Dr. Reddy's Laboratories Limited

Q3 FY13 Earnings Call Transcript

Kedar Upadhye

Good morning and good evening to all of you and thank you for joining us today for Dr. Reddy's earnings call for Q3 of fiscal 2013. Earlier during the day, we released our results and the same are also posted on our website. We are conducting a live webcast of this call and a transcript shall be available on our website soon.

The discussion and analysis in this call will be based on IFRS consolidated financials to be submitted to US SEC. To discuss the business performance and outlook we have today, GV Prasad – our Chief Executive Officer; Satish Reddy – our Chief Operating Officer; Saumen Chakraborty – our Chief Financial Officer; Abhijit Mukherjee – President and Head of Global Generics; and members of Finance and Investor Relations team.

Before we proceed with the call, I would like to remind everyone that the Safe Harbor language contained in today's press release also pertains to this conference call and the webcast. After the end of the call, in case any additional clarifications are required, please feel free to get in touch with the Investor Relations team.

Now I would like to turn the call over to Saumen Chakraborty, our CFO.

Saumen Chakraborty

Thank you, Kedar. Good morning and good evening to everyone.

Let me begin with the key financial highlights. For this section, all the figures are translated to US dollars at a convenience rate of Rs. 54.86 to a dollar. The reported revenues for the quarter are at $522 million with a year-on-year growth of 3%. As you would recollect we had recorded a one-time benefit of $99 million from the launch of generic olanzapine in Q3 FY 12. Normalizing this effect, the year-on-year growth is robust at 23%.

Revenues from our Global Generics segment are at $380 million. Excluding the impact of olanzapine from the previous year, the year-on-year growth is at 24%. This growth is largely driven by North America and the Emerging Market territories. Revenues from our Pharmaceutical Services and Active Ingredients segment, (PSAI), are at $130 million and grew by 28% year-on-year.

Consolidated gross profit margin for the quarter is stable at 53%. Gross profit margin for Global Generics and PSAI segments this quarter is at 60% and 29% respectively. SG&A expenses including amortization for the quarter are at $156 million, an increase by 12% year-on-year. R&D costs are at $37 million for the quarter and on a sequential basis, we have grown from 6% of the revenues to approximately 7% of the revenues, which is in accordance with our strategy to expand our R&D activities across focus segments. EBITDA for the quarter is at $110 million and is 21% of revenues.

In the current quarter, due to depreciation of rupee, our forex line contains the loss of approximately Rs. 20 crores, attributable to time value portion of the mark-to-market adjustment for cash flow options. On the similar structure, we had a significant gain during Q2, on account of the then appreciation in the rupee. Time value is a function of estimated volatility, and time to maturity for the unexpired contracts.

Profit before tax for the quarter is at $85 million, which is 16% of revenues. Excluding the benefit of olanzapine in the last year, our PBT has grown in excess of 40%. The effective tax rate for the current full year will be in the range of 20% to 22%. Tax rate for the current quarter is at 19%. Profit after tax for the quarter at $69 million is 13% of revenues.

Key balance sheet highlights are as follows: Our working capital increased by $24 million and is largely in line with the change in revenue mix across markets. Capital expenditure for the quarter is at $27 million. Foreign currency cash flow hedges for the next 18 months in the form of derivatives and loans are at approximately at $600 million, largely hedged in the range of Rs. 55 to Rs. 57 to a Dollar. In addition, we have balance sheet hedges of $408 million. Net debt at $247 million represents a net debt-to-equity ratio of 0.20.

Before I sign out, I would like to update you that the open offer for the acquisition of the Netherlands-based specialty pharmaceutical company OctoPlus is in the advanced stage with 92.9% shares tendered in our favor. With this we will commence the integration process of OctoPlus.

Also, I would like to bring to your notice that the earnings press release made earlier in the day is in line with the financial submissions to be made with the US SEC in the Form 6-K. A charge of Rs. 20.4 crores towards fuel surcharge adjustment was accounted in Q2 FY13 after the unaudited results were announced as a subsequent event adjustment, since the related judgment of AP High Court was delivered before the filing of Form 6-K with the US SEC for Q2 FY13 financials. However, in the financials submitted to SEBI, this charge has been considered in Q3 FY13 only.

I now request Satish to take us through the key business highlights.

K Satish Reddy

Thank you, Saumen. Performance for the quarter has been stable. We were able to maintain the momentum that we gained over the past few quarters, especially in the emerging markets and North America. The PSAI segment also demonstrated good performance for the quarter.

I will now cover some of the specific business highlights for each of our key markets. Please note that in this section, all references are in respective local currencies at respective period average exchange rates.

Revenues from North America business for the quarter are at $178 million. Year-on-year growth, after adjusting the impact of olanzapine is at 32%. We have been able to improve our market share for some of our important recent launches: atorvastatin, metoprolol, montelukast, to name a few. However, the full benefit of the same will be seen in the coming quarters. Also, we continued with our stable trajectory for the large limited competition products, namely ziprasidone, tacrolimus and fondaparinux.

Like other generic players, we also have been affected by the delay in regulatory approvals. As a result, this quarter in which we do not have a meaningful new launch, may appear somewhat subdued for revenue achievement. However, we are committed to our long-term strategy to develop and market complex generic products in a focused manner to drive growth in the US market.

Moving on to India – I am satisfied to see our business build the growth trajectory that we have achieved over the past few quarters. Revenues at Rs. 372 crores for the quarter represented year-on-year growth of 12%. On a moving annual basis, year-on-year growth is 14.5%. As per the latest IMS report, our December and Q3 growth is 14.2% as compared to IPM growth of 9.7%. I believe that we are well on the way to meet our immediate priority of matching the market growth rate.

On the emerging markets front, revenues for the Russian business are at $68 million, with year-on-year growth of 26% in rouble terms. As you would recollect, Russian market had a constrained Q2 performance. In Q3, we have seen the rebound in performance as anticipated aided by seasonality. Similar growth pattern is also witnessed across countries in the CIS region, Venezuela and South Africa. I believe that the emerging market territories would play a critical role in driving our next wave of profitable growth.

On to the PSAI business – This quarter has shown a good growth in income on account of the new product launches in the Active Ingredient segment. In addition, revenues from the Custom Pharmaceutical Services business have shown increased traction on the back of closing out on a few high value orders. We expect further strengthening from this segment going ahead.

With this, I would like to now open the call for questions.

Bhavin Shah Just wanted to get an assessment of the R&D spend for the quarter. It has been going up. Is there anything specific that we are incurring this towards?

G.V. Prasad Broadly, it is in the area of Generics and API. There is nothing extraordinary in this. As you know, quarter-to-quarter, the expense depends on the products that are being developed, biostudies that we do, the clinical development that we do. Having said that, I think we do see a trend of increasing R&D as we are investing more in products, which require clinical development. We are also going to be investing more in our Phase-I study for biosimilars. These two things will somewhat increase the R&D spend incrementally as we go forward.

Bhavin Shah I understand that, but in this quarter specifically, has there been some sort of extra spend because the nature of filings have not really changed?

G.V.Prasad Filings usually lag the biostudies, they don't happen on the same quarter. So you can't correlate the spend and filing in the same quarter.

Bhavin Shah And the US OTC business, how has the growth been there?

Abhijit Mukherjee US OTC business is doing well. There was no other new launch in this quarter. Lansoprazole was launched in the earlier quarter, although the traction on lansoprazole was not very high. On the other products, the major ones such as omeprazole, fexofenadine family etc are doing well.

Bhavin Shah Could you quote a growth number to this quarter for this US OTC segment?

Kedar Upadhye We will get back to you.

Bhavin Shah And lastly, what is the CAPEX guidance for next year?

Kedar Upadhye We have incurred Rs. 150 crores during the current quarter. YTD spend is about Rs. 500 crores.

Bhavin Shah Could you quote the figure for FY '14?

Kedar Upadhye It will be in the same range.

Anant Padmanabhan First, I was wondering if you could elaborate on the performance of the North American Generics line a little bit more. Seems like there was some good product flow in the quarter with Amoxil, Boniva and Singulair, and then Mylan's withdrawal

from tacrolimus. So why is there a delay in realizing a benefit from these launches? And then the second one is in terms of your aspirational revenue guidance for 2013, I just wanted to get a sense of where it currently stands. Do you think you could do over $650 million in the next quarter, particularly given the launch of finasteride?

Abhijit Mukherjee On the North America Generics, this quarter in particular did not have any major launch. We just launched sildenafil which is very insignificant in revenues. The products you mentioned got ramped up in terms of revenues during the quarter. Montelukast oral solids and the granules got ramped up. Also, metroprolol, we got our due market share, even being the fifth player, but the revenues are coming in from this January actually. So overall, in North America, since we did not have any major launch, the revenues are a bit subdued. On the second question, I do not think we would be able to provide you a specific guidance on that. But yes, finasteride launch has gone very well, the market share, which has recently been reported is well past 70%, and for a launch, which is just about a month old, I think we are quite pleased with it.

Anant Padmanabhan If I could just ask a quick clarification, I think in the past, you said revenue guidance for '13 of $2.5 billion and then possibly $2.3 billion. So I just wanted to know where you stand on that at this moment?

G.V. Prasad That guidance was based on certain assumptions of approvals based on the historical run rate of approvals. We are not very sure when these approvals are going to materialize. So if we have one or two approvals of the products that we hope will get approved, we could reach that revenue target. However everything depends on approvals by the FDA and we have seen some level of a slowdown. I don't know if it's a pattern or if it's particular to our products, but I can't give you that kind of an understanding. Subject to the approvals coming, we could reach that guidance, but it's uncertain. If it doesn't happen in the fourth quarter, it will happen in the next fiscal year.

Anubhav Agarwal Just one question on the PSAI division. On the disclosure that you give out on gross margins, margins this quarter was quite weak on PSAI compared to the trend of the last 5 quarters. Despite the scale on PSAI being strong, you did mention in your opening remarks that there was some delay on a few high-value orders. But besides that, was there any particular reason?

Kedar Upadhye Anubhav, there is no specific reason for this. In Q2, we had a very favorable product mix as Satish mentioned. That is the reason we were tracking around 35% in Q2 but margins would move in the trajectory of 30% to 33% for this segment.

Anubhav Agarwal Do you expect now the product mix to significantly improve from here onwards, when you say there was no particular reason?

G.V.Prasad There has been some price compression on one or two launch products. Having said that, as we launch new products, it is likely to recover. There is some volatility in the margins based on pricing pressure. But we don't see that as a trend.

Anubhav Agarwal Just one more question on the US business, earlier you had mentioned about getting approval of two limited competition products in FY13. Any status you want to provide on that? Since we are almost there at half of this quarter, should we assume that most of these products will be shifted to FY14?

G.V.Prasad I have no idea really, because we could get approval any day and we could launch, but it all depends on things that we don't control, so we can't predict.

Anubhav Agarwal One clarity on metoprolol. What is your current market share? You said that most of the revenues started from January.

Abhijit Mukherjee The contracted market share is in the range of 15%. Currently, what's tracking in public domain is about 10-11% however, you have to remember that the projections we are trying to make, we are the fifth player. Any other player coming in would pull the prices down to a certain extent.

Anubhav Agarwal Yes, sure, but the February sales that you are doing, are already doing according to 15% market share or 10% market share?

Abhijit Mukherjee About 15% from January.

Girish Bakhru Just following on US, you said that the next quarter probably we will see benefits from the new launches. Can you give color on how many products you see in the next fiscal in US in terms of number or where do you see that business going to?

G.V. Prasad Firstly, we didn't say that there are two products waiting for approval. There are many products waiting for approval. We are not able to predict the approval timing. If some key products get approved, we could see a rebound in the revenue from North America. However, uncertainty of approval dates remain, we can't give you

color on that. There is nothing pending from our side. It is a normal regulatory process.

Girish Bakhru No, but my sense was to get all out of the pending ANDAs, how many ANDAs do you see should see an approval according to you in US in next year?

G. V. Prasad We can't predict that.

Girish Bakhru And just another, on the Antara, if in case Mylan is able to launch say in March, would you be able to clarify if you will enter at the same time?

Abhijit Mukherjee No, I don't think there is any plan on Antara.

Girish Bakhru But given that you have an approval, is there something that would still block you from launching the product?

Kedar Upadhye We will come back to you on this one separately. We can't comment at this time.

Bino Pathiparampil Just a clarification on the US, the $178 million figure given in your press release, is that the actual dollar invoicing?

Kedar Upadhye Yes, Bino. That is the dollar invoicing.

Bino Pathiparampil So roughly if I calculate, you have taken the US revenue at Rs.52 to the Dollar? Is that how you have reported in rupees?

Kedar Upadhye Yes.

Bino Pathiparampil So I understand that there haven't been any major launches in the quarter, but we had certain products ramping up in market share. Still sequentially, quarter-over-quarter, I see a decline. What can that be attributed to?

Abhijit Mukherjee In US Generics market, if you don't have a launch in a quarter and price erosion which is a regular picture of the business, it's likely to affect. It's important in US Generics, being 45% of our Generics business, that we have some meaningful launches every quarter. Metroprolol, as I said, got ramped up only this quarter, biggest reason. So I think overall it's as per the business model.

Bino Pathiparampil Originally, when we were looking at $900 million plus in the US sometime back for FY '13, we were also at the same time, roughly guiding to a very low growth in US

in FY '14, given to a large base in FY '13. Now that it looks like you will enter only a little about $700 million in the US, can we look at FY '14 as a strong growth year?

Abhijit Mukherjee So we wouldn't comment on that figure specifically, but in general, you're right. Any deferred revenue because of approval is bad news for a particular year and possibly better news for the subsequent year.

Bino Pathiparampil Finally, on the AOK contracts which were recently there in Germany, how has your position been compared to what it was earlier?

Abhijit Mukherjee We have taken a strategic decision in toning down and going low on the tender businesses because it's not bottom line accretive. The way the competition has taken the prices to, we have taken a conscious decision in going down on tender play in German business.

Bino Pathiparampil If you could give out the German revenue, separately from the rest of Europe, it would be great?

Kedar Upadhye We did €19 million during the quarter.

Sameer Baisiwala I know year-to-year the approvals make things quite difficult to predict but if you take a three years view, what do you think is sales growth potential of the business, is it early teens, mid teens, late teens ? Any color on this would be very helpful.

Abhijit Mukherjee Are you talking about the Branded business or you are talking about the US Generics?

Sameer Baisiwala US specifically, and overall too if you can.

Abhijit Mukherjee US business is highly dependent on the product approvals. Going ahead, we have actually mentioned many times over that the product mix is going to move towards more complex, less competition products. Hence, the predictability of approvals is equally sort of uncertain. So if you get approvals on time, if you get the right products, it is going to be very good. If it gets deferred, it is difficult to put a number on a year-on-year basis.

Sameer Baisiwala Yes, but what I am asking is a 3 years average.

G.V.Prasad We remain optimistic. The US business certainly has a lot of potential, if we can bring in the differentiated pipeline to bear. I hate to put a number at this point of time. However we still think it's one of the drivers for the company.

Abhijit Mukhrjee I think there was a question on increasing R&D costs. Some of these things are directed towards high competition, highly complex products.

Sameer Baisiwala On that point, I think Prasad also mentioned that you are going into products, which require clinical trial. Is it possible to give more color on this, what are these different types of products?

G.V. Prasad It's difficult to give you specifics, but if you look at the kind of moves that we are making i.e. external R&D partnerships, the acquisition that we just made etc. we see a move towards technology platforms where a certain amount of clinical developments, certain amount of investment in R&D and technology - are the things we are doing with a game plan in mind. Complex injectibles, difficult to characterize products, Biologics, peptides, these are the areas that we are focusing on. As we file, the story will unravel. I hate to give you something more specific than that at this time.

Sameer Baisiwala One final question. Of the 65 pending ANDAs, is it possible to say what percentage really belongs to these niche products?

G.V. Prasad I think historically, it will be difficult. I think the needle hasn't moved that much, if you take historical pending ANDA. But going forward, our goal is to have at least 30% of our filings and products, which have some uniqueness to them.

Prakash Agarwal On the FOREX currency hedges, the $600 million, so I just wanted to understand how is it spread across or how should we assume the numbers?

Kedar Upadhye These are hedged between Rs.55 to 57 to a dollar.

Prakash Agarwal I understand that. It's for 18 months. So I wanted to understand whether they are equally distributed or they are front ended ?

Kedar Upadhye Yes, most are equally spread, Prakash.

Prakash Agarwal Secondly, again on the guidance, obviously even in the last quarter, we had discussed about, because of delay in approvals you might see some softness for '14 assuming there is a high base in '13. So just wanted to get Mr. Prasad's thoughts on that.

G.V. Prasad As I mentioned earlier, it's hard for me to put numbers without visibility on the approval dates. But whatever we don't do this year will certainly happen next year.

Prakash Agarwal Okay, and lastly, if you could share the market share for fondaparinux and tacrolimus?

Kedar Upadhye For tacro, within generics, we are at 44%. And 29% for fonda

Prakash Agarwal You started the other segment, hospital, does it include that?

Kedar Upadhye 29% is all inclusive.

Ranjit Kapadia My question relates to biosimilars. We have achieved 47% strong growth in the domestic market. So if you could give some outlook as to how the business is going to shape up? And my second question relates to atorvastatin market share in the US?

Abhijit Mukherjee We have 4 biosimilars in Indian market, and this year we expect revenue roughly in the range of about Rs. 100 crores, which is a good milestone for us. All four molecules are growing. Atorva, we are hovering around 15% market share. Being the fifth player, I think that's a fair share for us.

Ranjit Kapadia And how many players are there currently?

Abhijit Mukherjee 6.

Ranjit Kapadia Only 6 players are there?

Abhijit Mukherjee Yes, only 6 players. We are the sixth one.

Vivek Agarwal My first question is on your margins. Your margins declined by approximately 500 basis points on quarterly basis. So what was the difference between the last quarter and this quarter that had led to decline in margins around 20%, quarter-on-quarter?

Kedar Upadhye The gross margin is fairly stable between Q2 and Q3.

Vivek Agarwal I am talking about EBITDA.

Kedar Upadhye We have seen an increase in R&D spends and SG&A spend, which is in line with our plan.

Abhijit Mukherjee In Q3, there is some growth in SG&A, primarily on a couple of things. With the onset of winter, some products were launched in the OTC side which increased the commercial spend to a certain extent and also there was some rationalization in Germany.

Vivek Agarwal I just want to know what is the forex component above EBITDA line?

Kedar Upadhye It is a loss of Rs. 11 crores.

Vivek Agarwal And is it included in?

Kedar Upadhye That is included in the net finance expense line.

Vivek Agarwal You have a tentative approval on Aloxi (palonosetron) in US. Can you give some timeline on when you are going to launch that product?

Abhijit Mukherjee It's going to be a good product, but I think it's quite some time off.

G.V. Prasad We do not have a definitive date of launch.

Abhijit Mukherjee You can look up the patent landscape, you have the answer there. I do not exactly recall when it is, but it is not recent.

Rashmi Sancheti My question is related to Europe. Can you give us the breakup of how much degrowth you have shown in Germany?

Kedar Upadhye Rashmi, we can take this after the call.

Rashmi Sancheti Okay, apart from that, just a slight clarification. In your profit computation table, you have mentioned Rs. 1.3 crores as net interest income and total net finance expense is around Rs. 9.6 crores. So if I adjust that, around Rs. 11 crores, it is related to which item? So can we say that it is something related to FOREX?

Kedar Upadhye **W**e can give you the details after the call.

Rashmi Sancheti And my last question is related to your FTF filing. Can you give us the market price of 8 FTF?

Kedar Upadhye We will revert to you after the call.

Rahul Sharma Is the US market getting more and more competitive? Is the landscape changing quite rapidly? And secondly, our CISs business is gaining good traction. So just wanted some view on that.

Abhijit Mukherjee The US market is getting competitive for the last few quarters. So as more people are coming in, it's going to get competitive consolidating all of the channels. There would be competition, but we are all trying to factor in to the best of our capability to model things. CIS has been doing extremely well. I think Q3 anyway is a good quarter. But overall, I think we are very positively placed in not just Russia, but even the CIS markets, Ukraine is scaling up. There is OTC, which is just sort of being concluded for Ukraine, which will provide some more revenues. So I think overall it's a very positive story as far as our case is concerned.

Rahul Sharma How many products have you launched in the US markets including all generics and all till date?

Kedar Upadhye In the quarter we launched one product that Abhijit mentioned.

Abhijit Mukherjee Till date, there are lots and lots of products, actually. So now we have lost count. It's already achieved scale. So this quarter was, as I mentioned, one product and not of large significance in the financial year.

Rahul Sharma What about R&D, will it be up 7% going ahead for the years to come or do you see it in the range of 6% to 7%?

G.V. Prasad I think it will be north of 7%.

Rahul Sharma What is the tax guidance for next year?

Saumen Chakraborty We are at 20% to 22% range.

Nitin Agarwal Prasad, you mentioned about the emerging markets in the opening comments, do you see the emerging markets, although we've had fairly decent growth in this segment in the first 9 months, with all the initiatives and all that we will be working on, including the GSK deal and all, are we hitting some sort of a tipping point in the emerging markets growth trajectory from here on?

G.V. Prasad I think Russia and a few select markets will continue to drive growth in the next few years. Along with the US, I think this will be a major driver of growth today. It will be two major pillars of growths for Global Generics business for Dr. Reddy's.

Nitin Agarwal But outside of CIS, which are the markets where you see growth really scaling up from as we go along?

G.V. Prasad Collectively, there are many markets, but there are 3 or 4 large markets.

Satish Reddy I think we already talked about the large markets. In furtherance there is South Africa, there is Venezuela, which, of course, has a little bit of currency devaluation which is going on now. In the future, we will also have China coming in and Australia is also scaling up quite well.

Nitin Agarwal Secondly, on the tacrolimus, benefit from a market disruption which happened, we were at 45%, 46% market share, pretty much, it's fairly commendable, but is there a risk of some sort of a normalization to this business as you go along and impact on the numbers?

Abhijit Mukjherjee Possible, like in any product, when approval's come in but since we spoke, there have been a couple of entrants.

Nitin Agarwal And lastly, on the API business, calendar '12yr was a big year for patent expiries. I think a lot of the patent expiries are relatively thinner as we go along at least for the next 2 years. So in this context, how do you see this business really playing out?

G.V. Prasad I think, high single-digit to low double-digit growth is still feasible in this business.

Nitin Agarwal On a sustainable basis?

G.V. Prasad Yes, absolutely.

Nitin Agarwal You mentioned about rationalization cost in Germany. If you can indicate some sense on what was the extent of this cost?

Abhijit Mukherjee Very small. It was not very big.

Kedar Upadhye Less than €1 million, Nitin.

Anubhav Agarwal On, metoprolol, can you just indicate roughly, what is the current annualized generic market size of the entire segment right now?

Abhijit Mukherjee That we would not be able to comment. And we have no access to the selling price of other countries as well but you could make your modeling based on the fifth player coming in.

Anubhav Agarwal And just one question on lansoprazole Rx. After 2 new entrants getting approval and launching the product, how has been the price erosion been on this product for you on the pricing front?

Abhijit Mukherjee There is some erosion, but as it happens, as competitors come in one after another, it's sometimes a little better than all five coming together on the first day.

Anubhav Agarwal But just for our benefit, would you say that there has been like only some erosion or decent erosion.

Abhijit Mukherjee This is perception in our mind...

G.V.Prasad It is moderately decent.

Monica Joshi Could you clarify whether your R&D cost this quarter includes any GDUFA fees, and if not, will that come into the following quarter?

Kedar Upadhye Yes, GDUFA fees are included. However, not in R&D, those are included in SG&A line.

Monica Joshi Could you quantify that?

Kedar Upadhye It is less than $1 million.

Monica Joshi That is a little surprising because given your pending approval status, wouldn't that be a little higher or would you have some bit of bunching up in Q4 too?

Kedar Upadhye Depends on the filing, and some fees were also booked in the previous quarter. In Q2 itself, we have taken the charge for pending ANDAs.

Monica Joshi Secondly on the Custom Synthesis side, I missed your comment. Did you say that there is some shift that you saw in some high-value products, which are going to be pushed into the next quarter? Or is it that you saw some traction this quarter?

Satish Reddy We already saw some traction this quarter, and that will continue.

Saion Mukherjee Firstly, on the R&D spend, what percentage of the spend currently you think is going for Biologics if you can share that and how you see that going forward? And if you can also elaborate on your plans for filing for Europe, and any key approvals that you expect over the next two years, like Rituximab in Russia or any other emerging markets?

G.V. Prasad We are not disclosing the breakup of the R&D costs. Russia certainly could be possible in the next two years, but not in Europe. I think we would still have to do the phase III before we file. We are not indicating a timeline for the Russia and European filings.

Saion Mukherjee Yes, I was just wondering, you have been talking to the regulatory agency for your filings, now you have a collaboration with Merck as well…

G.V. Prasad Biosimilars, right?

Saion Mukherjee For Biosimilars, yes. I was wondering, where do we stand? Do you see some filing happening over the next 2, 3 years?

G.V.Prasad 3 years is possible, 2 years maybe too ambitious.

Saion Mukherjee How do you see yourself versus competition for the regulated markets in Biosimilars? In the products that you are targeting, do think you would in the first wave in any of the regulated markets?

G.V.Prasad It's entirely likely but we could be in the first in few or at least in Rituximab.

Saion Mukherjee I don't know whether you've shared this before, just wanted to check, what is the cash flow hedge loss that you incurred in this quarter?

Kedar Upadhye It's around Rs. 55 crores for Q3.

Kedar Upadhye Thank you for joining Dr. Reddy's management for the Q3 FY '13 Earnings Call. In case of any additional clarification, please feel free to get in touch with the Investor Relations team. Thank you.