Suven Life Sciences Ltd.

Q3 & Nine Months FY17 Earnings Conference Call Transcript
February02, 2017

Moderator Ladies and gentlemen, good day and welcome to Suven Life Sciences Limited Q3 and 9M FY'17 Earnings Conference Call. 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. In case 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 Mr. GavinDesa from CDR India. Thank you and over to you, sir.

Gavin Desa Thank you. Good day everyone and thank you for joining us on this call to discuss the Financial Results of Suven Life Sciences for the Quarter and Nine Months' Ended December 31, 2016. We have with us Mr. VenkatJasti – the Chairman and CEO; and Mr. Venkatraman Sunder – VP (Corporate Affairs).

Before we begin, I would like to mention that some of the statements made in today's discussions may be forward looking in nature and may involve risks and uncertainties. Documents relating to company's financial performance have been mailed to you earlier and I trust you have had a chance to go through the same.I would now like to invite Mr. Jasti to share some perspective on the performance for the quarter and nine months and his outlook for the year ahead. Over to you, sir.

VenkatJasti Thank you, Gavin and thanks everyone for logging into our call. Q3FY17 income EBITDA and PAT margins have beendown by a couple of points onquarter-on-quarter basis. But overall for the nine months ended, the income has gone up by around 10%, 3% on the PAT and about 38% on the EBITDA. The better EBITDA margins are because of the product mix in the CRAMS business. We have spent about close to Rs. 46 crore in R&D, which is 12% of our revenue.And with respect to the innovation pipeline, SUVN-502 trial, Phase-2 trial is ongoing with 166 patients already randomized and 36 patients havealso completed the trial. SUVN-G4010 and SUVN-G3031 have finished the Phase 1 and they are undergoing Phase 2 enabling toxicological studies. SUVN-911 will be getting into Phase 1 by the end of this quarter.I would now like to open the floor for Q&A. Thank you.

Moderator Thank you very much. Ladies and gentlemen, we will now begin with the question-answer session. We have the first question from the line of Rashmi Sancheti from AnandRathi. Please go ahead.

Rashmi Sancheti Thanks for taking my question. Sir, how much R&D has been spent on SUVN-502 till now? I think we had budgeted around $22 million, right?

VenkatJasti Yes. And so far, we have spent as of December 31st, about $8.5 million.

Rashmi Sancheti $8.5 million, okay. And sir, what about the order, which we were expecting in this quarter that Rs.30 crore molecule repeat order?

VenkatJasti It's not expecting, we saidRs.30 crore is the order, which we have done, this quarter, we have done about Rs.15 crore.

Rashmi Sancheti No. So, there were total three molecules order, right?

VenkatJasti Yes. We have received one of the three, last time when we said that it would be total about Rs.30 crore, out of that Rs.19 crore had been done [*delivered*] in the first two quarters and Rs.15 crore is done during this quarter, but no new orders have come in and we are expecting some orders inthe first quarter FY18.

Rashmi Sancheti Okay. So sir, any guidance on this, like how much we can get order worth in FY'18 and FY'19?

VenkatJasti Not yet. Maybe Rs.40 crore to 50 crore, but that's our estimation, but so far, we have not given any guidance.

Rashmi Sancheti Okay. And how much is the royalty income from Teva for Malathion Lotion?

VenkatJasti This quarter, it is Rs. 4.9 crore.

Rashmi Sancheti Okay. And what is the progress on SUVN-502? Like, you have completed clinical trials of 166-patient, some more clarification on that would be helpful?

VenkatJasti Yes. So, we are supposed to enroll 537 patients in total. Out of that 166 patients are enrolled.Out of that 38 have completed the six months' course.

Rashmi Sancheti Andby when can we expect this entire enrollment of 537 patients to get completed?

VenkatJasti Yes. We expect that will happen during this calendar year, but the way things are going because of the [non] availability of patients, it may drag on to the first quarter next year.

Rashmi Sancheti Okay. So, by Q1 FY'18, we can expect the closure of this study. And how much time will it take to get the entire data?

VenkatJasti After the closure, it will take at least three months.

Rashmi Sancheti Three months. Okay. And then we will come to know whether the molecule has cleared the Phase-2 proof-of-concept study?

Moderator Thank you. We have the next question from the line of Ranveer Singh from Systematix. Please go ahead.

Ranveer Singh Sir, can you repeat the revenue break-up, I just missed out? So what was from specialty chemical?

VenkatJasti Okay. The CRAMS is about Rs.74 crore, specialty chemical is Rs.27 crore, technical services including royalties about Rs.14 crore.

Ranveer Singh So in segment breakup, it is showing only Rs.8.6 crore that is DDDS. So out of that Rs.14 crore, how this has been segmented actually?

VenkatJasti So Rs.14 croreare technical services, including royalty, which is 4.9 crore.

Ranveer Singh Okay. So,Rs.4.9 croreis royalty, which is included in which segment? In CRAMS?

VenkatJasti No, in the CTS**.**

Ranveer Singh No, in reported number, this is a part of other income or this is a part in top-line, is this in revenue somewhere?

VenkatJasti It's in the top-line only.

Ranveer Singh Okay. So for FY'17 specialty chemical, what has been guidance because earlier what we thought that it should be more than Rs.200 crore? So is this likely or nine months number …?

VenkatJasti It's in the same range. See as I said, that is a commercial molecule with a mature product. So, the differences on a year-on-year basis, it cannot be more than 3% to 5% either up or down, depending on the nature. So, we expect in the same range as last year.

Ranveer Singh So it is likely to be flat, almost?

VenkatJasti Yes,plus Rs.200 crore.

Ranveer Singh Okay. And in CRAMS you see that margin has improved, so reason being that there has been later phase projects or some other reasons?

VenkatJasti Yes. Necessarily late phase projects, some of the projects which are very difficult to make will get eventually better pricing. So even though volume is not bigger, values are much better. So, these things keep coming like that in this CRAMS business and one quarter, it may not be having that much value. But overall, as you know, it will average just about plus 30% EBITDA margins.

Ranveer Singh So on sustainable basis, this margin is likely to continue, right?

VenkatJasti As of now.

Ranveer Singh Recently, we have participated into few conferences. So just if you could give some light, what has been the outcomes?

VenkatJasti See, for everybody's information,with regard to these conferences, it is a must that we should go and present ourselves. So we don't know when the change in mindset happens in the big pharma. Unless you are in the forefront, they will not know where you are. So this way, we get to inform them the status where we are with respect to the molecule development and what are the new molecules, which are coming in the pipeline. So this is an awareness exercise only, no monetization benefit will happen unless a proof-of-concept candidate comes out.

Ranveer Singh That's what I wanted to understand that in these type of conferences, normally we present our clinical trials or outcomes data or it is just showcasing our molecules?

VenkatJasti See, there is no outcome data, this is a double-blind study, the outcome data will be only known after fully enrolling all the patients and the last patient comes out of the clinical trial. So no outcome data is presented, it is only the status on various molecules. One [*SUVN-502*] is in Phase-2, the other one [*SUVN-G3031*] in Phase-

1 and [*going to be*] ready for Phase-2*[after completing long-term toxicology study*], the other one [SUVN-D4010] finished Phase-1, undergoing Phase-2 enabling toxicology studies and fourth one [SUVN-911] is going into Phase-1 and we talk about all these updates.In addition to that, what are the other molecules we are working, which are very early stage. So they will be aware of this, so based on that, they will be having some questions whichwe will be answering. And they will be aware of the happenings at Suven. So this is the exercise.

Ranveer Singh Okay. So, sir, in your assessment, when can we expect SUVN-502 either going for out licensing deal or for some major development?

VenkatJasti I think it's better for me to say, wait for our results to come in because if I say something like second quarter next year, everybody will ask me. But in this business, nothing is guaranteed and we are hoping the speed will pick up in the enrollment and so that we can have early results, so that automatically [when] the results are positive and [possibility of] immediate start of negotiations.

Ranveer Singh No, sir. Just in thought, whether it may take one year, two-year type of thing?

VenkatJasti It will be sometime in 2018, whether it's in the first part or second part, we do not know.

Ranveer Singh Okay. So parallelly, we must be talking for out licensing opportunity or deals. So is there any development on that front?

VenkatJasti No.

Ranveer Singh Okay, fine. And so, would you like to give any guidance for FY'18 for revenue or EBITDA?

VenkatJasti As of now, as I was telling you earlier,there is no change. Same thing like, on the core CRAMS, growth of about 10% to 15%, which we give normally. Unless some other repeat business comes in, which we don't have yet.Maybe we are thinking about RS.40 crore next year [of repeat business]. At least, that's what it is, but other than that, I don't have any guidance.

Ranveer Singh So thecommercial repeat orders would be Rs.30 crore to Rs.50 crore, that's what you said?

VenkatJasti Yes.

Ranveer Singh Okay. And in specialty, would, again, in FY'18 also would be flat or we can expect some nominal growth there?

VenkatJasti No. if it is growth or de-growth, it will be only 5% range, not more than that.

Ranveer Singh Okay. So it is majority of CRAMS business, which we need to focus?

VenkatJasti Yes. I mean, this is more or less a mature business as far as specialty chemicals is concerned. The CRAMS is the one that will give us the better margins and better growth prospects.

Ranveer Singh Fine. And finally, like in US now a lot of talks have started coming up after Trump. And what I wanted to understand is pricing related things, if government, theretries to control either price or to manufacturer or whatever they have been talking about.

So for CRAM players also, whether we will have some impact there or some implications, so if you could give some view on an industry-wise perspective I'm talking about?

VenkatJasti We do not see any major impact on the segment we are operating on. Moreover, it will be difficult to provide specific guidance on the news reports appearing in the media. According to me, Affordable Care Health care requires cost effective medication and you cannot get any more cost effective than this. Hence, I do not think, there will be any effect.

Ranveer Singh So what my concern was that among many majors they have talked about, one was that they wanted the manufacturing to happen in US. So for CRAMS player perspective, especially when we are supplying the commercial products, if something like that happens then probably the opportunity for Indian would be lesser that is what I wanted to understand. Is that the case?

VenkatJasti That's what I was telling. For them to gear up to manufacture, it will take five years to six years.So I don't see that happening.

Moderator Thank you. We have the next question from the line of SriramRathi from ICICI Securities. Please go ahead.

SriramRathi Just two questions. One, basically, I think you have around two molecules, which are in Phase-3 right now. Just wanted to get an update, one molecule, which is there from the last three years in Phase-3. So, any update on that in terms of how it is moving, in terms of trials and all?

VenkatJasti We have not heard anything positive or negative so far, so I think we are waiting for them to come back to us. I think maybe more than six months away that's why we do not have an indication because if they know it six months ahead, we will know it for manufacturingpreparation. So we have no guidance at this time.

SriramRathi And secondly, on the margin side. I mean, for the nine months, we have reported EBITDA margin of 32% post R&D. Considering that there were also a commercial surprise during this nine-month, so can we expect a 30% plus kind of margin can be sustainable going forward?

VenkatJasti Yes, I said that earlier and as of now, yes, we can.

SriramRathi Okay. That we can expect. And any guidance that you would like to put forward?

VenkatJasti No. Other than the normal guidance, which I gave on the core CRAMS of 10% to 15% growthmaximum, I don't see anything at this time because I don't have any visibility.

Moderator Thank you. We have the next question from the line of CindrellaCarvalho from Dolat Capital. Please go ahead.

CindrellaCarvalho Sir, just wanted to understand the demand in the CRAMS segment, how you are seeing it right now? How are the global MNCs or the medium and small biotech companies? Who are the actual demand drivers? And what do you see going ahead?

VenkatJasti See, the demand is there, but the demand is based on two aspects. So one is the long-term relationships and the capabilities. The other one new thing that is coming up is the enhancement of your capabilities in handling because new chemical

entities are not knowing their potency or the toxicity fully because of long-term exposures. They are expecting the CRAMS players to upgrade their facilities to have containment facilities, which is a new thing that's happening.Is it guaranteed that you build a facility then you will get a business?Not sure. But at the same time, if you don't have a facility in place, the new opportunities will not come. So this is an evolving thing and the opportunities are there and the requirements are there, there is not much change as of today, it's continuing the way it were.

CindrellaCarvalho We have been reading that nowadays the key research has been shifted from the global pharmas to the mid-level biotechnology companies and the university level research. So is it the similar observation that you are also seeing or is it something different?

VenkatJasti Yes. This started happening '09, '10, '11 onwards, slowly the shift is happening whereinthe basic research is being done in boutique operations like us or universities. Of course, not that the big pharma is not doing anything, they are also doing, but the focus is more on the development side of the cycle rather than the discovery side.

CindrellaCarvalho Okay, sir. And sir, just to understand as you were mentioning about the capacities, I guess we have added one more product this quarter, right, we were 115 last time, we are having under 116 projects?

VenkatJasti No, it's actually less. One less.

CindrellaCarvalho Okay. So I just wanted to understand any color that any kind of understanding that we have, is there anything that we are working on to increase the number of project baskets, so as you know, we can have more exposure towards these things?

VenkatJasti I mean, we are working in the same way as were working before. As I said that when we meet these new requirement, the opportunities will be a little bit better in due course of time. And the second one is becoming a preferred supplier is also going to give you new projects.I mean, the numbers of products are coming down globally, but the traction, whatever the project they are having, usually going to the next level. So, that way, I think we are doing our best and they are based on the availability and we are getting the maximum number of the projects. The problem is not the number of projects, but at the same time, the success of the project moving from stage-to-stage is where we get benefited that's where we have to hope for.

Moderator Thank you. There is a follow-up question from the line of Rashmi Sancheti from AnandRathi. Please go ahead.

Rashmi Sancheti Jasti sir, what I want to know is that in first nine months, business from specialty is around Rs.123 crore. And you are saying that either it will be flat or either it will be 5% down or 5% up. So, you mean to say that in quarter four, we will get order of around Rs.70 crore to Rs.80 crore?

VenkatJasti Yes.

Rashmi Sancheti Okay. Is that possible because I think we are doing a lower run rate?

VenkatJasti Yes, it is possible in the sense we know it will come because some of the quantities, we sent in December, if it's not on board, it's not counted in the third quarter. So we know what we have sold and also we have the existing business. Usually, either the third quarter end or fourth quarter beginning, this huge

volumewill be supplied because this is seasonal sometimes, as you know we have the orders, I think we can do that Rs.80 crore.

Rashmi Sancheti Okay. And can you tell me, like, how many compounds are there in Phase-1, Phase-2, Phase-3 or total projects?

VenkatJasti I think Phase-1 we have about 70 projects. Phase-2, we have 41; Phase-3 is number two and previously commercialized three, total put together 116.

Rashmi Sancheti 116, okay. So, last quarter, you said that it is around 118 or something. So what happened?

VenkatJasti Yes at the end of the year they hadprioritized and two of them weredropped out.

Venkatraman Sunder One Phase-1 and one Phase-2.

Rashmi Sancheti Okay. One in Phase-1 and Phase-2 got dropped off?

VenkatJasti Yes.

Moderator Thank you. We have the next question from the line of Purvi Shah from Sharekhan. Please go ahead.

Purvi Shah My questions are relating with the EBITDA margins, like the previous participant had discussed. Sir, do we see this sustainable at this level going forward or were there any one-offs into it?

VenkatJasti I think for the next one or two quarters, where we have visibility, I can assure you that we can have plus 30% EBITDA margins.

Purvi Shah First half, you mean, by first half of the '18?

VenkatJasti Yes.

Purvi Shah Okay, sir. Sir, base we could assume that 26% to 28% is the base business margins in case of this one-off, the supplies that we are doing. If they do not come, can the margins be in the range of 26% to 28%? Is it a fair assumption?

Venkatraman Sunder Well, Purvi, that's not the way. Including the commercial quantity, enjoys (+30) EBITDA margin actually.

VenkatJasti Overall, the mix at the end of the year will give you that kind of a margin.Sometimes it can be much higher in the CRAMS business, sometimes it's less, but overall, the average is up to (+30).

Purvi Shah Okay, sir. Despite of the fact that even if we do not have these supplies, we can say 30% is a better number?

VenkatJasti Yes. Looks as of now, yes.

Moderator Thank you. We have the next question from the line of Rahul Agarwal who is an Individual Investor. Please go ahead.

Rahul Agarwal My first question is on SUVN-502 clinical trial. As you said that you have enrolled around 166-odd patients till now, and you require (+500) for the trial to complete. So do you see a scenario wherein the trial fails just because the required number of people were not enrolled?

VenkatJasti No. It is like this -there were a lot of competing studies in Alzheimer's disease where a lot of people wereenrolled in the trials, until we could see these two or three trials discontinued couple of months ago. So now the patient pool will be available and we are hoping that we can get those patients pool back into the trial, so that the enrollment will be much faster than what it was earlier because it took a while for us to get these patients enrolled because of the various competing trials. Now that three big trials are dropped out because of the failures, now we have the chance of getting those people back into the trials for this medication.

Rahul Agarwal Okay. And sir, what kind of processes or monitoring you do to understand whether this trial is going to succeed or fail, so that you can preempt the outcome and save on the cost if required?

VenkatJasti We cannot prevent orforecast anything. What we go by the characteristics of the compound, which we have tested in the animal models and then the safety profile, which we have tested in the animal models [pre-clincial studies] and the human [phase 1 trial]. And also our testing our molecules comparing with the other molecules head-to-head in the animal models testing. We feel that our molecules have much better chance of succeeding. But in this little trials, especially in the central nervous system diseases, how do you measure the memory, which is not a physical measurement; it's a suggestive measurement. So how these clinical trials data will be translated from the preclinical to animal models to the humans, we don't know [the outcome until they are completed]. But we guesstimate that it will have an effect and that is the reason why we go and do this. This is only now going through the testing period in the human patients. So, the data will be known only after all the patients are in, then only we will know, which way it has gone.

Rahul Agarwal Sir, I ask this question because recently, our two companies, they had failures in the clinical trials. In fact, one pulled out before the trail could complete, so they said that, they preempted that it was not going to succeed?

VenkatJasti Not like that.That trial has three different [segments] trials going on. One trial data came out and they pulled out, but the other trails, they are still continuing.

Rahul Agarwal Okay. And sir, on your R&D cost, the cost that you show as a separate line item, is this entirely because of our new chemical entities or this is combined of new chemical as well as our regular business that we have for CRAMS and specialty?

VenkatJasti This 90% of the R&D expenses you see here is for the new chemical entities, 10% is for the salaries of the CRAMS side of the business because the expenses on the other side [as they are scientists part of R&D team], it comes under P&L account, not the salaries. Salaries and R&D, which is separate is put in a R&D account. So 90% goes towards the NCEs.

Rahul Agarwal Just one request, if you can, in your presentation going forward provide thenumber of NCEs that you have in various stages as well as the number of projects that you have in various stages of clinical trials, so that will be quite helpful for us to keep a track.

VenkatJasti It's on our website, I think we keep updating, and you see that the updates will be there soon.

Moderator Thank you. We have a follow-up question from the line of Ranveer Singh from Systematix. Please go ahead.

Ranveer Singh During this quarter, the effective tax rate has gone up, so what is the guidance for annualized basis?

Venkatraman Sunder But it will remain, say, more or less around 28;, that's what we expect.

Ranveer Singh You said 28%?

Venkatraman Sunder Yes.

Ranveer Singh Okay. And what CAPEX we are planning for FY'18, '17 also?

VenkatJasti We were thinking of putting Rs.50 crore for the upgradation of the facility, but instead of that, we are putting additional block with these upgradations rather than upgrading the old infrastructure. So it will cost you plus another Rs.50, so it's Rs.100 crore with a 15-month timeframe.

Ranveer Singh Rs.100 crorein three years' timeframe you said?

VenkatJasti 15 months.

Ranveer Singh 15 months. Okay. So for FY'17 would be Rs.50 crore?

VenkatJasti No, FY'17 onwards, it will start.See there are two things – one is a new CAPEX, one is a recurring CAPEXor the replacement CAPEX. That is normally Rs.15 crore to Rs.20 crore every year that will be there. In addition to that, the new CAPEX for an additional upgradation for a block is Rs.100 crore, which we will be spending within 15 months starting this year.

Ranveer Singh So that would be towards specialty chemical manufacturing?

VenkatJasti No. That is for the upgradation of the CRAMS side of the business in Pashamylaram.

Ranveer Singh Okay. So for FY'17, so far, what has been CAPEX and what would be total CAPEX in FY'17?

Venkatraman Sunder It is likely to be around Rs.20 crore, which is a regular CAPEX.

Moderator Thank you. We have a follow-up question from the line of CindrellaCarvalho from Dolat Capital. Please go ahead.

CindrellaCarvalho Sir, just wanted a color on your NCE pipeline, which has just completed the Phase-1. Can you just guide us, would most of them be in Alzheimer only or is there any additional therapy, and little more information on the molecules, which have just completed Phase-1?

VenkatJasti Yes. We have three molecules, which finished Phase-1, as you know, SUVN-502 is the one, which now is in Phase-2 that is for Alzheimer's, using 5-HT6 antagonist. Then we have SUVN-G3031, which has finished Phase-1 and it will be going into Phase-2 sometime at the end of this year, which is for Alzheimer's, but it is using the [Histamine] H3 inverse antagonist and there's SUVN-D4010 which finished Phase-1, andis undergoing Phase-2 enabling study that is 5-HT4 partial agonist.

These three are mechanism of action and these three can be used for all dementias and mainly for the memory. We are talking about Alzheimer's because it's one of the biggest opportunity and the unmet medical need, but all these products can also be used in other dementias, including the Parkinson's, including the ADHD and in depressive patients. So these are for multipurpose in memory based dementias.

CindrellaCarvalho Okay. And sir, generally, from Phase-1 to Phase-2, how long will it take around approximately two years' time?

VenkatJasti Yes.

Moderator Thank you. We have the next question from the line of Vishwa Sharan from Cognizant. Please go ahead.

Vishwa Sharan Sir, I have a question. Do you see pricing pressure from Indian Government or from US Government on Suven drugs? And do you foresee, like, margin getting hit because of the pricing pressure?

VenkatJasti First of all, I have no drugs at this time. Ours is in the development and it is a long way to go. There is no pricing pressure on that front, it's not a generic medication.

Moderator Thank you. We have the next question from the line of Amit Kadam from LIC Mutual Fund. Please go ahead.

Amit Kadam Sir, my question is on that 38 patients who have completed the study, so the data generated is immediately sent for review?

VenkatJasti No, because this is double-blind study data will be un-blinded; [*results*] only after the last patient is out.

Amit Kadam Okay. So till we complete all 535 patients, we won't be able to review the data?

Venkat Jasti That's right. Unless there is a danger ofpeople dying or something like that, then they will unlock the data for those patients. And for your information, as I said, our molecule has a very good safety record and all people who haveenrolled in this trialso far has no serious adverse event based on the molecule, which is based on the compound, so that is a very good thing.

Amit Kadam Okay. And my question is like when you said that there was simultaneous studies from other companies for the molecules targeting the same area. When werethose things pulled out?

Venkat Jasti Last September-November-December timeframe.

Amit Kadam Okay. And, like, what is the kind of a threshold or a minimum patients when they actually thought about,like for example, 535 is the sample size we are seeking for. So, like, were they able to close to 50%-60% of the samples they hadalready covered and then they thought that the data is not positive enough ?

Venkat Jasti No. We are not even enrolled here, we have enrolled only 166 patients.

Amit Kadam No. I agree, sir. But does the other companies who pulled out?

Venkat Jasti They have pulled out because their data after the total studies are completed did not give any positive effect and one study had a negative effect. It was worse than placebo, so they pulled out.

Amit Kadam So unless we complete the entire study, nothing will be known?

Venkat Jasti Nothing will be known, yes.

Amit Kadam And the second thing, just a data point, like last year, same quarter, our specialty chemical revenue were?

Venkatraman Sunder Last year same quarter, the specialty chemical revenue were Rs.49.19 crore.

Moderator Thank you. We have the next question from the line of Vishal Singhania as an Individual Investor. Please go ahead.

Vishal Singhania My question is with respect to the three commercialized molecules – so we have received Rs.34 crore of revenues as of three quarters. Is anything more expected in the last quarter?

Venkat Jasti No pending orders.

Vishal Singhania And for the next two years, you said Rs.40 crore to Rs.50 crore?

Venkat Jasti We are expecting in the range of Rs.40 crore.

Moderator Thank you. We have the next question from the line of Dheeresh Pathak from Goldman Sachs Asset Management. Please go ahead.

Dheeresh Pathak Yes, sir. I joined a little late. The Lundbeck compound, which we used to compare ourselves with, saying that ours is lower dosage and has better efficacy that has failed the trial, right?

Venkat Jasti Yes.

Dheeresh Pathak And that is the same 5HT6 antagonist pathway?

Venkat Jasti That's right.

Dheeresh Pathak Okay. And that failed Phase-3 or that failed Phase-2?

VenkatJasti According to information release, there is a change in their dosage from Phase 2 to Phase 3 study and whether that has any impact on the study result need to be analyzed. Their Phase 2 had positive result with a specific dose and with reduction in dose in Phase 3 might have some effect in efficacy. We have not have compared our studies with them as our Phase 2 study is ongoing and hence we will not be able to come to any definitive conclusion at this stage. As for as our dosage is concerned, we are conducting a Phase 2 study with SUVN-502 with 50mgs and 100mgs dosage comparing the same to Placebo.

Dheeresh Pathak And what is safety profile for our drug?

Venkat Jasti I was telling you before, ours is a much safer and 166 people have been enrolled so far, not even a single serious adverse event related to our molecule has happened.

Dheeresh Pathak So sir, earlier you were used to guide that calendar '16 Phase-2 would be over. So where has been the delay, in recruiting?

VenkatJasti The delay is due to patient recruitment phase being low which is due to multiple competing, ongoing studies for Alzheimer's. Recently few of the studies have come to closure and few were withdrawn and possibly this may lead to improvement in our enrollment.

Dheeresh Pathak Any other 5HT6 antagonist pathway molecule?

Venkat Jasti Yes, one more is there by another US company.

Dheeresh Pathak Okay. That trial is still ongoing?

Venkat Jasti Yes.

Moderator Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing remarks. Thank you, and over to you.

VenkatJasti Thank you everyone for dialing in and as usual the things are moving nicely, especially in the clinical trial aspects and on the CRAMS side of the business. We're having better profit margins, but not much growth in the top-line. And as we hope for that some of the molecules in the pipeline will move into the next stage of the game, so that we can have a top-line and bottom-line growth.

With this, I thank you, and hope to talk to you next time when our results are out. Thank you.

Moderator Thank you very much members of the management. Ladies and gentlemen, on behalf of Suven Life Sciences, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.