



CORPORATE PARTICIPANTS

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Moderator: Ladies and gentlemen, good day and welcome to the Sun Pharmaceutical Q3 FY13 Earnings Conference Call. As a reminder, for the duration of this conference, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Nimish Desai. Thank you. Over to you, sir.

Nimish Desai: Thank you. Good evening and a warm welcome to our third quarter FY13 earnings call. I am Nimish from the Sun Pharma investor relations team. We hope you received the Q3 financials and the press release that was sent out earlier in the day. These are also available on our website. We have with us this evening Mr. Dilip Shanghvi – Managing Director, Mr. Sudhir Valia – Whole Time Director, and Mr. Abhay Gandhi – President. Today they will discuss performance highlights, update on strategies and respond to any questions that you may have. As is usual, for ease of discussion we will look at the consolidated financials. Just as a reminder this call is being recorded and a replay will be available for the next few days. The call transcript will also be put on the website shortly.

The discussion today might include certain forward-looking statements and these must be viewed in conjunction with the risks that our business faces. I request you to restrict yourself to two questions. If you have more questions I request that you rejoin the queue. I also request all of you to kindly send in your questions that may remain unanswered today.

I will now hand over the call to Mr. Shanghvi. Over to you sir.

Dilip Shanghvi: Welcome all of you for joining us for earnings call after the announcement of financial results of the third quarter of 2012-13. Let me highlight some of the important developments. Recently, we received the US FDA approval of Liposome and Doxorubicin injection. The development and successful commercialization of this product reflects our technological strength and ability to bring to market complex products.

We also recently closed the acquisition of URL's generic business in the US with the portfolio of 107 products represented by over 230 ANDAs. It expands our US portfolio. In December 2012, we closed the acquisition of DUSA, a specialty dermatology company in the US. DUSA and URL acquisitions strengthen our presence in the US which continues to be an important market for us. We will focus on growing these acquired businesses and enhancing their profitability.

Earlier today, Sun Pharma and Taro announced the termination of the merger agreement pursuant to which shares owned by Taro's public shareholders would have been bought at a price of US\$39.5. Sun Pharma has been considering the reaction of Taro shareholders to the proposed buyout and concluded that Taro shareholders would be unwilling to approve merger



unless the price was increased substantially. And Sun Pharma has decided that it would not be in the best interest of Sun Pharma and in its shareholders to do so. So Sun Pharma requested that the special committee agree to terminate the merger agreement and they have agreed to do so.

I will now hand over to Mr. Valia for further discussion of the quarter's performance.

Sudhir Valia: Thank you Mr. Shanghvi. Good evening, everyone, and welcome to all of you. Our third quarter financials are already with you. Before we discuss the financials, let me highlight that the US dollar is at the higher rate this quarter as compared to the same quarter last year. The resulting growth in the rupee reported sales and the profit on account of that may not be sustainable. We would like to request you to take care when you compare Q3 with that of the previous year. As usual, we will look at key consolidated financials.

Q3 net sales are Rs. 2,852 crores, an increase of 33% over last year. The material cost as a percentage of the net sales is 19.6%, higher than the Q3 last year. Staff cost as a percentage of the sales were at 13.6%, same as Q3 last year. Other expenditure as a percentage of our net sales is 22.6%, lower than that of the Q3 last year. As a result of the above, the EBITDA achieved in the Q3 is Rs.1,261 crores as compared to Rs. 964 crores for the third quarter last year, a growth of 31%. Tax at 18.6% of PBT is significantly higher than that of the third quarter last year. As a result, net profit for the quarter was Rs.881 crores, registering a growth of 32% over the same quarter last year. On fully diluted basis, EPS is Rs. 8.50 compared to Rs. 6.50 that we had earned for the third quarter last year.

Now, we will discuss the nine months performance. Net sales were at Rs. 8,167 crores, an increase of 44% over corresponding period last year. Material cost as a percentage of the net sales is 19%, which is lower than the comparable corresponding nine months last year primarily on account of Lipodox and Taro. The staff cost for nine months period is at 13.4% of the net sales, lower than the 14.8% for nine months last year. Other expenditure at 23% of the net sales is also lower than that of nine months last year. As a result of the above, EBITDA achieved in nine months is Rs.3,646 crores, a growth of 59% over the corresponding period of last year. Net profit is Rs. 2,580 crores, a growth of 46% over that recorded in the nine months of the last year. The net profit after provision for generic Protonix is Rs.1,997 crores. The fully diluted EPS is Rs.19.30, up from Rs.17.10 for the nine months last year.

Taro recently announced its Q3'13 financials. It reported net sales of \$186 million, an increase of 25% over the same period last year. Net profit at \$89 million is higher compared to the same quarter last year. For the nine months period, Taro reported sales of \$506 million, an increase of 27% over the same period last year, net profit of \$217 million is also higher compared to the same period last year. Taro has indicated that it witnessed decline in the volume both for the quarter and for the nine months period.

I would hand over now to Abhay Gandhi, who will share performance of our Indian business.



Abhay Gandhi: Thank you Mr. Valia and good evening, everybody. I will take you through the India formulations business. Sales in Q3 is Rs. 788 crores, reflecting growth of 13% over Q3 last year. For the nine month period, sales were at Rs. 2,186 crores, registering a growth of 7% over corresponding period of last year. If you adjust for the extra sales, which we had done in the Q4 of financial year '12, as well as for the change in treatment of expected sales returns and treatment of discount, then the underlying sales growth of the Domestic Formulations business is 19% for the quarter and 20% for the nine month period ended December 2012.

Sun Pharma is ranked 3rd and holds 4.8% market share in the Rs. 69,000 crores Pharmaceuticals market of India as per the December 2012 AIOCD-AWACS report. We continue to be ranked #1 based on share of prescriptions with seven classes of specialists, psychiatrists, neurologists, cardiologists, ophthalmologists, orthopedicians, nephrologists and gastroenterologists. Seven products were launched during the quarter, taking the total to 22 for the first nine months.

The Indian market remains as competitive as ever. In this intensely competitive market, we continue to look for innovative ways to sharpen our business edge, connect with our key customer base and add prescription share.

With this I hand over to Dilipbhai.

Dilip Shanghvi: Thank you Abhay. I will briefly touch upon the performance of our businesses across other segments as well as our performance in the US. For Q3, our sales in the US increased both for Sun's products as well as for Taro. Our overall sales in the US in this quarter are \$276 million which is higher by almost 32%. For the nine months period US sales across the company were up 53% to \$802 million.

Formulation sales in the Rest of the World market account for \$73 million in the Q3 registering a growth of 31% over the same quarter of previous year. Excluding Taro sales outside the US, the underlying sales growth for Sun Pharma business in these markets was 58% in dollar terms. For the nine months period, International Formulations sales at \$208 million were up 24% in dollar terms and excluding Taro, Rest of the World sales in the nine months period were up by 45% in dollar terms.

Our API business grew by 36% for the quarter and 27% for the nine months period over last year. These are specialty and complex to manufacture products which have limited competition and are mostly sold to end users in developed markets.

In the third quarter, ANDAs for eight products were filed while for the first nine months, ANDAs for 16 products have been filed with the US FDA. We now have 261 ANDAs approved for a total of 403 products filed with the USFDA and ANDAs for 142 products await approval. Our patents together with patents of Taro have now reached 655 filings with 308 granted patents.



In all this has been solid year till date. With this, I would like to leave the floor open for questions. Thank you.

Moderator: Thank you. The first question is from the line of Monica Joshi of Avendus Securities. Please go ahead.

Monica Joshi: Just two questions. One is on Doxil. If you could give us an outlook if we know of any other participants awaiting in the market, and if at all when are they likely to enter the market? And secondly, on Caraco, if you could share some outlook in terms of how many products are in the pipeline and how would you see Caraco now ramping up with the FDA issues behind it?

Dilip Shanghvi: We have no visibility about other companies who have filed Doxil with the USFDA, because USFDA does not share this information with the industry or with public. And there are no patents on Doxil in orange book, so there are no litigations which give us any idea about whether somebody is coming. But it is a generic product and at some point I am sure there would be competition. As to Caraco, Caraco is now merged with Sun, so you are talking about our Detroit manufacturing facility. We have not yet started receiving ANDA approvals, which were with USFDA. Hopefully, within a short period of time we will start getting approval for new products from the site, and as we bring them to market, we will keep you updated.

Moderator: Thank you. The next question is from the line of Anubhav Aggarwal from Credit Suisse. Please go ahead.

Anubhav Aggarwal: One question on the India business. You mentioned about sales return and discount treatment. Just wanted to check that, will this change be EBITDA-neutral, is this accounting change or is there a change in quantum of sales return and discount?

Uday Baldota: This is EBITDA-neutral.

Anubhav Aggarwal: Second question is on the minority interest, you indicated in the release that now the partnership firms have become wholly-owned subsidiary. So from now onwards, minority interest will only be reflected from the Taro only. You will not have any from the India business contribution coming to minority interest, will that be true?

Uday Baldota: Yes, at least those partnership firms, where there were some small non-Sun Pharma shareholding, there will be no minority interest.

Anubhav Aggarwal: Just last one, on the URL side, how many ANDAs are pending with FDA?

Uday Baldota: We have not given out that number Anubhav. I think once we consolidate our numbers for the next quarter, we will give you that separately.



Moderator: Thank you. The next question is from the line of Bino Pathiparampil from IIFL. Please go ahead.

Bino Pathiparampil: A couple of quick questions. One, for Doxil, is the innovator continuing to sell the product?

Dilip Shanghvi: Yes, if you see the US FDA press release, that in the period of shortage, they are continuing to approve on batch-by-batch basis unapproved products both of Sun Pharma as well as of the innovator.

Bino Pathiparampil: Second, on the URL acquisition, did you acquire the entire assets of URL Pharma excluding Colcrys or was it excluding Colcrys and some other branded generic products?

Dilip Shanghvi: We acquired all the businesses in which Takeda did not have any interest. So, it included a few branded 505(b)(2) products which they were not interested in.

Bino Pathiparampil: And after this deal, would you be continuing to manufacture Colcrys for Takeda?

Dilip Shanghvi: Yes, for a period of time.

Moderator: Thank you. The next question is from the line of Sonal Gupta from UBS Securities. Please go ahead.

Sonal Gupta: First, with the Taro not going through and you are deciding – I mean, how does this change the outlook and strategy for the US because Taro does contribute a significant portion of the overall earnings for the company. So, first question on that really speaking. And secondly, if you could comment also on the URL acquisition as to what attracted you to this company and what do you really see as the upside for Sun Pharma from acquiring this company?

Dilip Shanghvi: So, we will continue to run Taro the way in which we have run it until now. And to the extent of minority interest at the end of the quarter, we will provide for a separate minority interest. Some of the synergy that we could have derived as a single company would be difficult to derive as a partly owned subsidiary. But we are familiar with how to manage the business in the interest of both the shareholders. We have done reasonably well with that as a performance parameter. So, I do not see that as a negative. As to URL, our view is that it is a business that we can improve and make it a much more attractive business than what Takeda would have seen in it and we have to wait for a few quarters to see whether we are able to execute on this.



Sonal Gupta: Just a second question, there is one-time employee severance cost which is there relating to DUSA. So what is this relating to, is it just senior management personnel, exactly which areas have people left?

Uday Baldota: There were some people in the DUSA team, who had an agreement where in the event that the company goes private then they will get a certain amount of severance. So, this is basically severance related to those people. Obviously, such agreements generally are done at a senior level. So to that extent this would be a relatively senior team. But that does not mean necessarily that all would be leaving the company, depending on their interest in Sun, some of them may actually continue working for Sun.

Moderator: Thank you. The next question is from the line of Girish Bakhru from HSBC. Please go ahead.

Girish Bakhru: Just on Doxil again, if my understanding is correct, Sun's generic product may not be approved from for the primary indication given the exclusivity on that. And if that is right how much percentage of that is the overall market if you can throw light on that?

Dilip Shanghvi: We have Section-8 carve out for a patented indication. So to that extent our product cannot be used for that indication. But our sense is that looking at a lot of new products which have come in that area or for that indication that may not be a very large part of current usage.

Girish Bakhru: On the URL portfolio of 107 products, can you throw some color? You have said that there are some (505)(b)(2)s that maybe of interest to you, but if there are control release or some sprays or some technology oriented products that you can comment on?

Uday Baldota: All the 107 products you will probably find in the Orange Book because these 107 are some are active, some are discontinued. You can have a look at those products there itself.

Girish Bakhru: So there are no products which are say pending approval, right?

Dilip Shanghvi: There will be. There is public domain information about some of the litigations.

Girish Bakhru: But what I am trying to understand is this 107 products, there would be some pending. Can we have that number, how many are say pending approval or how many are in the market?

Uday Baldota: These 107 products are what you will see in the OB. That is what I am saying.



Moderator: Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

Sameer Baisiwala: Because of this termination of Taro proposal, does it have any bearing on \$80 billion approval that the Board has given for fund raising?

Dilip Shanghvi: We have always maintained that the approval is an enabling resolution and we would raise money in case if we have some specific end use objective in mind.

Sameer Baisiwala: Had you used this money for, say, Taro's takeout, then this would have been accelerated in time versus now when Taro is not going through, would this be correct understanding?

Dilip Shanghvi: But Taro is not necessarily the only acquisition that we may be looking at.

Sameer Baisiwala: And the second question I have is, though Taro has been kind of cautioning us on the pricing outlook and the fact is in the previous quarter it has taken, if I am not wrong, about 15% on the overall portfolio basis price increase. The question here is that if the competitive landscape doesn't alter going forward, do you think there is more pricing power left in Taro's portfolio?

Dilip Shanghvi: We will not be able to respond to that question, but the company I am sure would do whatever is the best long-term interest of the business. But it is difficult for me to respond on behalf of Taro for this.

Moderator: Thank you. The next question is from the line of Kartik Mehta from ICICI Securities.

Kartik Mehta: Again on Taro, in this do we have access to the cash flows of Taro to use it to acquire assets in the US if this thing has now been actually terminated, because we are actually consolidating it in our books? Is there anything, which maybe actually not allow us legally to use the cash flows?

Dilip Shanghvi: We obviously cannot use their cash flow, but Taro is free to do its own acquisitions.

Kartik Mehta: So in the event how would you match the interest of Sun and also the Taro minority?

Dilip Shanghvi: The idea would be to look at the skill set and capability within the organization, identify the best fit and do what is in the best interest of the shareholders.



Moderator: Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

Sameer Baisiwala: Just a question on URL. Dilipbhai, you mentioned that over the next few quarters you plan to unlock value in URL. Where do you think lies the value or where do you think is the potential that Sun can help unlock, is it volume game, pricing game or ...?

Dilip Shanghvi: We do not know enough because the approval came much faster than what we expected. My sense is that in last few years, the company essentially de-focused out of the Generic business, and started looking at itself as a differentiated product in 505(b)2 based branded marketing company. So, if we bring in the operating discipline controls and focus on market share, costs and efficiency, I am reasonably sure that at one point of time they used to make at least five, six, seven times volumes than what they are making today. So there is opportunity for us to bring in efficiency and improve performance.

Sameer Baisiwala: Just on URL, they have, if I am not wrong, three delivery systems, NanoBurst, MultiBurst and Z-Burst. Is this something that excites you and do you think this could be useful to Sun?

Dilip Shanghvi: Yes, that is also part of the objective from the acquisition is that to use the technology and capability to further strengthen and enhance our business.

Moderator: Thank you. The next question is from the line of Rahul Sharma from Karvy Stock Broking. Please go ahead.

Rahul Sharma: We have taken almost a 15% rise in Taro numbers QoQ basis. Is this solely attributed to price increase or anything else can be attributed to this?

Dilip Shanghvi: No, I personally think it may also be because of product mix and things like that. So, I do not think we can conclude that there is across board 15% price increase on all products. But the sales have gone up and units have not. So to that extent the reflection would be that it is all price increase.

Rahul Sharma: And it is solely related to US markets?

Dilip Shanghvi: Yes, it is solely related to US markets.

Rahul Sharma: Another thing is, with Taro not coming in and Sun Pharma, the partnership format, maybe repeating it, but now that minority stake will not be coming in the minority interest, am I right?

Sudhir Valia: Yes, you are right.



Moderator: Thank you. The next question is from the line of Manoj Garg, Edelweiss Securities.

Manoj Garg: This question is related to the domestic market. Basically, with the changing landscape with regard to pricing policies, government is becoming little more stringent in terms of approving fixed-dose combinations. How do you see overall at a macro level, industries going forward in the domestic market?

Abhay Gandhi: About the industry I do not want to speculate, but as far as we are concerned we had said that we are not looking at a very big gap because of the price reduction that may happen. Whatever is the shortfall that we have to take, we will take but I think we will be able to more than make up for it by growing our existing portfolio. In terms of new products and combinations, even this year with 22 products launched in nine months we have done a decent job of getting good products in which we have interest which we feel can become big and continue to grow business. We are comfortable with the situation as such and we are confident that we can deliver above-market growth going forward.

Manoj Garg: And the second question about ROW market, if you look at ex-Taro ROW market has touched a base of around \$50-55 million on a quarterly basis, and obviously the last two years that growth has been phenomenal. So as we move forward what could be the sustain kind of growth and which are the key geographies which are driving this kind of growth in the ROW market?

Dilip Shanghvi: No, we have shared our focus on which geographies we are interested in and we remain excited about our business in ROW market and those are markets that we are focusing on. It is difficult for me to predict a long-term growth numbers, but if I look at our products range and opportunities then we have opportunity to become a much bigger company.

Moderator: Thank you. The next question is from the line of Ketan Gandhi from Gandhi Securities. Please go ahead.

Ketan Gandhi: It is regarding SPARC. What is the status of Merck JV? And another question is, is there registration going on for DPI in the emerging markets and when you are relaunching DPI in the Indian market?

Dilip Shanghvi: We have products under registration in the Merck JV. I do not think that we have shared the specific product that the JV has identified but we remain excited about the future potential of that business.

Abhay Gandhi: In India, we are in the final stages of testing out our DPI with some key customers in two states. And my sense is maybe over the next one month or so, we will be very comfortable with the product and be ready to look at it from a launch point of view. So I will say first quarter of the new financial year we should be in the market once again.



Moderator: Thank you. The next question is from the line of Manish Jain from Axis Holdings. Please go ahead.

Manish Jain: I just wanted know on DUSA, is the sales team capable of selling non-dermatology products? If yes, which segments are they best positioned for?

Dilip Shanghvi: The DUSA team can only handle dermatology products, they cannot handle non-dermatology products. Also the nature of their business and the field force structure, they have intense relationship with limited number of customers. And at any point of time they have a limited number of future prospective clients. So the way the device business works is very different from the way in which a typical branded prescription product business. So, they have 2,500 installations with whom they will have very good relationship and they may be working on some 300, 400, 500 new potential doctors who are interested in buying their light. So they do not actually have very broad widespread relationship.

Moderator: Thank you. The next question is from the line of Alok Dalal from BNP Paribas. Please go ahead.

Alok Dalal: My question is with respect to the current slowdown in Indian Pharma market. Have you at your end done some analysis on what could be the reasons behind the slowdown, whether it is structural in nature or seasonal?

Abhay Gandhi: December typically for many of the therapies that we are operating in is a good season actually. We were as surprised as you are and we saw 3% kind of growth number for the industry. Having said that if you look at the same report we have done reasonably well. We grew by 12% in the same report. My sense is January number should be far better and internally we are okay with the number that we are looking at.

Alok Dalal: Second question what is the cash on books now?

Uday Baldota: Over Rs.6,500 crores.

Moderator: Thank you. The next question is from the line of Ranjit Kapadia from Centrum Broking. Please go ahead.

Ranjit Kapadia: My question relates to the acquisition strategy and which of the geographies and which of the therapies we are looking at?

Dilip Shanghvi: We remain focused on strengthening our Generic business, we are looking at dermatology as such in the US and we are interested in buying small to medium size businesses in emerging markets.



Moderator: Thank you. The next question is from the line of Amit Shah from Prabhudas Lilladher. Please go ahead.

Amit Shah: Just one question, would you be able to now share the financials of URL since you have already done the financial closure, some color on the top line, on the profitability of the business?

Dilip Shanghvi: We do not break out specific business. Uday, may be you can brief.

Uday Baldota: Amit, we are not giving specific financials of URL. So from earlier this week when we closed the transaction, it would get consolidated in our financials for the current quarter.

Amit Shah: So, in the current quarter the revenue will be roughly for two months, is that understanding, right?

Uday Baldota: Yes, that is right for URL.

Moderator: Thank you. The next question is from the line of Krishna Prasad from Kotak Securities. Please go ahead.

Krishna Prasad: The question is really on the Domestic business. You talked about change in treatment of sales returns and discounts. So if you can just elaborate a bit on that, what actually has changed in?

Uday Baldota: Actually what you said is there are two components here. Change in the treatment of discount and change in the treatment of provisions for expected sales returns. So, there is a change in the way they get reflected in the P&L. Otherwise there is no change. So, even in the earlier year, when we look at for like-to-like comparison, we have to make this clarification that when you compare the same numbers for the earlier year, directly on the sales they are not comparable. Just as an example, something that was getting booked as an expense is now being netted-off in the sales. So, to that extent to give you a comparative picture, we have to give this clarification and hence we gave you the growth number of 19% and 20% for three months and the nine months' period.

Krishna Prasad: My second question is really on URL. So overall from the pipeline, how many sort of launches do we expect from URL let us say in the next 12 to 24 months?

Uday Baldota: Launches meaning, I did not understand.

Krishna Prasad: New approvals from the pipeline essentially. Do we expect the pipeline to sort of be approved and launched? Are there any products which could be launched over the next 12 months? Is that something that we can expect or is it more the current sales that will



continue to be there and we will sort of improve on that in terms of the operations? I am just trying to understand is the upside going to be sort of from both ends, is it from the operations as well as from the pipeline?

Dilip Shanghvi: Essentially, upside from improving the existing business. They do not have a very deep pipeline.

Krishna Prasad: So we do not really expect anything to sort of be approved or launched over the next 12 months from URL?

Uday Baldota: Whether we can get an approval for any product that is in the pending list for URL is difficult for us to predict. As Dilipbhai saying, there is no great pipeline that they have that is awaiting approval with the FDA anyway.

Moderator: Thank you. The next question is from the line of Vivek Agrawal from MP Advisors. Please go ahead.

Vivek Agrawal: My first question is related to Caraco facility. Can you give some color on the utilization of Caraco facility and number of ANDA approvals in the next one or two years?

Uday Baldota: Current utilization will be very low, and I think giving a number as to how many product they will be able to bring to market over the next one or two years will be difficult.

Vivek Agrawal: Are you expecting to improve the utilization of Caraco facility?

Uday Baldota: As products get approved and to that extent that they would need to be manufactured at the Caraco facility, one would expect that the utilization would go up. Whether it would go up to a meaningful level or not that is difficult to say.

Vivek Agrawal: One more question on the tax rate. Your tax rate was significantly higher during the quarter. So can you give some guidance on the tax rate going forward?

Sudhir Valia: We will continue at that rate.

Vivek Agrawal: Around 18% to 19%?

Abhay Gandhi: Yes.

Moderator: Thank you. The next question is from the line of Anubhav Aggarwal from Credit Suisse. Please go ahead.



Anubhav Aggarwal: Two questions from me. One is on the US sales. On the Doxil sales, can you give some indication that if I compare Doxil sales in this quarter and September quarter, can I say that the levels will be similar or lower this quarter?

Uday Baldota: Anubhav, you know we do not give product wise sales.

Anubhav Aggarwal: Yes, but just asking for like will it be substantially lower this quarter or will it be similar?

Uday Baldota: We had indicated that with the innovator entering the market there is likely to be a decline in the sales.

Anubhav Aggarwal: No, I was just asking just about this quarter. The December quarter sales that you included in this result, just comparing the December quarter sales versus September quarter.

Uday Baldota: That is what I am saying. In December quarter the innovator entered the market and at that time, we had indicated that sales will likely to be get impacted because the innovator is now there. So to that extent you can assume that, that statement is correct.

Anubhav Aggarwal: Second question on the Indian market that you mentioned that you launched 22 products in the first nine months. Can you indicate out of these 22 products were any of the product towards the Inhaler segment in India?

Abhay Gandhi: Again, you are asking for a very, very specific indication for me which I do not think we will be able to answer.

Uday Baldota: We do not have the details right now.

Anubhav Aggarwal: This DPI you were talking about first quarter next year, this was the Starhaler one you were talking about, right?

Abhay Gandhi: Yes, that is correct.

Moderator: Thank you. The next question is from the line of Sonal Gupta from UBS Securities. Please go ahead.

Sonal Gupta: Just a one question, could you comment on your status in the litigation for Zometa, Zoledronic Acid?

Uday Baldota: Sonal, we generally do not give comments on litigation.



Sonal Gupta: Just in terms of the thought process, given that now I guess you acquired more facilities with URL also coming in. You have huge number of facilities in the US. So, is there a case for some rationalization or do you think over a period of time you will be able to optimally utilize all of it?

Dilip Shanghvi: If we decide to rationalize manufacturing, it is something that we will share with investors and with employees. But as on today we are doing a detailed analysis of our long-term business plan in the US and infrastructure that we will require to support that business plan.

Moderator: Thank you. The next question is from the line of Rahul Sharma from Karvy Stock Broking. Please go ahead.

Rahul Sharma: Just wanted to ask, on a Q-on-Q basis in Sun Pharma's US business, are we seeing 30% growth, is my assessment right or am I going wrong?

Sudhir Valia: The growth is coming from existing product as well as new approval of the ANDA.

Rahul Sharma: But is the trend right sir, or am I making some error?

Uday Baldota: Again Rahul, we do not have that granularity of the numbers right now on the call.

Rahul Sharma: Okay, I will take it offline.

Moderator: Thank you. The next question is from the line of Manish Jain from Axis Holdings. Please go ahead.

Manish Jain: I just wanted to know in terms of the innovative products with sun launched products like Octreotide Depot and Baclofen XR in India, have you started registrations in markets outside India?

Dilip Shanghvi: Some of these products we are in the process of filing, we have not yet filed.

Manish Jain: Because in Baclofen, we were head-to-head with Novartis, so today roughly what will be our market share in India?

Dilip Shanghvi: Between our immediate release and slow release product, we will be significantly bigger than Novartis in India.

Moderator: Thank you. The next question is from the line of Monica Joshi from Aventus Securities. Please go ahead.



Monica Joshi: On Prandin, do you expect, because Novo says that they expect a launch, probably a generic launch in mid this calendar year. So is that an estimate that we would say is in line with what Sun expects? If yes, do you think you will be the only generic player in the market?

Dilip Shanghvi: Generally, we avoid giving long-term future projections but our understanding is that we have the exclusivity on that product. So then we will expect to be alone in the market.

Moderator: Thank you. The next question is from the line of Ajay Tyagi from PTI. Please go ahead.

Ajay Tyagi: The question is for Mr. Shanghvi. This termination of the merger agreement, would it impact your business in North and South America?

Dilip Shanghvi: No. It does not have any impact on our business in North and South America.

Moderator: Thank you. The next question is from the line of Kartik Mehta from ICICI Securities. Please go ahead.

Kartik Mehta: Just actually trying to understand the language in the FDA letter for the approval of Doxil. It actually indicates that once Sun's injection is actually sufficient to meet the projected demand. Can you please help us understand would this be some overall percentage of annual sales, how do we estimate that when would the unapproved product be entirely out, and it would be only the generic one, which is actually the approved one which would be in the market?

Dilip Shanghvi: You have to have two presumptions here. We do not know whether innovator is also trying to bring back an approved product. So to that extent assuming that we will be the only approved product is running slightly ahead of our sales. But as we have shared it will be an important product in our product basket, it will help us in strengthening our business in the US. But most important thing is that it is reassuring for us that our teams can manage to bring to market very complex products and overcome a very, very high bar. So, that is a reassuring part of the whole process.

Kartik Mehta: I am asking this on the backdrop of what actually Janssen mentioned in the call that they are actually trying to secure an alternate site for an approval in the event and which was in the third week of January, which is what they actually mentioned on the call. And on a later date we have this approval. So in the event that there is some assumption of inventory because we were the only ones who actually were in the market from actually February till actually mid of October, so how would you estimate in the event that they do not have an approval?



Dilip Shanghvi: If they do not have the approval then we should have the ability to meet the market.

Kartik Mehta: Is there a timeline there to actually meet the projected demand is the word, or is actually the language in the FDA letter? So, is it one month timeline for a large batch to get approved or how does it work?

Dilip Shanghvi: Now once we have an approval, I do not think we need to get a batch-to-batch permission.

Moderator: Thank you. The next question is from the line of Manish Jain from Axis Holdings. Please go ahead.

Manish Jain: On the NDAs, just wanted to clarify that we have two NDAs pending from Taro and are there any other NDAs pending from any other entity within the Sun Group?

Dilip Shanghvi: There maybe. So I do not think I wish to answer without fully validating the facts. I think Taro has two NDAs and Taro will give update on its NDAs when they have greater visibility on what is the status.

Moderator: Thank you. The next question is from the line of Anubhav Aggarwal from Credit Suisse. Please go ahead.

Anubhav Aggarwal: Just a question on Doxil, how large is the market for Doxil? Is it \$100 million, \$150 million market, what is the size?

Dilip Shanghvi: We do not know the exact current size. But before the product had the shortages and difficulty, it was in excess of \$250 million in the US.

Anubhav Aggarwal: And Dilipbhai, you explained, but I still couldn't understand clearly that orphan drug exclusivity, what does it mean for, let us say for you and for let us say any other generic player entering?

Dilip Shanghvi: Orphan drug for what?

Anubhav Aggarwal: For Doxil, orphan drug exclusivity which exists till May'14.

Dilip Shanghvi: That is for an indication.

Anubhav Aggarwal: What subset of that market will be very small?

Dilip Shanghvi: Anything which is an orphan drug will always be a small subset of patients.



Anubhav Aggarwal: No, I was asking of the Doxil market what subset will that be?

Dilip Shanghvi: I do not think we have that level of granular information about what is the indication-wise usage of Doxil.

Anubhav Aggarwal: So, is it safe to assume that you will be coming off that market exists for Doxil you potentially can participate in the entire market?

Dilip Shanghvi: I do not think generally there would be usages if indication is not there on the label.

Moderator: Thank you. The next question is from the line of Surajit Pal from Elara Capital. Please go ahead.

Surajit Pal: In the beginning in one of the questions, the reply was that the batch-by-batch approval may continue, both from...

Dilip Shanghvi: What we said is we have an approved product. For approved product, I do not think we are supposed to obtain batch-by-batch release.

Surajit Pal: Because FDA said is that they will stop discretionary activities on that line, so that was the concern. Second thing is that when the minority interest will not be shown as a partnership business of Taro that means proportionately the sales you are showing of Taro will also be reduced in that case?

Uday Baldota: There is some confusion here. As far as Taro is concerned, Taro will continue to be consolidated line-by-line and there will be a minority interest that will have to be taken out before the net profit.

Moderator: Thank you. The next question is from the line of Koushik Pal from Kotak Mutual Fund. Please go ahead.

Koushik Pal: Just wanted to know on the URL portfolio, what is the level of commonality that you have with existing portfolio?

Dilip Shanghvi: We have very little overlap.

Moderator: As there are no further questions, I would now like to hand over the floor back to Mr. Nimish Desai for closing comments.

Nimish Desai: Yes, thank you, everyone for taking time out to be there on the call. Thanks a lot.



Moderator: Thank you. On behalf of Sun Pharmaceutical that concludes this conference. Thank you for joining us.