Investors/Analysts Conference Call (January 22, 2007)

Moderator: Good evening ladies and gentlemen, thank you for standing by. This is Pallavi, the moderator for your conference call today. We welcome you to the post quarterly results conference call of Cadila Health Care Limited. We have with us today, Mr. Pankaj Patel, Chairman Managing and Director from Cadila Health Care Ltd. At this moment all participants are in a listen-only mode. Later we will conduct a question-and-answer session. At that time, if you have a question, please press '*1'. I would now like to turn the conference over to Mr. Pankaj Patel. Please go ahead Sir.

Pankaj Patel: Good evening and welcome to our post-result tele-conference for the third quarter of 2006-07.

First of all, let me take you through broad financial numbers.

During Q3 06-07 on consolidated basis,

- Total operating income was up by 25% y-y to Rs. 4724 Mio. from Rs. 3778 Mio. last year.

- Income growth was mainly driven by 105% growth in formulations exports on the back of robust 188% growth in sales of French Subsidiary and 105% growth in US business.

- Our consumer business grew by 59% on back of sales of new subsidiary Carnation Nutra, which registered sales of Rs. 147 Mio.

- PBIDT was up by 31% y-y to Rs. 1019 Mio. from Rs. 777 Mio. This was after 85% growth y-o-y in R&D expenses, which increased by Rs. 137 million, to Rs. 299 million from Rs. 162 million last year.

- Net Profit was up by 66% y-y to Rs. 659 Mio. from Rs. 396 Mio. PAT margin (as % to total operating income) was up by 3.5% to 14% from 10.5% last year.

Coming to standalone numbers, during Q3 06-07,

- Total Operating Income was up by 15% y-y to Rs. 3716 Mio. from Rs. 3232 Mio. last year.

- Revenue growth was mainly driven by 60% growth in formulations exports and 45% growth in API exports.

- PBIDT was up by 13% to Rs. 831 Mio. from Rs. 734 Mio. last year.

- Net Profit was up by 22% to Rs. 525 Mio., from Rs. 429 Mio. in Q3 last year.

- Net Profit as % to total operating income improved by 0.9% to 14.1% from 13.3% last year.

During the quarter,

- We received final approval from US FDA for Simvastatin, launched it on the very first day in US and achieved good market share. As of now, we have 18 approved ANDAs, out of which 8 have been launched.

- We filed 3 more ANDAs with US FDA during the quarter.

- We also filed 4 dossiers for new products and 2 site transfer applications for French market.

- We filed one more IND – ZY O1, a novel drug candidate for treating obesity and related disorders.

- During the quarter, we signed 3 more contracts, taking the cumulative number of contracts signed to 20 with peak revenue potential of US$ 27.5 Mio.

Thank you and we will now start the Q&A session. You may address questions on domestic market, non-regulated markets and regulated markets to me & Mr. Ganesh Nayak and on results and finance to Mr. M K Patel.

Over to the coordinator for the Q&A.

Moderator: Thank you, Sir. Ladies and gentlemen, we will now begin the live question-and-answer session. If you have a question please press '*1' on your push-button phone and await your turn to ask the question when guided by the facilitator. If your question has been answered before your turn and you wish to withdraw your question, you may do so by pressing the '#' key. Our first question comes from Mr. Balaji from Sundaram BNP. Mr. Balaji, please proceed Sir. 4:47

Balaji: Good evening Sir, if you could just tell us the domestic formulations growth has only been 6% for this quarter. So have we actually missed a market surge because of the restructuring? And broadly in the second quarter we were indicated that the restructuring is almost over and the growth will be either on par or it will be above the market growth. So is there some kind of delay in that?

Pankaj Patel: First of all, let me clarify that our branded formulations has grown by 8.6% and not 6% as you mentioned, but our generic product market has degrown by 16%, and as a result, the overall growth was 6%. The second point is that our average sale in the domestic market is about close to Rs. 80 crores per month and Tamilnadu is one of the key market for us which represents about Rs. 7 crores average sale per month or approximately 10% of our average monthly sales. You know Tamilnadu has introduced VAT with effect from January 2007 and as a result sales in the month of December in Tamilnadu was almost zero, which of course we will regain in the month of January. If you just nullify the effect of Tamilnadu, then the growth of branded formulations for the quarter comes to approx. 12.3%. As far as our restructuring of our domestic business is concerned, it has been completed. We have been consistently improving the growth and I just gave you the corrected numbers, then last quarter it was around 10% and it has now come to 12.3%, and coming quarter we will see even further acceleration in the growth in the domestic market. So we are very confident that we are on track and we will achieve the numbers as we had planned.

Balaji: Okay, thanks.

Moderator: Thank you Mr. Balaji. Our next question comes from Ms. Rohita Sharma from Alchemy. Ms. Sharma, please go ahead Madam.

Sharma: Hi! Had a couple of questions, if you could give us the sales and profits numbers for your US business, French business and Altana JV's business . And next, if you could explain the sharp rise in other expenses?

Pankaj Patel: I will start first with the French business. The French business had sales of Rs. 542 million and profits of Rs. 180 million during the quarter. This profit was derived because as you are aware that we sold our branded business and we received the final payment of that during the quarter, and net profit on this sale was Rs. 196 million. So if you remove the effect of this Rs. 196 million, then the French business actually on an operating basis has made a loss of Rs.16 million.

Coming to US business, sales during the quarter was Rs. 386 million, while profits before R&D allocation were Rs. 68 million. We charged Rs. 72 million to the US business for R&D expenses, which were paid by the US subsidiary to CHL, India, and as a result the US business, on a standalone basis had a loss of Rs. 3 million during the quarter. However, in consolidation, this inter-company transaction was eliminated, and therefore, the group's profit from US business was Rs. 68 million during the quarter.

As far as Zydus Altana JV is concerned, sales for the quarter was Rs. 96 million and our profits for the quarter were Rs. Rs.73 million.

Coming back to your next question, regarding the expenses, I explained to you in my opening speech that during the quarter, we had a significant ramp up on as far as our R&D cost is concerned, which increased by Rs. 137 million or 85%, to Rs. 299 million from Rs. 162 million last year,and that is why you see a high growth in other expenses.

Sharma: Okay, fine thanks.

Moderator: Thank you Ms. Sharma. Our next question comes from Mr. Rajesh Vora from ICICI Securities. Mr. Vora, please go ahead Sir.

Vora: Good evening gentlemen and congrats for good set of numbers. If Mr. Pankaj Patel can explain a bit in terms of the progress in drug discovery research and with 4th IND now been filed and certain changes at the team level. In terms of going forward what is the strategy of the company to monetize it's assets in this part of the business?

Pankaj Patel: Let me give you first the visibility about our current publicly known R&D programs. Our first program, which was ZY-H1 has moved into the phase-II trials. We would expect by April the first prime result of the phase-II trials to be available to us. So far as our second program ZY-I1 is concerned, we have completed the phase-I study. Currently it is with the Drug Controller General (India) for going ahead with this phase-II trials. We expect that it should happen during this quarter, which is the Q4 of the current financial year. Our next program is ZY-H2, which is under phase-I clinical study now and which we intend to complete by February end, and enter going forward phase-II. The next program which is ZY-O1, we are expecting approval from DCGI for starting the phase-I study during this quarter and we will commence the study for this anti-obesity compound in this quarter. We have few more leads and we expect to file couple of more INDs during the next financial year. Our strategy is to move the products upto phase-IIA and then to look for a development partner. The results which we have got till date have been very encouraging. We are expecting that the next year would be a very important year for R&D. Currently I am personally involved in a great way in building our R&D effort and I am seeing a very bright picture of R&D. More we will discuss with you as we progress during the next year.

Vora: And any additional update on your joint venture partner, Hospira and Mayne deal been cleared now, any additional inputs as far as Zydus's business is concerned in near-term or in a medium-term?

Pankaj Patel: Incidentally today we had a Board Meeting for our joint venture, Zydus Mayne and our partners informed us that the expected volumes of the JV are going to be higher than what we projected. We expect much more clarity on this in the next couple of months and we would be able to give you more data at that stage. But at this point in time, I would say that the numbers look better than what originally we had envisaged in our joint venture because the new entity now being larger after being acquired by Hospira.

Vora: Okay, congrats and thank you very much.

Moderator: Thank you Mr. Vora. Our next question comes from Mr. Rajesh from HDFC Mutual Fund. Please proceed Sir.

Rajesh: Sir, I just wanted to know given the large pipeline that you have, R&D pipeline, your R&D expenses have been moving up. Do you see that as run rate going forward?

Pankaj Patel: Well, a significant ramp up in the last quarter what you seen in R&D expenses was mainly because of the US and Europe related filings. So most of the increase in the expenses happened because of these developmental activities. I can only say that this was one-off effect and it is not going to continue for the next quarter.

Rajesh: And my second question is on your contract manufacturing tie-ups. The $27.5 million peak revenue is for which year?

Pankaj Patel: As I have been telling continuously, the peak revenues vary from year to year, so I cannot give you a specific year in which this peak is going to happen. On an average, it would take 2-3 years for a contract to reach its peak revenue potential. Since all the contracts have been signed in different periods, we can’t say that peak revenue potential of all the projects of $ 27.5 million would be realized in same year.

Rajesh: On the Mayne JV what is the broadguidence?

Pankaj Patel: I only can say that the Mayne JV is going to be very important JV for us is going to help us bridge the gap which would be created on drop in profits of our Altana JV when the patent for Pantoprazole is going to expire in 2009-10 timeframe. We expect the revenues from Mayne to be sufficient to basically cover that gap and also show us a healthy growth on that. Currently we cannot give you more guidance as I told in the previous question also that we are expecting more data very soon.

Rajesh: Okay, thank you so much.

Moderator: Thank you Mr. Rajesh. We have our next participant Mr. Nimesh Mehta from Edelweiss Capital. Please go ahead Mr. Mehta.

Mehta: Good evening everybody, just one small question. What is this other operating income which is booked as Rs.115 million in this quarter? And two, I just missed out on the Altana numbers, if you can just brief on that that will be great.

Pankaj Patel: The other operating income is basically the contract manufacturing income. We do contract manufacturing for Madaus AG of Germany, and have signed several other contracts with various MNCs as discussed in earlier, from which also we have earned income. Exports incentives are also included in the other operating income.

Mehta: Is this recurring in nature?

Pankaj Patel: Yeah, these are recurring in nature.

Mehta: Even the Madaus?

Pankaj Patel: Yes.

Mehta: And if you can just run me through the Altana numbers?

Pankaj Patel: Yeah, in Altana JV, sales for the quarter was Rs.96 million and profits were Rs. 73 million.

Mehta: And this is your part or…?

Pankaj Patel: Yes. That’s our share of 50%.

Mehta: Okay, thank you very much.

Moderator: Thank you Mr. Mehta. Our next question comes from Mr. Ravi Agarwal from JP Morgan. Mr. Agarwal, please proceed with your question Sir.

Agarwal: I have a few questions. First is on your Altana revenues, they seem to be down on a sequential basis. What is the reason for this?

Pankaj Patel: Well, actually we are very much on the annual target for the year ended December 2006. During this quarter, Altana had FDA inspection and that is why they had shut down the plant for a month in Germany. So they had not lifted any material in the month of December 06. But as far as the whole year is concerned, we are very much on target Altanaand the projections for next year are also on the same line. So we see a good number continuing next year also.

Agarwal: So whatever is the shortfall in the current quarter will be made up for in the next quarter?

Pankaj Patel: Actually we have made up in earlier quarters, so if you see our annual sales target for Altana for this year was close to about Rs.145 crores . We have actually done better than that So the sale is about Rs. 150 crores for the year and the profits are in the vicinity of Rs. 120 crores for the the calendar year 2006. And going forward we are confident that this pace is going to continue and in fact we would have slight growth on that. That's what the projections we have received from Altana.

Agarwal: The non-operating income if you can give us a break up of that and the reasons for the increase in non-operating incomes?

Pankaj Patel: The entire non-operating income is from France. As you know that we sold off our branded business of Zydus France, and received the payment during this quarter and profit earned on this sale of Rs. 196 million has been reported as other non operating income.

Agarwal: So Rs.196 million is entirely from there?

Pankaj Patel: Yeah.

Agarwal: And the other thing is that on your French revenue number, you said it was Rs. 542 million. Typically we have seen in the past that the subsidiary numbers are different in consolidated and stand-alone accounts. And if I remove the Rs. 386 million from the US business, I get French revenues of only about Rs. 312 million …

Pankaj Patel: How can you remove, the French revenue itself is Rs. 542 million.

Agarwal: So if I were to add Rs. 542 million and if I were to add Rs. 386 million to these stand-alone numbers of export formulations, then should I get the consolidated numbers?

Pankaj Patel: Yeah, we should be able to get it. You are talking about only the formulations, isn't it?

Agarwal: Yeah.

Pankaj Patel: It's a bit more complicated, I would request that if you could talk to finance after the call, we could give you more details andclarity. May be on the phone the people may not understand the full structureWe would be happy to give you all the data you need.

Agarwal: Okay, and the third thing is on Madaus, if you can tell us how much is the growth in Madaus revenue and what is the…?

Moderator: I believe the line has got disconnected Sir. Can we take our next question, it's from Mr. Ashi Anand from Prudential ICICI.

Anand: I have a set of questions. One in terms of that you have mentioned that by FY-11 the Mayne JV revenue Altanawould compensate the loss of contribution from Altana JV. You will compensate for the lower revenue or would also compensate for the profits because the Altana JV the margins are very high.

Patel: We are basically talking about profits and not revenues. Of course more important is profit.

Anand: So the Mayne JV would also compensate for loss of profit which is earned by Altana JV.

Patel: Exactly.

Anand: For Altana JV you generally mention FY-09 as when the patent would be going away? Does it mean that we don't believe that there are good potential launches for 2006-07.

Patel: We believe that it will not happen.

Anand: You believe that they would not go ahead in launches?

Patel: Yeah.

Anand: With regards to the US generic business I just wanted the status in terms of approvals onPravastatin, Sertraline and Levofloxacin.

Patel: For all the three products, we have tentative approvals.
Anand: In terms of the profitability on this US generic business on entering FY-08, what is the kind of margins that you are

expecting in this products because quite a few of these products would have fair amount of price competition.
Patel: I entirely agree with your comments that competition will be high in the FY-08 and what we expect is to maintain the profit numbers with launch of new products.
Anand: But in terms of margins what are the kind of margins that you expect?
Patel: It is very difficult to say what product is launched when and depends upon how much competition is there and so all these will be driven by future. So to predict exact margins is impossible but what I can say is that we would be able to maintain our current year's profit numbers or even better it going forward in the FY-08 also.
Anand: Earlier in the past you have mentioned potentially doing $60 million of your US generic fields in FY-08, this was exact that number?
Patel: We have mentioned about $30 million for the current year, we have not yet given guidance for the next year and we would give the guidance this quarter.
Anand: Okay, thanks a lot.
Moderator: Thank you Mr. Anand. We have our next participant Mr. Rahul Sharma from Karvy Stock Broking. Mr. Sharma, please go ahead Sir.

Sharma: I did not get the US numbers properly Rs. 386 million in sales and how much was profit?

Patel: US number is Rs. 386 million in sales and the profit before R&D expenses is Rs. 68 million, after allocation of R&D expenses to US there is a loss of Rs. 3 million.

Sharma: How many ANDAs did we file for the quarter and how many approvals did we received?

Patel: We have for the quarter filed three more ANDAs and the total number of filing in US now reaches to 44, of which 18 have been approved. In the current year, till Dec-06, we had made 8 filings, and we expect the number to exceed 20 by March '07.

Sharma: Okay.

Sharma: How many are tentative approvals, of these three are tentative.

Patel: Yeah, the three that we mentioned I don't have the data exact number available of tentative.

Sharma: And pending.

Patel: Out of the 44, we have total approval of 18, so 26 are pending approval.

Sharma: Could you run us through the 9-months figures for US ,France and Altana.

Patel: The US numbers for nine months the sale is Rs.937 million and the profit is Rs.72 million, after the R&D allocation I mentioned earlier. As far as France is concerned, the nine-months number is Rs.1030 million and the profit is Rs.138 million, after one time profit of Rs. 245 million earned on sale of branded business.

Sharma: And Altana ?

Patel: Altana for the nine months the sale is Rs.525 million and the profit is Rs.425 million.

Sharma: How much is it after R&D in US?

Patel: The number I gave you of Rs. 72 million is after R&D allocation

Sharma: Okay, thank you.

Moderator: Thank you for your questions Sir. We have our next participant Mr. Pawan from Kotak Securities. Please go ahead Sir.

Pawan: Can you explain me whether in the France business, from sales of Rs. 542 million, we should remove Rs. 196 million….

Patel: No, the 542 is without one-time income of sales of branded business so that is extra

Pawan: Can you explain what has happened and what has driven this?

Patel: One is of course our business is growing very well and second is the the French government has reduced discount to the pharmacist by about 5% from 1st of January, 2007. So we had a good sale in the month of December 06, which benefited us in achieving better sales numbers. If we are doing sale of 10 in a month, we could achieve a sale of about 25 in the month of December and that helped us to have better sales. So going forward, the number which is not Rs. 542 million but closer to that number is sustainable as we go in the next year and we see the overall growth in a vicinity of 60-70%

Pawan: 60-70% growth on FY-07 full or this 50% of that?

Patel: FY-07 full.

Pawan: And you don't think that Quarter 4 numbers are going to hit because we had our one-time inventory push.

Patel: That would not get us impacted, there will be some impact in the month of January but we don't expect for the whole quarter there is going to be a degrowth. In spite of pushing in December, we expect good growth and the market is responding very well and we see that going forward in French market, our product availability and acceptance would be bettered.

Pawan: Your Brazil business any update on that?

Patel: Our Brazil business registered sales of Rs.44 million sales for the quarter and there was a loss of Rs.31 million. And upto the quarter the sale in Brazil is Rs. 130 million and loss of Rs.73 million.

Pawan: What is the kind of aspirational growth number for FY 2008-09 you will be looking at without acquisition?

Patel: We are looking at 20% growth without acquisition.

Pawan: And what do you think that it happened because…

Patel: The main driver would be significant ramp up inFrance and US, also increase in sales in Brazil, domestic market yielding more and the API business also yielding more. So from all of these businesses, we expect good growth for the next year.

Pawan: What brings in confidence to us that we are going to make profits going forward?

Patel: I would request Mr. Nayak to answer this question.

Nayak: The last year that is in previous calendar year 2005, we did sales of 10.5 million euros, of which about 5 million was of the branded business. If we just look at the generic business it was around 5.5. In this calendar year we have ended up with 21 million euros and the generic business has grown almost 3-fold meaning from 5.5 to around 14 million Euros. Now this has primarily come from some of the new products which we have introduced. We have an authorized generic of Pravastatin and that was launched in the month of September and from September to December in the four months that product alone has given us a sale of around 2 million euros. And in the coming years we have five or six more new products which we are going to be launching. In terms of the character of the business, we have managed to build up a good equity with the wholesalers as well as the pharmacist in France through an novel approach which we have taken the details of which I don't think I would like to give you at this point in time. But suffice to say our market share last year, which was around 0.3% is now 1.6%. We are expecting it to go up to 2.6% with mix of the new products being available, good field-force and a proper strategy with the pharmacist as well as the wholesalers. Now another point is in terms of the margins too, the last quarter was very good not only in terms of the topline but also in terms of the bottom-line and as we see next year we should be breaking even because there is a reduction to the pharmacist enforced by the government this year from January by 5%. So as we see the government legislation is quite strict, you can't give it in any other form to the pharmacist. So you have a legal discount of 10.8% and until last year we had an additional discount, which we could go up to which was 20%. Now that 20% is reduced to by 5% to 15%. Now that all are going to be added to the bottom-line. So the French business is not only doing well on the topline but also in terms of the bottom-line we can expect some good show there.

Pawan: Is there again aspirational net margin number in the French business over the next 2-3 years?

Nayak: Sorry, I didn't get you clearly what is the question?

Pawan: What I am trying to understand is that is there an aspirational net margin number that is going to be in generic business in France going forward ?

Nayak: No, there is absolutely no way, at this point in time we are very bullish about the French market and as I just told you the numbers themselves are self explanatory. Last calendar year we did 10.5 million Euros, this year we have ended up with 21 million Euros and if you take off the branded business of 5.5 million Euros this year generic business is 14 million

Pawan: The aspirational net margin numbers?

Nayak: No, I am talking about the sales. On the net margins numbers I just gave an indication that in the month of December, we have broken even. We have a 5% addition to the margins because of this new law been passed. So we definitely see an improvement in the bottom line too over the next 2-3 years.

Pawan: I am sorry to be little repetitive, let's say our sales next year is 50 million euros, there is no change in the prices. What kind of net margins that you realize?

Patel: Net margins as I said we are going to break even.

Pawan: I think you are going to do 50 million euros sales and then break even next year?

Patel: We didn't say 50 million Euros. From where did you get that number.

Pawan: No, I am saying I just want to understand that how much can be the business like. I am just saying hypothetical numbers 50 million Euros, no change in pricing what is the kind of margins we make?

Patel: If we make 50 million euros, we will make at least 10% plus profit.

Pawan: Okay, thank you.

Moderator: Thank you Mr. Pawan. Our next question comes from Mr. Ravi Agarwal from JP Morgan. Mr. Agarwal, please proceed Sir.

Ravi: The question is actually on the other expense, it has gone up quite a bit this quarter and you explained partly that's because of R&D. Now even if I were to remove the impact of R&D it is still gone up by about Rs. 40 crores in a y-o-y and about Rs. 15 crores on a sequential basis. Given that the domestic business has actually declined sequentially and is up only about 6% y-o-y. What is being driven for the sharp increase in other expense even excluding R&D?

Patel: We had some specific expenses regarding advertisement related activities during the quarter and these are like the specific expenditure which happens only once in a year during this quarter for our consumer product division, that has been added there. That's why there is a higher sales and marketing expenses to that extent. But if you look at our manufacturing and other expense, they have not gone up significantly..

Ravi: So the entire amount pertains to just added in this advertisement expenses?

Patel: That's the main driver, I don't have the further details at this moment but whatever information I have in front of me I just can give you. On specific we can discuss more in detail.

Ravi: Okay, fine thank you.

Moderator: Thank you Mr. Agarwal. Our next question comes from Ms. Rohita Sharma from Alchemy. Please proceed Madam.

Sharma: Hi! I have a follow up question regarding your domestic business. Your consumer business has been doing quite well over the last few quarters. So do you expect this growth momentum to continue and if you could just throw some light on whatever initiatives you been taking for this business?

Patel: The consumer product is going to continue growing well for the year but as you know, we have acquired new business of Carnation Nutra during the year. We relaunched this Nutralite brand recently. So there is a first time sales being reported for this year. So going forward we cannot see the same number of growth but we would have a good 30% growth in consumer products even for the next year.

Sharma: This 30% is on a full-year on 9 months number, right?

Patel: That is going to be year-on-year.

Sharma: Okay, thank you.

Moderator: Thank you Ms. Sharma. Our next question comes from Mr. Rahul Sharma from Karvy stock broking.

Rahul: How much would the R&D expense to revenue account for the nine months period?

Patel: It was Rs.881 million.

Rahul: Could you give us the breakup of how much was contract manufacturing income in other income from operation for the 3 months and 9 months?

Patel: It's Rs. 73 million for the quarter and Rs. 180 million for nine months.

Rahul: Just wanted more clarity on the Rs. 196 million earned on sale of branded business in France. Has it been accounted for in other income?

Patel: Yes. Non-recurring other income.

Rahul: Okay, thank you.

Moderator: Mr. Sharma thank you for your question Sir. Participants who wish to ask any further questions may lease press '*1'. Our next question comes from Mr. Nimesh Desai from Motilal Oswal Securities.

Desai: Just a follow up on Pantoprazole patent challenge, you mentioned that you don't expect any generic company to launch it. Just wanted to know is this a feedback you are getting from your partners or how is the confidence coming up about that there will not be any risk to the patent expiry?

Patel: This is what we are receiving the feedback from our partner.

Desai: And second question was on Pravastatin, the company is not yet received final approval for Pravastatin, is it?

Patel: Yes. We have not received final approval of Pravastatin yet.

Desai: Is there any issue out there because last time you had indicated that some additional data needed to be submitted with the US FDA.

Patel: We have already submitted the additional data but we have not yet received final approval. FDA has quite some backlog at this moment for approval process. The approval process is getting delayed and it is very difficult to say exactly when FDA gives you approval and there seems to be a like 3-6 months delay on approvals for all the companies.

Desai: The last question was on the domestic market. What is your view on how this market will perform for FY-08? Should we be expecting double-digit growth in the industry that will continue what we have seen in the past?

Patel: We expect that the market would continue growing at the double-digit even the next year.

Desai: As a company you will be able to outperform the average industry growth?

Patel: Yes, we would be able to definitely outperform the industry growth for next year also.

Desai: Okay, thanks a lot.

Moderator: Thank you Mr. Desai. Participants are requested to press '*1' for any further questions. Our next question comes from Mr. Nimesh Desai from Motilal Oswal. Please go ahead Sir.

Nimesh: Just one thing which I missed out was on Simvastatin. What is the feeler that you are getting from the market regarding price discount and rather price erosions and have you already launched your version of Simvastatin.

Patel: First of all we have launched our version of Simvastatin, there is a heavy price discount on Simvastatin and we have been able to get double-digit market share.

Nimesh: What would be the approximate price discount?

Patel: It's 99% plus to the brand.

Nimesh: Okay, thanks a lot.

Moderator: Thank you Mr. Desai. Participants who wish to ask any further questions may please press '*1'. All participants are requested to press '*1' for any further questions. As there are no more questions I would now like to hand over the conference to Mr. Pankaj Patel. Please go ahead Sir.

Patel: It was a pleasure talking to you, thank you very much and have a good evening. See you at the next quarterly conference call, bye.
