Biocon Limited's Q4 & FY14 Earnings Conference Call
April 25, 2014

Key Participants from Biocon Group's Senior Management Team

- Kiran Mazumdar Shaw: Chairman and Managing Director
- John Shaw: Vice Chairman
- Arun Chandavarkar: Chief Executive Officer & Jt. Managing Director
- Murali Krishnan: President, Finance
- Abhijit Barve: President, R&D
- Ravi Limaye: President, Marketing
- Siddharth Mittal: Vice-President, Finance
- Peter Bains: Director, Syngene International
- M.B. Chinappa: President, Finance, Syngene International
- Manoj Nerurkar: Chief Operating Officer, Syngene International
- Saurabh Paliwal: Head, Investor Relations

Presentation Session

Moderator: Ladies and gentlemen, good day and welcome to Biocon Limited Q4 & FY14 Earnings Conference Call. As a reminder for the duration of this conference, all participants' lines will be in the listen-only mode. There will be an opportunity to ask questions at the end of today's presentation. Should you need assistance during this conference, please signal the operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Saurabh Paliwal of Biocon Limited. Thank you.

Saurabh Paliwal: Thank you Inba**.** Good afternoon everybody, and welcome to Biocon's quarterly conference call for Q4 and FY14. I am Saurabh Paliwal from the Investor Relations team. We had released our results last night and the same are available on our website. We have with us on the call today Ms. Kiran Mazumdar-Shaw, Biocon's Chairperson and Managing Director and our colleagues from the senior management team. We will begin this call with opening remarks from Biocon's management followed by an interactive Q&A session.

Before we proceed with the call, I would like to remind everyone that this call is being recorded and a replay will be available for the next few days. The call transcript shall be available on our website soon. I would like to add that today's discussion may be forward-looking in nature and must be viewed in conjunction with the risks that our business faces. The safe-harbor contained in our press release also pertains to this conference call. After the end of this call, please feel free to get in touch with the investor relations team with any additional queries that you may have. Now I would like to turn the call over to Ms. Kiran Mazumdar.

Kiran Mazumdar Shaw: Thanks, Saurabh, and Good Afternoon everyone. I welcome you to Biocon's Earnings Call for the Quarter and Fiscal ended 31st March 2014. Let me begin with our key financial highlights for the year:

- Group sales have risen 18% to Rs.2,853 crores
- The Biopharmaceutical segment grew by 14% to Rs. 2,138 crores versus Rs. 1,871 crores last year. Now, within the segment
  - Biopharma grew by 15% to Rs.1,747 crores and
  - Branded Formulations India grew by 13% to Rs.391 crores
- Our Research services business, namely Syngene and Clinigene, registered a growth of 28% delivering Rs.715 crores
- Group EBITDA was at Rs.743 crores which is a good growth of 25%. EBITDA margins were a healthy 25% for the full year. If we exclude R&D spend, licensing and other income, our core EBITDA margins stood at 27%
- We had Rs.24 crores of net FOREX loss in FY14
- Group net profit for the fiscal was Rs.414 crores
- PAT margins stood at 14%. If we adjust for exceptional income that we booked in Q4 FY13, PAT has actually grown by 28%
- Long-term borrowings for the Group at the end of Q4 stood at Rs. 606 crores due to drawdowns made for the construction of our Malaysia facility

Now moving on to discuss individual verticals: We continue with our portfolio optimization initiatives in the **Small Molecules** vertical, and we are clearly bottom-line focused. We are working our way up the value chain and looking to enter finished dosages with generic formulations. Immunosuppressants and specialty molecules drove the API manufacturing growth in FY14. Generic formulations which will include ANDAs for the US market will be the future drivers for this vertical. As discussed in earlier calls, we look to file our first set of ANDAs this fiscal.

Coming to the **Biosimilars** vertical, we had another great year in terms of Insulin exports. Our generic Insulin business continues to see a very good demand from the emerging markets. We have enhanced our Insulin manufacturing capacity in Bengaluru in FY14 and are now on track to commission our Malaysia facility in FY15. Post commissioning of the Malaysian plant, we will work towards getting regulatory approvals from various agencies across the globe. Moving to our Biosimilars MAbs program, we launched our Trastuzumab product, CANMAb in India in Q4 of Fiscal Year 2014, and Indian patients have begun to benefit from this important therapy. On the development front in Biosimilars – our partnered programs continue to make progress where Mylan and Biocon expect to have additional programs enter clinical trials in the coming year.

When it comes to **Branded Formulations**, we believe the market has now stabilized and we expect this vertical to return to strong growth in FY15. We are working to optimize our field force productivity. As you are aware, we consider ourselves a Specialty Branded Formulations Company and we are focused on identifying specialty therapy segments for us to build brands. We will continue on that path as we examine other specialty areas to fuel future growth.

An update on our **Novel Molecule**: The clinical studies for IN-105 or oral Insulin continue to progress well: this is a program that we have collaborated with Bristol-Myers Squibb and we expect to get readouts towards the end of FY15. With regards to Itolizumab, our Novel Anti-CD6 Monoclonal Antibody program, we continue to progress our licensing discussions with various interested parties,

as we also simultaneously do the groundwork towards initiating trials for expanded indications, both in India and overseas.

Now finally, coming to our **Research Services** business: Syngene continues to perform commendably year-on-year. In Q4 we inaugurated the Baxter Global Research Center at Syngene and this adds to our list of large pharma companies with multi-year contracts. After Bristol-Myers Squibb and Abbott Nutrition, Baxter is now the third major client for Syngene. We clearly see Syngene's differentiated capabilities that offer broad-based, complementary and integrated development services to its clients as a key differentiator. Syngene's clinical research arm, Clinigene, finally turned around this year and reported a small profit recouping from all the losses of previous years. The business fundamentals for this segment are strong and there is good visibility for growth. Further investments have been planned which will pave the way for future growth. We are on track to evaluate listing of Syngene this fiscal post the elections.

Before I end I would like to leave you with some key messages:

- We have delivered good growth this year growing at 16% in the top line and 28% at the bottom line. We continue with our product optimization drive in small molecules and are clearly focusing on profitable growth. Insulin exports continue to be a growth driver for Biocon.
- R&D spends on an annual basis are expected to increase in the coming years. We expect R&D spends to normalize to the historic 8% to 10% of our Biopharmaceutical segment sales and we would also like to reiterate that there is likely to be lumpiness in the R&D spend numbers on a quarterly basis. This fiscal, I must add that, our R&D spends have been muted on account of two reasons:
    - One is that we have capitalized our development spends of Trastuzumab
    - Second, we have also experienced certain regulatory challenges in India which has caused us to defer some of the R&D spends. We have shifted some of these trials to overseas development sites and that is where we have seen some reduction in R&D spends temporarily.
- We expect certain expenses to be incurred in FY15 on account of the Malaysia facility commissioning, but it will not have a major impact on our earnings this fiscal.
- I would also like to mention the board's decision to announce 100% dividend payout at Rs.5 per share.
- Two other announcements which we have mentioned in our press release as well :
    - The appointment and induction of Arun Chandavarkar to the Board as an Executive Director and his appointment as CEO and Joint Managing Director,
    - The appointment of Ravi Limaye as the President, Marketing with effect from March this year.

With that I would now like to open the session for question-and-answers. Thank you very much.

Q&A Session

Moderator: Thank you very much ma'am. Ladies and gentlemen, we will now begin with the question-and-answer session. We have the first question from the line of Surya Patra of Phillip Capital. Please go ahead.

Surya Patra: A couple of questions: what is the response that we are getting for the CANMAb launch in India?

Arun Chandavarkar: We have launched CANMAb in India in Q4 and the sales are continuing, that is all I can comment because it is early days at this point in time.

Surya Patra: For emerging market launch, what is the time that we should be expecting for commercialization in other international markets?

Arun Chandavarkar: We have not taken any decision on that as yet. So at the appropriate time when we are ready to discuss emerging markets we will do that.

Surya Patra: Not even started registration process sir?

Arun Chandavarkar: We cannot comment on that.

Surya Patra: And in the opening comment, madam has indicated capitalization of certain amount of R&D expenditure. So could you please quantify what is the kind of R&D expenditure that you have capitalized, and which R&D programs does it relate to?

Siddharth Mittal: The total amount that has been capitalized during the year is Rs. 8 crores and this is for development of trastuzumab in the developed markets.

Surya Patra: So this is the kind of approach that we would be following even for the subsequent programs?

Siddharth Mittal: This is in line with our accounting policy, where post the drug approval in any country (proof of concept), all further development expenses are capitalized. Since Trastuzumab was launched in India in Feb of this year, we have started capitalizing expenses post launch.

Surya Patra: In that case can you share an indication on the likely R&D spend in the subsequent period- is the R&D spend likely to jump in the subsequent period or whether there would be a moderated number going forward?

Siddharth Mittal: We continue to maintain our guidance of 8-9 % of our overall Biopharmaceutical segment revenue being reinvested in R&D, so that is what goes in the profit & loss accounts. There will be spends towards programs that progresses from lab to clinical, and there are new programs that start.

Surya Patra: Lastly, on the Statin front, is there some kind of commoditization that you are seeing in certain Statin products. Can you please elaborate on which are the products that you are seeing price issues?

Ravi Limaye: So by and large, Atorvastatin is this product where we are seeing commoditization, and that is why, as Kiran mentioned earlier, the intention is to move to a more profitable product mix with our specialty products like Immunosuppressants, Orlistat and so on.

Surya Patra: We have added one more novel molecules to the pipeline: QPI-1007 in ophthalmology. Can you elaborate something on this, what is this opportunity like and…?

Abhijit Barve: This particular molecule is a co-development program with Quark Pharma and it is for rare eye indication. The Phase-III studies for this will be starting soon.

Moderator: Thank you. Our next question is from Girish Bakhru of HSBC. Please go ahead.

Girish Bakhru: On the sale side, last quarter we said some of the tender sales were delayed, did we see this coming in the quarter?

Ravi Limaye: The tender business is a cyclical thing, so this keeps on coming and going. So I do not think we should pay too much attention to that.

Girish Bakhru: The overall sales growth is of 14.7%. If I look at it, I understand the India business where we probably had some pricing impact but how is the export growth been, specifically on the Insulin export side?

Ravi Limaye: While I would not give specific growth numbers, we have had some very good growth coming from Insulin; and also some of the other specialty products within the small molecule area.

Girish Bakhru: Can you comment of 55 markets, how many markets are we exporting to?

Ravi Limaye: We have an approval in over 55 markets, and are commercialized in over 10 of these.

Girish Bakhru: With all the capacity expansion that has happened in the Bangalore facility, any color on how much would that address for say FY15 and FY16 till Malaysia comes on board? What I am trying to basically gauge is would you expand to more markets pretty rapidly next 2-years or should we still look at a very gradual ramp up?

Arun Chandavarkar: There was some capacity that came on stream earlier this year, and we are looking forward to a small bit of balancing capacity accretion in FY15 as well. Furthermore, we have targets in terms of productivity improvements year on year, which is also expected to result in incremental capacities. Now, how much of the capacity in the Insulins plant is available for commercial sales, besides depending on the productivity improvements and physical capacity, also depends on how much of the capacity is occupied for the development batches of our products (rh & analogs) for the regulated markets which also get developed in the same manufacturing plant. Suffice to say that we are expecting to see robust growth in the Insulin segment in FY15 as well.

Girish Bakhru: I am not asking the Malaysia capacity but can you share the existing capacity in Bangalore now total ….?

Arun Chandavarkar: We cannot give a number but we are pretty close to the peak, so I would say until FY15, which is also when we hope to commission but not necessarily get approval for the Malaysia facility, the growth can only be incremental. Any significant change would be seen once Malaysia is qualified.

Girish Bakhru: Abhijit on the Glargine, Merck is also saying that they are entering Phase-III with Samsung, any color you have on how many players are seriously eyeing this Glargine product now?

Abhijit Barve: As all of us know that Glargine is a huge opportunity, and based on at least what we know and what is in public domain, it is Lilly, Merck who has just announced, and we have been in this space. So what we know about this is three players.

Moderator: Thank you. Our next question is from Nisarg Vakharia of Lucky Investment Managers. Please go ahead.

Nisarg Vakharia: My first question is could I have the dollar growth for your contract manufacturing in the Biopharma business Y-o-Y?

Chinappa: As the pricing of our services get adjusted for the currency movement, giving out the CER numbers would not give you the right perspective of the underlying business growth.

Nisarg Vakharia: So this growth also has some currency attached to it, right?

Siddharth Mittal: Yes. The average exchange rate for FY14 was close to 60 and the average exchange rate for FY13 was 54-55, so you can see that there has been approximately 10% increase in revenue on account of the export sales.

Chinappa: The underlying business growth is actually higher because some of the pricing gets adjusted for the currency movement.

Nisarg Vakharia: My second question is that when you launch CANMAb in the Indian market at a 25% discount to the innovator, are your gross margins significantly higher than the innovator because you have competitive manufacturing and you are more efficient or is it somewhat similar?

Arun Chandavarkar: We cannot comment on this. We launch products at a price point that make it affordable to patients in the country where we are launching it, and we hope to be profitable in these countries.

Siddharth Mittal: And we do not know gross margins of competitor.

Murali Krishnan: Even if we know, we cannot comment on that.

Nisarg Vakharia: My last question is regarding your contract manufacturing Syngene business, do we have any visibility on some of the molecules that we are working on in phase-III going close to commercialization, any comments on that?

Peter Bains: This time we have 5 assets in partnership in phase-III and additional assets in phase-II. So we would expect that in the natural course of the phase-III programs, our supply would increase over time. Commercialization of these products would probably be at the earliest in 2017 and this will offer commercial scale opportunities for Syngene.

Moderator: Thank you. Our next question is from Purvi Shah of Dalal and Broacha. Please go ahead.

Purvi Shah: In your opening remarks you said that there was an Rs.24 crores of net FOREX loss. So which line item would that be reflected into?

Murali Krishnan: If there is a FOREX gain it will come in the other income, if it is a loss it will go into other expenses.

Siddharth Mittal: For the quarter and for the year, we have a forex loss and it will be in other expenses.

Purvi Shah: The other question was in relation to the Q4 numbers. If we see the Research Services has shown a growth of 13%, if you see last couple of quarters there have always been 20-25% plus, so anything…?

Peter Bains: The 4th quarter has been the strongest quarter in the company's history, as you said with growth of 13%. EBITDA growth has been very substantial, and in fact we have expanded EBITDA margin, with a solid sequential growth on Q3. In the quarter-to-quarter comparison, from time-to-time, we will see one time effects. Q4 last year was a very strong quarter and had a number of one-time events which inflated it, and hence the quarter-to-quarter comparison is slightly muted against the average rates of 28%, we see no structural implications to our underlying performance momentum. In fact it is probably better to look at the annual comparisons, and as you heard we grew 28% year-on-year which is consistent with the last 3-year compound average growth rate which is also 28%.

Purvi Shah: So do we see this continuing in the upcoming years as well?

Peter Bains: So in terms of outlook what we see is that R&D spends in Biopharma have returned to growth -- it is single digit as of now. We also see significant opportunities outside of Biopharma. Biopharma has been and will remain our core center of gravity, our core customer base but there is additional growth beyond that. We see no structural impediments in the mid-term which could obstruct the growth momentum that we have seen in the last few years.

Purvi Shah: And sir two more questions. One would be on the EBITDA front, do we see this EBITDA sustaining going forward? And the other is the draw-downs that we have done in relation to the Malaysian facility, so if you could just give us the cost of debt for that?

Siddharth Mittal: To take your first question on the EBITDA. If you exclude the two components which tend to be lumpy - one is the licensing income and second is R&D expenses, you then arrive at the core operating margins. We do not expect to go down from where we are today and we hope to maintain the same.

Purvi Shah: But that is shown in the presentation to be at around 27% so that is what will continue?

Siddharth Mittal: You have to include Other Income as a part of the operating performance, which is close to 30% and at the same levels as last year. We do not see that number changing. To answer your second question on Malaysia debt, it is a dollar debt and it is linked to LIBOR. As we have mentioned earlier, one of the rationales for investing in Malaysia was a very attractive funding that we got from Malaysia which is at a low single digit interest rate.

Moderator: Thank you. Our next question is from Ranjeet Kapadia of Centrum Broking. Please go ahead.

Ranjeet Kapadia: My first question relates to the Formulation segment. We have roped a growth of 10% during the quarter. I would like to know whether the growth was affected by NPPP pricing policy.

Ravi Limaye: NPPP policy is there, but also look at this more as an aberration. If you look at the yearly growth, it is way ahead of the overall market growth. We remain confident that we will deliver a strong double-digit growth going forward next year.

Ranjeet Kapadia: And can you give the FOREX loss number for the 4th quarter?

Siddharth Mittal: Rs.4 crores is the net.

Ranjeet Kapadia: This quarter we have seen a lower tax rate of 14% against 36% in the corresponding quarter last year. Is there any specific reason?

Siddharth Mittal: Q4 FY13 had an exceptional income of Rs.202 crores which had tax impact of almost Rs.18 crores and the net of tax exceptional income was Rs.184 crores. When you look at the tax rate for last year, you have to exclude Rs.18 crores from the total tax of Rs. 98 crores. The normalized taxes were Rs. 80 crores. While this year the tax rate in fact has gone down by a couple of basis points but it has not moved significantly. We maintain that the tax rate in the coming years would continue to be in the range of 22-24% depending on which country and which SEZ versus non-SEZ entity gets more margin.

Ranjeet Kapadia: Even quarter-on-quarter there is a sharp reduction in tax rate from 19.1% to almost 14%.

Siddharth Mittal: This quarter we had invested in a couple of R&D projects and on R&D you get 35(2AB) deduction which is twice the normal expense, so there were certain deductions that were claimed.

Moderator: Thank you. Our next question is from Krishna Prasad of Kotak. Please go ahead.

Krishna Prasad: Just a question around the liability number that you have reported. Is there a sharp jump in other liabilities both current and long term if you could just possibly explain that?

Chinappa: Part of that is associated with some pre-received income received by Syngene.

Siddharth Mittal: And the long-term liabilities have gone up primarily on account of Malaysia borrowing. For Malaysia majority of the cash drawdown happened during the current year.

Krishna Prasad: No, I am not talking about the long-term borrowings, but the other long-term liabilities?

Siddharth Mittal: That is on account of deferred revenue. We have received advance from Mylan for their share of CAPEX investment for Malaysia, and that amount has been included in deferred liabilities which is classified under other long-term liabilities**.**

Krishna Prasad: How much is deferred revenues now sitting in the books, total of both your current and non-current?

Siddharth Mittal: We will give you this number, we will have to just take it out from both accounts. Can we take this offline?

Krishna Prasad: The other question is relating to your inventories for the current year; it appears that you have had a sharp reduction, just the absolute number and the number of days. So I was wondering what has changed in the business, and if you could just elaborate or give us more color around what are the improvements that have happened and is it sustainable?

Siddharth Mittal: It is just better management of the inventory and the number of days we hold.

Kiran Mazumdar-Shaw: This is all with respect to operational efficiency.

Krishna Prasad: And you think this is sustainable?

Kiran Mazumdar-Shaw: Yes.

Krishna Prasad: The question around your contract Research Services business. The last 4-5 quarters now broadly the dollar sales number is in a similar range. What kind of dollar revenue growth are you expecting in this business for the next year, do you have visibility for growth now or are you seeing some slowdown in this business?

Chinappa: As Peter mentioned we do not see any obstacles in meeting up the five-year growth target of $250 million, and in fact, we are investing substantially to help us meet these targets. Of course, the growth would not be linear. So it is difficult to give you a year-on-year growth target, but over a medium term we expect to sustain growth momentum to meet the growth targets laid out for 2018.

Krishna Prasad: A housekeeping one, if you could give me what is the gross debt number at this point?

Siddharth Mittal: It is approximately $140 million.

Moderator: Thank you. The next question is from Alok Dalal of Motilal Oswal Securities. Please go ahead.

Alok Dalal: Just one clarification… this R&D capitalization, is this related to just Trastuzumab now or there is a change in policy with respect to this?

Siddharth Mittal: There is no change in the policy, we have had a consistent accounting policy. For this quarter, it is related to Trastuzumab.

Murali Krishnan: This policy has been consistent because if you remember in 2008-2009, we had a similar kind of thing when we capitalized all the European development expenses for our generic rh-Insulin program, and post Pfizer we amortized that.

Moderator: Thank you. The next question is from the line of Sameer Baisiwala of Morgan Stanley. Please go ahead.

Sameer Baisiwala: I am looking at your Slide #35, and this is for small molecules. It looks like from currently roughly $270 million, this business you are projecting for 2018 to go to almost about $300 million. So just wanted to check… so you expect 10% growth in this business?

Arun Chandavarkar: The projections have been made based on our forecast of which way the business goes if we stick on the current path. We are making every effort to see what can be done in terms of product portfolio re-optimization and also moving a substantial part of the API business to a formulations-oriented business. We are trying to establish a balance between commoditization, price erosion and volume growth so that growth rate could be delivered and potentially ramped up.

Sameer Baisiwala: If you are able to switch some part of your APIs into Formulations, should we expect the margins for this piece to be a lot better than what it is right now?

Arun Chandavarkar: As of now, we have not made any assumptions on the margins, we are looking at increasing the whole pie. We are not necessarily saying that Formulation business is at a higher margin at this point in time, but certainly, we expect it to be at a different margin compared to the commoditized sections of our portfolio. The change in product mix will ensure that the commoditized kind of margins will not apply to our entire portfolio, like if you look at a margin for products like Immunosuppressants and some of the other specialty products, we are certainly not at the margin levels seen in statins. Increasingly, our dependence on Statins is coming down year-on-year.

Sameer Baisiwala: Is it possible to share that how many ANDAs… and I see in your presentation 505(b) (2), do you think you can file in Fiscal 15?

Arun Chandavarkar: We cannot comment on the exact number, but I can say it is more than one. It is not a one-off thing, but I cannot give you guidance on the exact number. But remember, we are not yet an ANDA filing machine like some of our established competitors. This is a new business for us. So we have taken initial steps. We started this effort only about little over a year ago. It is early days, but we will have a fair number of ANDAs as well as other dossiers submitted this year, and this will ramp up as we go ahead.

Sameer Baisiwala: Related to the Insulin and Insulin analog pipeline, most of the development work is being done from the current facility in Bengaluru, but then once Malaysian facility is ready, you will be selling from that. So, can you help us understand that what would be the regulatory requirements that you need to do for site switch or any such things to be able to commercialize from Malaysia, what you are actually developing from Bengaluru?

Abhijit Barve: As was mentioned early on, we will not be able to do commercial supplies from the Malaysia Plant immediately after the plant commissioning. There will be a long regulatory process for each country, and we are maxed out here on capacity in Bengaluru. I am not sure if that explains your question.

Arun Chandavarkar: I think your question was on what would be our bridging strategy…

Sameer Baisiwala: Yes, Especially for Europe, US Insulin and Glargine which are all underway right now?

Arun Chandavarkar: There is a bridging strategy that will apply which will depend on the individual countries. Each jurisdiction probably may take a different view, but we are going on the assumption that of full-blown clinical will not be required.

Sameer Baisiwala: If we keep all the geographies on the side and just talk about the US, what is…?

Arun Chandavarkar: My comment applies to the US as well.

Sameer Baisiwala: So you are saying there will be some bridging, clinical strategy…?

Arun Chandavarkar: I am just saying that some bridging will be required. Whether the bridging is going to be purely a CMC bridging or includes CMC as well as the limited PK-PD, we will determine that as we go forward.

Sameer Baisiwala: You are putting such serious capital at work in Malaysia. Should we not have enough clarity on this now, because if we are required to do more extensive work not only pushes timeline by a few years and also your cost goes up a fair bit?

Arun Chandavarkar: Certainly, this is a clear area of focus. We are reasonably clear about what is required, but for the regulatory authorities to be clear they normally like to see data. So once we have data from the Malaysia facility post validation batches, the regulators would be able to give us specific guidance**.**

Moderator: Thank you. The next question is from the line of Meeta Shetty of HDFC Securities. Please go ahead.

Meeta Shetty: Sorry to be repetitive on the capitalization front on R&D. So, will it be the case that when we go ahead in '15 and '16, we will start capitalizing for other MAbs also which we have in the pipeline and when you want to take it to the developed markets?

Siddharth Mittal: Our policy will apply to all our products. Once we complete the trials, get the approval, and launch the product in one of the major markets, all further development cost will be capitalized.

Meeta Shetty: For other MAbs as well or any other development…?

Murali Krishnan: Other MAbs, other Biosimilars, Insulins or any other ANDAs.

Meeta Shetty: Is there any amount which has been capitalized beyond the 8 Crs for trastuzumab?

Murali Krishnan: No, nothing in the books as of today.

Meeta Shetty: But there is a possibility that it would be probably going ahead?

Murali Krishnan: Yes.

Meeta Shetty: And on the debt front, out of the $160 million CAPEX that we planned for Malaysia, we had guided for 50% of it to be raised through debt. Is that the correct…?

Siddharth Mittal: We had said that 70% of the total cost would be funded by debt and the total project value is close to $180 million.

Meeta Shetty: So, is it fair to assume that the overall debt drawdown should happen by the next fiscal end or will it be….?

Siddharth Mittal: As we have mentioned that the facility would be commissioned in FY15, so all the payouts other than any retention amount would be paid out in FY15.

Meeta Shetty: So about $100-odd million should increase by next fiscal end?

Siddharth Mittal: No, right now the debt that has been drawn is close to $100 million and we are going to draw another $20-30 million .

Meeta Shetty: So $100 million drawdown for Malaysia has already happened?

Siddharth Mittal: Yes.

Moderator: Thank you. The next question is from the line of Krishna Kiran of ICICI Direct. Please go ahead.

Krishna Kiran: One clarification regarding CANMAb, are we still marketing CANMAb, because news article says that there is injunction given by Delhi High Court, any update on that?

Arun Chandavarkar: Our sales of CANMAb in India are continuing.

Moderator: Ladies and gentlemen, that was our last question. I now hand the floor back to Mr. Saurabh Paliwal for closing comments.

Saurabh Paliwal: Thank you, everyone for joining us in today's call. We look forward to hosting you next quarter.

Moderator: Thank you. Ladies and gentlemen on behalf of Biocon Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Note: This document has been edited to improve readability