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Company on a path of recovery; Q1 has been solid: Manoj Nerurkar, Syngene International

In an exclusive conversation with ET Now Manoj Nerurkar, COO, Syngene International spoke about the future plans of the company and the factors that impacted the numbers in Q1 FY17. Edited excerpts:

As far as the numbers are concerned they are largely lower than expectations, even analysts have pointed out, take us through the factors which have really impacted the numbers in Q1 FY17?

First of all if you remember in December of last year we had a fire incident and while we were fortunate that there was no loss of human life or any injuries we did have about 10% of our infrastructure go out of commission at that point and definitely there was an impact of that.

If you look at the fourth quarter's results of the last year we had a de-growth of about 6%, we had a negative 6% growth. If you, therefore, look at that and look at this quarter there is a recovery of now plus 6%.

Clearly we are on a recovery path, we believe we made a significant progress going from minus 6% to plus 6% in terms of revenue growth and then if you look at our numbers overall our EBITDA margins and PAT margins are both above our Syngene average. We came at an EBITDA of 37% which is 4% higher than our traditional EBITDA. Our PAT is 20% which is PAT margin which is couple of percent higher than our average. We truly believe it is a solid performance, we are on the path of recovery.

You spoke about the fire impact that it has had so will this impact continue over the next quarter as well or will you see those impacts mitigate as we move ahead into Q2?

Yes, we are seeing a strong momentum and we believe that we are, as I said, on the path of recovery and will come out of this fire impact as we go along. We believe we will be completely out of it in the second half of the year, second quarter we are expecting it to be a better quarter than what we saw in Q1 because recovery happens gradually, it cannot happen overnight. And from that perspective Q2 we believe will be better than what we saw in Q1 and then we will be coming out of it completely by the second half of the current fiscal.

As far as the capex plans for FY18 are concerned what is the outlook like as we move ahead?

As you know a couple of years back we had signed up for a \$200 million capex, we have made a good progress on it. We have spent significant amount of cash on our two new facilities here in Bangalore; the formulation development facility and biologics manufacturing facility.

Our formulation facility is already operational for which we used that capex. Biologics facility will go operational in the next couple of months. And then we are spending money now on Mangalore. You know Mangalore is where we are going to do the commercial manufacturing of API, those are the plans. Capex is being spent as our plan and all our expansion projects are on time-- are on track.

Talk to us a little about the Amgen collaboration because that is something that you have recently closed, how will that really pan out as far as the nitty- grittyest are concerned?

We are very proud of our Amgen collaboration. Amgen is one of the leading multinational bi-therapeutic companies of the world. They have established players in drug discovery, development and manufacturing, especially in the biologics areas, the large molecule area. We have been working with Amgen for the last three-four years.

In September of 2016 we set up what we call as a dedicated center for Amgen, we call Syngene Amgen Research Centre, SARC. First dedicated center which was about 25000 sq feet came on.

Source:

<http://economictimes.indiatimes.com/markets/expert-view/believe-company-on-a-path-of-recovery-have-seen-a-solid-q1-manoj-nerurkar-syngene-international/articleshow/59808168.cms>