



"Piramal Healthcare Limited

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**MODERATORS: MR. AJAY PIRAMAL
MR. N. SANTHANAM
MR. RAJESH LADDHA
MR. SAGAR GOKANI**

Moderator: Ladies and gentlemen, good evening and welcome to the Piramal Healthcare Limited Q3 and nine months FY'2011 results conference call. As a reminder for the duration of this conference, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of the today's presentation. If you should need any assistance during this conference call please signal an operator by pressing "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Sagar Gokani from Investor Relations Team of Piramal Healthcare Limited. Thank you and over to you, Sir.

Sagar Gokani: Good evening to all of you. Welcome to Piramal Healthcare Limited FY 2011 third quarter results conference call. Joining me on the call are Mr. Ajay Piramal, Chairman, Mr. N. Santhanam, Chief Operating Officer, Mr. Rajesh Laddha, Chief Financial Officer.

We hope you have received the press release the results in the stock exchange format and the analyst presentation that we have sent out. This will also soon be available on our website www.piramalhelathcare.com on the investor section. We will be using the analyst presentation as a reference document. It is appropriate to mention here that the discussion today may include some forward-looking statements and this must be viewed in the conjunction with the risk that our business is face. The duration of this call is one hour. I request you to send your queries, which remain unanswered during the call to our E-mail ID investor.relations@piramal.com. Mr. Rajesh Laddha will first take us through some of the financials for the quarter and then Mr.

Piramal will take about the business performance and share the outlook for the next quarter. Over to you, Rajesh.

Rajesh Laddha: Thank you, Sagar. Good evening to all of you.

- At the outset I would like to bring into your notice that the reported number for Q3 & 9 months ending December 31, 2010 that you are seeing in the stock exchange format are not comparable with the same period last year due to the sale of our healthcare solution business in September 2010 and shareholding in Piramal Diagnostics in August 2010.
- The numbers for Q3 does not include sales and expenses of healthcare solutions business and Path Labs business. This quarter's numbers also include interest income from the proceeds of Abbott and Piramal Diagnostics deals which was not there in the last quarter. Hence these numbers are not comparable but we have tried to present the numbers for the continuing businesses in the analyst presentation.
- If you look at slide 5 of the analyst presentation, you will see the business mix number on a like-to-like basis. OTC & Allergen sales are up by 32.1% to ₹ 546.6 million. Q3 FY2010 numbers for Pharma solutions included ₹ 807.9 million towards contract formulation business sales in domestic market for a global organization. This has been transferred to Abbott as a part of Healthcare Solutions deal. Excluding this, sales for Pharma Solutions business grew by approximately 24% and was ₹ 2.3 billion for the quarter and Pharma Solutions sales from India grew by 40.7% to ₹ 1.3 billion for the quarter.

Sales from our Critical Care business grew by almost 28% to ₹ 994.5 million. Total operating income for the continuing

businesses has grown by almost 60% in Q3 FY2011 to ₹ 5.3 billion. This also includes the investment income of ₹ 1.3 billion earned from the proceeds of Abbott and PDSL deals.

- Operating profit for the quarter was higher at ₹ 1.1 billion as compared to ₹ 67.3 million for Q3 FY2010. Profit after tax for the quarter was higher at ₹ 603.3 million as compared to a loss of ₹ 335.9 million.
- EPS for the quarter was higher at ₹ 2.9 per share as compared to a negative EPS of ₹ 1.6 per share for the same quarter last year on a like-to-like basis.
- We are now looking at aggressively building up our remaining businesses hence we are investing in these businesses specially the OTC under critical care business.
- Post the sale of Healthcare Solutions and Pathlab businesses; we are in the process of streamlining some of our expenses, which are now being borne by a relatively smaller business base. The sale in this quarter is lower than what we will see on an on going basis from now onwards. This and some one off expenses such as those related to buyback as impacted the profitability of continuing businesses for the quarter. However, this is clearly not representative of the profitability of our existing business on a sustainable basis.
- If you look at the balance sheet we have received cash of ₹ 10,271 crores and that amount net of taxes paid; is being reflected in investments and other current assets. We have invested this money into liquid funds and fixed deposits. The receivable amount includes an amount of ₹ 7,158.5 crores, which is receivable from Abbott towards sale of Healthcare Solutions business to be received in four

tranches starting from next financial year, which is September 2011. We have kept a debt of ₹ 793.3 Crores in the Company. This is primarily debt taken for overseas subsidiaries due to the very low interest rates available over there. If we look at some of the balance sheet ratios debt to equity is quite negligible at 0.06. Most importantly the book value per share is ₹ 686.9 and the cash value per share is ₹ 595.4.

- The inventory and debtors days are 54 and 39 days respectively. The return ratios, i.e. RoCE and RoNW are lower as the interest in the treasury income is reflected only for one quarter. That is all from my side now. I would like to hand over to Mr. Piramal for future outlook of the business.

Ajay Piramal: Thank you.

- I would first like to address the issue of what are we going to do with the funds that are available to us. We are still in the process of evaluating various options for utilizing the money that we have got from the transaction from Abbott. As you can see there are lots of opportunities available today around the world and we need to understand which would give us the most long-term returns. We will have a better picture and I think in our call for the beginning of next year sometime in April, we will be able to share a little more of this what our future plans are.
- But coming to the existing businesses that remain with us we are bullish on these businesses and we will continue to invest in the Pharma Solutions, Critical Care and the OTC.
- On the Pharma Solutions business you are now seeing an up trend as we had expected and we have enough capacity both in India and abroad that we can absorb the

increase sales without investing in capacity investments. We will be investing in acquiring new technologies or businesses that would complement our service offering to our client companies. Our sales in the last quarter are much better and we expect the momentum to continue going forward.

- The Critical Care segment, which you are well aware, consists of mainly the inhalation anesthetics. We are now investing in placing vaporizers, which will give us higher Sevoflurane sales in the future. We are also looking at adding businesses that can give us access to products that can be sold through our existing network of hospitals or that give access to other businesses that give access to new geographies where we can sell our existing products. We could also look at tying up with other companies to sell their product through our network like the one tie up with Bharat Serums.
- During this quarter we have got additional registration for Sevoflurane in three countries in Europe, one in Asia and one is Middle east. This therefore we believe is a business with a high growth potential.
- The OTC business is one business after the sale of our domestic business we are aggressively building. The OTC business at this time is somewhere where our domestic formulations business was 20 years ago. So we are building, investing in building new brands in this space. During this quarter, we introduced a new antiseptic soap Tri-Active. We are also actively looking at acquisitions of strong brands, which could be either national or regional with a potential of growing them because of our large distribution network.

- Now, coming to the outlook for the existing business for the last quarter of this year. We expect a much better Q4 than the last three quarters that we have seen. In the first nine months have been conservative in booking expenses and taking write off. Going forward we expect the business to return to its normal profitability.
 - So the fourth quarter of the current financial year we expect net sales to be around ₹ 530 crores as compared to the sales of ₹ 402 crores in this quarter.
 - We expect to deliver an operating margin of 14% excluding the interest / treasury income.
 - We expect that the treasury interest income would be around ₹ 100 crores in this quarter.
- The growth in revenues is coming largely from the Pharma solutions business where we have new orders in hand and where we have already commenced supplies. The profit margin will be higher largely due to the much higher sales.
- As far as the buyback is concerned we believe that will be able to complete this buy back in the current financial year ending March 2011.
- We will be holding an analyst meet in the beginning of next financial year where we plan to share our long-term outlook and strategy for each of our existing businesses and what we will do with the utilization of the proceeds from the Abbott deal.

We are now open to take any question.

Moderator: Thank you very much Sir. Our first question is from the line of Monica Joshi from Avendus Capital. Please go ahead.

- Monica Joshi:** Hi, thank you for taking my question. I just was wondering the others component in your revenue breakdown must be about 137 Crores, can you just provide some colour on what this is supposed to be?
- Rajesh Laddha:** As we explained that this is the investment income or income on investments we have made during the quarter from the proceeds we have received from sale of our domestic formulation to Abbott and sale of shares in our Piramal Diagnostics Private Limited.
- Monica Joshi:** Okay, I am sorry I think I think I read it wrong I think the other component is 152?
- Sagar Gokani:** 15 Crores.
- Monica Joshi:** That is all from my side. Thank you.
- Moderator:** Thank you. Our next question is from the line of Raunak Onkar from Parag Parikh Financial. Please go ahead.
- Raunak Onkar:** I would like to know what is the incremental investment you have made in OTC as well as Critical Care business? Or how do you plan to grow those businesses and how much do you plan to put in from now onwards?
- Ajay Piramal:** We will share with you strategies later but we will invest in these businesses; in the OTC business, the investment as you would be aware is mainly in building the brand so it would be in advertising and sales promotion. As far as the Critical Care business is concerned it will be in investing in placing of vaporizer that is the largest investment and we may need some capacity enhancement. So how much we will spend in the next year we will be able to give you an estimate at the next conference call.

Raunak Onkar: Okay, can you please share the one off expenses; the size of one of expenses in this time?

Rajesh Laddha: So this quarter has not been not very big one off expenses but for nine months we have taken some write offs and some exceptional itmes the size of which was approximately 100 Crores for the first half.

Raunak Onkar: And I would also like to know that since the business has been sold the formulations one, how as your distribution network been affected?

Ajay Piramal: See none of our entire distribution network as far as the domestic business was concerned has gone that is not impacting in any which way our existing businesses. There was a slight overlap in terms of the C&F for the OTC business; they continue to be our C&F for OTC, but generally the distribution was separate.

Raunak Onkar: But your sales team has gone, right? The bulk of your sales team has moved?

Ajay Piramal: So OTC has a separate independent sales team. OTC is a separate business, which was always run as a separate business.

Raunak Onkar: Okay, thanks.

Sagar Gokani: Their team used to sit in different place apart from the formulation team.

Raunak Onkar: Okay, I will come back later if I have more questions. Thank you.

Moderator: Thank you. Our next question is from the line of Nimish Desai from Motilal Oswal Securities Limited. Please go ahead.

Nimish Desai: I have two-three questions, in your opening remarks you have mentioned that you seeing some up trend in the Pharma Solution business. Could you elaborate a little bit more as to what is changing in these businesses, because last few quarters the business has been fairly muted?

Ajay Piramal: We had told you really when we looked at the beginning of the year last year that we are seeing that all the inventory run-downs which other companies or the pharmaceutical companies had taken globally they were looking at up trend in production, so we are finding that. As I had told you in the beginning the first six months were really impacted because of the uncertainty because of this transaction. Many of our customers thought whether we would be serious in the Pharma Solutions business now that level of confidence seems to have come back and we are seeing that definitely there are better orders, you saw that to some extent in the third quarter and we see the same in the fourth quarter. When we meet for our annual call in April in our annual meeting you will find that there is an up-trend in this business.

Nimish Desai: Okay but are we here to assume that now the entire impact of de-stocking is behind us and we should look forward to this business growing at a decent pace?

Ajay Piramal: Yes.

Nimish Desai: Okay and in your 4Q guidance of 530 Crores revenue how much could be Pharma Solutions?

Ajay Piramal: Pharma Solutions will be a significant part.

Sagar gokani: Of the incremental sales the Pharma Solution will be a significant portion, incremental as compared to Q3.

- Nimish Desai:** Sequential incremental?
- Sagar Gokani:** Yes.
- Nimish Desai:** Similarly on Critical Care business how should we see this business now in terms of what is the gross outlook that can be given may be not so much for Q4 but from FY'12-13?
- Ajay Piramal:** So let us address this all this. I think we will do a comprehensive address to you at the beginning of next year when will be able to give you a guidance for the next year.
- Nimish Desai:** Okay.
- Rajesh Laddha:** But for Q3 if you see even Critical Care has shown a growth of about 27%-28% and we expect the same momentum in Q4 as well.
- Nimish Desai:** Okay, understood, fine. Thanks a lot.
- Moderator:** Thank you. Our next question is from the line of Perin Ali from Edelweiss Capital. Please go ahead.
- Manoj Garg:** Hi, this is Manoj. Just like as Rajesh said that there is no one-off item in the expense statement this quarter. So if we strip off the other operating income than the actual operating margin seems to be negative, negative 8.1%. Can you elaborate little more on that?
- Rajesh Laddha:** That is true that if we exclude the investment income the margin for this quarter has been low. If you see the overall sales level also for this quarter is around 400 Crores. Now what has actually happened is that our cost base the fixed cost base has been catering to a sale base of about 4,000 Crores; immediately after the divestment of our business the cost base almost remains

same but as we pick up the momentum in our sales or the revenues our margins and the profitability is going to improve.

Manoj Garg: So do we expect at least staff cost and depreciation cost and may be other operating expenditure, may be more or less in the same line, going forward?

Rajesh Laddha: That is true. So the fixed cost is going to remain by and large in the similar range but as the revenue line increases the entire gross margin is going to flow down in the profitability.

Manoj Garg: The second thing I think in the morning there was some reports from the news channel that we are looking for buying some oxygen chambers in Ahmedabad, would you like to make any comment on that?

Ajay Piramal: Actually we have acquired a discovery services company which offers synthetic chemistry, medicinal chemistry and computational chemistry to pharmaceutical companies. So this is really an extension of what we are doing in our Pharma Solutions business and it really enhances our service offering and this was actually a company which is our neighbor in Ahmedabad in the SEZ there and therefore this is just one acquisition that we have done it is a small acquisition but it is more a complement to our existing business that we have done.

Manoj Garg: Like, in your opening remarks you have indicated that you would be investing definitely in the OTC as well as Critical Care business any plan with regards to Piramal Life Sciences, in order to whether to bring back in this company or you continue run that company as an independent entity?

Ajay Piramal: We have no concrete plans at this moment to bring in Piramal Life Sciences. It is still an independent company but we are I mean

there the boards will consider an appropriate time as I have said if we need to do anything. As of now they are independent companies

Manoj Garg: Okay that is all from my side wish you all the best.

Moderator: Thank you. Our next question is from the line of Chirag Dagli from ICICI Securities. Please go ahead.

Chirag Dagli: Good afternoon. Two questions, one is on the foreign exchange 14 Crores item; how much of this is related to the inflow from Abbott?

Rajesh Laddha: No this is not related to Abbott receivables in any which way this is our normal foreign exchange gain which we have made on some of our loans which we had earlier given to our 100% own subsidiary which you have received back. So these pertain to those transactions.

Chirag Dagli: Even in the consolidated books it is showing so all of it is basically mark-to-market is what you are saying?

Rajesh Laddha: Mark-to-market and also we have given some loans to 100% subsidiaries which we received back and now we have raised external debt.

Chirag Dagli: Okay, sir. This will not recur.

Rajesh Laddha: No this will not recur. Some smaller gains & losses, which will keep coming every quarter, but these are in the normal course of business.

Chirag Dagli: Sure Sir, the other thing is that sequentially if I sort of track your guidance and whatever you have done in this quarter it seems that almost the entire incremental sale of about 125-128 odd

Crores is actually flowing down straight to the operating margin. Is this the kind of operating leverage that now exists in the business and to that extent in case of a decline in topline do you think quarterly variations in the business will actually increase substantially?

Rajesh Laddha: When you saying sequential quarter are you referring to Q4?

Chirag Dagli: Q3 FY'11 versus your guidance of Q4 FY'11, which is then apples-to-apples comparison?

Sagar Gokani: Chirag, if you look at there is a difference it is a significant difference 130 Crores on a base of 400 Crores that is almost 30%.

Chirag Dagli: Correct and you move from a loss to a profit of almost 74-75 Crores. So when I do the absolute math, 128 Crores of incremental top line actually flows down to 120-130 Crores of profit.

Rajesh Laddha: That is what we said. The fixed cost base remains the same by and large. It does not increase from quarter-on-quarter and incremental revenue ,the entire gross margin is going to flow in the profits.

Chirag Dagli: In the case of decline in top line there could be also again a consequent impact on the bottom line?

Ajay Piramal: There will be, but just keep in mind that the third quarter also is not a normal quarter. We are now coming back to normalization from the fourth quarter onwards. But you are right whenever there is a decline in sales, there will be a decline in the profit.

Chirag Dagli: But as a point I am trying to make is that the operating leverage in the business is far higher than....?

Ajay Piramal: It is not, just understand because we have the support today of all the larger funds we are taking a little more of investments in some of the businesses for the future. So for example we are spending much more today as far as OTC business is concerned for investing in the future in brands. We are also spending much more on vaporizers, if we want there was a bad quarter you can also hold these back end delay it by a quarter, I hope you understand? So the point is that it is today we are investing for the future we believe that the sales which would be there next quarter should be a normal type of sale.

Chirag Dagli: In terms of when you look at the three different pieces of your business OTC, Pharma Solutions and Critical Care this high operating leverage actually exists a lot more in OTC and Pharma Solutions?

Ajay Piramal: Yes and even in the Critical Care, there are huge possibilities to build this business in the future, so to some extent we may increase the leverage if we want to build for the future. That is why we will give you a better understanding of our strategy at the end when I told you for the beginning of next year.

Chirag Dagli: Second questions was I read in the press sometime back you mentioned about building a biotech pipeline in Piramal Healthcare, do you still think that is something that you would want to pursue?

Ajay Piramal: No, We have not said a biotech pipeline, you meant follow on generics?

Chirag Dagli: Yes.

- Ajay Piramal:** That is not our intention we have not said that.
- Chirag Dagli:** Innovative biotech products are also out, is it?
- Ajay Piramal:** Yeah; we are not in innovative biotech product either.
- Chirag Dagli:** Any more clarity on the size of this acquisition that you said you have done?
- Ajay Piramal:** This is a very small acquisition. It is not a major.
- Chirag Dagli:** In your 530 Crores does not include this at all?
- Ajay Piramal:** No.
- Chirag Dagli:** Thank you so much and all the best.
- Moderator:** Thank you. The next question is from the line of Ankur Jain from Tactica Capital Management. Please go ahead.
- Ankur Jain:** I have a question on the write off and the de-merger expenses, which Mr. Laddha mentioned that for the nine months you mentioned a figure of around 100 Crores which has been written off so for this quarter of December what was the total amount that was written off, which is one time expense?
- Rajesh Laddha:** I said this was in first half, in the quarter nothing was there, whatever was there it was there in the first half quarter two actually. It was not de-merger it was kind of exceptional in nature which was related to the domestic formulation business.
- Ankur Jain:** One more thing about the fixed cost, in this quarter itself in the consolidated results the other expenditure is around 146 Crores, so what percentage of this expenditure is fixed in nature because one of the participants asked a question about the EBITDA

margins of the continuing business in negative so just wanted to understand that this other expenditure which is 146 Crores what percentage of this expenditure, what does it constitute and what percentage of this expenditure is fixed in nature?

Rajesh Laddha: It will be difficult to put a percentage but largely what it constitutes all expenses related to plants etc., excluding the staff cost; it also includes all of our promotional and advertisement expenses for our OTC business, so if you were to do a fixed versus variable analysis some of it is also variable as chairman explained if it is a quarter not as good we can hold back some these expenses in terms of spend itself, we can defer the advertisement expenses, etc. As far as the plant related expenses are concerned they are by and large fixed with regards to utilities, with regards to ETP expenses etc., and other expenses, which are there in terms of employee cost etc., they are also fixed.

Ankur Jain: What all the promotional expense any rough number on that?

Rajesh Laddha: We normally do not share the breakup but this has been substantial during this Q3.

Ankur Jain: This promotional expense mostly caters to the OTC business?

Rajesh Laddha: Promotional expenses largely to OTC and some towards Critical Care also. We have large sales force in Critical Care as well, but largely coming from OTC; advertisements.

Ankur Jain: Thanks a lot.

Moderator: Thank you. The next question is from the line of Sanjay Natekar who is an Individual Investor. Please go ahead.

Sanjay Natekar: Mr. Piramal, I would like to ask some questions to you. In the standalone results the interest expenses has been shown as 10 crores 98 lakhs whether this is a gross interest or net interest figure shown number #1 and secondly you have said earlier that the book value per share is around 687 and the cash per share is Rs. 595, so whether these figures are post buyback basis or pre-buyback basis and secondly the receivable of Rs. 7,158 crores from Abbott, it is going to come over a period of four years, but the entire figure is shown in these financials. This money is receivable in future, so whether it is appropriate to take the full amount as receivable today on a present value basis?

Rajesh Laddha: To answer your question #1 interest expense, this year if you see the entire P&L the interest expense is purely interest expense which was the interest income has been shown above which is 154 Crores for the quarter and as explained earlier this is the income which is coming from the investments made out of the proceeds from Abbott and Piramal Diagnostics. So interest expense is purely the interest expense part. The second question was on the book value and cash value per share; they are pre buyback because that is as of December 31 numbers. There is no impact of buyback as of that date.

Sanjay Natekar: You have calculated it based on the receivable figure of 7,158 Crores,

Rajesh Laddha: Right

Sanjay Natekar: but this amount is not actually there in the books of the company this is shown as receivable which is going to come in four stages?

Rajesh Laddha: But we have booked corresponding income for that and that has gone to the networth and company has unconditional right to

receive it and thirdly Accounting Standards in India do not permit the discounting for future this thing, so we have to book at the gross level.

Sanjay Natekar: Congrats Mr. Piramal for a great deal. Thank you.

Moderator: Thank you. The next question is from the line of Perin Ali from Edelweiss Capital. Please go ahead.

Perin Ali: Good evening. I have a couple of questions, I just want to know how much is the total cash which has been realized post divestiture of domestic as well as diagnostic business and after obviously the payment of tax, what is the total cash in the business right now?

Sagar Gokani: It is around 7,000 Crores.

Perin Ali: How much of the total tax which has been paid relating to the divestiture of both the businesses?

Rajesh Laddha: We have paid about 2,700 Crores of tax; two tranches have already been paid and one tranche which will be paid in March. The total tax liability is about 3,600 Crores.

Perin Ali: How much is the rate of return which you are getting on these investments for which we have booked around 1,300 million in this quarter?

Rajesh Laddha: On an average we are generating about 8% on these investments.

Perin Ali: Do you plan to repay the remaining debt of 793 Crores?

Rajesh Laddha: This 793 Crores of debt largely is in the foreign currency taken by a foreign subsidiary where the rate of interest is less than 3%, so

in all probability will continue with this debt, because this is cheaper debt.

Perin Ali: Final question is your cash value per share of Rs. 595 how do you arrive at this number do you take the total cash as well as investments and how do you do that exactly?

Sagar Gokani: The way we do it is we add all the investment plus the cash and we do subtract the debt that is there on the books and the tax which is payable so that is how we calculate on the cash per share.

Perin Ali: Thank you very much.

Moderator: Thank you. The next question is from the line of Nirjhar Handa from M3 Investments. Please go ahead.

Nirjhar Handa: Good evening. Just a couple of clarifications on the previous answer, the tax which you are going to pay in total 3600 Crores, this is on the entire amount even what you have not received this year is that correct?

Rajesh Laddha: That is right.

Nirjhar Handa: So there will be no future tax payments when you receive the balance four tranches?

Rajesh Laddha: Not on this deal, yes.

Nirjhar Handa: That is one. Secondly there were certain other payments to be made to Piramal Enterprises as well as to employees and all those have been made?

Rajesh Laddha: That is all made.

- Nirjhar Handa:** So this 7,000 Crores as on date is after all those things?
- Rajesh Laddha:** Whatever we received from Abbott all the payments whatever were supposed to be made including tax two tranches of tax have been made something like about 850 to 900 Crores of tax is yet to be paid.
- Nirjhar Handa:** The balance four tranches that you have to receive from Abbott have you hedged them in anyway for the currency or you going to receive them in fixed Indian rupee amount?
- Rajesh Laddha:** Part of it at least for the first year, which we are going to receive in September 2011, is by and large hedged; first tranche is already hedged.
- Nirjhar Handa:** The balance three tranches are opened to the vagaries of the currency?
- Ajay Piramal:** We are already hedged and we continue to hedge at appropriate times, so we will not have it totally vagaries of currency, we will hedge it at appropriate time.
- Nirjhar Handa:** But as of now only the September 2011 trench is hedged?
- Ajay Piramal:** Part of the second, third and fourth tranche have also been hedged.
- Nirjhar Handa:** Fair enough. Thanks very much and all the best.
- Moderator:** Thank you. The next question is from the line of Perin Ali from Edelweiss Capital. Please go ahead.
- Manoj Garg:** Manoj here once again. Just wanted to have an update on Desflurane like last time we had an understanding that there was some court case and we were expecting some hearing

somewhere in the month of October and November any update on that?

N. Santhanam: In October and November there were supposed to be what is called in the US claim construction, so the judge has really defined now the scope of the litigation by Baxter; so now the case will come up for hearing on merits in July. So that claim construction thing has been already done to our satisfaction so it will come up now for hearing on merits of the case in July.

Manoj Garg: Any expected guidelines or any direction instance like when we should be able to move ahead with this product?

N. Santhanam: No; the matter is in court I will not be able to give you any, because it is after all after hearing case the judge will take his time in delivering the judgment so we will not be able to put any expectation on that.

Manoj Garg: Second thing about Propofol like have you already started registration of this product and also we were also looking to start the manufacturing facility for this product, any progress on that front?

N. Santhanam: What we did was we have a tie-up with Bharat Serums for the Propofol outsourcing from them and when we had the deal we had also taken the registration of around 22 countries from them so we are continuing to effect sales in those countries plus we have started with new registrations also. Those registrations will yield productivity much later.

Manoj Garg: But if my understanding is correct the capacity of Bharat Serums to manufacture the Propofol was very limited to that extent?

N. Santhanam: The capacity is not limited, but what they have the standard of that production facility is for meeting the rest of the world market, what you are talking about is for the regulated market in US and all, so that is still time, that requires additional capex and all; the company is evaluating that will take time for us.

Manoj Garg: Have we already started registration for this product in the US market?

N. Santhanam: US is the regulated market so we need to upgrade the facility first, Bharat Serums is not a US FDA approved plant.

Manoj Garg: That will take much longer time.

N. Santhanam: That will take much longer time.

Manoj Garg: Thanks that is all from my side.

Moderator: Thank you. The next question is from the line of Sanjay Natekar who is an Individual Investor. Please go ahead.

Sanjay Natekar: This is Sanjay here again. I would just like to know one thing; what is status of the buyback process? I think some SEBI approval is awaited so what is your take on the timeline that will be required regarding the SEBI approval you expect it anytime soon?

Sagar Gokani: That is in the process and we expect the whole buyback process to be completed by the end of this financial year, which is March 31, 2011.

Sanjay Natekar: And no changes in the buyback anything proposed at this stage?

Sagar Gokani: No changes in the terms.

Sanjay Natekar: Thank you very much.

Moderator: Thank you. The next question is from the line of Nimish Desai from Motilal Oswal Securities Limited. Please go ahead.

Nimish Desai: Thanks for taking my question again. Just a couple of questions on the Pharma Solutions business, this incremental growth that you are talking about or an improvement in the business scenario that is more to do with the India part of the business or your UK operation where you are seeing the improvement?

Ajay Piramal: Most of the growth is in the India assets.

Nimish Desai: India assets ok and UK asset one can assume that it remains constant or is there a decline or anything in those revenues?

Ajay Piramal: In UK as such there will be constant number, but in UK asset I need to tell you that they are profitable assets. The assets, which were not profitable, we have closed down, so there will be a marginal increase not significantly.

Nimish Desai: Have you got any new orders in the last few months for this business from your customers?

Ajay Piramal: Some of this uptake is also from the older customer revising it and there are some new customers as well.

Nimish Desai: These new orders that you received are for the manufacturing part of the business or it for the early phase work?

Ajay Piramal: It is both it is a combination of both; actually the growth in the third quarter is more from the manufacturing but going forward we are seeing orders in the services business as well.

Nimish Desai: Ok. We started the services business sometime back, what is the scenario out there are you getting the right kind of response from your customer because we are relatively new entrants here in this phase, could you throw some light?

Ajay Piramal: We are getting increasingly number of audits and we are passing them both. The early phase business as you know is in Chennai and Ahmedabad. The traction is good and we are seeing orders coming in at least the audits have gone well and we are seeing orders coming in. We still have to fill the capacity.

Nimish Desai: Last question on this business is that now when you talk to your international customers for this business are you getting a sense that these orders which are coming in and some of the older customers coming back these things are going to be a more sustainable thing for the next couple of years or is it that there was a huge de-stocking and it is a one time impact of restocking which is driving the growth out here?

Ajay Piramal: The impression we get is that the de-stocking is over and these are more normal in nature, but now a days in business I find that there are such wide fluctuations that is very, very difficult for me to say for sure, but the impression we get is that actually if we look at it most of the large pharmaceutical companies are suffering very badly in their markets and there is a general pressure on, so they are looking at outsourcing so that is the only general comment I can make. Second is that there is a lot of excess capacity that they have and they are trying to look at rationalizing that.

Nimish Desai: The reason for asking this question was that at times we have seen that after a round of de-stocking the immediate quarter is a bumper quarter and then again it kind of tapers off.

Ajay Piramal: If I look at projections for next year also they look quite reasonable. We will share those with you, but when we see what is there, so it is not a one off or it is not that this quarter and the next should be good and then again next year we will find it difficult.

Nimish Desai: Okay we should not assume in that scenario. Okay thanks a lot.

Moderator: Thank you. As there are no further questions at this time I would like to hand the conference over to Mr. Sagar Gokani for closing comments.

Sagar Gokani: Thank you for taking time out and joining the call, if there are any unanswered queries please feel free to get in touch with myself or Prasad. Thank you.

Moderator: Thank you. On behalf of Piramal Healthcare Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.