

CADILA HEALTHCARE Q3 2004-05 RESULTS CONFERENCE CALL (JANUARY 27, 2005)

Moderator: Good evening ladies and gentlemen. I am Monali the moderator for this conference. Welcome to the Zydus Cadila Healthcare conference call. For the duration of the presentation all participants' lines will be in the listen-only mode. I will be standing by for the question and answer session. I would now like to hand over to Mr. Pankaj Patel of Zydus Cadila Healthcare. Thank you and over to sir.

Pankaj Patel: Good evening to all of you and welcome to our post results teleconference for the Q3 for the FY 05.

Overall, in Q3 we achieved 29% net profit growth on standalone basis in spite of our API business suffering a setback due to price pressure. The consolidated profits were lower y-y due to lower contribution from Altana JV, which in turn is due to transition to a consignment-based sales model and has one-off effect this time.

Coming to the details of standalone performance during Q3, the highlights are as follows:

The net sales revenue increased by 8% to Rs. 2780 million and the net sales increased for the nine months by 10.6%. The top line growth in this quarter was driven by 10.5% increase in domestic sales, mainly domestic formulations. Exports de-grew by 14.9% due to de-growth in APIs and intermediates. Our top brand "Aten" became the top 20 largest brand in the country, and the new brand which we launched only this year "Nucoxia" has just been declared the best launch brand for the year 2004 by ORG- IMS.

The profit before interest, depreciation, tax, and amortization increased by 8% y-y to Rs. 609 million and the PBITDA margin was maintained at 21.9%.

The net profit for the quarter was Rs. 395 million, up 79% y-y compared to Rs. 306 million in Q3 last year, which was helped by lower interest and Forex gains

Coming to the details of consolidated results.

The consolidated net sales increased marginally to Rs. 3051 million in Q3. Although the international formulation growth was strong at 24%, the overall growth was constrained by lower sales by the Altana JV, which was down 65% y-y to Rs. 75 million (our 50% of the share).

Let me explain the effect of Altana JV in more details. Earlier, sales was reported upon dispatches, i.e. on principal to principal basis. In Q4, the JV shifted to a consignment-based model where sales will be based only upon consumption by Altana. Since Altana was holding inventory, the JV lost two-month sales in the 2nd half 2004. Bulk of this impact came in Q3, and our share of profit from the JV was only Rs. 61 million - down by 70%. But Q4 for the JV ended in December '04 is better with sales and profits about double compared to the Q3, and we expect normal business to resume in Q1 next fiscal.

If I give you specific numbers for Altana JV, the sales in the first half were (our part of 50%) Rs. 458 million. Q3, the sale was Rs. 75 million. Q4, the sale will be Rs. 151 million, and for the whole year the sale will be Rs. 683 million. That's our part of the 50%, and our part of profit for the first half was Rs. 366 million; Q3, it was Rs. 61 million; Q4 is Rs. 136 million; so total for a year will be Rs. 563 million.

1H Q3 Q4 FY04

Sales (50%) 458 75 151 683

Profit (50%) 366 61 136 563

Additionally, the investment in the generic business in France where we had 56 products basket at the end of December '04 from the 46 I had mentioned to you last time, led to higher loss because of investment to Rs. 54 million in the French subsidiary.

The aggregate impact of these two factors resulted on comparable basis profit being lower by Rs. 185 million y-y basis. That explains the 30% drop in the profit for the quarter from Rs. 403 million to Rs. 281 million.

Thank you and I will now start the question and answer session with you. You may address questions on domestic market and non-regulated market with Mr. Nayak, on results and finance to Mr. M. K. Patel, and on regulated market to me. Over to coordinator for Q&A.

Moderator: Thank you very much sir. Participants who wish to ask questions may please press *1 on your touchtone-enabled telephone keypad. On pressing *1, participants will get a chance to present their questions on a first-in-line basis. To ask a question, please press *1 now. We have our first question from Ms. Monica Joshi of Quantum Securities.

Monica Joshi: Hi sir! This is just regarding some of your accounting entries. If you could tell us why the % of other expenditure as the % of sales have gone up so sharply and similarly with the raw material expenses? This is on a consolidated basis.

MK Patel: If you want head wise details, then I will get back to you because head wise details we will not have, but mainly, I mean, reason for expenses going up is- spend on R&D and filings.

Monica Joshi: Sir can you just throw some light on what has been your R&D spend in this quarter and correspondingly in the last quarter?

Pankaj Patel: Yeah. Research spent this quarter is Rs. 167 million compared to Rs. 130 million in the comparable previous quarter.

Monica Joshi: Okay. And these have been accounted as other expenses no?

Pankaj Patel: Yeah. It is grouped in other expenses.

Monica Joshi: Okay. And raw material expenses?

Pankaj Patel: The raw material expenses are.... I mean explanation has been given.

Monica Joshi: That would be because of Altana and....

Pankaj Patel: Yeah. Are you talking about standalone or consolidated?

Monica Joshi: Consolidated.

Pankaj Patel: That is because of Altana has lower material cost, (and its) sales is down and that's why overall cost of raw material consumption is high.

Monica Joshi: Okay. Sir, again about your latest agreement that you have signed with Mayne Group and you propos to set up an API and formulations plan, could you throw some light on the Capex that you have been incurring here?

Pankaj Patel: The details of project are still being worked out, so we cannot give you exact numbers on that. We intend to give you a clear guidance on this in next two to three weeks.

Monica Joshi: Okay, but when will the sales actually start and when will your revenue start? Have you worked that out?

Pankaj Patel: We expect the business to start by 2007.

Monica Joshi: FY-07, is it?

Pankaj Patel: Yeah.

Monica Joshi: Okay sir, can you also give some clues on how you excise payments will now be with the new rules coming up?

Pankaj Patel: Well the MRP-based excise could affect the third party manufactured products. Fortunately for us, our company, we commissioned our new facility at Baddi in September and it has gone into full swing production from January itself, so for us this is not going to be a significant impact. Whatever little bit of impact is there because of excise, we will make good through corresponding revision in the prices.

Monica Joshi: Thank you sir. Basically you remain neutral on that?

Pankaj Patel: Right.

Monica Joshi: Sir, about Zydus France, you had indicated in the last conference call that you would be launching omeprazole in November, so can you just.....?

Pankaj Patel: We have already launched in November omeprazole.

Monica Joshi: Okay, so bye for now, best of luck.

Moderator: Thank you very much mam. Participants who wish to ask questions may please press *1. Next, we have Mr. Ajay Sharma from CLSA.

Ajay Sharma: Just wanted to know on the French generic business you have launched quite a few products, but what is the environment like in terms of competition? Is it good or worse than you expected? And how do you see that panning out over the next two to three years not just a few quarters?

Pankaj Patel: In the French market, the competition in generics is always high, so we were expecting high competition, but we see that the competition is even little higher than what we expected, so we could expect some margin pressure on the French Market. However, this is not significantly higher, but definitely there seems to some margin pressure. Fortunately for us, we would be basically from next financial year supplying product ex-India and that would improve our margins, so we see a margin pressure for current year as far as French business is concerned that is the calendar year 2005, but in calendar year of 2006 because of site variation, that margin pressure will be taken care of. The response to market is - as we expected, or little better than that. Our sales has been above target for the first three months of operation, that's a positive sign, but it is too short a period to really give you the prognosis of that. May be at end of second quarter, we should be able to tell you that now after six months we can clearly see how the things are going to go forward.

Ajay Sharma: Okay, thank you. And the second question is on the US business you find a lot of ANDAs in fact among the highest among the first entrants. Now how do you see that business evolving for you? How many products will you have approved by the end of calendar this year, number one? Number two is, how would you distribute? And in three years where you see that business?

Pankaj Patel: We expect to launch about 5 products in this calendar year and the business would be done through a distributor with which we are in final stage of negotiation and signing of agreement. More details of that we will provide you once we sign the agreement. We expect the product to be in the market in the first quarter of next financial year and as far as the filing is concerned our filing is continuing. We expect significant filings this quarter. With respect to these numbers in three years, we have not yet given any guidance about the numbers and at suitable time we will come back to you with the numbers.

Ajay Sharma: Wonderful. Thanks for taking my questions.

Moderator: Thank you very much sir. Next is Ms. Visalakshi from DSP Merrill Lynch.

Visalakshi: Thank you. I have two questions. One is, can you highlight what is the status of the cost rationalization exercise which has been going on over the last two years? What sort of cost savings? And, you know, what are the future initiative? And the second is what is the outlook on the Altana JV? Because it appears that in a y-y basis, the profits have remained flat, so you know, what is the growth outlook towards that proportion?

Pankaj Patel: First of all, the initiative which we had done for cost optimization through PRISM has yielded the first phase of results. The second year, which was institutionalized in-house, and we have further improved the number. We could see that our material cost for the quarter, if you compare, is 230 basis point lower than the same quarter last year and this has become a kind of a process within organizations through which between 3% to 5% cost optimization of the cost base or cost

spent should happen y-y. We have full organization now in place- a team in place internally whose job is to deliver this, and we believe that we could sustain this .

The second question with about outlook of Altana JV- we have a flat earning this year or little bit lower earning than last year . That's mainly because of the change in the manner of accounting for the sales. Next year, we clearly see the number hitting back to the original number. As we move forward, we expect that this number may not go up significantly, but would remain in the same range.

Visalakshi: Just a follow-up in terms of the cost optimization, are there any consultancy fees in this quarter?

Pankaj Patel: There are some consultancy fees this quarter but that's the end of it, we are not going to have this consultancy fee next quarter onwards.

Visalakshi: How much is it for this quarter?

MK Patel: This quarter- I don't have the number available. We could provide you off-line.

Visalakshi: Okay. And on the Altana JV, what is the status in terms of any future product launches you think?

Pankaj Patel: Currently, we do not have (any product launch). We are discussing some things but we do not have anything specific to report.

Visalakshi: Okay. Thank you.

Moderator: Thank you very much mam. Next is Mr. Manish Bhandari from ING.

Manish Bhandari: Sir, just this is on the French loss -what you have said about Rs. 54 million; when do you see things that it could revert and when you see showing profit in your subsidiary?

Pankaj Patel: We would be able to breakeven next year. Current year, we are setting the launch of generics and we would be showing some losses. For the next financial year or the calendar year '06, which is the accounting year for this subsidiary- where we are expecting breakeven.

Manish Bhandari: Okay. So that's going to be a breakeven?

Pankaj Patel: Yeah.

Manish Bhandari: Thanks a lot sir.

Moderator: Thank you very much sir. Next is Ms. Shahina from HDFC Securities.

Ms. Shahina: Hi, this is a continuing question on the Altana Joint Venture. You mentioned there is some change in the method of accounting could you elaborate on this please?

Pankaj Patel: See what is happening - when we are dispatching the goods from India, then we used to make a bill and as soon as the bill is made, the sale is happening. Now the method of sales changes from that to consignment basis . That means as soon as the goods are produced, they are shipped to Altana. When they actually consume the bill is made and the payment is made. Now, as a result whatever is transit inventory ,and Altana inventory was there, so there is a gap of approximately two months in the sales.

Ms. Shahina: So, this has affected this quarter?

Pankaj Patel: This has affected this quarter number. We don't expect the next quarter to be affected because of this.

Ms. Shahina: And what is the amount of Altana in the consolidated sales numbers that we have? Would it be in API export basis?

Pankaj Patel: I can give you this quarter the Altana consolidated number on top line Sales is Rs. 75 million and profit is Rs.

61 million.

Ms. Shahina: And this is versus in the previous corresponding quarter?

Pankaj Patel: Yeah. Okay, the sales number for the corresponding quarter last year was Rs. 211 million.

Ms. Shahina: Okay, Rs. 211 million.

Pankaj Patel: Rs. 75 million now.

Ms. Shahina: Yeah.

Pankaj Patel: And the profit number last year was Rs. 200 million.

Ms. Shahina: Okay.

Pankaj Patel: But Rs. 361 million now.

Ms. Shahina: Okay. And was this also there in the previous quarter, sequential basis, no?

Pankaj Patel: Sorry?

Ms. Shahina: Was it also there in the second quarter? Was this impact to any extent in sales in the second quarter?

Pankaj Patel: No, no. It was only in this quarter.

Ms. Shahina: Only in this quarter?

Pankaj Patel: And we would not expect the next quarter the same thing because next quarter is actually over for the subsidiary, (ended on 31st Dec) and we have the numbers with us. So, next quarter which is Q4 for us, the Altana consolidated number will be Rs. 151 million on sale and Rs. 136 million on profit.

Ms. Shahina: Okay. So it should be sort of bouncing back to normal?

Pankaj Patel: Yeah, right, exactly.

Ms. Shahina: Okay. Could you give us some more information or details on the other contract manufacturing agreements like with Zambon and also you have, I think, one was with Mayne? Could you elaborate on this?

Pankaj Patel: I just answered one of the questions at the beginning about Mayne, so I would not like to repeat the same thing.

Ms. Shahina: Okay, okay, fine...

Pankaj Patel: With respect to Zambon, we expect the revenue to start in the next financial year.

Ms. Shahina: And what sort of investment and what sort of revenues with this joint venture?

Pankaj Patel: We do not expect the significant investment because this will be mainly manufactured in our existing manufacturing facility as far as Zambon is concerned. We are going to begin with supplying some Lyophilized products.

Ms. Shahina: Okay. This quarter you had a FOREX loss of about Rs. 73 million or 7 crores. Why is this actually and how do you keep?

Pankaj Patel: This quarter actually we had a profit of Rs. 73 million.

Ms. Shahina: Okay, okay, that's your profit.

Pankaj Patel: The first quarter we had a loss of Rs. 90 million. This is on the Forex loan which we have booked in

accounts. According to the company's standard- the last day whatever forex (rate) are- we have to adjust results. There is going to be an entry. That's why we show it as separate entry in the results highlighting foreign exchange fluctuation on the loan.

Ms. Shahina: Thank you sir.

Moderator: Thank you very much, mam. Next is Mr. Rajesh Vora from ICICI Securities.

Rajesh Vora: Good evening, I have three questions; first two for Mr. Pankaj Patel. The company seems to be investing heavily in building generic business over the past few quarters and this year seems to be more of a investment phase. Is this phase going to continue all through 05 or 06 as well? That's question number one and question number two is in terms of are you still on track to file 16 ANDAs and about 18 DMFs, which you had targeted for current fiscal year?

Pankaj Patel: On the question number one with respect to the investment on the developed market R&D spend, we would continue spending next year on a similar level, but we do not expect this now to go up because we would not need extra money to now filing more number of ANDAs; a) because ANDAs productivity has improved; b) because numbers next year will not be significantly higher than what we are planning to file this year. With respect to filing of ANDA, we have visibility clearly to file between 14 to 16 ANDAs before March of this year and also 18 DMFs this year. We are very much on track as of now as for all these ANDAs.

Rajesh Vora: Okay and to Mr. Nayak in terms of some color on possible impact of VAT implementation from 1st April this year.

Ganesh Nayak: Yeah, we have taken all the necessary steps required, and we have gone quite proactively right from this month itself so that if any impact does come in the month of March we would not be impacted by it.

Rajesh Vora: Okay, so you don't see of any magnitude of impact that we saw last time in March 2003 quarter ended the whole industry had a pretty severe impact of disruption of sales because of uncertainties around VAT implementation?

Ganesh Nayak: Actually, Rajesh if you recollect last year then all the other companies did have, you know, some impact on their revenues. We were a kind of safe from that. This year impact - we started the exercise right from December, I don't think I would be in a position to divulge all the proactive measures we have taken.

Rajesh Vora: Sure.

Ganesh Nayak: Suffice to say that we have taken care of the eventualities, which may arise, so we in short don't expect to get hit by this VAT.

Rajesh Vora: Okay and if Mr. Pankaj Patel can draw some corollary between the investments that's going in building generic business versus the potential without numbers in terms of the revenue scale that can happen as you mentioned about five product launches in the US, is it going to be significantly accelerated in calendar '06 and onwards?

Pankaj Patel: We definitely see the accelerating this in calendar '06 for sure. We have expected about the arrangements which we are working out for the distribution and the initial feedback and the forecast we are getting now from our distribution partner is very exciting, so we believe that '06 definitely will see a very higher revenue jump from the generic business.

Rajesh Vora: Okay. Thank you so much and all the best.

Moderator: Thank you very much sir. Next is Mr. Manish Gaur from Voyager

Mr. Manish: Hi, thanks for taking my question. I just wanted to understand if you could explain to us your pathway to profitability in your French business as in what's the revenue on date like and what's the cost on date and how does the cost structure shift when you shift lot of manufacturing to India? I mean, just to get some sense of that.

Pankaj Patel: First let me take your last question. When we shift the product from currently our French subsidiary, which we bought, the business is sourcing the products from European manufacturers. When this product manufacturing site is shifted from the European manufacturing site to Indian manufacturing site, we expect that the margin would significantly improve

because we will have India cost advantage. So that would basically improve the margin and that's the reason why we are saying that 2006 onwards we can see the company doing very well in terms of not only top lines, but also in terms of bottom lines.

Mr. Manish: Could you quantify that margin?

Pankaj Patel: Well at the current level, we see there is a difference of about 20-30% between the cost in Europe and cost in India.

Mr. Manish: Okay, okay.

Pankaj Patel: It depends from product to product.

Mr. Manish: And what are the revenue numbers like from France for this quarter for example?

Pankaj Patel: For this quarter, the French number is Rs. 69 million.

Mr. Manish: Okay, and what's the loss there?

Pankaj Patel: Rs. 53 million.

Mr. Manish: Okay, thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions may please press *1. Next is Ms. Rohita from Prabhudas Leeladhar.

Ms. Rohita: I have two questions. First is regarding in summer you mentioned that the revenue figure is Rs. 69 million, which I believe as a sharp dip on a q-on-q basis, if you could explain for that and second what is the number of ANDA filings made in the last quarter?

Pankaj Patel: Sorry, first of all apologies to Manish. I think we didn't give you the right number. So give me a minute, I'll come back to you with the right number. Can I just come back to you with the number? I just don't have the number in front of me.

Ms. Rohita: Yeah. And that's the ANDA filings, the number of filings made?

Pankaj Patel: Okay. On the ANDA front, as I mentioned to you we will complete our target for the year by March end. Till date, we have filed three ANDAs.

Ms. Rohita: Okay, thanks.

Moderator: Thank you very much mam. Next is Mr. Pawan Nahar from Kotak.

Pawan Nahar: Yeah, my questions have been asked, but this one that I would like to ask Mr. Patel. This is regarding the manufacturing JV that you have entered into with Zambon and Mayne Group, but if I have to look at the Cadila you have the clients you are already there in the US market, in the French Market, and you have a big deal with Altana. Now, in terms of, you know, overall perspective potential of the Zambon and Mayne deal, I can know at this moment I am not able to understand. Is that significant enough for the group to be, you know, investing in terms of time and resources?

Pankaj Patel: I think one of the deal is a significant deal.

Pawan Nahar: Which is this? Is this the Mayne one?

Pankaj Patel: Yeah, the Mayne deal is the significant deal.

Pawan Nahar: Okay.

Pankaj Patel: It basically eventually would take care of any profit dips we would have because of a pantoprazole and the

revenue margins going down at that stage will eventually take care of that also.

Pawan Nahar: Just by making some of these anticancer injectables and APIs?

Pankaj Patel: Yes, yes.

Pawan Nahar: And can we expect something more on this line?

Pankaj Patel: We would provide you as I mentioned in one of the question earlier, we are at this moment working out all the details and once the details are in place, we would be able to provide you guidance about what kind of investment we are talking about, what kind of timeframe, and what kind of revenues we are expecting over a period. These are under final discussions and once these are ready in the next few weeks we will provide you the guidance.

Pawan Nahar: Okay, and one final question, this is how has your experience with Baddi been? You said that you are already fully operational there?

Pankaj Patel: Yeah.

Pawan Nahar: That's one, how is your experience in terms of operations, availability of people, and what are the kind of savings? Have you have seen any savings in the third quarter, I mean, reported numbers?

Pankaj Patel: Number one; with Baddi, our experience has been okay. We have no significant issues - except of course there are a lot of companies setting up plants so there is lot of demands of people but we have a full team in place already, so we have no issues with respect to running the plant smoothly. With respect to the improvement, whatever we produced there carries a sort of saving in excise component to the extent of about 1.5% compared to earlier non MRP-based excise load, so there is saving to the extent of 1.5% because of shift of production there. We started production, as you must be aware, in late September, so not significant volumes have been there in the last quarter. Also, there is going to be a major benefit, which is basically no income tax on those incomes.

Pawan Nahar: By 1.5% you mean 1.5% of sales or you mean sales as being 8%.

Pankaj Patel: 1.5% of the sales.

Pawan Nahar: Okay. Thank you.

Moderator: Thank you very much sir. Next, is Mr. Jesal Shah from JP Morgan.

Jesal. Shah: I just have one question on your ANDA filings. If you can tell us how many ANDAs you have filed in the current year so far? I heard you filed three ANDAs.

Pankaj Patel: Current year we have filed three ANDAs so far but we will be on target by March 10th.

Jesal Shah: And how many DMFs you have filed so far?

Pankaj Patel: This year up till now we have filed six DMFs.

Jesal Shah: Okay. Can you tell us what is the brand value of the three ANDAs that you have filed?

Pankaj Patel: I don't have the number

Jesal Shah: Any indicative number?

Pankaj Patel: Sorry, I just now don't have the number. I think, at the end of next quarter when we have filed all the ANDAs, we would provide you the numbers of whatever ANDAs filed and what is the market size.

Jesal Shah: Okay.

Pankaj Patel: Yeah. But we should be able to provide you in our next meeting in April.

Jesal Shah: And last year you had filed, I actually don't remember how many ANDAs you had filed last year?

Pankaj Patel: Last year we filed 12 and 3 more, so we have 15 at this moment.

Jesal Shah: Okay. Thank you.

Moderator: Thank you very much sir. Next is Mr. Madhusudan from CitiGroup.

Mr. Madhusudan: We have seen a lot of turmoil in the US market as far as the generic industry is concerned. Have you realigned your strategy at all for this market? If you could throw some light on that.

Pankaj Patel: We have selected product from the beginning assuming that we are going to have competition and that's why one of the drivers of selection was cost excellence, and I think that itself takes care of whatever turmoil which we see in the US market at this moment. So we do not have to really do a major course correction because of the situation in US market. Since we are now starting, we do not see any impact of the fact that on us except that yes the products could have lower prices than one would have expected.

Mr. Madhusudan: Thank you.

Moderator: Thank you very much sir. Next is Mr. Rahul from Karvy Stock Broking.

Mr. Rahul: Hello Sir. Could you give us some update on the pantoprazole expiry and what could be the implications on the company?

Pankaj Patel: First of all pantoprazole patent is valid till 2009 so it is not going to expire before that .

Mr. Rahul: And Sir just wanted to know what is the R&D expense for the quarter and till nine months.

Pankaj Patel: Yeah, one minute. For the quarters, R&D expenditure is Rs. 167 million and up to the quarters the number is Rs. 486 million.

Mr. Rahul: And Sir with around 10-12 ANDAs being filed in the last quarter what type of R&D expenses you are looking at?

Pankaj Patel: On the similar line because lot of this money has been spent to develop these ANDAs but actually the filing will happen now, but the money has been already spent upfront, so they are front-end spending so we expect similar R&D spending for the next quarter.

Mr. Rahul: Okay Sir. Thank you.

Pankaj Patel: Thanks.

Moderator: Thank you very much sir. Next is a follow-up from Mr. Manish Bhandari of ING.

Manish Bhandari: Sir I have got my query on the previous question I asked about the (French subsidiary) losses. You said '06 calendar year you will be breaking even, so in 2005 what kind of quantum of losses we could see and may be the investment that to be made?

Pankaj Patel: Yeah agreed. I think we expect approximately Rs. 4 million loss from the French subsidiaries for this next calendar year, which is '05 calendar year.

Manish Bhandari: '05 calendar year?

Pankaj Patel: Yeah, Rs. 4 million Euro not Dollars.

Manish Bhandari: Thank you. 4 million Euro?

Pankaj Patel: Yeah.

Manish Bhandari: Thank you.

Moderator: Thank you very much sir. Next is a follow-up from Mr. Manish Gaur of Voyager.

Manish Gaur: Hi, my question has been asked and answered.

Moderator: Thank you very much sir. Next is a follow-up from Mr. Pawan Nahar of Kotak.

Pawan Nahar: Yeah. Last year, you spent some Rs. 62 crores in R&D this year I have a target something like Rs. 80 crores. Is that okay?

Pankaj Patel: Yeah, that should be fine.

Pawan Nahar: Yeah, and which will mean that you would spend something like Rs. 30 crores in the Q4, and at this moment you are spending from Rs. 16-17 crores.

Pankaj Patel: Yeah, we expect may be a Rs. 10 crores savings- t so our expectation as I mentioned would be between Rs. 16-20 crores of this quarter for R&D.

Pawan Nahar: Okay.

Moderator: Thank you very much sir. Participants who wish to ask questions may please press *1. At this moment, there are no further questions from participants. I would like to hand over the floor back to Mr. Pankaj Patel for final remarks.

Pankaj Patel: Thank very much for joining us today in this teleconference, and I look forward to talk to you again after the annual results. Thank very much and good evening.

Moderator: Ladies and gentleman thank you for choosing CyberBazaar's Conferencing Service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you and have a nice evening.
