"Aurobindo Pharma Limited
Fiscal 2013-14 & Quarter-Ended 31st March 2014 Earnings
Conference Call"

June 2, 2014

MANAGEMENT: **MR. N. GOVINDARAJAN – MANAGING DIRECTOR**
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MR. ROBERT CUNARD – CHIEF EXECUTIVE OFFICER, AUROBINDO USA
MR. RONALD QUADREL – PRESIDENT, AUROMEDICS PHARMA, USA
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MR. T. ROY CHOUDHURY – INVESTOR RELATIONS

Moderator Ladies and Gentlemen, Good Day and Welcome to the Aurobindo Pharma Earnings Conference Call to discuss the Audited Numbers for Fiscal 2013-14 and Quarter-ended 31st March 2014. As a reminder, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. T. Roy Choudhury. Thank you and over to you sir.

T. Roy Choudhury Thank you, Inba. Hello and welcome everyone to Aurobindo Pharma's Earnings Call to discuss the Audited Results for Fiscal 2013-14 and the Quarter-ended 31st March 2014. I am Roy handling the Investor Relations of Aurobindo Pharma, and with me we have the senior management of the company represented by Mr. N. Govindarajan – Managing Director; Mr. Arvind Vasudeva – CEO; Mr. Robert Cunard - CEO Aurobindo USA, Mr. Ronald Quadrel – President, AuroMedics Pharma USA, and Mr. Sudhir Singhi – CFO. We will begin this call with the opening remarks from the company's management, followed by an interactive Q&A session.

Please note that some of the matters we will discuss today are forward-looking including and without limitations, statements relating to the implementation of strategic initiatives and other assertions on our future business development and eco-commercial performance. While these forward-looking statements exemplify our judgment and future expectations concerning the development of our business, a number of risks, uncertainties, and other important factors may cause actual developments and results to differ materially from our expectations. Aurobindo Pharma undertakes no obligations to publicly revise any forward-looking statement to reflect future events or circumstances.

Before we proceed with the call, I would like to remind everyone that this call is being recorded and the call transcript shall be available on our website soon. We expect the call to last about an hour. And with that please let me turn the call over to Mr. Govindarajan for his opening remarks.

N. Govindarajan Thank you, Roy. Good Evening, everyone. We are here to discuss the Audited Numbers for Fiscal 2013-14 and Quarter-ended 31st March 2014 along with the corresponding period previous year. As far as our revenues are concerned, our consolidated net operating income in FY14 grew by 38% to Rs.8,100 crores. The fourth quarter consolidated net operating income is about Rs.2,330 crores resulting in a growth of 48% on a year-on-year basis.

Gross sales from Formulations for the year have been Rs.5,878 crores, recording a growth of 38% over FY13 and during the quarter has been at Rs.1,614 crores which was 76% higher on year-on-year basis. The US Formulations sales continued on a strong momentum, growing by 94% against last year, which was at Rs.3,403 crores, driven by successful product launches and Cephalosporin reintroduction during the year as well as gaining market share of our existing basket. Reintroduced Cephalosporin products from Unit-4 generated sale of US$28 million during FY14 in line with our expectations. Aurolife -- our US manufacturing base -- saw an improvement in sales and turned profitable during the year, driven by higher capacity utilization due to enhanced order book and successful introduction of a few controlled

substance molecules and generated a revenue of US$74 million during FY14. AuroMedics (the company marketing injectable products in USA) continued to see a steady increase in quarterly sequential sales over the past couple of years and generated $12 million revenues in Q4 FY14. The annual sales from AuroMedics have been at $37 million in FY14, almost triple the number in the previous fiscal. We expect the sales uptake from our general injectable facility that is Unit-4 increasing for the launch products as we gain market share, complemented with the new approvals which we expect to receive in the year ahead.

In terms of our "US Filings", we have 336 ANDAs filed as on March 2014, of which we have received 155 final approvals, 26 tentative approvals and the balance 145 ANDAs are under review. The unit wise filling and approvals are as follows: from Unit-3, 118 filed and 114 approved, from Unit-7, 111 filed and 33 approved, from Aurolife 20 filed and 7 approved, from Unit-4, 55 filed and 8 approved, Unit-12, 20 filed and 19 approved, and from Unit-6, 11 filed and 10 approved and from AuroNext 1 product has been filed so far. Units-3, 7, and Aurolife manufactures Oral Non-Betalactam products, Unit-4 manufactures General Injectable and Ophthalmic products, Unit-6 and 12 manufactures Cephalosporin and Semi-Synthetic Penicillin products respectively and AuroNext which has a facility in Bhiwadi in Rajasthan is manufacturing Penam Injectable products.

Europe recorded a sale of Rs.672 crores in FY14, thereby growing by a strong 44% over last year. Our recent acquisition of the "Western European Commercial Operations of Actavis" will help enhance our European presence among the top 10 generic players in the coming years, once the operational scenario start playing. The ROW Formulations sales grew by 11% to Rs.463 crores in FY14 over Rs.416 crores last year. There has been a growth in ARV Formulations sales by 12% to Rs.840 crores during the year.

In terms of "Segmental Classification", US Formulations contributed 63% in the overall formulation revenue in FY14 against 52% last year. The share of Europe stayed at around 13%. Gross sales from API have been at Rs.2854 crores in FY14, which is 13% higher over the previous fiscal. The SSP sales grew by 28% to Rs.978 crores while the Cephalosporin sales declined by 7% to Rs.875 crores during the year. The Non-Betalactam product sales grew by 21% to Rs.1,011 crores during the year over Rs.833 crores last year, and constituted 35% of the overall API sales. This has been largely delivered out of advanced market in Europe and Japan. There has been year-on-year improvement in EBITDA by 11.1 percentile. Our EBITDA for the year is Rs.2,033 crores, which is 26.3% of net operating income, and has gone up by 140% over FY13. The profitability improved due to improved business net resulting in decrease of material consumption, staff costs and other operating expenses to net sales by 6.6%, 1.1% and 3.5% respectively.

As far as "FOREX" is concerned, the closing rupee versus US dollar rate was 59.915 in March 2014; 61.805 in December; and 54.285 in March 2013. The rupee depreciated by 10.4% in FY14 and marginally appreciated during the fourth quarter. This has resulted in a net FOREX loss of Rs.203 crores for the full year largely due to the reinstatement of our dollar-denominated borrowings as against Rs.163 crores last year.

The company's new CAPEX including maintenance CAPEX has been in the range of Rs.350 crores apart from the acquisitions made during FY 2013-14. The company's operations have resulted in substantial improvement to support the CAPEX through internal cash generation. The majority of the company's debt is denominated in foreign currency. The net debt is US$537 million as on March 2014 as compared to net debt of US$604 million on March 2013. The cash and bank balance is about US$97 million which consist of INR178 crores shown as cash and INR400 crores cash classified in long term loans and advances. The company has repaid US$57 million of debt during FY14 and it is our continuous endeavor to bring down the debt during FY15 by US$100 million to US$125 million. Growing export revenue offers hedge against repayment of foreign currency term loans of US$200 million which is payable from FY15 over the next 4 years. So this is all from our end and we will be happy to take your questions now.

Moderator Thank you very much sir. Ladies and Gentlemen, we will now begin the question-and-answer session. The first question from the line Prakash Agarwal of CIMB. Please go ahead.

Prakash Agarwal Since the time you have acquired, you have seen the assets of Actavis, just wanted to understand what is our present take because last time we spoke was you expect that business to be EBITDA-neutral by end of the second year. How are we positioned now?

N. Govindarajan I will allow Arvind to get into this, but I would say we would like to look at PAT-neutral or positive by the end of second year. So over to you Arvind, how is it going?

Arvind Vasudeva Having seen the operations for the last 2 months, we are quite confident to maintain the position, things are in line with what the due diligence and understanding was. So 2 months of being in the market in all the countries is in line with our estimation, we will be EBITDA-neutral at the end of 24 months.

Prakash Agarwal And the building blocks to that would be, the first stage being some improvement in gross margins given some common products, can you just take the assumptions once again?

Arvind Vasudeva We said wherever possible if our costs of goods are better, we will switch our products against Actavis. 2) Wherever operational optimization can be done, we will do it accordingly, but making sure that revenues are not impacted. 3), Over the next 18 to 24 months we will try to bring some products in-house to take advantage of our lower API and manufacturing costs. These are the three major drivers.

Prakah Agarwal Which will help us in EBITDA-neutral or say PAT-neutral from second year?

Arvind Vasudeva: Yes, Prakash.

Prakash Agarwal And your revenue assumptions, would you still say that given complex environment in the Europe you could still grow 10%?

Arvind Vasudeva Yes, we can grow by 10% putting together both Actavis in our portfolio.

Prakash Agarwal Second question is on the utilization of cash; so as per my numbers, you would have done Rs.600 crores of free cash flow, if you could help us understand how much free cash flow you did and where is the cash gone into allocations business put together?

Sudhir Singhi In Q4 we end up paying taxes, and during the year we have reduced the debt by $67 million other than as Govind said, the CAPEX was in the range of Rs.350 crores apart from the acquisition.

Prakash Agarwal So basically I am trying to understand of the $100 million of free cash flow, you are saying Rs.67 million has gone for reduction of debt, and partly for dividends and partly for tax free cash flow, post CAPEX?

Sudhir Singhi Yes, post CAPEX, partly for tax and partly for dividend.

Prakash Agarwal Did I hear correct Mr. Govind saying that there is endeavor to pay $100 million to $125 million every year?

Sudhir Singhi Yes, that is right.

Prakash Agarwal So this would be the working capital debt or the long term debt that we have?

Sudhir Singhi Aggregate of all, reduction is 100 million to 125 million

Prakash Agarwal If you could us help us giving the breakup of your gross debt in rupees and dollars as well as the cash position, please?

Sudhir Singhi Yes, you have seen in published abridged version of balance sheet the debt is about Rs.3,790 crores including the debt portion in current liabilities against that cash of Rs.178 crores and there is Rs.400 crores of cash classified in advances by auditors as per Schedule VI. So if you minus that on rupee terms, we have around Rs.3,215 crores net debt on the balance sheet which translates to around $537 million because all our debt is in foreign currency. So this $537 million net debt closing on March 2014, and we open our books it was $604 million, so you find reduction of $67 million during the year.

Prakash Agarwal I am trying to understand the balance sheet and the working capital side; so whatever we sold of large products, I believe that would be still under receivables?

Sudhir Singhi Absolutely, you are right. You might have seen that marginal six days increasing the cycle which will be realized in Q1 and this will facilitate very first quarter or second quarter substantial debt reduction and going forward we can able to achieve our target of $100 million to $125 million plus it will correct not only the debtors number, but at the same time loans and advances, cash also will flow into the cash and bank.

Prakash Agarwal If the understanding is correct, you expect this high number of debtors to come down a bit, post the realizations of our sales?

Sudhir Singhi Yes.

Moderator Our next question is from Manoj Garg of DSP Merrill Lynch. Please go ahead.

Manoj Garg Just like to understand that during the quarter we have filed 28 ANDAs in the US and 67 ANDAs for the year as a whole. So can you put some more color on the pipeline in terms of what kind of products we have filed and if you can give breakup in terms of Injectable controlled substances, etc.,?

N. Govindarajan I think the controlled substances will be filed more from US, but I would say like whatever filing which has happened during the quarter, as there is a deadline in terms of before mid of June we have certain advantages in terms of having only one batch as well as lesser period of stability in 3 months because of which we had enhanced our filings. So most of it is from I would say Injectable and Orals from India.

Manoj Garg Out of 145 products which we have pending approvals, almost around 45 products pending approval are for Injectables?

N. Govindarajan That is true.

Manoj Garg If I am correct, we have filed two Panems also during the quarter?

N. Govindarajan One Panem was filed during last quarter, one Panem was filed as of date of yesterday.

Manoj Garg Singhi, you said that there is Rs.400 crores cash which has been classified as loan and advances. Can you just tell us the entry and the adjustment?

Sudhir Singhi As you are aware, we have acquired for almost the nil consideration. So whatever the assets they are having apart from the cash, we are paying a nil consideration to Actavis. On the closure of 31st March 2014 business hours, our opening will be on the 1st April 2014, on that date closing they are having €49 million cash in their books. So that is the cash generated by them in their books, and to acquire this cash, we have to pay this cash. But being marked as escrow, with the advocate law firm, so auditor had said it will be classified as a 'Non-current bank balance' into the current assets schedule. We will pay on them on the 1st April, and in our books we will get €49 million cash back.

Manoj Garg So from the next quarter onwards it will be reclassified again as 'cash and bank balance'?

Sudhir Singhi You are right.

Manoj Garg If I heard you correctly, you said that we expect 10% growth in European business both including our own as well as Actavis put together?

N. Govindarajan Yes.

Manoj Garg Any guidance which you would like to give for the next year FY15?

N. Govindarajan I think we would not like to give specific guidance, but are confident that we will be able to maintain the movement of whatever growth we have been achieving for the past 2 to 3 years.

Manoj Garg We should be able to grow in the same proportion?

N. Govindarajan Yes.

Moderator Our next question is from Parth Shah from ICICI Bank. Please go ahead.

Parth Shah My question is from industry perspective; basically in the API industry, which are the major challenges faced by the company, because we have been hearing a lot that API industry is going through some troublesome environment. Just wanted to know from your point of view?

N. Govindarajan I think our company cannot be classified as a typical API industry for a simple reason that we have moved from more non-regulatory into the regulatory in the last few years only. So we have enough headroom for us to grow. So we do not see any as such like issues in terms of growing in API. As you would appreciate, Aurobindo has moved more from domestic market, rest of the world market into more regulatory market. Even if you look at the so-called Non-Betalactam sales, which is predominantly happening from the regulatory market is only 35% of the overall API sales.

Parth Shah What is the CAPEX plan for FY15 approximately?

N. Govindarajan We are working still around Rs.400 crores, it can at max reach around Rs.500 crores.

Moderator We will take our next question from Surya Patra of PhillipCapital. Please go ahead.

Surya Patra Can you just give us some understanding what is the kind of contribution that you have seen from the Cymbalta this quarter?

N. Govindarajan We are not going to get into the specific numbers on Cymbalta.

Surya Patra Because in the recent quarters I have seen the prescription growth if you see for Aurobindo then it has moderated a bit but in fact obviously because one of the opportunities of Cymbalta, the growth has been very substantial in the recent two quarters. So that is why I was thinking to know what is the kind of run rate that you are seeing in your base business?

N. Govindarajan Yes, I would answer that way, I think what you are looking at is if you leave Cymbalta for a minute, I think that is the best way of looking at it is, let us look at the second quarter of last year, and we never had Cymbalta or anything. I think you should consider that as a base where if I remember it right, Singhi correct me if I am wrong, it is around 22% to 23% of EBITDA is what we have reached. So that is something like which is sustainable and we would like to keep that as a base to grow over that. Cymbalta was launched in December 11, so obviously the numbers have started flowing in only from the third quarter, the second quarter did not have any Cymbalta numbers as you would appreciate it. So we are

saying that that is the base we would like to keep and grow over there. Let us take the example of the current year 2014-15, I would put it this way like keeping Cymbalta aside, keeping Actavis aside because Actavis would not approve any positive EBITDA immediately. So obviously keeping those two aside, we would still be same or better than what we had achieved at that particular base number at 22% to 23% EBITDA.

Surya Patra Regards Aurolife, you have mentioned that something like $70 million revenue that you have generated during the full year

N. Govindarajan $74 million if I remember it right.

Surya Patra I think it is a doubling kind of growth that you have seen in the Aurolife base. What is that is contributing to such a growth or is it that the number of approvals that you are seeing in the controlled substances that is much more or it is something else which is contributing to the ?

Robert Cunard We have seen growth from two aspects of Aurolife – One is expansion of the base business, and we have had some opportunistic products Mirtazapine, Valacyclovir, that have been strong contributors for the year, and that business is manufactured by Aurolife and sold through AP USA here in our finished label. The second part is the "Federal VA" awards with several new products, which represented approximately $15 million to $20 million of fiscal '14 revenues and that was a strong growth for this year as well, as these were new product awards for the year.

Surya Patra Does this can be a sustainable one.

N. Govindarajan In fact, Bob, if I remember it right, the VA contract is for a period of at least 5 years or ?

Robert Cunard Yes, that is correct, it is a 5-year award.

Surya Patra So this is a $20-million kind of annual run rate or what is it?

Robert Cunard That is what it was this past year and it is a 5-year award, there are always things that can change within the system as far as prescribing habits, new courses of therapy and things, but we think it is relatively predictable income stream.

Surya Patra Can you give some idea regarding Controlled Substances what you have been saying since sometime – what is the progress on that front and what is the pipeline that is there and how many projects that you are anticipating during FY15?

Robert Cunard The Controlled Substance business continues to grow as we get more approvals, we had relatively strong sales in them in the past year, and the most significant contributor was Oxycodone with Acetaminophen, which was our largest contributor. We did manufacture Dexamphetamine plain and had some small revenues in that for the fourth quarter and the Dexamphetamine Combo the generic Adderall product we had some delays in supplies and we manufactured late in the period but we will begin to

recognize revenue from that product in the first fiscal quarter of this year. So we began sales in April. Other controlled substances have been pretty good; we have had some recent awards on contracts, and we think that business will continue to grow over the years ahead.

Surya Patra Are you giving any sense regards any specific product with regard to the Controlled Substances for FY15?

Robert Cunard Nothing specific like as we have said in the past, we think the Dexamphetamine products will continue to be good contributors once we gain market share on that, and I think the Oxycodone products as well would be healthy revenue generators.

Surya Patra On the Injectable front, what is the utilization of the new unit, and what is the guidance for that injectable revenue for out of the US for FY14?

Ronald Quadrel Last year, about 9% of our total sales were from the Unit-4 products. This year we are projecting approximately 27% of our sales will be from Unit-4 Products; a lot of that from the products that were approved during the last fiscal year. The Unit -4 Products that will be approved this year, will be approved towards the end of this fiscal year, and a lot of that has to do when we actually filed the products due to the fact that the business began towards the end of 2011. So with FDA approval times, we will start seeing significant increase in the approvals starting around December of 2014, and then we will get a significant amount of Unit-4 Products approved moving forward from there.

Surya Patra What is the current quarterly run rate that you are seeing quarterly or monthly or whatever on the Injectable front?

Ronald Quadrel Our monthly run rates average of about 5 million dollars per month.

Surya Patra And how many Injectable approvals or launches that you are anticipating for '15?

Ronald Quadrel We are anticipating approximately 4 launches as I said towards the end of this fiscal year.

Moderator Our next question is from Nimish Mehta of Research Delta Advisors. Please go ahead.

Nimish Mehta You mentioned about the Injectable contribution to increase from 9% to 27% of total sales, am I right?

Ronald Quadrel Yes, Unit-4 will be from about 27% this year of total sales for Injectables.

Nimish Mehta And that would almost mean like 4 or 5x the current sales on the $60 million we are expecting about $250 million kind of sales, that is how I read it?

Ronald Quadrel No, from unit-4 as I said we have a run rate of 5 million dollars per month, if you take that over a year, it is 27% that is what we are looking at for Unit-4.

Nimish Mehta 5 million is already at 27% is what you mean?

Ronald Quadrel Total injectable sales run rate of 5 million. Of that 5 million, as you take it through the year is total of 60 million, 27% of that will be from Unit-4 by year-end.

Nimish Mehta If my reading is correct, debt has increased between Q2 and Q4? And if yes, what are the major components of that?

Sudhir Singhi The debt between Q2 and Q4 has not increased at all, rather in the Q4 the debt declined by $12 million. $As I said during the call cash classified of Rs.400 crores is in advances and that is what we are getting virtually, we acquired this Actavis business for nil consideration, on 1st April 2014, we will be having a €49 million cash transferred back to our consolidated accounts, that is what I can say to you.

Nimish Mehta Finally, if you can explain us the sensitivity to FOREX to our EBITDA margin?

Sudhir Singhi If you see in rupee terms, rupee has declined almost by 10%. So despite $67 million payment on opening rate of 604, it has reduced in rupee terms only by Rs.64 crores.

Nimish Mehta But I am trying to understand the sensitivity of foreign exchange fluctuation on the EBITDA margin at ?

Sudhir Singhi Generally, we have imports and exports; so even 5%-10% level of rupee fluctuations our margin plus or minus 1% get affected, not much.

Nimish Mehta At every 10%, 1% is the impact on the EBITDA margin?

Sudhir Singhi more or less in range 1-2%.

Moderator: Thank you. The next question is from Nishit Shah of Ambika FinCap. Please go ahead.

Nishit Shah: My question is on Prandin and Avelox. You launched this in last quarter. How has been the performance?

Robert Cunard: Moxifloxacin was a decent launch for us, we did launch it in the quarter, it was somewhat competitive in the space, but it was our highest contributor for the quarter on the new product introductions.

Nishit Shah: Prandin, you have been gaining market share. How is the performance on the Avelox side?

N. Govindarajan: As I indicated that is the Moxifloxacin the Avelox product, and that was a good contributor for the quarter for new products.

Nishit Shah: How do you see the next six months for both these products?

Robert Cunard: I think they will be relatively stable; we do expect we will go through some bid cycles with some large customers over the next six to nine months at which point there can always be price erosion or supply changes, but at this point it looks like we have garnered our share and should be relatively stable.

Nishit Shah: Bob, how about Cymbalta? We know that even in current quarter it has been doing well. Post the third week of June you will have more players coming into it.

Robert Cunard: I think exactly as you said; we anticipate that there will be additional competition from new players as well as existing players to expand their production capabilities and expand back into the market. Time will tell exactly what the competitive situation looks like and how we can participate in that market. We continue to be opportunistic. As things present themselves we try to capitalize on them.

Nishit Shah: On the Cephalosporin business, you relaunched it last year and with the onset of the winter you will have Cephalosporin sales coming in big time. So how do you see the Cephalosporin portion of the business shaping up starting the second, third quarter of this year?

Robert Cunard: For the past year, as Govind indicated in his comments, we came in about where we expected to for the year just a shade under $28 million in revenue from the Cephalosporin families. The season was a little bit light this past year in terms of that. We are hopeful for a stronger season over the next 12 months. We are preparing for that; we have expanded our awards with some customers which those will be stocked through the summer months as we get into the fall season. So, I am hopeful with a similar rate to slightly higher next year.

Nishit Shah: I got a question for Govind on Peptide; have you filed the first product with the USFDA?

N. Govindarajan: We have not filed right now, there are validation batches for two products are going on, so the filing would happen after we complete the validation batches and six months stability. So I think we are at least six-seven months away from our first filing.

Nishit Shah: So six months the approval should take 18-21 months ?

N. Govindarajan: Parallelly filing for other countries as well like say Europe could be faster than US. It could start commercial operations even earlier because as you would appreciate like countries like India and Southeast Asia also consumed good amount of Peptide. So that definitely will kick start its commercial operations in the next few months.

Nishit Shah: And one more question on the margin side; how do you see the base business margins excluding Cymbalta as you say in the earlier part, how is that shaping up – is the base margin going to improve vis-à-vis your third-quarter numbers that you have done?

N. Govindarajan: I think the way in which I have explained earlier to another gentleman like the last year second quarter is a base we are taking which is around 22-23% EBITDA and we are clearly seeing ignoring Cymbalta as

well as ignoring Actavis for the consideration, definitely we should do either equivalent or better than that is what we are clearly seeing.

Moderator: Thank you. The next question is a follow up from Prakash Agarwal of CIMB. Please go ahead.

Prakash Agarwal: For R&D as a percentage to sales how much did we do for the year end, for the quarter?

N. Govindarajan: While Singhi might look at specific numbers, what I remember is approximately 4.6% for the year overall, for the quarter slightly lower because of the higher sales.

Prakash Agarwal: And for the Injectable business, in the past call we have talked about like we are ramping up filings because we see the potential of shortages across the US. So just wanted to get a sense in the last six months we have got a couple of products in January, post which we have not seen approvals, and what I hear from Bob was like he is expecting four products at the end of this fiscal year. So, is there any change in strategy?

Ronald Quadrel: There is really no change in strategy. As I said earlier, we had gotten some approvals from products that were filed just prior to the formal establishment of AuroMedics that was the Acyclovir, Bupivacaine, and Lidocaine. Post those we went through some significant new product selection processes which we have added to the portfolio. The majority of those started with filings with the FDA towards the end of calendar year 2012. So as I said earlier, we are starting to expect our new approvals coming towards the end of 2014, the beginning of 2015. And what we will see is a significant ramp in 2015 and 2016 the new product introductions as the FDA gets through their review process and we gain our approvals and we launch subsequently to that. We have seen some upticks in our sales in Lidocaine and Bupivacaine to the shortages as well as Piperacillin Tazobactam and we are taking advantage of those.

Prakash Agarwal: If you could share some color on the kind of filings we have done as you have shared in the past?

Ronald Quadrel: Yes, to date we have filed several Penam filings so far, we have also developed and filed a number of products that are used in the operating process, what we would call 'pre-operative process' ;products that would be used while under anesthesia reversal products like neuromuscular blockers. We are also in the process of developing oncology products and some hormonal products-- quite a mixed bag of products. Our product capabilities would include vials, prefill syringes, and flexible bags. So what we are trying to do is we are trying to cover the gamut of the products that are used in the hospital as well as products that are used in oncology clinics as well as renal clinics, and no specific therapies but a wide range.

Prakash Agarwal: When do we expect your Oncology Block to be ready and filings to start?

Ronald Quadrel: I would say the Oncology Block probably will be commissioned by March of 2015, we are trying to do our development to coincide with that completion of the commissioning. So we would have to do exhibit batches in that facility. Now, with the new FDA requirements, that would require six months stability. So I

expect filings to start approximately 9 months from the end of commissioning. So that would put us towards the end of 2015 calendar.

Prakash Agarwal: On the Injectable side, you speak about getting some better market share traction because of the shortages. Wanted to understand from the Oral side given the channel consolidation we might be seeing, what kind of pricing trends have we seen?

Robert Cunard: Overall, we have seen with some specific products where we gain share and seen some improved margins, there are with some select items an inflationary environment, as you see, fewer manufacturers there and potentially some exiting those markets over the years ahead. As we go through the bid process with some of these large customers as I alluded to earlier, we do see some margin compression. So overall we hope that the pluses and minuses kind of work out, but generally we are somewhere in the 5% to 6% erosion on base business year-over-year. Important thing to note in that space is if you look at our past year on the traditional generic side in US market our base business we grew at about 24% and then that was augmented by our new product launches and our Cephalosporin relaunches.

Prakash Agarwal: In terms of fiscal '13 to fiscal '14 we saw ramp-up happening especially from a) Cephalosporin's unit coming back in action, Injectable getting approval and doing very good. Just moving to fiscal '15, so how do we see the ramp-up a) in Cephalosporin, b) AuroLife and Injectables?

Ronald Quadrel: Let me take the Injectables first. As Govind said in his initial comments, sales for Injectables in this past fiscal year that we just ended were about 37 million and our run rate is averaging about 5 million a month for this fiscal year, so that is 60 million total year for Injectables.

Prakash Agarwal: This is without any new product introductions?

Ronald Quadrel: This is with everything right now.

Prakash Agarwal: You are looking upwards of 60+?

Robert Cunard: When we look at the other generic products as you mentioned the Cephalosporins, as I indicated earlier, we think we're at or slightly above what we did over the past fiscal year and a lot of that is contingent on the strength of the seasons if you will and what that market looks like, and in terms of the AuroLife manufactured products with the full year effect, the Oxycodone products and the introduction this year of the Dexamphetamine and some other controlled substances once we get FDA approval, we think there is significant growth over the next 12 months.

Prakash Agarwal: Is this the business which we could see growth rate of say 30-40% or just a flavor on type of growth we can see on Aurolife?

Robert Cunard: Once again depending on the new product introductions and approval timelines I think that should be reflective of a growth rate we can see in that business.

Moderator: Thank you. The next question is a follow up from Manoj Garg of DSP Merrill Lynch. Please go ahead.

Manoj Garg: Bob, if you look at in Q4, we have an exit run rate of US of around $180 million. So just from a macro perspective, would like to understand that how do you see the US business over the next two-three years?

Robert Cunard: I think we continue to see growth; there is a couple of things we are dealing with again on the Generic side – and Ron can comment then on the Injectable side – clearly, there has been a lot of conversations about the 'Patent Cliff' and the slowing of new products being introduced in the market, our portfolio and our pipeline consist of a balance of new day-one generic introductions as well as those that we're coming late to market and where we can leverage our commercial capabilities, and our API and our manufacturing strength. So we think that continues to be a driver for us. As I indicated there are select opportunities where there is inflation in the market and that can be something that drives in the future. With our consolidated customer base and the large volumes that individual customers dictate now that tends to play well for us being a high volume supplier and we can satisfy that demand and meet their needs, I think there is also some options as we see our customers become globally oriented and how we can leverage our capabilities across the globe to service that. So, I think we continue to see growth may be slowing over what we have seen in the past, obviously, just as our base line grows from a percentage standpoint, but I think there are select items that will be key growth drivers in the future and should be nice margin contributors as well.

Manoj Garg: On ARV, where if you look at in terms of dollar, we have seen almost more or less flat kind of sales for the year as a whole. What is the outlook out here for the next two years?

N. Govindarajan: ARVs there are interesting opportunities that are also coming up because triple combination in most of the business is going to start from let us say 2014 and also like apart from that they are also looking at summer tenders which might open out. So definitely like it has got better opportunities in terms of growing from the current year.

Manoj Garg: Any number you would like to quote about?

N. Govindarajan: We are not going to give specifics, Manoj, but definitely it would be better than last year, and you have to understand the fact that it is a combination of domestic as well as exports. So domestic would always be in rupee irrespective of whatever the dollar is. So obviously, like in ARV business you have to segregate and then compare, otherwise, you will not get a realistic picture.

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

Girish Bakhru: First was on the Dextroamphetamine approval, (a very interesting product) could you give idea about the size of the market and how different is this product from Amphetamine salts per se?

Robert Cunard: Dexamphetamine is a Generic Adderall, the combo product is much larger than the plain Dexamphetamine. I do not have the exact numbers in front of me now, but again we think that is a significant contributor as we get the full year effect or have been some additional players active we have seen one of them that is introducing into the space as well, but we have some customer commitment to this point, we think it is a good generator, and total market size. Dexamphetamine Combination, G-Adderall is approximately $2.3bn US per IMS.

Girish Bakhru: Can you comment with Aurobindo would have filings for the combination products as well and if it does how many times soon?

Robert Cunard: Like I say, we have the combination, I guess the immediate release, if you will, and the extended release we do not at this time.

Girish Bakhru: Other question was on the Injectable side; you have a product Fondaparinux. Would you be able to comment on when that product can come in terms of the approval and commercialization?

Ronald Quadrel: We filed Fondaparinux earlier this year and with current FDA we figure probably 24 months or so before we get approval. So I will be looking probably in the beginning of calendar year 2016.

Girish Bakhru: This technology is entirely in-house, right, there is no partnership for this product?

Ronald Quadrel: Yes.

Girish Bakhru: On the drug shortages side, overall on a very macro perspective, with Hikma buying Bedford's asset, are you seeing there will be more shortages in the Injectable side at all, some of that will probably benefit Aurobindo in terms of the approval?

Ronald Quadrel: Hard to predict, because one, Hospira has been really one of the main reasons why there is a lot of shortages and they put a massive program together to remediate. As they come back in there will be less shortages. I believe with the Hikma acquisition of Bedford, it is going to take them a good year, year-and-a-half to get the products back on the market that were in shortage. So I would say reflective of what is out there right now you may see the shortages in and out over the next year or so. As we do not have a tremendous amount of products that are on the shortage list, we are trying to take advantage what we can. What I find is that even though a product is on the shortage list, often there are two or three players that come in and out, so it is not that we can capture the entire addressable market that is there, but we are trying to take whatever we can. For instance, Piperacillin and Tazobactam, Ondansetron, Lidocaine, and Bupivacaine are several of the examples where we have been able to take some advantage of the shortages when they do pop up.

Girish Bakhru: You already have existing products – Bupivacaine, Lidocaine in the market or is it something that you will?

Ronald Quadrel: Yes, we do, we launched Bupivacaine in January 2014, Piperacillin and Tazobactam we had on the market for about a year and a half and Lidocaine probably about six months right now.

Moderator: Thank you. The next question is from Surjit Pal of Prabhudas Lilladher. Please go ahead.

Surjit Pal: I have a few questions; I know that the huge growth in Q4 could be definitely clouded with a big contribution of Cymbalta. But if I were to have an idea what will be your core business growth in Q4 and FY14?

N. Govindarajan: As I was mentioning that if you just look at like Q2 we would be closer or slightly better than Q2 what we would have achieved in terms of EBITDA let us say.

Surjit Pal: I am not talking about EBITDA, I am talking about top line. What could be your growth on your core business if I compare Q2?

Sudhir Singhi: Q2 number we have reported about 1913.

N. Govindarajan: I will get back to you with this answer later, while you are going to the next one.

Surjit Pal: The kind of big contribution Cymbalta made in FY14, do you have confidence that as overall sales you could get it over in FY15 in terms of growth?

N. Govindarajan: As far as the overall sales are concerned, we are still confident because please understand the fact if you are looking at purely top line, first of all, our base business is growing, over and above that you will get a huge top line from Actavis as well. Arvind, currently if am not wrong, you would get somewhere around €330-340 million from Actavis business itself, is that a fair number?

Arvind Vasudeva: Yes.

N. Govindarajan: So the top line would be in fact growing faster. So that is where I said when we need to look at the overall business in terms of the bottom line we need to ignore Cymbalta as addition as well as you have to look at Actavis keep that aside and you will still see better bottom line than what we had achieved without these two.

Surjit Pal: My point is this €330 million top line growth, do you expect that full €330 million will be captured in FY15 or we have to wait say somewhere you need to have a reregistration, somewhere you have to wait that with €300 million straight you are adding to your top line?

N. Govindarajan: Existing business is continuing, nothing is disturbed at this juncture or nothing has been discontinued. Arvind, you can explain better?

Arvind Vasudeva: These are all registered and marketed first, so there would be any change in registration status, so revenue will be based on what is already in the market. What will happen is we will change some of these into our own label, which will be a very smooth process. So no issue on that area.

N. Govindarajan: What Arvind is saying whenever the change happens also we will not discontinue anything, we would like to go for a seamless transfer is what Arvind is also trying to explain.

Surjit Pal: You believe the number of people who have taken there is no need of any restructuring or laying of anything?

N. Govindarajan: At this juncture it is too premature to get into that, I think we should allow colleagues to some more time in terms of what they are going to do, like it is not the right time to get into those aspects of it please.

Surjit Pal: But it will take at least six to eight months to get into that idea?

Arvind Vasudeva: I think two quarters.

Surjit Pal: Last question is how big Pip Tazobactam in your Injectable contribution in US?

Ronald Quadrel: Right now, I am expecting approximately 30-35% of total sales for fiscal year '14-15 from Piperacillin Tazobactam.

Moderator: Thank you. The next question is from C Shreehari of PCS Securities. Please go ahead.

C Shreehari: If I look at the sequential growth, the top line has grown by about Rs.170 crores, whereas cost of goods sold has remained virtually static. So, could you please make some sense out of it for us to understand?

N. Govindarajan: Obviously, we have upside from Cymbalta, the cost of goods would not be reflective of because when you have say one product giving a more upside like definitely it will be shown more flat, right.

C Shreehari: But, that is why I am saying sequential, major part of that would have been captured in Q3 as well. So sequentially I am saying Rs.170 crores top line growth but flat cost of goods sold. Does it mean that base business has done pretty well?

Sudhir Singhi: It is increasing, because even you sequentially take increase of Rs.150 crores or Rs.100 crores, whatever maybe 3-5%, because we do not compare sequentially year as a whole, it all depends upon the product selling to the ultimate customer, it depends upon the generic price of other products, and it depends upon the market share, so a true comparison unlike software company our company it is year as a whole, but you will find obvious growth in our base business quarter-on-quarter, and for the confidentiality reasons, we are not giving the revenue to Cymbalta which will make the answer very clear at this juncture, but definitely there is a growth in base business from Q3 to Q4.

N. Govindarajan: If I were to rephrase it, basically, cost of goods sold has decreased by 300 basis points QoQ, but Cymbalta would not have contributed so much to it

C Shreehari: If you know that it has not contributed and definitely there is a growth in base business?

N. Govindarajan: There is no growth is what I would say so.

C Shreehari: Is that majorly business that is what I wanted to understand?

N. Govindarajan: It would not be majorly business, there is increase in base business as well, but the other products also had given upside, so it is a combination.

C Shreehari: Coming to Cymbalta, many of the competitors have mentioned about problems with product sourcing. I presume you do not have that kind of a problem?

N. Govindarajan: The advantage of Aurobindo being backward integrated has helped us in a great way sir.

C Shreehari: What is the situation on the street vis-à-vis the competitors – are they still facing that kind of a problem?

N. Govindarajan: I would say like we are 7 days away from 180-day is going to end, if you remember it right Bob, correct me if I am wrong, June 9th is when 180-day is ending Bob?

Ronald Quadrel: That is correct.

N. Govindarajan: Yes, so we are a few days away. So as of now we have maintained a good position but I think time will tell in terms of how is it going to happen, from June 9th we expect a few more players to come, including a few Indian players as well as a few international players. So clearly, we will see some further erosion, but as of now because of our backward integration we did not have much challenge in terms of the sourcing and compared to the other existing players and we have enjoyed certain benefits.

C Shreehari: That is what I am coming to we will have more competition going forward, but if the product supply is a problem then is that going to sustain even going forward?

N. Govindarajan: I believe that those would be getting into the market would secure the supply before they get into the market. So obviously, when they get into the market that means they have secured themselves well in terms of the total value chain before they get into the market and they will be able to sustain the market and they will take away some market share.

C Shreehari: So going forward you foresee more serious competition?

N. Govindarajan: Absolutely sir.

Moderator: Thank you. The next question is from Anil Shah of Birla Mutual Fund. Please go ahead.

Anil Shah: Would it be possible to get unit wise last US FDA inspections?

N. Govindarajan: It will be very difficult to right away tell you, but I can tell you all our facilities have been inspected within the last two years is what I would say; one of our API facilities got inspected four weeks to five weeks back, and inspection went on well. So we are expecting inspection for at least two to three facilities in the coming days. So it would be a few weeks to few months we expect the inspection to happen.

Anil Shah: So two to three facilities for this fiscal?

N. Govindarajan: Yes.

Moderator: Thank you. The last question from Prakash Agarwal of CIMB. Please go ahead.

Prakash Agarwal: Just wanted to have some sense we have many participants better understanding on the US base business growing from here, I am sure Cymbalta will continue to extend, but so in the past we have talked about 18-20% kind of base business growth. So, do we still stick to that?

Robert Cunard: As indicated in the past, we do think there are still considerable growth drivers in the US business, we would not see percentage growth as you indicated as we had in the past, once again the largest factor there being our base line has grown significantly over the past couple of years. So we still have a robust pipeline, we still think there is opportunities to grow within our existing portfolio, and there can be some opportunistic products as well with the inflationary environment. So we think there are drivers there, it will be largely contingent on how we can interface with our customers and leverage our relationships and expand on those.

Ronald Quadrel: From the Injectable side, we are going to see a lot more growth going forward as I said, right now we have 45 files with FDA under review, we are expecting another 8 to 9 this calendar year and another 30 next year. So I am expecting in calendar year '15 between 20 and 30 approvals and on calendar year '16 about the same. So depending on the timing of those particular approvals we could see significant growth over the next two to three years on the Injectable side.

N. Govindarajan: Prakash, if you are looking at specific current year 2014-15, I think in simple terms, Bob is clearly saying that the existing business can still grow, plus as you might have seen earlier we have said there are enough products yet to be approved and whatever product approves that will also grow. Over and above that as Ron had explained about moving from $37 million to $60 million number that is another set of growth from US, and the third is AuroLife, the full year definitely would really be better than what it had achieved last full year, because the last year like I think the latter part was better is what I would say, definitely that would help. So, within these three buckets whatever I talked about you have some upside in terms of like the controlled substance aspects of it. So definitely I think the base business growth is something not only sustainable, as Ron and Bob are explaining, we are seeing growth sustaining for the next two to three years at least.

Prakash Agarwal: Any broad bucket 10 to 15, 15 to 20 you could give ex-Cymbalta ex-base business going forward?

N. Govindarajan: Definitely 10 to 20 is minimum I would say, definitely it can be better than that. I think if you really look at AuroMedics right now, the numbers what you are talking about is almost around 70-80% growth from 37 to 60%, last year we had grown at 92%, do not expect the same, but definitely there will be better than this number whatever you are talking about.

Prakash Agarwal: Lastly, we have seen a lot of Para-IV filing building up. In the past we have not seen that. So, what is the strategy ahead? Para-IV is good. And these monetization would be what – '17-18 onwards or when should we see?

N. Govindarajan: If I remember it right, there might be some smaller Para-IVs, if you are looking at something similar to like large numbers then I think 2016-17 is what next would come up if I remember it, right, Bob.

Robert Cunard: That is accurate.

Prakash Agarwal: Because we heard a commentary that there could be a couple of niche opportunities also within '15-16

N. Govindarajan: True, but what is the value you are looking at is also important, because the reason is when we say 'niche' we do not want you to consider huge number, so there are some niche opportunities but the top line may not be 100s of million, it could be 20-30 million also.

Prakash Agarwal: You are saying fiscal '16-17 is where you see a couple of more interesting quarters?

N. Govindarajan: Yes.

Moderator: Thank you. I now hand the floor back to Mr. Roy Choudhury for closing comments.

T Roy Choudhury For further information, please feel free to visit our website, www.aurobindo.. Thank you everyone for joining us in the call today and wish you a good day.

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