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Monday February 19, 2018

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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Dear Sir/Madam,

Ref.: Transcript of Conference Call – Reg. 30

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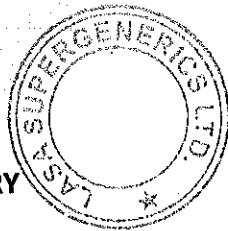
In furtherance of our letter dated February 08, 2018, Ref.: No.: LASA/SE/17-18/047 we are enclosing Transcript of Company's Q3 FY18 Earning Conference Call held on February 14, 2018.

This is for your record and reference.

Thanking You
Yours Sincerely,

For Lasa Supergenerics Limited


HITESH WADHWANI
COMPANY SECRETARY





“Lasa Super Generics Limited Q3 FY18 Earning Conference Call”

February 14, 2018



MANAGEMENT: DR. OMKAR HERLEKAR - CHAIRMAN & MANAGING DIRECTOR, LASA SUPERGENERICS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Lasa Supergenerics Limited Q3 FY18 Earning Conference Call. This conference call may contain forward looking statements about the company which are based on the beliefs, opinions and expectation of the company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

As a remainder, 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 telephone. Please note that this conference is being recorded.

I now hand the conference over to Dr. Omkar Herlekar – Chairman & Managing Director of Lasa Supergenerics Limited. Thank you and over to you, sir.

Omkar Herlekar: Hi everyone. Extending a warm welcome to everyone for our Q3 & 9M FY18 earning conference call for the third quarter and 9 months ended December 31st 2017. I have with me our Investor Relations partner, Bridge Investor Relations. We have shared our results, updates, presentation which is uploaded on the exchanges and I hope you must all have gone through the same. First I would like to take you through the company in detail.

As you are all aware that Lasa Supergenerics Limited is a demerged entity of Omkar Specialty Chemicals Limited. Lasa was acquired by Omkar Specialty Chemicals in 2011 and with a turnover of Rs. 1 crore at that point of time and was into veterinary API manufacturing business with the state of the art plant, having an FDA approved facility. We saw a lot of value in it and could foresee immense scalable business proposition in it. Lasa got demerged from Omkar in June 2017 and got listed in September 2017 with the 1:1 ratio.

In our product portfolio, we have variety of anthelmintic offerings. We initially started with just one product when we acquired Lasa. Today, we are manufacturing 15 different products in veterinary basket. The product segment that we cater belong to anthelmintic derivatives in veterinary pharma space. We manufacture Benzimidazole class of APIs and this is the very old essential part of the veterinary health system and one of the most difficult to manufacture products. We also manufacture Amides, Imidazothiazoles, Ciprocin, etc. This altogether form almost 70% of the anthelmintic market. Some of the products that we manufacture are Albendazole, Fenbendazole, Galfenol, Oxfendazole, Ricobendazole, etc. I myself have completed my PhD from UDCIT Mumbai, which is one of the most elite engineering universities in India. My expertise lies in the field of catalyst development in Organic Chemistry, we have made tremendous use of the skill and have developed different class of catalysts. This has resulted in creating great economical model for our operations. By using catalysts, it improves the rate of the chemical reaction and increases the yield of the reaction thereby increasing the gross profits. This result in lower cost of raw materials usage, effluent and increased output. The basic raw materials for us are most often Benzene derivatives which

are derived either from crude molasses or else from petrochemicals. There are very few suppliers to us for our raw materials.

Over a period of time, we have realized that raw material price fluctuations were resulting in lot of margin fluctuations. At the same time, dependence on suppliers for raw materials was also putting more pressure, hence we moved into backward integration and today, we are almost a fully backward integrated company to a large extent for most of our products. We are trying to match steps with the rapidly growing economy with one of the goals in mind and that is to become a foremost player in the area of veterinary business activities and established ourselves as a trusted supplier of veterinary drugs. Not only by making our processes fully backward integrated, but also entering into forward integration in near future.

Today, we have four state-of-the-art approved manufacturing facilities located in the Konkan belt, these are vertically integrated manufacturing units and we also have our inhouse R&D lab where we developed our own catalyst. We have strong pipeline of patents which we have filed in the Indian patent office. Developing catalyst based processes will continue to be one of the focus areas and this will help us to create entry barriers and help us maintain a competitive edge. We are very pleased to inform that the company shook hands with China's CIDIC Group, CIDIC Company Limited is one of the pharma giants in China. Both the companies have entered into a synergetic and symbiotic business association. Lasa gets its high growth opportunity to enter into new markets through our association with CIDIC. This is a win-win business arrangement for both the companies. The deal will positively impact the margins of Lasa Supergenerics by effectively reducing the manufacturing cost and favorably enhancing sales in South East Asian countries owing to the quality of our products and goodwill of our new business partners in these territories. This is another important step in meeting our desired targets.

Our company is in the phase of evolution and growth, and we will strive hard and deliver on the expected lines. CIDIC has recognized Lasa Supergenerics as a first choice customer enabling us to source intermediates at a competitive price from China and Japan and on longer credit terms. This will also help stabilize the working capital cycle and also help Lasa Supergenerics to source right material at right price for its products. CIDIC will sell Lasa Supergenerics finished goods to South East Asian countries. CIDIC has significant recognition in these territories for supply of quality products. For any chemical company, the biggest risk is dynamism of the regulatory norms. These norms keep on changing. Lasa is aware of this fact and we are committed towards adopting clean environment policies. We are aware of our responsibility in building a sustainable ecosystem. We plan to add more products to our portfolio slowly and steadily. This will be achieved using the catalyst chemistry which is always going to remain the core expertise and hence we will continue to file processed patents rather catalyst patents for the same. At the same time, we also remain focused on backward integration which is another core part of our manufacturing process.

Having said this, I would now like to move to our quarterly and 9 monthly financial performance:

The financial for the year to date has been in line with our expectations in terms of quality, revenue and profitability. Net revenue from operations Q3 FY18 was 61.19 crore in this quarter. EBITDA stood at 13.68 crores with a margin of 22.44%. Net profit that is PAT was 3.11 crore. EPS for the quarter was 1.36.

Coming to the 9 monthly figures:

Nine-month FY18 sales stood at 187 crores. EBITDA for 9 months was 44.68 crores with a margin of approximately 24%. Net profit for 9 months was 19 crores approximately. EPS stood at 8.23. I would like to state here that Lasa is endowed with an excellent team of professionals who have been working tirelessly to bring this company to where it is today. I thank each member of my team for their contribution. Thank you very much and we can now take the questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. We take the first question from the line of Aniket Thite, Individual Investor. Please go ahead.

Aniket Thite: I was wondering if Q3 is typically softer than Q2 with respect to revenues, is that how it typically works for us?

Omkar Herlekar: Only one Q2 is very good because it is a rainy season. Q2, there are lot of deworming campaigns which are going on. So anyways like it varies, this I was saying about India but if you see worldwide scenario, then it all depends see because we are not growing with the growing market, we are rather growing by taking the share of the competitors. Right now, the market is very big. So our growth will not depend on the seasonal fluctuations in the market rather it will depend on how much competitor shares I am able to corner.

Aniket Thite: Sir, one more question that depreciation seems to be lower at 4.4 crores versus 6.1 odd crores. So we were expecting around 6 odd crores per quarter, so is there a specific reason or we can expect the 6 crore level from Q4 onwards?

Omkar Herlekar: What I am assuming is, we will maintain the same run rate of approximately what the depreciation is going on, like approximately we are assuming it to be 15 odd crores entire year and actually the depreciation is a very versatile thing like it is from the last month as per the IndAS norms, we have started using the 3-shift depreciation method. Because of which, you know in the last quarter the depreciation came to around 6 odd crores and this month, it has come down. Further clarification over the depreciation calculation method if you want very specifically, then I can connect you to my accountant separately. You can discuss with him. I am a technical entrepreneur. I mean like, so I can give you about business insights and whatever else information you require on the business front.

Aniket Thite: Absolutely. One quick question sir. We stand by the guidance of around 20%-25% growth in topline and bottom-line, is that what we standby?

Omkar Herlekar: Yes, of course, 20% to 25% is what I have been saying and will certainly deliver it, even the operating profits also I have given a clear indication for this year, which is around 22% and above which will be strictly maintained.

Aniket Thite: Okay, sure. The reason I asked was because the crude prices were heading upwards.

Omkar Herlekar: What happens, in the last quarter the crude prices were severely impacted. Now this effect to get perforated towards the customers, it takes a little of a time. So already one quarter is now passed by and we have already communicated the new prices to the customers and also they have started accepting it.

Aniket Thite: So with a lag of a quarter then the prices can also be passed on, the increase in prices?

Omkar Herlekar: Correct.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Sir, my first question is if I see the last 5 quarters of your results, our sales have been in a very tight range of 59 crores to 65 crores. So there is no acceleration that we are seeing in terms of revenue growth. So while we are growing because from last year, the other way to look at growth is that, FY17 we grew at 47% but FY18 we are significantly decelerating to 30% odd.

Omkar Herlekar: This may decelerate in the future also. Let me be very clear because you know we cannot grow at, see in two years back our growth rate was 100%, now we cannot maintain the 100% growth because the assets which are available which will enable me to produce only that much amount which is practically viable. So the growth rate is always, in any fast growing company the earlier stages growth rates are always pretty good and when the company reaches the sustainable level, then the growth rate is decelerated, that is quite obvious.

Sarvesh Gupta: Yes, but even quarter wise, last 5 quarters?

Omkar Herlekar: Let us not compare among the quarters because see this is a dairy industry, basically veterinary industry and we get business from both ways like by getting the competitor share as well as from the increasing market also. And there are lots of ups and downs in this veterinary dairy business. So it all depends on the deworming campaign and the tenders of the government and it may be like that the first quarter is good, the second is bad, then again the third is good. So this happens. 2-3 cores will be less, will be high, that is quite obvious. It is not in our hands.

Sarvesh Gupta: Understood. Secondly, our finance cost shot up?

Omkar Herlekar: Yes. The interest cost has shot up because of the 20 crores of additional borrowing in the form of working capital. The business has grown, since last 2 years there hasn't been any incremental addition of working capital, sir. So the working capital loan sanctioned that is

typically the CC portion which is sanctioned from Axis Bank to the tune of around say 12 crores. So that is being added. The interest portion of that is being added. Nothing else.

Moderator: Thank you. We will take the next question from the line of Darspal Mann from Purnha Investment. Please go ahead.

Darspal Mann: I have two questions. First of all, if you can enlighten us on how the management changes going on including the CFO turn. Secondly, I would like to have your opinion on how the growth outlook going forward, preferably 3 to 5 years out. I know you talked about taking shares how have you been gained some growth, but if you can light on both growing plan, total market size which you are catering as well as just the margin profile of the growth going forward?

Omkar Herlekar: Let us go step-by-step. I mean your first question is the corporate actions which are going on. As about it, like one of our CFO has resigned very shortly. As you know in any company, good people are being substituted well. The less efficient people have been substituted with more efficient people and this is the ongoing things which are going on in other companies also and we will also maintain the same hierarchy. Certainly, Minesh Bhosle has left for good and certainly the one who is going to be substituted for him will be the best. So you can definitely access him in the next conference call or maybe one to one meeting, if you want you can have with us, with Lasa Supergenerics. We will explain you. Second question according to me was the guidance for the next 3-5 years. Certainly 5 years guidance, I cannot give but at least for the next 2 to 3 years, we will be growing at around approximately 20%-25%. It will all depend on opportunities like acquisitions or else forward integration or else maybe even it will to an extent depend on the infrastructure which would be made available right now using our unit number 4. So but the rough idea which I can give you is around 20% on a very conservative basis.

Darspal Mann: More than the number itself, I was talking about total addressable market. Directionally, how we are planning to go number of new products and even if I do not care about the numbers per se, but directionally and just the quality of that growth, if you can talk about.

Omkar Herlekar: The number of products which we are currently manufacturing is 15 and we will be adding on around approximately 1 to 2 products every year conservatively and these products will be multinational products only like the products which are having a potential of minimum 100 crores each. So such kind of products will be added and definitely whatever will be added will be in veterinary segment only. So this is what we standby.

Moderator: Thank you. We take the next question from the line of Jatin from GS Investments. Please go ahead.

Jatin: My first question sir would be how much R&D cost we capitalize in this quarter?

- Omkar Herlekar:** Annually, I feel that if you ask a particular figure like what kind of R&D expense we do, it is in the extent of around 5% every year of the topline, 4%-5% of the topline will be R&D cost.
- Jatin:** And sir everything will be capitalized or we expense it in P&L also some part?
- Omkar Herlekar:** Certainly, we expense in P&L. Whatever equipment are being bought, whatever reagents are being bought and whatever catalysts and other reagents and chemical stuff is bought is being capitalized because that does not go to the revenue directly. And whatever salaries and all are there, that we expense out.
- Jatin:** Actually, I was looking at Omkar Specialty results. They capitalized 53 crores R&D which was booked in this quarter as an exceptional loss. Are we worried on that front as in something can happen on that front in our company or not, are we happy with that?
- Omkar Herlekar:** Certainly, not. I again wish to state this on a very clear note that both the companies are different. Both the companies have different promoters, we have different financial disciplines, different lookouts, different visions and everything. So please do not correlate both the companies.
- Jatin:** And sir what is our current net debt? And how much is it coming from promoter group and how much is from banks and financial institutions?
- Omkar Herlekar:** I have lended 27 crores to company as on the date and this money of 27 crores, out of which around 24 crores was obtained from selling of Omkar Specialty Chemicals shares which I got in the demerger and remaining 3 crores is my own funds. So total 27 crores is my funding and Axis Bank has given us the sanction CC of around approximately 50 crores. So total plus there is one ECB loan of Bank of Baroda which is going on that is around 22 crores of ECB fund which is a long ECB. So approximately 90 odd crores is the total debt.
- Moderator** Thank you. We take the next question from the line of Umang Gandhi from Financial Logistic. Please go ahead.
- Umang Gandhi:** Sir, I just wanted to know that likewise you mentioned that Omkar Specialty is a different identity, but are we related to them in any business dealings means are we sourcing any materials from there, are there any billing from OSCL or not?
- Omkar Herlekar:** Not a gram of material is purchased from them nor a single gram is being sold to them. We are completely definitely different from business perspective, customer perspective, everything.
- Umang Gandhi:** I am very much clear about that, thank you so much.
- Omkar Herlekar:** We are not having any connections with them. Even my personal guarantees with them are no longer existing.

- Umang Gandhi:** And regarding the margins on the EBITDA front, we have been maintaining the run rate of around 20%-22% with the new products coming in like you said would be a multidollar products, do you think the margins would be expanding with them?
- Omkar Herlekar:** Really, I cannot comment over this, but certainly it would not be shrinking.
- Moderator:** Thank you. We take the next question from the line of Preet Nagarsheth from Wealth Financial. Please go ahead.
- Preet Nagarsheth:** One quick question. This is regarding the deferred tax. So we have seen quite a few changes over the last couple of quarters on deferred tax in Q1, Q2 and on Q3. Would you be able to shed some light on that?
- Omkar Herlekar:** Very frankly, sir. I am a PhD and my core subject is chemistry. So if you want, you have more insight and in depth working of the understanding of the deferred tax, I will put you in touch with my senior accountant and he will be very confidently able to explain you regarding the deferred tax. You can contact our Bridge IR people also, I will immediately put you in touch with the relevant person who can explain you about this, we can make appointment for this.
- Preet Nagarsheth:** One more question, this is regarding coming back to the debt. So in prior meetings and prior calls, I think the view was that there would not be any additional debt we have taken.
- Omkar Herlekar:** I standby it, in fact debt will be reduced.
- Preet Nagarsheth:** Exactly, that is what happened last time. So we have initiated to add the additional debt?
- Omkar Herlekar:** That is working capital. We have not added any debt sir. There is no long-term borrowing. In fact, long-term borrowing is paid off. In the last quarter when the concall was there, the long-term borrowing was 24 crores. Now, it has come down to 20 crores approximately, even less than 20 crores. So this is whatever is there, this is working capital purely and in front of the working capital, there are debtors and inventories present. So if you add debtors and inventories, so it will match to the working capital very clearly.
- Moderator:** Thank you. Next question is from the line of Ravi Prabhakaran, individual investor. Please go ahead.
- Ravi Prabhakaran:** It is quite heartening to see you could maintain the promise 22% above margin and revenue growth also. At this stage, I do not have any questions, only some suggestions. Suggestion number one is see, the company is always in equity in BSE unless we interact with them and find out the real cause, it will be continued to remain at equity and it will not reflect the fair price even that may become impediment for the rights issue. If somebody can hold on to a longer time if an investor who comes to the market if requires money in emergency situation, he should be able to sell and take it away and the stock does not reflect our reflect the fair price

unless it is liquid and that is a liquidity premium avoidable so kindly take care of that. Just you need to interact with them.

Omkar Herlekar: Certainly, sir. We will certainly take your consideration and see what appropriate measures can be done for this.

Ravi Prabhakaran: But in an individual capacity I cannot write to them but that may not cut much ice with them.

Omkar Herlekar: Perfectly right, sir. I have noted.

Ravi Prabhakaran: That is one. The second suggestion is the shareholding pattern is though I could work on that whole, I could find out the real situation, it is confusing to many, it is creating enormous confusion. So it is better to put it in a triple shareholding pattern and convey it to the investing community.

Omkar Herlekar: It is already communicated and conveyed to everybody, sir.

Ravi Prabhakaran: That is true, I went through that one, but really does not convey clearly. One has to go through the structure very carefully quite some time, it takes a lot of time.

Omkar Herlekar: I like to clarify over this concall, my holdings post the swap will be 36% approximately, it will be more than 36%.

Ravi Prabhakaran: I know that, I am aware of that because I have worked through that one continuously. If we see any forum which is creating a lot of confusion among many investors because it is not putting the black and white like how many shares Dr. Omkar, how many shares including the pledged one?

Omkar Herlekar: So what should be done? What is your suggestion for this?

Ravi Prabhakaran: Suggestion is put it very clearly. If you want, I can note it an excel file and then send it across to you.

Omkar Herlekar: Please do that sir. I would certainly like to do it.

Ravi Prabhakaran: Anyway, keep up the good work.

Omkar Herlekar: You can mail your format on cs@lasalabs.com.

Ravi Prabhakaran: Yes, I will do that. I have the info and keep up the good work and all the best for the future.

Omkar Herlekar: Thank you sir.

Moderator: Thank you. We will take the next question from the line of Vinay Pai, Individual Investor. Please go ahead.

Vinay Pai: My question is regarding the upcoming rights issue of 100 crores. Will you be able to explain as to where will the funds be deployed?

Omkar Herlekar: First of all, the rights issue is we have taken a blanket approval of 100 crores that doesn't mean that it will be of 100 crores. So that is one thing. So we will appropriately decide seeing the market condition and seeing the exact capital needs of company, then only we will decide how to price the rights issue and how work, total funds is needed by the company and it will be judiciously done at appropriate time. Anything which will be done will be done by taking into account that it should be an EPS accretive method of raising money. So it will not be at a cost of taking a toll on the EPS, that is number two. Thirdly, whatever money which is generated through rights issue, that will be deployed in paying off the long-term debt which is approximately 19-20 crores which is balanced as of now. Remaining part of the issue will be used for doing acquisition in pharma space only and I am being you repeating it that we are very keen on going into forward integration into formulations. So that will be practiced. I mean the remaining of the money will be utilized, the part of the money will be utilized rather for doing an acquisition for the growth of the company. So that would be the objects of the issue.

Vinay Pai: So how far is the right issue from today? Any guidance you can give sir?

Omkar Herlekar: We are just what our votings, e-votings and ballet votings in our favor. And now we will be filing approximately if you ask me by end of February, we will be filing the letter of offer with SEBI. SEBI usually takes anywhere between 45 days to 3 months, any time, it all depends on their load and their priorities. So after that you receive a ticket from the SEBI, then within 15 days you can open the issue, this is what has been communicated to me by my merchant banker. So typically if you say me, what is the timeline in concrete, it may be around June.

Vinay Pai: Fine. That answers my question. The next one is I heard that you have filed several process patents, not product patents, which is correct sir?

Omkar Herlekar: These are product patents, sir. These are not exactly process patent. See what is the process patent. Process patent is the patent which is given for a process. That is you know, that is subject to infringement also many times, because even if somebody wants to infringe it, they can do very minor changes in the process and claim it as a new invention. Ours is a product patent. See, we manufacture catalyst for our own consumption and these catalysts are proprietors. So we don't actually patent our final finished products which we are selling in the market. We are proprietary something which is used to make the finished product, you know in a very efficient way. So catalyst are patenting, not my products, the products which you are seeing on my website those products are not patented. The catalysts which I am using to make those products are being patented. So this is an indirect protection barrier for entry of new competitors in our business.

Moderator: Thank you. We take the next question from the line of Aniket Thite, Individual Investor. Please go ahead.

- Aniket Thite:** Sir, quick question. Where can we find the annual report because I am unable to find it on the website. So has it been uploaded, am I able to not find it?
- Omkar Herlekar:** See, when the annual report was out for FY17, that was unlisted period. So FY17 annual report, you would not be able to get on website as such.
- Moderator:** Thank you. Next question is from the line of Jatin from GS Investments. Please go ahead.
- Jatin:** In terms of leaving aside acquisition plans, what is sustainable CAPEX that we see for next 2-3 years, annual CAPEX?
- Omkar Herlekar:** Annual CAPEX which we see for next 2-3 years will be in the range of around 15%.
- Jatin:** 15% of sales every year?
- Omkar Herlekar:** Yes sir, that will be the annual CAPEX.
- Jatin:** And sir we gave EBITDA guidance of around 22%, we have maintained that over last 3 quarters, but below EBITDA items that is depreciation interest and tax have been very fluctuating for last 3 quarters. Any guidance you want to give for PAT level?
- Omkar Herlekar:** So PAT level, I really do not see PAT as a real profit because as you said rightly, depreciation interest and deferred tax and many more things come in between and then as a growing company, company is in the need of finances, in the need of working capital, so as the working capital grows, automatically it will put a hit on the interest portion and as the CAPEX grows, it will put a hit on the depreciation portion, but any which ways we are trying to maintain as the best of our possibility, we were trying to maintain the PAT level to approximately 10 or maybe a little below. Nothing very much less than that.
- Jatin:** Okay. And working capital we maintain around 60 days of sales.
- Omkar Herlekar:** No. It is actually I want to bring it down to less than 50 days in fact, so almost you will see that now it is almost 55-56 days which is almost flat since last few quarters. And I wish that if there is some capital infusion in the company and the some creditors are being worked out, then certainly working capital days, we have scope to shrink them much to a better extend.
- Moderator:** Thank you. Next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.
- Sarvesh Gupta:** Sir, can we get the inventory debtors and payables number as of December 31st?
- Omkar Herlekar:** Inventory debtors and payables, total inventory stands at rather 38 crores, 37.9 crores. Receivables stands to 58 crores and payables stands to 57 crores.
- Sarvesh Gupta:** Current fixed asset and CWIP number?

- Omkar Herlekar:** CWIP is 6 crores and that has come down drastically because unit IV has been commissioned, right?
- Sarvesh Gupta:** Yes. And fixed asset sir?
- Omkar Herlekar:** Total gross block is 200 crores.
- Sarvesh Gupta:** Net block, sir.
- Omkar Herlekar:** Net block is 176 crores.
- Moderator:** Thank you. We will take the next question from the line of S. Gopal, Individual Investor. Please go ahead.
- S. Gopal:** So one quick question, given that the plant IV is commissioned during the last quarter only, is it got stabilized and what is the impact it is having on the topline as well as the bottom-line?
- Omkar Herlekar:** So on topline at least immediately there will be no impact, I think the topline impact will come in next year only. As far as bottom-line impact is there, it is quite evident you know because of the backward integration of one of our product by the name of dichlorophenol or prices of making one of our critical product, final finished product by the name of galfenol is gone down and because of on account of which there is an impact on bottom-line.
- S. Gopal:** So is it being utilized 100% sir?
- Omkar Herlekar:** No. Currently we have utilized only 500 tonnes. The total capacity is 4,300, out of which only 500 tonnes is utilized.
- S. Gopal:** So going forward by what time we can expect?
- Omkar Herlekar:** By FY19 I think we will be able to utilize 1,000 tonnes approximately. At FY20 we will be able to utilize around 2,000 tonnes and by 2021, the remaining amount will be utilized. So this is the utilization, step wise utilization, it is possible
- S. Gopal:** Okay. And you talked about the acquisitions and release of the new products and is there any discussion that are happening in this front on acquisitions.
- Omkar Herlekar:** Yes, that is the reason why I was so confident in telling that we are looking out aggressively for the acquisitions and the acquisition will be as a result of the forward integration of our existing products only. That is something on the table right now, for me.
- Moderator:** Thank you. We will take the next question from the line of Shiv Kumar, Individual Investor. Please go ahead.

Shiv Kumar: My basic question is how long with it take for this unit IV to be fully commissioned, first question, is it backward integration unit or is it a forward integration unit. And the second is how much time will it take for it to be fully go online, those 4,500 tonnes we keep hearing in press releases etc.?

Omkar Herlekar: The total capacity of this unit is 4,300 MT. The chemical manufacturing or pharmaceutical manufacturing company, the optimum utilization level is always 75% to 80%. So considering 80%, say around 3,500 tonnes is the actual utilization out of the 4,300 tonnes. So this 3,500 tonnes will be used and capitalized in this way. In FY19, 1,000 tonnes will be capitalized. FY20, again more 1,000 tonnes, that is cumulatively 2,000 tonnes and FY21 the remaining 1,500 tonnes will be capitalized.

Shiv Kumar: And this is backward integration or is it a lateral expansion, what it is?

Omkar Herlekar: No, in the first phase in FY19, we are completely utilizing this unit for backward integration. That is it.

Shiv Kumar: Okay. And any, I mean I came in slightly late, but any, can you give us some updates on the rights issue?

Omkar Herlekar: As far as rights issue is concerned, we are yet to file our letter of offer with SEBI. Once the letter of offer is ready while the merchant bankers send their lawyers, we will file it with SEBI. SEBI takes anywhere between 45 days to 3 months, so it is all depends on their work load and their priorities and if they have any questions and all. So like you know we take a pessimistic view over this of 3 months say for example, then once the SEBI ticket is available then you can open the issue within 15 days. So yet, we are expecting the issue to get open by June.

Shiv Kumar: Okay. And it will be an expansion of equity capital of how much, 10%-20%, how much equity?

Omkar Herlekar: Very premature to comment right now. It will all depend on the pricing, right, and the size of the issue also. So it will depend on that particular time, seeing the condition, anything which will be done we will see it to that it is a EPS accretive procedure of raising funds, it won't be tolling the EPS for the sake of raising funds.

Moderator: Thank you. We will take the next question from the line of Aniket Thite, Individual Investor. Please go ahead.

Aniket Thite: Dr. Omkar, when we say the acquisitions are being considered, any rough size or higher cap that we are looking at and how are we going to fund it?

Omkar Herlekar: Very good question. I am looking out for an acquisition in the range of say around 20-22 crores. Typically, saying about multiples, what is the multiples of the acquisition, say typically a 1x of turnover will be the cost of acquisition and second thing is the acquisition will be

having all the regulatory approvals which will be of course an intangible property for the acquisition. So regulatory approvals like USFDA or maybe EDQM or whatever is available, so it will be in that pharma space only.

Aniket Thite: Okay, veterinary API, space only?

Omkar Herlekar: Sorry, veterinary pharma space.

Aniket Thite: Okay. And so if it is 20-22 crores of them perhaps the rights issue, if it perhaps overlap, that can also be taken care of by the rights issue. Is that what we are thinking along those lines?

Omkar Herlekar: Let us see how to deploy the money judiciously. We will have a practical view over this. We will have second round of concall after whatever acquisitions to be done and then we can conclude how, we can have inputs from other investors also, how the money is to be deployed, but certainly whatever will be done, will be done in the EPS accretive way.

Aniket Thite: Sure. Okay. Two things that I like to share is one thing, you have been very clear that whatever differences are taken, would be EPS accretive. You maintained right from the start and that is from the investor community that big relief. So that is very important from your side. And whenever some major decisions are being taken, you make it a point to come on line, if not an a call at least to put it up as a disclosure on the exchanges that is also an important part. So I would like to thank you for both of these.

Omkar Herlekar: Thank you very much.

Moderator: Thank you. Well, that was the last question. I now hand the floor over to Dr. Omkar Herlekar for his closing comments.

Omkar Herlekar: Thank you everyone. Thanks my friends for joining the concall. If you have any queries, you are very much free to right to our company secretary at cs@lasalabs.com or else communicate with our investor relation advisors Bride IR. Thank you very much again.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Lasa Supergenerics Limited that concludes this conference. Thank you for joining us you may disconnect the line sir. Thank you.