

SUN PHARMA
Q1 EARNINGS CALL
JULY 22, 2002

Moderator: Good afternoon Ladies and Gentlemen. I am Prathiba, the moderator for this conference. Welcome to the Sun Pharmaceutical Q1 results call. For the duration of the presentation, all participant's lines will be in the listen-only mode. After the presentation, a question and answer session will be conducted for international participants connected to Singtel. After that, the question and answer session will be conducted for participants in India. I would like to hand over to Mr. Vijay Baheti of Sun Pharmaceuticals. Thank you and over to Mr. Baheti.

R. K. Baheti: Thank you Prathiba. Thank you all the participants for joining us at 1st Quarter post results conference call. I will make a small correction. I am R.K. Baheti. The presentation would go like this. I will be sharing some of the numbers with you. Thereafter, I will hand over the presentation to Mr. Sudhir Valia, who will be talking about the operations and then finally Mr. Dilip Shanghvi, Chairman and Managing Director, will be talking about the business outlook.

In the current quarter, we have extended the gains or consolidations of previous years. The results for the quarter ended 30 June, 2002, include the numbers of Pradeep Drug Company and residual MJPL, which were not included in the corresponding quarter in the previous year. Even though, the mergers were completed and the results were consolidated for the full year ended 31st March, 2002. We have improved the operating margin significantly to 29.5% as compared to 27.9% in the previous corresponding quarter and 26% for the whole of the last year. This improvement in operating margin percentage is on account of better product mix and greater efficiency in operations.

As per the new accounting standard 22, the company has provided Rs. 15 million towards deferred taxation, which all of you know is a non-cash item. With this the tax provision is steeply up to Rs. 50 million. The gross interest expense is down to Rs. 4.4 million from Rs. 12 million in the corresponding period last year. This is an indication of low debt for the company. The gross interest income is also down to Rs. 16.8 million from Rs. 20.7 million last year. This is because we had repaid the erstwhile MJPL's loan of Rs. 200 million in March 2002. This has affected our current quarters interest year earning, current quarter's interest earning rather. The investments in R&D particularly the Capex in last two quarters have been significantly stepped up. This is the fall out of our two new acquisitions for setting up R&D facilities.

The Capex during the quarter on R&D is almost Rs. 75 million as against Rs. 12 million in the last quarter. For the quarter ended, again, June 2002, the total sales increased by 13.6%. Both domestic and exports grew at identical pace, though the formulation business grew by 16%, 16.5% in fact, as against 10.5% growth of bulk business. The ratio of formulation to bulk is 70:30 as against 66:33 for the whole of the last year. Domestic formulation business grew by 15.6% and export of formulation grew by 36% on a relatively small base. Mr. Valia will now take you through the operational details.

Sudhir Valia: Thank you participants. I will take you forward from my last interaction with you in April 2002. The use of information technology for information sharing and decision making has further been strengthened. The flow of data from all manufacturing plants and marketing depots is continuous and current. We believe that improved MIS would be a key in success in coming quarters as it would help business in its response time to customers, inventory management, receivable management, and operational efficiency. We continue to have strong and stable bulk activity export business. Sales growth in bulk business is lower due to discontinuation of cephalosporin business, which was being gradually phased out from October 2001 onwards. As informed during our March 2002 result conference call, the sales impact on account of discontinuation of cephalosporin business would be almost Rs. 300 million during the full year 2002-2003. However, in spite of lower growth on top line, we have been able to improve the operating margin. Our objective remains to make Sun Pharma a qualitatively better business. We have few exciting new bulk drug products through which we are confident of achieving 15%-20% growth. Cumulatively we have filed 6 DMF applications. The total number of DMF pending for approval now stands as 5 of which 3 approvals are expected in current quarter. We are also expected to file 2 more DMF applications in current quarter.

During this year, we expect to start supply bulk active to Caraco. Our Ahmednagar plant has been awarded ISO 14000. I am happy to report that we have been able to turn around the recently acquired Pradeep Drugs in relatively short span of time. Ankleshwar unit of erstwhile Gujarat Lyka has been re-commissioned after decontamination and validations and is currently being used for manufacturing of bulk intermediates. We have not yet started any activity on residual MJPL site, which is yet to work out. Now I will hand over to Mr. Dilip Shanghvi.

Dilip Shanghvi: Thank you , participants to the 1st quarter of post result conference call. I am Dilip Shanghvi and I will share with you the performance of the business in international market and some of the new products that we have launched during the year, our investments in R&D and our long-term business objective in research.

On a relatively very small base, in the 1st quarter, we have grown the international formulation business by close to 35%, and we remain reasonably confident of achieving our projection of 40% growth in formulation during the year. The results of 1st quarter performance of Caraco are with you, and you would have seen that Caraco has done significantly better this quarter, and after providing for a non-cash charge of Rs. 1.25 million, they have made a net loss of only \$ 68,000 compared to a significantly higher loss of \$1.95 million in the corresponding previous quarter. This has been possible because of significant increase in the turnover that the company has announced for this quarter and they remain reasonably confident about achieving that objective that they have shared with investor at the beginning of the year, that they will achieve anywhere from 16-18 million dollar overall sales and profitability during the year.

We have launched number of new products, but I will share two specific important products based on novel delivery systems. One of the product is leuprolide depot. Leuprolide, which is a GNRH analog, which is used for certain female diseases as well as oncological diseases. This product normally needs to be administered everyday. However, because of the delivery system of a biodegradable polymer being attached to the drug, 3.75 mg of leuprolide is released over 30 days and there is a significant improvement both in terms of overall performance and patient compliance to achieve better results. This is an interesting area which we have entered and we are looking at creating long-term intellectual property based on this technology that as we have shared with investors in the past.

The other interesting product that we have launched this quarter is Surfact. Surfact is used for treatment of respiratory distress syndrome in neonates who are premature or are delivered by diabetic mothers or are significantly underweight at the time of their birth. Surfactants in the lung help in two ways. They help in improving the absorption of oxygen from the air as well as in improving the ease of respiration by the child. Premature baby or underweight babies do not have enough lung surfactants, which causes a significant number of death in the premature babies. As we have shared in our press release, this is a quite commonly occurring disease in India or a problem in India for mothers, and we believe that even though not very large in terms of overall market within the country, it would mean a significant benefit for patients in the country. What I also wish to share with you is that over last few years we have been investing in research with a view to develop scientific and technological capability within the organization which should help us develop products involving not only very complex developmental processes but also very complex manufacturing processes. We believe that these products would have very few competitors in the market place not only in India but worldwide.

The confidence and the comfort with which we are learning new technologies as well as the processes involved in research has strengthened our resolve in increasing our investment in research. As you would have seen from the information shared by us with you, the R&D spend during the quarter has gone up from Rs. 50 million to Rs. 145 million. This represents a 50% increase in the revenue cost of research as well as represents the initial investment that we have shared with you for setting up two research centers, one in Bombay and one in Baroda. I am also pleased to share with you that both the projects are progressing quite well and we should be able to commission them may be more or less this time next year. We have shared with the investors at the beginning of this year that we believe that we should be able to grow the overall business by 15%-20% during this year and we remain confident that we should be able to achieve these numbers comfortably during the year.

If you have any questions related to the performance we would be very happy to take those questions. Thank you.

Moderator: Thank you very much Sir. At this moment, I would like to hand over the proceedings to Mrs. Sultan to conduct the Q&A for international participants. After this, we will have a question and answer session for Indian participants. Thank you and over to Mrs. Sultan.

Moderator: Thank you, Prathiba. We will now begin the Q&A session for participants connected to the Singtel bridge. All right, at the moment I have Mr. Rajesh from Fidelity Investment in Hong Kong.

Rajesh: Hello. Congratulations on a very good set of results. I had a couple of questions. One is obviously your formulation growth and the domestic market continues to be fairly strong but it has come down from the kind of growth that we have seen in the past. Is there any structural reason for that or do you think it is on account of some temporary factors?

Dilip Shanghvi: I do not see any structural issue related to this growth. If we see ORG, then we continue to grow at around 20% during the year. So, I believe that we should be able to, as we have shared, maintain the 15% to 20% growth during the year.

Rajesh: Right okay. Some of these new products that you are launching in the market today like leuprolide, what is the kind of competition you would be expecting in that?

Dilip Shanghvi: As on today we are the only producer in India who is selling the product.

Rajesh: Right.

Dilip Shanghvi: We believe that even internationally there are only one or two people offering this product in the generic business, but they do not have significant manufacturing capacity. The product ultimately, we will be manufacturing will be manufactured in a facility meeting both European as well as international regulatory requirement. This GNRH analog as a group is an overall international business in excess of \$2 billion, and we see significant opportunity going forward, I mean, when I say going forward over next 18-24 months of developing long-term international export business for this product.

Rajesh: Right. Okay. And lastly, your operating margins obviously have improved very significantly in this quarter. Do you see that is sustainable or what kind of outlook would you have for the margins?

Sudhir Valia: On operating margins we are continuously improving our skills in process improvement, and by which we always try to see that the cost is put under control and we still all the time expect that it will be under control.

Rajesh: Right. So you would expect this kind of margin to be sustainable in the coming quarter.

Sudhir Valia: Yes.

Rajesh: Okay.

Dilip Shanghvi: A significant component of this increment also is a function of our exiting the low-value addition commodity cephalosporin business, which is a one-off item.

Rajesh: Okay.

Dilip Shanghvi: The other point I think which I would like to share with you is that Mr. Valia has been personally involved with the information technology initiative within the company, which should help us improve our efficiency both in manufacturing, distribution, as well as all other internal business processes significantly. However, these are projects which produce long-term return, and ultimately they will make our business qualitatively significantly superior from what it is today.

Rajesh: Right, okay. Thanks a lot.

Dilip Shanghvi: Thank you.

Moderator: At this moment there are no further questions from participants at Singtel, I would like to hand over the proceedings back to Prathiba.

Moderator: Thank you very much Mrs. Sultan.

Moderator: Thank you.

Moderator: We will now begin the Q&A interactive session for Indian participants. Participants who wish to ask questions, please press *1 on your touch-tone enabled telephone keypad. On pressing *1, participants will get a chance to present their question on a first-in-line basis. To ask a question, please press *1 now. Our first question comes from Mr. Anoop Bhaskar of Pioneer ITI.

Anoop Bhaskar: Hi. I have a question on exports. Could you tell us when would you start supplying bulk to Caraco?

Sudhir Valia: We are expecting a supply by the end of this year as our DMF approval is awaiting and they have also filed ANDA based on our DMF. So most probably by October-November we expect both approvals for which can supply the active to Caraco.

Anoop Bhaskar: Could you tell us which are the products for which you would start the supply of the bulk?

Sudhir Valia: We have filed DMF for metformin. We have filed for tramadol. We have filed for metoprolol, and two more products, which have filed is tizanidine and mirtazapine.

Anoop Bhaskar: Okay. And other is, the returns of the domestic formulation market, there could you tell us what is your strategy going into the newer segment and your success in the segment, you know, asthma?

Dilip Shanghvi: New segment, I did not understand, because we have not announced any plan to enter any new segment.

Anoop Bhaskar: If you could just tell us about asthma what has been your....

Dilip Shanghvi: We have plans for becoming a player in the respiratory business area since last 12-18 months and I think hopefully during this year and subsequent year we should successfully become a more important player than what we are today. In the respiratory area, our major focus is asthma and COPD, and we have various products oral inhalation both by dry powder inhaler as well as metered dose inhalation for this area, which should help achieve significant improvement over our current performance.

Anoop Bhaskar: Could you just spend some more time on your strategy for pricing in this segment because here of facing, the competition is from Cipla which is big price warrior and has got the huge advantage in terms of being there much earlier. So, could you just tell what your strategy out here would be in this segment,

Dilip Shanghvi: Sun Pharma historically has not been a company, which focuses on pricing as a competitive strategy. Even for asthma I think that we respect Cipla's strengths and a very large percentage of the market that they have with them for a very long period of time. Our strategy is based on appreciation of strength that our competitors have in this market. Also, realizing that we are a relatively new player, but we believe that like we have done in all the other areas by trying to bring a product which our customers are looking for. We should be able to develop a respectable share of this business in next two years.

Anoop Bhaskar: In terms of the segments where you are stronger currently, the case in CNS and CVS, there could you tell us what has been the growth rate for the segment and your growth rate in these segments in the 1st quarter?

Dilip Shanghvi: I don't have very specific information, but our overall growth in all the three segments would be higher than the industry. But, may be I will ask Mira to send you specific information related to these segments.

Anoop Bhaskar: Okay. The other is, why the sales number for the company are lower than the number which we see there in the retail audit done by ORG. Is it some kind of trade pipeline, which is being corrected?

Dilip Shanghvi: I think pipeline has become a dirty word, so I don't want to use that, but I think the way the incentive structures work, there is a certain element of change in sales in all companies, possibly on a much smaller scale also in Sun Pharma for quarter-on-quarter performance based on incentives of field staff. However, we are significantly tightening our overall outstanding and inventory norms with stockists as well as C& F points, and we believe that some of this tightening is positively affecting our performance on a short-term basis. However, on a long-term basis, we believe that it should help us become a healthier business.

Anoop Bhaskar: Sir, do you have any sales coming from generic generics?

Dilip Shanghvi: No.

Anoop Bhaskar: And does the company have any plan to launch anything in this segment generic-generics?

Dilip Shanghvi: No.

Anoop Bhaskar: Okay. Thank you very much Sir.

Dilip Shanghvi: Thank you.

Moderator: Thank you very much Sir. Next in line we have a question from Mr. Ashit Kothari of ASK Raymond.

Ashit Kothari: Hello. This is regarding, on the Caraco side, there is a known case R&D expenditure to the tune of \$1.25 million in the Caraco P&L. How this entry has been done in the Sun Pharma accounts?

R K Baheti: We have still not recognized that as an income.

Ashit Kothari: But it will treat as an income in the profit and loss account?

R K Baheti: Over a period of a time, yes.

Ashit Kothari: Okay, and can you tell me for which two products this technology has been given?

Dilip Shanghvi: I think Caraco will not share this with its investors because the sharing of ANDA applications are only at a particular stage. The shares are issued by Caraco after bioequivalence passing.

Ashit Kothari: Okay, and what is the current holding of Sun Pharma in the Caraco, now after this issue of equity?

R K Baheti: So far they are not issued equity. They have only taken a charge in the expense account. But, as of now, the Sun's equity is 46%.

Ashit Kothari: And any expectation when it will cross 51%?

R K Baheti: No, I don't think I can influence that decision. That will depend on the schedule of share issue on certain milestone being reached.

Dilip Shanghvi: You have any specific reason why you are asking this question?

Ashit Kothari: No. Is there is any agreement till what date Sun Pharma can increase their percentage to 63%?

R K Baheti: We have a product technology transfer agreement and the issue of share is defined as per that agreement.

Ashit Kothari: But is there any dead line for that?

R K Baheti: The original agreement is expiring in August 2002. Sun and Caraco management is discussing to renew for a further period.

Ashit Kothari: Okay. Just one more question on the leuprolide, Sun Pharma wants to export this product to developed countries, do they require any additional test?

Dilip Shanghvi: Yes. Each of the countries has a set of tests, which will need to be performed before this product can be exported to any country. In some countries we can share our clinical studies in India to register the product. In some countries we may have to do some specific additional tests which are required for registration in that country.

Ashit Kothari: Okay. Thanks a lot.

Moderator: Thank you very much Sir. Our next question comes from Mr. Sandeep Kothari of CLSA.

Sandeep Kothari: Yes, good afternoon. I have a few questions. First of all, the first quarter results if I understood correctly, could you explain to us the like-to-like basis because I think previous quarter that is in FY 02, the MJ Pharma and Pradeep Drug numbers are not included.

R K Baheti: That is right.

Sandeep Kothari: Could you share with us the like-to-like results please.

R K Baheti: Sandeep, the first quarter results which we announced last year, June 2001, did not have the merger effect. The merger approvals came much later.

Sandeep Kothari: Right.

R K Baheti: The current quarter, that is June 2002, includes the results of Pradeep and MJ both. Now, as far as MJ is concerned as Mr. Valia said we have not yet really started any activity. There is an impact of some expense and impact of amount of loan which have been repaid by us. As far as Pradeep Drug is concerned, I think Mr. Valia also mentioned that Pradeep has been turned around from a loss-making situation of almost a crore of rupees every quarter, they are now making marginal profits. Why I made this statement in the beginning of my presentation was that this affects the overall operating profits. The numbers in absolute terms may not be significant on Sun's overall size, but it affects the overall operating margins, and in spite of these two mergers, I think, we have improved the margins.

Sandeep Kothari: Right. So no significant impact in terms of absolute numbers basically.

R K Baheti: That is right.

Sandeep Kothari: Right. Okay, on these drug delivery in each products which have been launched, what sort of a market potential is there in India or should we look at these drugs more from an export perspective?

Dilip Shanghvi: These products, I think, within the country based on formulations which are imported, have a current business of something close to Rs. 10 crore . I am talking of leuprolide depot, which is a GNRH analog, but it is priced at a level at which only for a very specific indication in infertility it is currently used. A large indication for this product is also endometriosis which is a much more commonly occurring disease and for that at this price, I mean, the imported formulation price, there is a relatively very small market. We believe that the product even within the country if marketed and aggressively promoted will not only find a very good market, but also will solve a very serious female disease. For the prostate cancer, 7.5 mg dose of the product is used, and we do not expect this to be a very big product in prostate cancer in India. Internationally, and in US alone, I believe that the product is more than \$800 million. So we believe that the international market for this product is much larger. However, the registration process for this product is quite cumbersome in all the countries and we will have to handle this product country by country. But, we expect this to be an important product in Sun pipeline in next five years.

Sandeep Kothari: Could there be a potential for technology licensing of this product or Sun would take it to various markets on its own?

Dilip Shanghvi: The product currently is manufactured using a technology, which is expiring in next two years. However, as we have shared with investors in the past we are working on developing a proprietary delivery system technology using biodegradable polymers. And we would be able to not only mimic what is currently done by existing polymers, but may be achieve some solutions which are not immediately feasible using current polymers, and that technology when fully developed, we should be able to license or use for markets much more actively.

Sandeep Kothari: Right Sir. My next question is, could you give us a sense of the products which have done well for Caraco in this quarter, some turnover numbers for metformin and new launches which you would have done, tramadol etc.?

Dilip Shanghvi: I cannot give you very specific information because Caraco has not shared this. But broadly I think the new products, which have been approved, which will include both metformin and tramadol, and we expect Caraco to become an important percentage player for both these products in the year, during the year.

Sandeep Kothari: Right Sir. And a sense of what sort of ANDA pipeline or ANDA filing activity would be there including, we understand Sun's facility also in the due course would be used so, may be next year onwards, would ANDA filing significantly improve?

Dilip Shanghvi: Yes, I think this gives me an opportunity to clarify Sun's strategy for the US market. We have shared with people that our initial investment in US is by acquiring a stake, which will go up to 65% in Caraco. But simultaneously we also wish to use Sun's Indian facility for filing products. We are specifically looking at products which are either very large volume or which cannot be produced at Caraco so that between both the facilities we will be able to handle a larger number of products than what Caraco would be able to handle on its own. At the

same point in time, going forward, we have interest in filing complex products involving para 4 challenges as well as section 505b2 applications which we can then promote as branded products. And these two type of challenges in product most likely we would be doing from Sun Pharma and not through Caraco, because we look at Caraco essentially as a generic company.

Sandeep Kothari: And how far would be Sun Pharma starting to make such filings.

Dilip Shanghvi: From India.

Sandeep Kothari: Yeah.

Dilip Shanghvi: This year I think we have shared with investors that we will file out of MJ, four products, and we believe that we should be able to achieve that objective.

Sandeep Kothari: Sorry, the line was slightly unclear. Four products you said Sir?

Dilip Shanghvi: Four, in the next one or two years

Sandeep Kothari: Okay. Lastly, a question on the domestic market, what sort of a price trend are we seeing, what sort of growth has been achieved through volumes? The question is because if you look at your last four or five quarters, the company has been doing about 110-120 crores of turnover in the domestic formulation business, and obviously Sun's core strength has been the domestic formulations. So what do we expect going forward, new product launches to drive it, price increases, do we see growth rates improving from these levels going forward?

Dilip Shanghvi: Yes. I think Sandeep we have shared with investors that we should be able to achieve 15-20% growth overall in the domestic business, and we feel that that's a achievable objective that we have set for ourselves. Now, this growth will compose of all the components that you talk of price changes, new products, growth on existing product, and all of them should drive the growth. I am not able to give you very specific information related to pricing. But generally, if I look at history then 2-3% is the impact of price change for us every year.

Sandeep Kothari: I would try and make my question more specific. Basically, all the major companies are focussing on these segments and competition is increasing, is competition worrying you more now than what it would have done six months back?

Dilip Shanghvi: I have always worried about competition not only six months back, even ten years back. So we have always taken competition seriously. Now we have more of it, and also I think we have competitors who are investing in business for long-term rather than trying to make money out of this business. So all the numbers that we have shared with investors are factoring all these changes in the market place, which we are seeing or what we have seen till now. Does this answer your question?

Sandeep Kothari: Yeah. Of course. Lastly, on the tax rates, Mr. Baheti, do we take the tax rates including deferred taxation as what would be there for the year as a whole?

R K Baheti: As a percentage, yes. In absolute terms probably it will go up.

Sandeep Kothari: Right. Thank you very much.

Moderator: Thank you very much Sir. Next in line we have a question from Mr. Kaushik of SG Asia Securities.

Kaushik: Kaushik here. Hello.

R K Baheti: Yeah.

Kaushik: What I wanted to know is that even though as you had mentioned earlier that export formulations have been growing around 36% on a low base, actually I would love to know exactly which are the export markets which are driving the formulations if you can mention?

Dilip Shanghvi: No, I think, in most of the markets we have done reasonably okay. I actually don't have very specific numbers with me. But my broad sense is that the improvement is around all the markets. But, also as you

have seen it is a very small business and typically in international export of formulations you get reasonably large one-time order unlike what you do in domestic that every stockist buys from you 3-5 times in every month. So, a quarterly comparison is also not very appropriate method of comparison. We believe that we should be able to improve performance across markets during the year.

Kaushik: Okay thank you.

Moderator: Thank you very much Sir. Our next question comes from Mr. Jayaraj of Cholamandalam.

Jayaraj: Hello. Good afternoon everybody. My question is you have agreed to supply bulk drug to Caraco sometime from October-November. Can you tell me what percentage of Caraco's requirement will you be supplying. Will you be the only source supplier or you will be sharing with somebody else?

Sudhir Valia: The product which runs, once we get approval for them, they will be largely dependent on us only.

Jayaraj: That could mean that you will be supplying 100%?

Sudhir Valia: Yes, we should maximize that benefit.

Jayaraj: Okay. My next question is on this morning news of NPPA that retail margin on generic generics should be slashed. What would be the impact on Sun Pharma because of this?

Dilip Shanghvi: We are not present in that business so it does not effect us.

Jayaraj: Okay. You talked about OPM improvement as a result of improvement in the technology and process efficiency. Is this to mean you are employing some kind of ERP in the process?

Sudhir Valia: Yes, we have already implemented ERP and all the modules are synchronized and we have only one platform across the company for all the activities.

Jayaraj: Okay fine. And one last question is the tax benefit that you should be getting because of the merger with MJ Pharma has not seen in this quarter's result. Are We likely to see sometime in the next quarter?

R K Baheti: No, MJ Pharma's tax benefit was in the year ended March 2002.

Jayaraj: Okay fine.

Dilip Shanghvi: We don't have any additional tax benefit out of MJ acquisition.

Jayaraj: Okay fine thank you.

Moderator: Thank you very much Sir. Next question comes from Mr. Rahul Sharma of Tata TD Water House.

Rahul Sharma: Good evening. Very good results. But, my questions have been answered by Sandeep and Kaushik's questions. Thank you.

R K Baheti: Thank you.

Moderator: Thank you very much Sir. Participants who wish to ask questions please press *1 now. Our next question comes from Mr. Manish Gaur of CSFB

Manish Gaur: Cash trend in Caraco, we have seen that 1.25 million of non-cash charge was there this quarter. Do we expect any more non-cash charge in the remaining two quarters for Caraco?

R K Baheti: As I said Manish this would depend on certain milestones being achieved in that ANDA approval process. I don't think I can make a statement beyond that.

Manish Gaur: Okay. Would you like to share, I mean, what are your prescription rankings in the most recent C MARCs, which would have happened in June.

Dilip Shanghvi: I think in Psychiatry and Neurology we continue to be number 1.

Manish Gaur: Okay.

Dilip Shanghvi: In Cardiology we have moved up to number 3 position.

Manish Gaur: Okay.

Dilip Shanghvi: In Gastroenterology, we are number 3. I think, in Orthopedics, we are 4 or 5, and in Ophthalmology, I think we are number 3, possibly number 3. I actually don't have the ranks as I am recalling out of memory. But broadly, I think we continue to improve the share of prescription in all the areas. However, I think we believe that we should be able to do better going forward.

Manish Gaur: Okay. Also, I had this one more question on what are debtor days and, you know, inventory turnover like for the quarter?

R K Baheti: I think we shared the March numbers in terms of both number of days and broadly in terms of absolute numbers also. Both inventories and receivables continue to be tightly monitored. We have inventory levels of around 130-135 crores and the receivables are at around 110 crores.

Manish Gaur: Okay, thanks.

Moderator: Thank you very much Sir. Next question comes from Mr. Sameer Baisiwala of J.M. Morgan Stanley.

Sameer Baisiwala: Yes. Good afternoon everyone. Just a point of clarification for the four products we have planned to file out of MJ Pharma for US generic business. They would necessarily be para 4 challenges with first-to-file status or branded generic if I understood you correctly?

Dilip Shanghvi: No, I think, Sameer we have shared with investors in the past that we will start filing para 4 and 5, 505B2 type of products from next year onwards. The product that we will be filing out of MJ during this year would be regular generic products.

Sameer Baisiwala: Okay they would be plain generics. Okay. Thanks.

Dilip Shanghvi: Thank you.

Moderator: Thank you very much Sir. Participants who wish to ask questions please press *1 now. At this moment, there are no participants in the question queue. I would like to hand over the floor back to Mr. Baheti for final remarks.

R. K. Baheti: Thanks Prathiba for your moderation. Thank you, all participants for being with us. We hope to be interacting with you with our post second quarter conference call. Thank you very much. Bye.