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June 8, 2017
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Corporate Relation Department
Bombay Stock Exchange Ltd.
1st Floor, Rotunda Bulding
Dalal Street,
Mumbai – 400 001
Scrip Code: 506690

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra– Kurla Complex
Bandra (East), Mumbai – 400 051
Symbol – UNICHEMLAB

Dear Sir,

Ref: BSE Scrip Code -506690 : NSE Symbol – UNICHEMLAB
Subject: Transcript on audited financial results for Q4 & FY17.

Please find attached Transcript on audited financial results for the quarter and year ended March 31, 2017.

Please take the above on record.

For UNICHEM LABORATORIES LIMITED

NEEMA THAKORE
Head – Legal & Company Secretary

Encl.: As above

Unichem Laboratories Limited Q4 FY 2017 Results Conference Call May 31, 2017

Moderator: Ladies and gentlemen, good day and welcome to Unichem Laboratories Limited Q4 and FY17 Results Call, hosted by Systematix Shares and Stock Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone.

I now hand the conference over to Mr. Dinesh Bajaj from Systematix Shares and Stocks Limited. Thank you, and over to you, sir.

Dinesh Bajaj: Hi and welcome all to the Q4 and FY '17 Conference Call for Unichem. From the management we have Mr. B.S. Dhingra, Chief Executive Domestic Pharma; Mr. Rakesh Parikh, Chief Finance and Compliance Officer; and Mr. Monish Shah, Manager, Investor Relations.

I would first like to request the management to take us through the quarterly numbers post which we can proceed with the question-and-answer session.

Rakesh Parikh: Thank you, Dinesh and a warm welcome to you all. Welcome to our conference call pursuant to the Board Meeting which we had yesterday to consider the audited accounts standalone and consolidated for the quarter as well as the year ended 31st March '17. For the fourth quarter ended 31st March '17, the total income from operations was Rs. 344 crores against corresponding previous year on IndAS compliant basis of Rs. 305 crores giving a growth more than 13%. This comprised of more than 7% growth for the quarter from India Formulation and about 18% growth for the quarter from International Formulations.

As far as the profits were concerned for the quarter, the total comprehensive, TCI after tax was Rs. 30.4 crores against Rs. 27.9 crores for the corresponding quarter last year. In terms of the standalone for the full financial year, the total income from operations was Rs. 1,414 crores against Rs. 1,236 crores giving a growth rate of above 14% which constituted of 11% growth from India Formulation and 23% growth from International Formulations. In terms of the total comprehensive income after tax, the TCI after tax stood at Rs. 102.6 crores against Rs. 100 crores in the corresponding previous last year.

The Board of Directors have recommended a dividend of 150%, that is Rs. 3 per share of face value to as against 100% that is Rs. 2 which was declared last year.

In terms of the consolidated numbers, the total income from operation was Rs. 1,536 crores, as which gave a growth of 14% over the corresponding period last year. This was driven by 19% growth of International Formulations, which includes the subsidiaries of the company. In terms

of the profit at a consolidated level, the TCI after tax was Rs. 108.3 crores against Rs. 107 crores last year.

I will just take you through some of the major highlight of our subsidiaries. As far as the US business was concerned, it has continued its robust growth doing about 26% for the full year, over last year FY16. As far as the support from the parent company is concerned, total of 5 ANDAs were filed for the financial year FY17. The total number of cumulative filings now stands at 39, which includes a first to file also. 23 ANDAs have been approved as of date, which includes one Para-IV approval. As far as the DMFs are concerned, the cumulative findings stand at 50.

With this, I would now request Mr. Dhingra to share some of the key highlights as far as India Formulations performance is concerned. Over to you Mr. Dhingra

B.S. Dhingra:

Thank you, Mr. Parikh. Good evening, everyone. As Mr. Parikh has briefed you overall, I would like to just give you some highlights of domestic business. The domestic formulations business recorded revenues of Rs. 187 crores as against Rs. 174 crores reflecting a y-o-y growth of 7% for the quarter. If you see on a full year basis revenues stood at Rs. 840 crores as against Rs. 754 crores, showing a growth of around 11%. When it comes to overall incremental PMPM as against last year when we have increased PMPM by Rs. 32,000. This year we are able to increase PMPM by around Rs. 36,000.

When it comes to like overall industry growth, the industry has grown by around 10.3% and if you look into AWACS, we have shown a 400 basis point higher growth, we have grown at around 14.5%. And the best thing what has happened last year is that the restructuring effort, what we did in our domestic business have started showing a kind of traction, which company was aiming for. As it is mentioned earlier in my conversations that we were looking into our chronic business to really grow better than the market. If you can look into the data on the back of the first page, you will find that, our chronic growth is around 19.6% as against the industry growth of 12.1%. So that is what we were aiming for and even for NLEM products if you see our growth is 7.7% as against the growth of around 1.2% for the industry. And even in non-NLEM products our growth is 6.6% as against 12.8%. Now, turning also on the OTX piece that we have taken last year, the traction of OTX piece from January till April had been very good and very encouraging, where we have started showing a positive robust double-digit growth of 10% plus.

So this in a nutshell I wanted to share with you. And if anyone of you has more queries and questions, please feel free to ask. Thank you very much.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin with the question-and-answer session. We will take the first question from the line of Rashmi Sancheti from Anand Rathi. Please go ahead.

Rashmi Sancheti:

Sir the first question relates to the operating margin, this time it was quite low. So what is the reason behind it? And the 7 crores towards the Brazilian subsidiary, which we have done the provision, is it included in the other expenses? And will this be continuing in FY18 or not?

Rakesh Parikh: If you see the OPM one of the major things, which has brought it to this level is the investment, which we are doing of our revenue nature. So, that comes in both a little bit in India Formulation and more in the other businesses, predominantly the US. The proportion has steadily been increasing with the International Formulation growing at a higher rate and along with the revenue growth there are resultant growth in other costs as well like selling distribution costs, the R&D costs and the manufacturing costs. And in terms of India business, we have seen increased expenditure in the OTX business for the wellness division. However, we are trying to compensate that from the other divisions, so as an overall we don't face much of a drag as far as the margins are concerned.

As you are aware post our Goa expansion, capacities have expanded in a significant manner, hence the capacity to meet the requirements of the regulated markets predominantly US has gone on stream during the current year. And the moment the capacity significantly increases all the expenses start from day one, whereas the ramp up of the throughput takes a little bit of time. So to that extent that mismatch is there, which we will overcome in the near future. As regards, your question on the diminution is concerned, we have mentioned in the notes to our results that it was less than Rs. 6 crores in the current quarter compared to what was there about Rs. 7 odd crores in the earlier quarters.

And as far as the current year FY18 is concerned, we expect the diminution amount to be significantly lower from the first quarter onwards compared to what we had provided.

Rashmi Sancheti: How much would that be, if you can quantify? You can just give the annual number.

Rakesh Parikh: No, it depends on how the investments happen and how the Brazilian subsidiary performs. Basically, this is an impairment in the value to bring the carrying value to the normalized level. So, it would depend on how much funds they require by of share capital which is expected to be significantly lower, compared to what was provided in the past.

Rashmi Sancheti: So, you mean to say at least it would be in the range of 3 crores to 4 crores per quarter?

Rakesh Parikh: No, it will be much less than that also, and we're trying to see. And if we get a couple of more approvals and we are able to launch those products, then it can be even further lower.

Rashmi Sancheti: Okay. And how much was the expenses related to OTX business in quarter four and FY17?

Rakesh Parikh: We don't give that separately, but obviously for OTX product, a many of ad campaigns were done and as Mr. Dhingra mentioned, we have seen the benefits of that coming in terms of the traction and the growth.

Rashmi Sancheti: Okay. So can you give total R&D cost in FY17? How much was the R&D cost?

Rakesh Parikh: As a percentage to sale in FY17 it was more than 5% of total sales, whereas for the quarter alone it was more than 7% as a percentage to standalone sales.

Rashmi Sancheti: And what are you guiding for FY18 and '19?

Rakesh Parikh: Since we are planning to increase our filings and work on more complex products, we are open to invest more. It can hover anywhere between 5% to 7% depending on the various projects which have started.

Rashmi Sancheti: Okay. And what was the contract manufacturing contribution in the export business, the entire year in FY17.

Rakesh Parikh: Actually it is marginally less than 10%.

Rashmi Sancheti: Okay. So any guidance on operating margin front in FY18 and '19 which you are giving?

Rakesh Parikh: See, overall if you see the core operating margin, our endeavor is to increase it. But if you have to make some investment which are of a revenue nature and which we would prefer to write it off in terms of our conservative accounting policy, then obviously to the extent of that R&D expenditure. So that may offset the increase in margin in which would have otherwise come.

Rashmi Sancheti: Okay, okay. And coming to the domestic formulation business, Mr. Dhingra, if you can comment on like you know of what would be the GST impact coming in for quarter one FY18 or for the entire FY18 and is there any generic-generic prescription threat to our Company?

B.S. Dhingra: So when it comes to generic-generic, I know that you must have asked this question to various companies. There was an announcement on generic-generic when industry and other intellectual bodies made their representations to the government. The government is also not clear on what kind of generic policy they look forward to have and what kind of guidelines they need to put in, because quality per se remains a major challenge in generic-generic. And if you see the branded generic availability in India is much more economical as compared to generic available in other part of the world. So as of now, I don't think, or even in coming years, until this government take some strict measures on production part that how the quality of the generic can be brought at par with all developed world, I don't think so, government will push too hard for generic-generic.

Now, to your second question, GST is yet to be announced and I believe there is a meeting on 3rd by the government to take call on the various pending issues. But having said that, trade is also a wait and watch, so GST may only shift the sales from one quarter to another quarter, but it will not have a major impact on overall volume and the values for the year as a whole. So maybe the quarter one sale may look less, but may be quarter two, quarter three or even quarter four may be much more higher as compared to what industry has been doing year-on-year basis. Thus it can be demonetization, when it came, so maybe November, December, January got impacted then again the business came on track and things started happening as normal. But here unlike demonetization, the one benefit is that, GST is not changing the economy, its only in the form of taxation. So what is happening that, inventory level at all channels may get reduced, but once GST is clearly announced and understood by people I think the inventory will be rebuilt. So there is not going to be a loss in terms of revenues as well as in profit, but a quarter to quarter shift may happen.

Moderator: Thank you. We take the next question from the line of Cyndrella Carvalho from Dolat Capital. Please go ahead.

Cyndrella Carvalho: Sir, the questions again remain slightly on the margin front. If you can help us understand like last time, we had mentioned around somewhere higher cost coming in from the OTC spend. So does that continue and earlier we were saying that we will wait and watch how we want to spend it. So what is our expectation over there?

B.S. Dhingra: If I read various reports on how the OTX market in India is going to grow, because of the economy growth, education growth and understanding of various need of the consumer. So we are very buoyant on OTX business, and we are trying to develop various other products. and invest in it. But internally, what we have done is that, how to hedge this extra investment vis-à-vis our current costs. So we have taken some measures, like I tell you one measure, what we have taken is, we have dismantled one of our acute business divisions and merged it with other acute business division. So in net-net, the extra manpower costs, which we are getting in OTX business had been hedged with that kind of merger. So there is no additional cost when it comes to the manpower cost in OTX, business because we have rationalized our manpower in a manner that it does not create any burden per se on the cost for domestic formulations.

When it comes to our overall growth, if I see post this ATL and BTL activity and manpower coming now in field has started showing very positive traction. In months like February, March, and even in April we have shown a volume growth of more than 20%. So that speaks that all our investments and energies which we are putting into OTX business have started yielding the kind of results what we were aiming for. So net-net, I don't think so that the cost what we are going to increase in ATL activities are somehow going to impact the overall cost because we have taken precautionary measures, strategic measures before it could impact bottom line of the domestic business.

Cyndrella Carvalho: Okay, sir. But sir, like overall we were thinking of adding one more product also, is that in pipeline for FY18?

B.S. Dhingra: Yes.

Cyndrella Carvalho: It is in pipeline. Any, any color on what area will it be?

B.S. Dhingra: As I told you, we are going to be very strong company in GI space to start with. So we are working on GI space only. So like Unienzyme is on digestion. So we are looking the similar areas in GIs where we can use the Unienzyme equity and then launch our self into that big GI space, which is not currently in OTX by other major players.

Cyndrella Carvalho: So sir how should we look at the overall margins going ahead because margin profile is something which is because our top line growth is coming for sure, we can see some good traction from the exports as well as domestic pay may see some improvement for second quarter, I guess because of GST. But the margin profile, if you can help us provide some more color?

Rakesh Parikh: See, as far as the India formulation is concerned, as Mr. Dhingra mentioned, trying to see that in spite of all these initiatives, which we are taking, which will benefit in the medium to long term, we will be able to maintain the margin at that level. However, the proportion of India Formulation is reducing, higher growth opportunities available in US and other businesses.

We are in, the expansion phase with increase in capacity and higher R&D expenditure to take advantage of the opportunities there. I mean, we are trying to balance out to see that, we don't take too much hit on the margin. Once any benefits of that start coming out, then we will be able to see the improvement in margin.

Cyndrella Carvalho: There is no one-off in the other expense, right sir?

Rakesh Parikh: I mean, unless you count that diminution ...

Cyndrella Carvalho: Yes, it's around 6 crores?

Rakesh Parikh: For the quarter it was ~Rs. 6 crores, for the year it at ~Rs. 27 crores.

Cyndrella Carvalho: Yes. And sir, any idea how is the Brazilian market performing, if it's performing in a better way for us?

Rakesh Parikh: It is status quo, as far as the market is concerned. Our main concern is the approvals, which so far we have not got. So unless we get two, three more approvals, it will be difficult to see an immediate improvement in performance.

Cyndrella Carvalho: Any update in terms of approvals, anything...?

Rakesh Parikh: I mean, as far as the queuing of approvals is concerned of around four products have significantly improved ranks. Maybe if they continue at the same pace then maybe in another six months or so, we should get one or two approvals.

Cyndrella Carvalho: Okay, that's a good outlook over there, sir. Sir, one last in terms of our US business, subsidiary has reported a good sale, but bottom line has gone lower. Anything that we need to read in over there?

Rakesh Parikh: See, what has happened is our current model, looking at our size, we have basically outsourced various operations. It has got a staff of hardly about seven or eight people. And that means all the majority of costs are variable. There have been a little bit of pricing pressure because of the consolidation, which we are trying to make up through the other products and the product mix also, based on the new products, which have really picked up have also slightly affected the margin. So if you see the US accounts you will come to know that it is more at a gross level we may have lost couple of points but if you take pre-R&D for consolidated US operations and obviously there is an improvement in margins.

Cyndrella Carvalho: Okay, sir. And sir, just any color on pricing aspect of it, pricing deflation that we are seeing in the base market in US. How do you read it?

Rakesh Parikh: See, as far as our products are concerned, in couple of products there have been pricing pressures, which we had to meet the competition, we have also had to reduce. The pressure is there and it is going to remain because of competition. But since we are backward integrated, we feel reasonably confident that we can match the competitive prices, at the same time R&D is also working on to see whether we can improve our costs further.

- Cyndrella Carvalho:** Okay, sir. And in terms of any product launches in US can we expect some good opportunity in this coming year?
- Rakesh Parikh:** Sorry, can we expect?
- Cyndrella Carvalho:** Can we expect some good product launch in the coming year?
- Rakesh Parikh:** Our filings and approvals are part of our earlier lot, which were filed more than 3 years ago. So of that stable, we are looking to launch a couple of products in the first half and another couple in the third, fourth quarter. So maybe about three, four products we should be able to launch.
- Cyndrella Carvalho:** Just wanted to understand, will there be any meaningful product that's what I want to...
- Rakesh Parikh:** It will be similar to our existing products. So whatever growth we have seen, we expect it to continue because of the launch of these products.
- Moderator:** Thank you. We take the next question from the line of Ujwal Shah from Quest Investment Advisors. Please go ahead.
- Ujwal Shah:** I needed to know sir, considering that the pricing deflation that we have seen in the US markets and all our top notch companies are also facing a lot of challenges in the US market. Are you seeing these large companies now getting more aggressive in their domestic market? Is that a trend that we can see ahead and what is our domestic market outlook for FY18, FY19? Thanks a lot.
- B.S. Dhingra:** If I read your question like this, you're saying companies which are like doing 70%, 80% of their International business, are they thinking to become aggressive in domestic business, is it right?
- Ujwal Shah:** Right, sir. Perfect.
- B.S. Dhingra:** On pricing preference, or in terms of overall manpower entering into more therapeutic area. What really you want to know?
- Ujwal Shah:** Everything sir, because till date US market was the most lucrative area for them and now that they are seeing rising pressure eating out margins over there and Indian businesses still can, chronic segment can still can grow at around 15% - 20%. Are you seeing that these large companies might start getting more aggressive domestically?
- B.S. Dhingra:** As far as I understand most of the companies have already deep presence into all therapeutic areas of chronic as well as acute. Two, they have multiple divisions and manpower ranging between 3,000 to 9,000 people with them. So I don't think so until they have some like co-marketing tie-up, in-licensing things coming into some diabetes or cardiology or maybe into cosmetology, they have some scope for expansion. So I don't think that, in India they're going to unnecessarily increase their manpower just because they are facing price pressure and they are going to reduce prices in India and penetrate more. So, they are sufficiently staffed today and they have all the therapeutic basket, which is going to help them in continuously grow in

domestic business. Yes, perception is that, even in US these companies may get lot of headwinds on pricing and regulatory. But they have a sufficient mass and back-up to support that and their margins are not going to deplete the way it has depleted in last quarters or last year.

Ujwal Shah: Okay. And sir, for us in terms of our filings and US market penetration, can you give some outlook for next 3 years to 5 years, where does Unichem see itself from current position?

Rakesh Parikh: US is one of the major focus area and for the reasons explained earlier and for which the R&D expenditure is also increasing. There are certain products which are yet to be approved and post approval these products will help us maintain the current growth rate. We also have significant capacity expansion with us for Formulations capacities, for APIs we are having a new site and also certain amount of expansion in the current sites. So this will ensure that the products are also available from the supply side.

With the increasing volumes and with the resulting economies of scale our cost should reduce and the benefits out of that should result in higher margins. Since you're asking for medium to long term, we have to build a critical mass, and inspite of being a late entrant we have already crossed \$40 million last year. And in terms of milestones we would like to cross \$50 million in the current year and \$ 100 million in the coming years. In terms of the products, we are marketing good products which are already available in the market where we are cost competitive. Since these are products where there are more than 10 approvals in the market, and hence there was no availability of opportunistic margin.

On the Distribution side, we have a good relation with all the large wholesalers as well as the retail chains. They are aware of our pipeline and the balance products which we have not launched, but can be launched in the next few quarters.

All of our revenues have come from older lot of products. Most of the older lot products have been filed. The projects which we are working on and the newer filings which are happening as well as are planned, those are going to shift towards difficult to manufacture products, to complex generics kind of a thing. So, the things like know Para-IV First to file, and also on the other aspects like the dosage form are also been worked upon. These will take couple of years to get approvals etc.

As Mr. Dhingra also mentioned about some larger companies, the proportion of sales from outside India is much more than ours. For us, US remains the fastest growing piece and immediate target would be 50:50 revenue contribution. And in terms of long-term vision, from \$100 million would be our first target before looking at the next target of \$500 million.

Ujwal Shah: Right. And sir, you just mentioned ten products are yet to be launched, how big would be their market potential for us cumulatively?

Rakesh Parikh: Basically what happens, since these are the part of the existing products and industry volumes of which are flattish and no major price erosion is expected, with the average sale at a net level after all those rebates and other things if you see per ANDA or per product launch it gives anywhere between \$3 million to \$5 million at the Net level.

- Ujwal Shah:** Okay.
- Moderator:** Thank you. We take the next question from the line of Shyam Mehra from SKS Capital. Please go ahead.
- Shyam Mehra:** First of all, could you just confirm the guidance on the capital expenditure going forward. So I reckon you have spent about 140 crores - 150 crores last fiscal that was FY16 another 100 must have been the case for this one. So 250 odd crores have already been spent on CAPEX, what is the guidance for FY18 and FY19 please?
- Rakesh Parikh:** Considering the work in progress also, the plants which have not been capitalized as far as the current fiscal FY17 is concerned, we would have spent about Rs. 140 crores this year. Now, one major CAPEX is the API expansion, which is going on, the new plant which is coming up as well as on the formulation side and existing API site. And then we have R&D expenditures. If you add all these projects which are in the pipeline, the total expenditure can be almost about Rs. 300 to Rs. 350 crores, which could be spread out over 2 years to 3 years.
- Shyam Mehra:** Right, right. So in terms of the payback, are we looking at 3 year to 5 year sort of, when are we expecting an incremental cash flow from this fresh CAPEX is the question?
- Rakesh Parikh:** Since businesses and all are lined up the payback obviously should start coming in. And then obviously the CAPEX will come down if we may not need additional capacity. As far as R&D is concerned, biosciences may take a little bit longer time, because it is part of the long projects.
- Shyam Mehra:** Right. So is it fair to assume an ongoing CAPEX of in the region of 70 crores - 75 crores from this point or maybe from next year?
- Rakesh Parikh:** For FY18?
- Shyam Mehra:** Yes, FY18-'19 and then going forward. What is the sort of average over the next say 3 years to 5 years, what is the sort of quantum of capital expenditure that you have penciled in please?
- Rakesh Parikh:** In fact current year also maybe something similar to the last two years.
- Shyam Mehra:** Right. Okay, thanks for that. And how many people have you currently got in your R&D place. Is it 200, or north of 200?
- Rakesh Parikh:** Total scientists are more than 325.
- Shyam Mehra:** And all based out of Goa, because that's your single R&D site, now right?
- Rakesh Parikh:** Hardly few people are there in Mumbai.
- Shyam Mehra:** So, I heard you saying that, out of 325 there are few in Mumbai, but bulk of the manpower is in Goa, Centre of Excellence.
- Rakesh Parikh:** Only a handful are in Mumbai, everybody else is at Goa.

- Shyam Mehra:** So final question is, I think you just confirmed that, going forward all your filings, so we have two ANDAs that you have filed in Q4 FY17, were both of these in the differentiated complex generics difficult to make products or is that the plan from this fiscal FY18?
- Rakesh Parikh:** No, the filing for the complex generics has not yet started but the R&D work on that is going on. So maybe from this year onwards filing of those kind of products would commence.
- Shyam Mehra:** Right. So if I'm not mistaken then the incremental cash flow from those complex generics product will come somewhere around FY20-'21 that sort of because it will take another 18 months for approval from the time you file. So if you file in FY '19, you might get an approval in FY20 or '21 and that's when we should see some good margin improvement is that, is that correct?
- Rakesh Parikh:** It is right. And just to add to it, as I mentioned earlier, work is already going on new projects, and 1 Para-IV approval also one has come, FTF was also filed, so you know these kind of things will start coming in more from next years.
- Shyam Mehra:** Right, okay. And this Para-IV is not a big product for you, it's just testing the waters, right?
- Rakesh Parikh:** It was more from the learning perspective, which can help us to work on more molecules. And the confidence comes in for the R&D teams as well as our legal and patent team.
- Moderator:** Thank you. We take the next question from the line of Nimesh Mehta from Research Delta Advisors. Please go ahead.
- Nimesh Mehta:** Yes, thanks for giving me the opportunity. First of all, Mr. Parikh, if you can just repeat the consolidated EBITDA and net profit, I missed that.
- Rakesh Parikh:** For FY17. Right?
- Nimesh Mehta:** Right.
- Rakesh Parikh:** Yes, the total income from operations stood at Rs. 1,536 crores, EBITDA would be something like Rs. 180 crores, TCI after tax will be Rs. 108 crores.
- Nimesh Mehta:** So what would be the net profit, I'm sorry.
- Rakesh Parikh:** I mean practically similar because we don't have any major other comprehensive income like derivatives.. Our mutual funds are also almost liquid kind of a thing. But our main OCI would arise from the actuarial Gains/losses or retiral benefits. So the total comprehensive income comes Rs. 108.3 crores.
- Nimesh Mehta:** Okay. And what do you think would be the tax rate for the FY18? We have an increasing tax rate in this year?
- Rakesh Parikh:** We are under MAT and we are expected to remain under MAT. The major variation is because of the deferred tax, depending on the capitalization though it may not be a major cash outflow.

With the normal MAT at around 21%, and the capital expenditure, at API & R&D could be another 3% to 4% by way of deferred tax. If capitalization does not happen then deferred tax will be lower.

Nimesh Mehta: I see. Okay, fair enough. And on the other expenses, is it fair to assume that adjusted for the Brazilian write-off, this kind of is a base figure for a quarterly number and then let's say 118 crore kind of thing.

Rakesh Parikh: Considering the growth, which we are saying 15% plus, then that could be to that level, yes.

Nimesh Mehta: Okay. Fair point. Okay, Mr. Dhingra a few questions for you sir, on the OTC side, you mentioned that, you have seen a bit good ramp-up and all that but when I look at the Unienzyme numbers, they actually show no growth on the EIFC data that you presented. So are there any other products or how do we look at it?

B.S. Dhingra: Actually when the product moves to OTX, many times the AWACS is not able to capture the right data. So, AWACS sample size is different vis-à-vis the sales now dispersing and penetrating to the different level in different markets. So therefore, the stockists also what we are adding into OTX are of OTC model, which are not been captured by AWACS. So going by AWACS may not be right in OTX, not only for Unichem, but also for any other company. So as I have said we are very positive. We are showing very ramp up and the buoyancy is very clearly visible in last four months.

Nimesh Mehta: Their internal numbers would be more than 10%, is what you mentioned?

B.S. Dhingra: Our volume growth is in double-digit.

Nimesh Mehta: Okay. So, this has been a major contributor okay, I understand.

B.S. Dhingra: Yes.

Nimesh Mehta: And we have only Unienzyme as of now, right in the OTC?

B.S. Dhingra: Yes. we are also going to introduce at least one more product in this financial year. And that product is also in GI space and riding on a brand equity of Unienzyme.

Nimesh Mehta: Understood. And on the other products, so what is the kind of launches we have made in this quarter, or what do you expect to be that in the next year? I mean and also wanted some color on the first to market kind of launches. For example, the kinds of Teneligliptin and Azilsartan type of launch. So if you can just give that color that will be helpful.

B.S. Dhingra: We have launched Teneligliptin last year, and we got very good results, almost Rs. 20 crores has been added through Teneligliptin and other group brands, which has made our rank also to move up. In diabetic front we were poor 32 ranked company, today we have moved to 20 ranked company. So Teneligliptin is adding lot of confidence in people in both the verticals and thus overall our diabetic portfolio, which is the fastest growing portfolio into the Indian therapeutic market. When it comes to Azilsartan, you know that it was approved only few

months back and we were one of the first few Companies to launch it. Today there are almost 35 players in the market. Being an ARB company we are known with Sartans like Losar, So I'm confident that Azilsartan with a brand name Zilsar, we are also going to do pretty well.

So as of now, we are seventh because of third-party production issues to start with and the pricing coming down a lot of hassles as you have seen in Teneligliptin also. But I'm confident in coming 3 to 4 months, we will be able to scale Azilsartan as one of the good product for us. We also introduced one in-licensing product called Bioscalin in India, which is for hair growth. So since it is in initial stage, I believe that quarter one to quarter two, we will find a positive traction in Bioscalin into cosmetology especially into hair grow segment.

Nimesh Mehta: Okay. So, this is the one that, I mean, the last conference call you alluded few derma launches, so one of this would be...?

B.S. Dhingra: One is this one, another one is Uniwhite, which also is doing very well, another was Stretchrid for stretch marks and there also we are doing started doing better. So it looks that this year like maybe by quarter three, quarter four you will find a very good growth traction and build-up on new brands, especially in derma space.

Nimesh Mehta: Understood. And this space, you don't want to make it OTC because the products that you mentioned are more...

B.S. Dhingra: You're right, but actually until unless this product gets in the critical mass we cannot go to the OTC route. Once we have a Rs. 10 15 core value insidethen we can think off. So maybe in subsequent years, we can plan how this product can also go to OTX.

Nimesh Mehta: And these derma launches are all in-licensed or only the hair growth one is in-licensed.

B.S. Dhingra: Only one product, hair growth product, Bioscalin, is in-licensed, all are otherwise being developed in India and we are doing pretty well. We started very good take-off there.

Nimesh Mehta: Understood. And if you can also finally tell us what could be the launch pipeline for '18 that will be helpful. You know these kind of specialized launch pipeline.

B.S. Dhingra: As of now, I don't find very brighter side on that area, because these are not much is available, but we are looking into three, four products and especially into diabetes space, cardiac space and one or two product into derma space. And but something will unfold only into quarter three and quarter four.

Nimesh Mehta: Yes, so you might expect new products in quarter three and four, right? Is that what I understand?

B.S. Dhingra: Yes.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Dinesh Bajaj from Systematix Shares and Stocks Limited for closing comments.

Dinesh Bajaj: On behalf of Systematix, I'd like to thank the management of Unichem for the valuable time. A big thank you to all the participants as well. Thank you so much.

Rakesh Parikh: Thank you very much.

B.S. Dhingra: Thank you. Thank you everybody.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Systematix Shares and Stocks Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

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