

Corporate Participants

Dilip Shanghvi

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Sudhir Valia

Wholetime Director, Sun Pharmaceutical Industries Ltd.

Moderator: Good morning ladies and gentlemen. Welcome to the Sun Pharma earnings conference call. I am Rita, the moderator for this conference. For the duration of the presentation, all participants' lines will be in the listen-only mode. There will be a question and answer session after the presentation. Now, I would like to hand over to the Sun Pharma. Thank you and over to Sun Pharma.

Uday Baldota: Thank you, Rita, Good morning and a warm welcome to our 2006-07 third quarter conference call. I am Uday from the Sun Pharma Investor Relations team. Today, our hosts are Mr Dilip Shanghvi, Chairman and Managing Director and Mr Sudhir Valia, Wholetime Director and they will, as usual, discuss the performance highlights and share some developments on strategy. We hope you have received the third quarter financials and press release, sent out yesterday evening. These are also available on our website. Our third quarter numbers are unaudited. For ease of discussion, we shall look at consolidated numbers for the quarter. For the purpose of these financials, net sales is taken net of excise duty and indirect taxes. Also, to be aligned with the common practice among the financial community, net interest and other income has been considered below EBIT. Just as a reminder, this call is being recorded and a replay of the call will be available till Feb 2. The call transcript will also be put on our website soon. It would be appropriate to mention that the discussions today may include certain forward-looking statements and these must be viewed in conjunction with the risks that our business faces. Also, I would like to request all of you to kindly send in your queries that remain unanswered during today's earnings call to uday.baldota@sunpharma.com or miradesai@sunpharma.com. I now hand over the call to Mr Dilip Shanghvi.

Dilip Shanghvi: Welcome and thank you for joining us today for the conference call after announcement of the financial results for the third quarter 2006-07. As always, in this call we will discuss operations and strategy highlights. Mr. Valia will first share the performance and financial highlights, and later I will talk about strategy and direction.

We've had a steady quarter. We have received important approvals required for the demerger of the innovative R&D into another company, SPARC. This should now help us complete the process of demerger by March 2007. As indicated earlier, we will share additional information about research projects before the demerger to help investors value the new entity.

I will now hand over to Mr. Valia.

Sudhir Valia: Good morning everybody. Our third quarter numbers are with you, with growth across all our business segments. As you know, most parts of our business offer predictable growth and steady margins. First, we'll look at key consolidated financials.

For the third quarter, net sales is at Rs 5,263 million, an increase of 27% over the same quarter last year. Similarly, for the nine month period, net sales increased by 29% to Rs 15,479 million over the corresponding period last year.

Operating EBITDA at Rs 1733 million during this quarter is 26% higher than that for the same quarter last year. EBITDA margin at 32.9% is lower than 33.3% achieved in Q3 last year. Operating EBITDA for nine months is Rs 5253 million, an increase of 31% over the same period last year. Resulting EBITDA margin is 33.9%, similar to that achieved last year.

Net profit after minority interest for the quarter is up 36% at Rs. 1989 million from Rs. 1464 million. For the nine months, net profit after minority interest is Rs 5620 million, an increase of 31 % over the same period last year. Net margin for the third quarter is at 37.8%. For the nine months net margin is at 36.3%, almost the same levels as last year.

For the third quarter, material cost as a % of net sales is up to 29.6% from 27.5% in the previous corresponding period. For the nine months, material cost is 29.4% of net sales, lower than 30.7% of last year. Staff costs for the quarter are up to 12.5% from 11.7% of net sales over corresponding period last year. R&D expense for the quarter has increased from Rs 645 million last year to Rs 850 million this year. This includes the R&D costs for the innovative projects, which would move to the demerged company once the process of hiving off is complete.

For the quarter, total expenditure without counting the revenue R&D expenditure has reduced to 53.7% of net sales from 55.6%. Similarly for the first nine months, this has reduced from 57.8% last year to 55.5% this year.

On a fully diluted basis, EPS for the quarter is Rs 9.7, up from Rs 7.1 for last year.

Now we'll take a closer look at each of our business segments.

Domestic formulation continues to be an important opportunity, more so since the market is of late showing a healthy growth rate. We continue to build a consistent business in India.

Domestic formulation sales have grown 18.5% in the third quarter this year over last year. As per the November 2006 MAT ORG IMS data, Sun Pharma is growing at 18% and the market share is now 3.2%. Our five core therapy areas, cardiology, psychiatry, neurology, gastroenterology, and diabetology accounted for 71% of our domestic formulation sales.

So far this year, 28 important products were brought to market in India. Glucored group, Pantocid group, Susten, Repace group, continued to show double digit growth rates.

Caraco recently announced its Q3 and nine month numbers. Caraco reported sales of USD 31.3 million, up 51% and a profit of USD 10.1 million in the quarter. Gross margin was at 48.4%, as against 50% for the same period last year. Net income was USD 10.1 million for the quarter compared to USD 6.5 million in the same quarter last year. For the nine months, net income before non-cash charge was USD 29 million, up 69% from USD 17.2 million the same period last year.

International formulations outside of the US from Sun Pharma continued to show strong growth at over 35%. This is largely driven by our exports to 26 markets where we sell speciality prescription brands. Our specialty brands that address chronic ailments and lifestyle diseases are often the only brand other than the innovator company brand in that market, and this works to our advantage, specially if complex technologies are involved.

Our expertise in process chemistry and ability to scale up many different types of API simultaneously continues to offer support to our formulations business. This year we scaled up 22 APIs. The tally for regulated market approvals for APIs at the end of the third quarter is 39 regulated market approvals, of 76 filings made for DMFs and CEP.

With this, I will now handover to Mr. Shanghvi.

Dilip Shanghvi: Thank you Mr. Valia.

The US will continue to be an important opportunity for the well prepared. On one hand, with the pre-announcement of the 2008 elections, healthcare costs, always an important election opportunity, are likely to receive more attention. On the other hand, the market continues to be competitive with a flood of approvals on patent expiry. Some of the steps we've seen in the recent past have been unusual - such as preemptive moves from large innovator companies, discounted generics from large retailers. This is in addition to steps such as authorized generics that have hurt price. We believe that while the competitive landscape will likely remain as unpredictable, the larger picture will be pro-generics.

Caraco had reported its numbers for the nine months to December recently, and they have reported good numbers. Across Sun and Caraco, 61 ANDAs await approval, 31 approvals and 7 tentative approvals have been received so far out of Sun Pharma and Caraco sites. At Sun Pharma, we now hold eight ANDA approvals and a few tentative approvals.

We continue to ramp up R&D investments, the spend for the first nine months is Rs 1870 million, or 12.1% of net sales. Of this, the costs related to innovative R&D would eventually go to the demerged company. As we shared earlier this year, our lead NCE which is an antiallergic, is now in phase 2 studies in the US.

We started the year guiding for an 18-20% growth in consolidated sales. We also acknowledged the challenging conditions faced by us in the different markets that we operate in. Added to this complexity, we had the task of integrating our acquisitions in order to reach our expected economic return. Seeing the performance of this quarter and first nine months of this year, we feel reasonably confident of achieving this guidance. On the profitability front, we had said that we will work towards maintaining margins. We continue our investments in acquisitions, add new capacity, invest in R&D, and the different environment forces which can impact margins continue to exist, for the first nine months we have maintained or improved profitability at all levels : EBITDA, EBIT and Net Profit when compared to same period last year. Our underlying commitment to deliver consistent and incrementally better performance in all parts of business, over time will help us differentiate Sun Pharma in the global pharma industry.

With this, I would like to leave this floor open for questions. Thank you.

Moderator: Thank you very much sir. We will now begin the Q&A interactive session. Participants who wish to ask questions, please press *1 on your touchtone enabled service telephone keypad. On pressing *1, participants will get a chance to present their questions on a first in-line basis. To ask questions, please press *1 now. First in line we have Mr. Suri from Span Capital. Over to you sir.

Suri: Yes, good morning and congratulations on the good set of numbers. I would like to have a break up of the R&D expenses for the quarter and nine months in terms of innovative R&D and generic R&D.

Dilip Shanghvi: As I said in my presentation, we will give the detailed breakup and the product detail closer to the completion of the demerger. But in the past we have indicated that around 1/3rd of our R&D cost across new molecules and delivery systems is the cost of the innovative R&D.

Suri: Okay fine, thank you.

Dilip Shanghvi: Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Mishra from Credit Suisse. Over to you sir.

Mishra: Hi, in the Caraco results there was an increase in the discount to gross sales, which you know includes all of the chargebacks and sales stock adjustments, it has gone up from about 54% last year in 2005 to about 64% this quarter, could you let us know what are the reasons, is it only the change in customer mix?

Dilip Shanghvi: I don't have specific information related to Caraco, but there is I think a change in the customer mix and it is now representing or going closer to the market universe in terms of share of different distribution channels, but I will not be able to give any specific information as to why these numbers are higher, may be product mix or there are changes in chargebacks in terms of wholesale price or WAC prices, so I will not know exactly what is the cost.

Mishra: So going forward should we expect this to remain at this level or can we expect this to go further?

Dilip Shanghvi: I don't think this has a material impact on the overall profitability of the business, because what we compute is the net sales value and the guidance for Caraco also is for net sales.

Mishra: Right, thanks, and a second question and I will jump back into the queue, could you give us a breakdown of the non-operating income?

Sudhir Valia: We do not classify or segregate the non-operating income, but mainly because of excess liquidity which we have and exchange fluctuation that takes place. These are the main components of the non-operating income.

Mishra: Okay, thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Gala from Quest.

Gala: Hello.

Dilip Shanghvi: Yes.

Gala: Yes, congratulations for a good set of numbers.

Dilip Shanghvi: Thank you.

Gala: Yes, my question also pertains to this net interest and other income, which has substantially gone up in this quarter to Rs.635 million from Rs. 363 million, so is there any one-time element in that?

Dilip Shanghvi: The interest on account of excess liquidity, will be there till we shop for any acquisition, or complete any acquisition.

Gala: Okay.

Sudhir Valia: The other part which I said is exchange rate fluctuation. We cannot predict which way it will swing. If I say it (exchange rate impact) is one time then it is wrong, but as per accounting principles, we have to recast our liability and assets as per the current rate and the impact is of that.

Gala: So that is reflecting some sort of exchange gain.

Dilip Shanghvi: Yes, always it is exchange gain or a loss from quarter-to-quarter according to the currency change in the value of the US dollar.

Gala: Yes, but by and large you know as the rupee has been strengthening probably since we are a net exporting company, I think it should have acted as unfavorable as in case of most of the say IT companies etc., so how do we actually manage to hedge the forex such that we have got an exchange gain instead of exchange loss.

Dilip Shanghvi: We have liability in terms of FCCB outstanding

Sudhir Valia: So, less amount is to be paid .

Gala: I see. What kind of guidance would you give because since you know you have far exceeded the guidance you gave at the beginning of the year would you like to revise the guidance for this year?

Dilip Shanghvi: We are not revising the guidance.

Gala: Okay, my next question pertains to authorized generics, since you know MNC companies are now going in for authorized generics, with version of their products where the patents are about to expire, like in the Merck case as we know Dr. Reddy has been one of the companies, how do you see that trend percolating among other MNCs and what kind of scenario will emerge for Indian generic companies which are exporting mainly to US?

Dilip Shanghvi: We expect that all products which are litigated and for which limited number of products will be there in the exclusivity period such kind of products will have an authorized generic.

Gala: Okay, so do you think that both will be able to coexist or do you think that US doctors and US patients will probably go for authorized generics rather than generics which have been supplied from the Indian or other companies, how do you see the trend emerging?

Dilip Shanghvi: Yes actually if you study the market share of different products, that will give you an answer, but I think these are important and interesting questions, sometimes you should meet Uday.

Gala: Yes, definitely.

Dilip Shanghvi: Thank you.

Gala: Okay, thanks.

Moderator: Thank you very much sir. Next in line we have Mr. Rajesh Vora from ICICI Securities.

Next in line we have Mr. Rahul Sharma from Karvy. Over to you sir.

Rahul Sharma: Sir, I just wanted some clarity on the market opportunity of phenytoin which has come in and we have also addressed that at Caraco that we are planning to have four streams of revenues from US markets in the sense Caraco, Sun, third party, and which is the fourth thing which comes out which is not clear. And the third thing is the reason for greater traction in Caraco in this quarter?

Uday Baldota: I think Rahul can you repeat one question at a time, I think that will be better.

Rahul Sharma: Yes, could you just run us through the phenytoin opportunity which is there in US markets?

Dilip Shanghvi: Phenytoin is a narrow therapeutic index product, it is close to \$180 million and there is a predominantly large generic by Mylan which is close to 40% market, but more than 50% of the market is still with the innovator in spite of the product being off patent for a very long period. Recently, Taro has also received approval for their product and we have to work towards gaining market share, so it is not a easy product to sell, but we hope to be able to get a sensible share of this product.

Rahul Sharma: So apart from you all, it is around 3 to 4 players are there, 4 players all.

Dilip Shanghvi: What I understand Sun, Mylan, and Taro, these are the three major players in generic. The innovator also is a large player in this product.

Rahul Sharma: Okay, we mentioned in our Caraco statement that we are looking at four streams which complement each other. What I gather is that one is Sun's pipeline of products plus Caraco's own ANDA approvals plus where Caraco has given milestone payments for products, I just wanted a clarity on what is the fourth stream which we are looking at?

Dilip Shanghvi: Yes, I think if you read that statement it is clear. Basically, it also includes their marketing product for other companies and their marketing potentially from authorized generic products.

Rahul Sharma: Okay, sir do we have any tie-ups with any other companies, and Caraco has how many tie ups?

Dilip Shanghvi: I think Caraco needs to share this information with their investors. If you wish we can give you copy of their filing or you can go to their site and check their 10Q.

Rahul Sharma: Okay sir, and another thing was what has been the reason for greater traction in revenues compared to the preceding quarters in Caraco?

Dilip Shanghvi: I think if you see their release then it is fairly self explanatory.

Rahul Sharma: Okay, and sir what about the tax rates, we have a negative tax rate even for the 9 month period, how are you looking at tax rates for the current year and next year?

Sudhir Valia: Taxes which you see as negative are on account of deferred taxation regulation as required in US. According to the US law, we have to create reserves where we have a heavy expenditure on R&D and the company is yet to give a shape to the business, so it is a loss, so that loss generates the reserves for deferred tax. That is the reason it is there, otherwise tax rate will remain the same rate which we have been seeing for all this time.

Rahul Sharma: Okay, but this thing will carry on for the next one year also I mean 2008 also?

Sudhir Valia: Up to 2009 there is no major change in the structure, thereafter we have to see how the benefits are granted.

Rahul Sharma: Okay, so effective rate would hover around the 2 to 3% which was there earlier?

Dilip Shanghvi: Correct, that is true.

Rahul Sharma: Okay sir, thank you.

Moderator: Thank you very much sir. Participants are requested to restrict to only one question at the initial round of Q&A. Follow up questions can be taken later on. Next in line we have Mr. Mehta from Edelweiss Capital. Over to you sir.

Mehta: Yes, good morning everybody and congratulations for good numbers. Despite the huge increase in the R&D expense the EBITDA margin has been maintained, so can you explain to us as to where has that been compensated in terms of the total cost?

Sudhir Valia: Marginal reduction in the cost for the period in terms of material cost and tax burden also is marginally lower which overall takes care of business growth.

Mehta: It seems there has been a substantial decrease in the other expenses, I mean we don't know the classification of that, but if you can just tell us as to what is exactly the reason for that and whether it is sustainable going forward?

Uday Baldota: Actually, Nimish. How are you looking at the other expenditure? If I am not mistaken, you are removing R&D from other expenditure?

Mehta: Yes, we are removing.

Uday Baldota: Actually this may not be the right way of looking at it because R&D cost includes other expenditure, staff cost, as well as material cost.

Mehta: Okay.

Uday Baldota: Just to reduce R&D from other expenditure and then look at other expenditure across two periods may not be the most appropriate way of doing a comparison.

Mehta: Okay, so you mean to say R&D and other expenses if you take it together.

Uday Baldota: R&D, the purpose for which we are spending it could be material, it could be staff, as well as other expenditure.

Mehta: Okay, fair enough.

Moderator: Thank you very much sir. Next in line we have Mr. Vora ICICI Securities. Over to you sir.

Rajesh Vora: Hi, good morning, sorry, the line got cut off earlier. Congratulations to Sun Pharma management on yet another good results. Mr. Shanghvi in terms of significant step up in R&D expenditure that Sun Pharma is undertaking over the last few quarters, clearly you are building you know, a platform for the growth over the next few years in terms of the quality of the pipeline that you are building across generic as well as R&D. In terms of the capital expenditure also you are spending lot of money, how is this sudden surge in R&D expenditure, is it something that was well thought out in advance and is there something that has changed in the market place or at Sun Pharma which is warranting this sudden surge in filings or is it something strategically well thought out and growth will, in the existing me too generics, be likely to come down and that is why you are investing, if you could give some idea on that?

Dilip Shanghvi: I think historically we have always invested a part of our sales and profits for future expansion and future growth, and as our profitability continues to increase our ability to invest for the future also continues to increase, so I don't see any dramatic shift in the approach. At the same point of time in the past we have shared with investors that we have now 2 or 3 sites where we are only filing new products where there is no major revenue generation and since all the cost in those locations is only sustained for purpose of filing new ANDAs, that is also part of the reason for increase in R&D. At the same time we have increased investment for complex products which will have potential in this competitive scenario, and offer better margins going forward, so that also calls for significantly increased R&D cost, but you don't develop and file a complex product in one quarter, you have to work on that products for 3 to 4 years, so what you are seeing is a result of something that we started 3 to 4 years back.

Rajesh Vora: Okay and in terms of surplus cash on balance sheet as of now?

Dilip Shanghvi: I mean what is the question.

Rajesh Vora: Yes, the question is how much cash do we have, free cash on the balance sheet as of now, and any utilization in the near term, has the dynamics of M&A changed as of now?

Dilip Shanghvi: Close to \$500 million is the money, and I don't see anything changing dramatically in terms of potential valuation or others which is different from what was there a quarter back.

Rajesh Vora: Okay, thank you so much and good luck.

Dilip Shanghvi: Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Jain from Axis Holdings. Over to you sir.

Manish Jain: Hi, this is Manish Jain from Axis Holdings, I had a question on the product rollout of leuprolide as to what is the status of rollout in different markets, and second question is status of the Bangladesh entity, how is that performing?

Dilip Shanghvi: Leuprolide I think is registered in some markets, I am not very sure as to which are the markets, but it is also under registration in 3 or 4 large markets, and we are also doing clinical trials. We have not yet filed it in any of the major regulated markets and it is a big product in US, Europe, Japan, and other regulated countries, but we are now developing a strategy, I mean as I see we are getting greater clarity about the product, the patent situation, so may be at some point in next two quarters we can give specific guidance as to what will be our filing plan. In Bangladesh I think last one or two months we are breaking even in terms of monthly profitability, hopefully next year we should see profit in Bangladesh.

Manish Jain: Thanks.

Dilip Shanghvi: Thank you.

Moderator: Thank you very much sir. Next in line we have a follow up question from Mr. Mishra from Credit Suisse. Over to you sir.

Mishra: Yes, this is to do with minority interest, typically at what ratio should we take of Caraco's profit as assessment of minority income?

Sudhir Valia: Today, Sun Pharma is holding around 63% in Caraco, so around 36.9 or 37% is minority interest, and over a period of time as Sun's holding increases this quantum will go on changing and reduction will take place in minority interest percentage. With the preference stock that we have, over a period of time, our holding can go as high as 75%, if no further shares are issued by Caraco then 25 % will be minority interest.

Mishra: Okay, so we don't expect any further issuance of shares from them, right?

Sudhir Valia: I can't say, because there are employee options and may be any scheme worked out later, but if nothing is raised further nor any further employee options given then that will be the holding.

Dilip Shanghvi: Yes, by end of this year we expect minority interest to go down to 35%.

Mishra: Okay, thanks, that is very helpful. And the second one is on the drop in gross margins, how much I mean is it primarily due to the increase in distribution revenues coming via Sun or is there an impact of pricing pressures, the decline in gross margin for Caraco?

Dilip Shanghvi: I think both of these would have contributed a little bit. It is not a dramatic drop, but it is a reduction.

Mishra: Okay, so there is no real worsening in the pricing environment that you have seen.

Dilip Shanghvi: No there is continuous erosion in pricing, I think there is already pricing impact given any specific numbers, but my sense is there is a continuous erosion in top line, so for achieving these sales where volumes are actually going up significantly.

Mishra: Okay and the last question, there is drop in the year-on-year growth in bulk exports, any specific reason or market?

Sudhir Valia: Not really, see one part of the bulk business is a little lumpy business, but there is a constant growth which we see in that business.

Dilip Shanghvi: I mean why do you say there is a drop?

Mishra: Because on the year-on-year level, the growth number this quarter was 6% against 40% last quarter.

Dilip Shanghvi: That is, you know, coming up against a quarter in which we had very large bulk sales because of one major sale, but I mean I am not seeing any kind of drop.

Mishra: Okay, okay, thanks.

Moderator: Thank you very much sir. Next in line we have Mr. Jesal from JP Morgan. Over to you sir.

Jesal: Yes, thanks, good morning everybody. I just had some questions on your filing from the various acquisitions which you made, if you could give us an update on for example Phlox or Able Labs or the Ohio facility, what kind of progress has been made in terms of filing those kind of products?

Dilip Shanghvi: We are currently not giving site specific filings, but conceptually if I answer your question there is lot of activity and focus on both filing and what you call bringing the plants up to both cost as well as GMP parameters so that we can go through inspection successfully.

Jesal: Right, but this Phlox facility basically is to do with cephalosporin, some products were likely to be filed, has any progress been made on that or?

Dilip Shanghvi: Yes, we are making progress, and that site also is included in that overall statement.

Jesal: I see, okay, thank you so much.

Dilip Shanghvi: Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Surya from Share Khan. Over to you sir.

Surya: Good morning everybody and congratulations for a good set of numbers sir. Sir, I have the questions that if you see Caraco numbers this quarter there was no non-cash R&D expenses as there was no product transfer during the quarter, and we have just two product to transfer, so going forward what would be this cost likely be, non-cash R&D expenses?

Dilip Shanghvi: Once these products are transferred then the old agreement will expire or it will come to the end and then depending on the new agreement in case if there is a component of stock then there may be some non-cash charge, if there is no component of stock, then no non cash charge.

Surya: Okay, but that non-cash R&D expenses will again not be similar to this current trend you know, means it would be reduced.

Dilip Shanghvi: It will not be there, so Caraco's profitability, their cash profit will closely match their overall profit.

Surya: Okay, thank you sir.

Dilip Shanghvi: Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Prashant Jain from HDFC Mutual Fund. Over to you sir. Mr. Jain?

Prashant Jain: Hello.

Moderator: You can go ahead with your question sir.

Prashant Jain: Good morning Mr. Shanghvi and Mr. Valia, sir could you just comment on the prospects of Able and Valeant acquisitions over the next 1 to 2 years and is it the current year or the next year where we will be incurring the maximum loss on account of more hiring and more filings from this, and if you could also share what kind of extra costs I mean which is not contributing to the bottom line, what kind of expenses are we incurring in these two facilities?

Dilip Shanghvi: We expect that by next year during the year. Potentially in terms of overall cost I think this year would reflect what I consider to be the highest cost. We might decide to ramp up the filing from these sites as it becomes profitable, in which case there will be a increased period of increased cost, and philosophically I think we continue to invest in creating a much longer and better future using current investments.

Prashant Jain: Fine sir, thank you.

Dilip Shanghvi: Thank you.

Moderator: Thank you very much sir. Next is Mr. Gala from Quest. Over to you sir.

Gala: Yes, just a clarification, when we transfer the innovative R&D business to our new wholly owned subsidiary, how will the tax structure change, because as you explained little while ago that we have created deferred tax asset on account of the substantial expenditure on R&D, now when that cost shifts to the new company how will our effective tax rate look like?

Sudhir Valia: I appreciate your question, but I think you have mixed up two parts, one is that deferred tax reserves which we are creating from the US company as per the US regulations, and there, whatever R&D expenses or other expenses are incurred during the initial period when the company is making a loss. Now the demerger which we are talking about is to take place in India in Sun Pharma, and we do not have reserves for deferred tax, in fact we do provide for deferred tax in India, but in consolidation it will get merged.

Gala: Yes, exactly.

Sudhir Valia: And there will be increase in the taxable income in Sun Pharma India; however, so far we are having other exemptions and benefits of exports, we are just covered with MAT.

Gala: Okay, it is till FY09 as you said.

Dilip Shanghvi: Yes.

Gala: Okay, okay, thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Rajesh from HDFC Mutual Fund. Over to you sir. Mr. Rajesh.

Rajesh: Yes, good morning sir. I just wanted one clarification from you, you have some para 4 cases with Schering for Clarinex, Novo Nordisk for Prandin with and Forest on Lexapro, I believe you know there could be possibility that you may settle these cases, are you open to such settlements in the future?

Dilip Shanghvi : I don't think we are currently at any stage where we can respond to your question. We have no comments to make I mean at this point of time. But for your information settlements generally are done closest to the generic entering the market, till that point of time innovative companies will generally prefer not to settle, and none of these products are in terms of market entry close to market.

Rajesh: Sir, correct me if I am wrong Alpha pharma has I believe settled with Forest on Lexapro.

Dilip Shanghvi: Alpha pharma has settled with Forest for Lexapro.

Rajesh: So, in the light of that I just wanted to know, Yes, okay, thank you so much.

Dilip Shanghvi: Thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions, kindly press *1 on your telephone keypad. I repeat, participants who wish to ask questions kindly press *1 on your telephone keypad. Next in line we have Ms. Diyva from B&K Securities. Over to you mam.

Diyva: Good morning sir, actually I have logged in late, in case if I have missed can you please give me the breakup of other income, how much is from interest income and how much is on exchange fluctuation?

Dilip Shanghvi: We haven't given these break ups actually, net interest income and other income we have not given the break up.

Diyva: Okay, thank you sir.

Moderator: Thank you very much mam. Participants who wish to ask questions, kindly press *1 on your telephone keypad. At this moment, there are no further questions from participants, I would like to hand over the floor back to Mr. Uday for the final remarks. Over to you, sir.

Uday Baldota: Thank you very much for joining us for this earnings conference call. If there are any questions and answers, please let us know. Thanks a lot.