing this drug in our facility. And we are among the very few people in the world manufacturing this drug. That is Progesterone.

Progesterone is a female sex hormone. It is mainly produced by the ovaries and it is a crucial part of the menstruation cycle and maintenance of the pregnancy. It is used to treat Amenorrhea, that is the absence of menstruation period and it is also used with estrogen in the hormone replacement therapy which is also called as HRT.

It is also used in infertility treatment for women. The market size for Progesterone is approximately 300 metric tons annually stayed over several formulations. We have achieved a milestone this month by collaborating with ICT, Chemical Technology, Government of India undertaking in order to manufacture Favipiravir a drug which is a promising antidote for the treatment of COVID-19.

It possess active with many RNA viruses, it is a one and analogue approved by for influenza treatment. It can effectively inhabit RNA depended, RNA polymerizes of many RNA viruses



such Influenza, yellow fever, Chikungunya etc..... Now we are open on the floor for the question-and-answer sessions. Thank you very much.

Moderator: Thank you very much. We will now begin the question-and-answer session.

The first question is from the line of Kranthi Bathini from WealthMills. Please go ahead.

Kranthi Bathini: Just want to ask you, recently the State of Maharashtra witnessed this cyclone. Is there any impact on your operations because your plant is situated in Mahad where the ferocity of the cyclone is very high? This is the first question. And what is your vision towards this company because see in terms of the performance from 2008 there was a complete downturn in terms of the performance of the company and it is picking up right now. I can say it is a complete turnaround. But, how what went wrong and how you are making the things inline? Could you just give a brief on this thing?

Dr. Omkar Herlekar: Yes. So your first question is about the cyclone. Okay, our all structures are RCC structures and thankfully nothing went wrong with our facilities; neither the production was even shutdown. Even when the cyclone was going on our production was on. So, there did not happen any kind of damage to any of our plants except little here and there. But, that does not matter a lot. So the cyclone has not affected us the way it I mean we had pursued that it may affect. So there is nothing no big damage as far as the cyclone is concerned.

As far as the performance is concerned you said that from 2018 there was a downfall. There was not a downfall in the business. Yes, the profitability margins had gone down because of the raw material prices were up, the petroleum crude was very high and there were the product mix which we were making. One of the product got discontinued all of a sudden because earlier it got discontinued from the entire world market rather. It was not only me. So it gave a little impact to us. But, it does not mean that the business was haywire. The business was really running very well.

It was because of market sentiment before which the company got hit and not only us there were many companies along with us who got hit accordingly. The entire the veterinary healthcare segment only got it rather, I would like to say. So talking on the business front, business was really good even the business is good today. And going further also the business will I hope so Lasa you will get the colors which we add in 2008. So let us hope for that.

Kranthi Bathini: How? Because especially the domain you are in, okay, how it is looking forward? How the future is looking forward because of the COVID lockdowns? There is lot of business obscurity for everyone but how you persists for Lasa Generics? Whether these kind of lockdown moments will help your business or is there any impact? How the future looks for you?



Dr. Omkar Herlekar: Frankly speaking, all the pharma stocks that is my gut feeling and my gut conviction also. All the pharma stocks will flare up very nicely. Because dependency on China for APIs is going really crazy right now and it is the time that India starts manufacturing most of the critical life saving medicines which are required. Also, is on this COVID period most of the people in the Europe, Jordan, Turkey and all these countries which used to buy from China, they have now turned out towards India because they also started realizing that dependability and the kind of the business security from China.

So, in fact our business in this particular COVID period has gone up in fact drastically. And I do not think the pharma sector will get any kind of hit because of these aspects. Pharma sector will always tend to progress and flourish. That is it.

Kranthi Bathini: Omkar Ji, can you give a break up of your domestic sales and international sales?

Dr. Omkar Herlekar: Currently it is almost 50:50.

Kranthi Bathini: What are the major countries you export?

Dr. Omkar Herlekar: I just spelled out in my conference call in my speech the major countries we are catering right now is Australia, Bangladesh, Middle East, China, Turkey, Egypt, Jordan and Korea. These are our main countries.

Kranthi Bathini: So, going ahead your balance will continue, the mix will continue in the same way or you pursue the domestic will goes up or international will goes up?

Dr. Omkar Herlekar: I will tell you very frankly, in the last 11 years Lasa has commanded such a good name in veterinary API. There is hardly anyone on this earth who does not know Lasa who is in veterinary animal segment. So, we are well known to everybody. We do not require marketing. In fact I used to tell my people do not do marketing, I am currently full with my order book for next four months. So please do not do marketing that is what I am telling to my marketing guys.

So, I do not think as such there is any marketing pressure as such only. Secondly, I will tell you one thing. See, in any business the entry barrier matter a lot because I do not believe in product and business very frankly. I believe in entry barriers. If there are entry barriers then only you have build this. And then I believe that the company should be debt free which we are almost heading on to. We are almost becoming debt free.

So, what is my plan over here is to create entry barriers in to any kind of products which we are envisaging. Now, we enter in to projects which are immediately filed and patented also for this. We have valid granted patent for all the products which we are manufacturing. I am



again repeating we have valid granted patents for all the products which we are manufacturing.

And anybody tries to copy our invention which is very very lucid which is very, very lucrative because of its contribution of the raw materials is very less because of the patented technology and a catalyst technology. Then we are very much we can take them to the court of laws and inhabit or prohibit them from making our products. So that is what we have right now. We are already taken up some litigations with some of the competitors who were trying to copy our products and they have stopped also making our products. So our products will remain in charm for the next 20 years at least.

So, nothing to worry about from the entry barrier point of view. We are very confident that whatever we are doing is the best recipe we are doing. And we will stand to earn the same profits with which we are currently earning rather we will be improving on our profit margin because there is a continuous innovation. there is a continuous solution of any kind of products. So from the business point of view we are very confident about that.

Kranthi Bathini: Okay that is good to hear from Omkar Ji. Just a small suggestion. I request the management to conduct frequent con calls and just update us because last two years there is a immense silence.

Dr. Omkar Herlekar: One year, not two years.

Kranthi Bathini: Almost because I have been tracking from quite a long time.

Dr. Omkar Herlekar: Okay, for the last one year there was no con call. From this year this is the first con call I am doing for the year. See there was no clarity as far as business coordinates are concerned. Because petroleum was haywire, there were some products which were getting disturbed we were not having a clarity. So I thought let the clarity be on the place then let us come on the table to explain.

Kranthi Bathini: Yes, at least for some selected analysts also just give some briefing.

Dr. Omkar Herlekar: Here after Quarter-on-Quarter we will religiously and perpetually do con calls.

Kranthi Bathini: Because there are some investors from our company who invested in your company.

Dr. Omkar Herlekar: Be rest assured.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, we will be closing this call. If you have any further questions, please write an email to Mr. Gaurav at his email that is gaurav.g@conceptpr.com. Thank you. Ladies and Gentlemen with that we conclude today's conference. Thank you for all joining us and you may now disconnected your line.