February 22, 2023

National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai-400051

Symbol: **ORCHPHARMA**

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai-400001

Scrip Code: **524372**

Subject: Transcript of Investor/Earning Call – Orchid Pharma Limited ("*the Company*")

Dear Sir/Madam,

This is in continuation of our earlier announcements dated February 14, 2023 and February 17, 2023.

In view of the above, Transcript of Investors Call/Earning Call held on Friday, February 17, 2023 on the Un-Audited Standalone and Consolidated Financial Results of the Company for the Quarter and Nine Months ended December 31, 2022 is enclosed herewith.

Further, pursuant to Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid transcript is available on the Company's website i.e. www.orchidpharma.com

You are requested to take the above on record.

Thanking You,
For **Orchid Pharma Limited**

Marina

ORCHID PHARMA LIMITED
Chennai

Marina Peter
Company Secretary
Encl. as above

"Orchid Pharma Limited Q3 FY23 Earnings Conference Call"

February 17, 2023

MANAGEMENT: MR. MANISH DHANUKA – MANAGING DIRECTOR AT ORCHID PHARMA LIMITED

Moderator: Ladies and gentlemen, good evening and welcome to the Orchid Pharma Limited Q3 FY23 Earnings Conference Call.

As a reminder, all participants' 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manish Dhanuka, Managing Director at Orchid Pharma Limited. Thank you and over to you, sir.

Manish Dhanuka: Good afternoon and welcome to the Q3 Earnings Call for Orchid Pharma Limited. I hope you have already gone through the results of Q3. Happy to announce that this is the first quarter where Orchid has been PAT positive since our takeover.

I can say it has been an eventful journey for almost 3 years since we took over the control of Orchid Pharma on 31st March 2020. I will now take this opportunity to share a comparison of 9 months' results from the time we took over. This will demonstrate the progress we have been able to make during our time as the new management. Sales in the 9 months are up from Rs. 396 crores to Rs. 456 crores. Employee expenses are down from Rs. 65 crores to Rs. 49 crores, a reduction of 25%. Non-employee other expenses are down from Rs. 166 crores to Rs. 97 crores, a reduction of more than 40%. Major areas of cost savings have been consumables in which we have saved 50%, factory maintenance 30%, insurance almost 60%, consultancy, and credit loss. With these developments, our operating leverage has improved significantly.

From an employee cost of 16.5% as a percentage of sales in financial year '20 first 9 months, it has come down to 10.7% in the last 9 months. On the other expenses, we have come down from 41.9% to 21.4%. Overall basis, from 58.4% of costs below the gross margin, we have come down to 32.1%. As a result of these measures, i.e., increasing the sales and reducing the cost, we have been able to achieve a 13% EBITDA as against 1.5% which was before our takeover. Further, on the debt front, as most of you would be aware, we had taken a term loan of Rs. 427 crores to acquire Orchid Pharma.

Our endeavor was to reduce the debt and the interest burden at the earliest possible, and we have systematically focused on conversion of all non-core assets into cash. We have sold off loss-making IKKT business, the formulation business. It had a loss of Rs. 61 crores in financial year '20 which is no more existent. The sales proceeds of this, Rs. 113 crores, have been used to repay the term debt and we have received 26% equity which is valued at about Rs. 45.5 crores at the face value for this business. The current term debt stands at Rs. 120 crores. That is a reduction of Rs. 300 crores in less than 3 years. We feel happy with the above achievement of the last 3 years; however, we feel we still have a long way to go.

That's all from my side. We will be glad to take up any questions.

Moderator: We will now begin the question & answer session. The first question is from the line of Himanshu Upadhyay from O3 Capital. Please go ahead.

Himanshu Upadhyay: I had a question. This is a follow-up. In the last con-call, we were very confident and it seemed we were interested in merging both DLL and Orchid Labs and you also gave reasons why it made sense that both the companies to be merged, and we were ready to go to higher courts also. What changed and why did we change our opinion on merger? And what ramifications does it have? Because, some of the products were being developed at DLL and which were to get manufactured at Orchid and similar type of things which we were expecting or we had guided for. How are those things going to now happen? And some of your thoughts if you can elaborate which have gone into this decision will be helpful to us for the future?

Manish Dhanuka: I would like to inform that the basic philosophy and the intent of merging has not gone away and that still stays. However, based on the advice from the investment bankers, as you are aware, we have the requirement to meet the MPS by 31st of March, and we have to bring in this QIP to meet that requirement. And after meeting various investors and as advised by our investment bankers, there was some ambiguity because of the delay in the merger process and the courts took a very long time to give their decision. Although we did decide to go back to the court to review the decision but due to the lack of or maybe reasons in the court, there was no decision coming. So, we had to withdraw for the time being, but the overall intent remains the same. The main reason was, of course, synergies which still exist. The other main reason was to have a good governance structure. So, the synergies are not going to go away. The common intermediates and the partnership between the two companies are still there. And for good governance, we would definitely like to go ahead and that's what we want to demonstrate here also. We did not want any incoming new investors to give any ambiguity. So, we will again come to the Board and to the shareholders for approving the merger once again after this QIP.

Mridul Dhanuka: Himanshu, just to clarify further, after the QIP, the capital structure of Orchid would change. That would entail a change in the swap ratio already approved by the Board and SEBI. Because of these two changes, in any case, we would have had to go back to the Board for approval and SEBI. Therefore, we decided to withdraw our challenge in the court, and we will come back with a fresh merger proposal first with the Board and then the stock exchanges once the QIP process is completed.

Himanshu Upadhyay: I was going through the credit rating report what we have put on the BSE. When we see that for sterile products, the capacity utilization has improved quite significantly and congrats on good set of things which have happened. The production in first half was more than what we did in complete FY19 or CY19, but in case of orals, the capacity utilization remains very low. Can you give an idea what are the challenges here and what is the breakeven level of capacity utilizations of orals and by what time or what would be the efforts you are taking to increase the capacity utilization on orals side.

Manish Dhanuka: As it is a common plant, there is no individual breakeven, you understand. In the process industry, there are a lot of common overheads. So, our intent is to increase both sterile as well as oral output, but as you know, there are 2 factors here at play. One is the major innovator company's contract. And sometimes that contributes largely to our oral revenue. And depending on their demand, it varies from quarter to quarter, sometimes even financial year to another year. And that's not very much in our control. But other than that contract, we have increased the sales of all other products. So, the overall intent remains the same and I think we are heading towards that only.

Himanshu Upadhyay: We have seen the revenue stagnate Y-o-Y when we look at it. And the raw material prices as a percentage have increased in the quarter. Has there been any product mix change or the prices have fallen for the products in the market and hence the gross margins have reduced? Can you elaborate on what else happened in this quarter?

Mridul Dhanuka: Himanshu, I think you are only comparing quarter-on-quarter numbers.

Himanshu Upadhyay: No, Y-o-Y and Q-on-Q.

Mridul Dhanuka: That's what I am saying. Orchid have always reiterated our shipments are large. One shipment would be as high as let's say Rs. 10 crores. So, 1 or 2 days' order here and there could shift the quarters. So, we have always reiterated in the past we should always look at Orchid as a business which is cumulative sales to the year. One or two days because the shipment couldn't go, the flight was not scheduled etc, sometimes the date of the order might shift. In last 1 or 2 days, revenue in any case is not recognized. It could be because of some of those factors. If you look at 9 months' basis, we are growing upwards of 15%.

Himanshu Upadhyay: The fall in depreciation is for what reason – from Rs. 20 crores to nearly Rs. 8 crores Y-o-Y and even….?

Mridul Dhanuka: We had guided even in our first year, Orchid invested a lot of money to build this plant, and from this year, a lot of that investment has completed 15 years of life. So, as per Orchid's depreciation policy, once the assets are 15 years old and 95% depreciated, we stop charging depreciation on that. Therefore, you see this sharp fall of a plant which was commissioned more than 15 years ago suddenly changing to this number.

Moderator: We will move to the next question that is from the line of Sajal Kapoor as an independent investor. Please go ahead.

Sajal Kapoor: Mridul, one of the menu items on your website mentions contract research & manufacturing services. Is this generic or NCE CRAMS?

Mridul Dhanuka: This is generic, not NCE.

Manish Dhanuka: We are currently working for the products which are going off patent in the next few years. So, we work with the generic players and develop it ahead of time for them. And then partner with them for manufacturing further if they are interested.

Sajal Kapoor: The end customer, is that a generic company or the innovator?

Manish Dhanuka: It's a generic company.

Sajal Kapoor: On this enmetazobactam, the NCE royalty milestone payment, can you just remind us of the timeline and the value again, please?

Mridul Dhanuka: Yes, Sajal. Actually, the timeline is a guesstimate. As we have said before, this is run by an independent company to which Orchid had licensed this product way back in 2013. Our estimate is that they would have already filed for the new drug application in Europe ~~in November~~ and they should have filed/filing in the US also early this year. As per the USFDA, it has been given a fast-track status because of the increasing issue of antimicrobial resistance. We believe that during June-July of this calendar year, it is likely that the product may be launched.

Coming to the second part of the question, in terms of the value estimate, we have estimated a lifetime value of $2 billion to $3 billion on this product which has over a 10-year patent life left and Orchid is entitled to 8% royalty on the global sales of the molecule.

Sajal Kapoor: One more question that I have is, if I go back 15 to 20 years somewhere around 2005 when you guys were not the management and Mr. K. Raghavendra Rao and team were there, the gross margins used to be as high as 60%, between 55% and 60%. I know a lot has changed in terms of selling the injectables capability to Hospira, so on and so forth. The business has come a long way. After NCLT, you guys have taken over. My question is, with increased exposure to the regulated market because I think that's where our thrust is and slightly better raw material pricing, going forward, I guess our gross margins should get closer to 45% at least if not more and most of these gains should flow into the EBITDA margins. Is that a reasonable assumption?

Mridul Dhanuka: You can say that. Last year we were at 42%, currently we are at 40% to 40.5% of gross margins. I think we won't be able to go back to the days that you are talking about, a 60% gross margin, but it is possible that we may inch up 1 or 2 percentage points as we go forward. A lot of this synergy will come more into play when our PLI project is implemented and we would have in-house backward integrated some of the key raw materials. Then, in the longer term, it is very likely to play out.

Sajal Kapoor: Do we see any sort of execution risk on that 7ACA backward integration? What potentially could go wrong that we can perhaps foresee and mitigate upfront?

Manish Dhanuka: We don't foresee much of the issues. The only gray area that as a viewer I would anticipate would be the technology. And fortunately, we have got access to a couple of technology providers and we are very hopeful that we will be able to sign a technology transfer agreement from a very reputed company. They have an excellent technology in hand. We are in an advanced negotiation stage at this point of time. So, we don't see much of a problem as of now.

Moderator: The next question is from the line of Viraj Parekh from Carnelian. Please go ahead.

Viraj Parekh: First question is if you could let me understand that for the 9 months FY23, how much of our revenue has been contributed from the Europe region? We have done around Rs. 450-odd crores of top line. Can you help me with that number?

Mridul Dhanuka: Viraj, we only talk about this on an annual basis. I can say this that last year we were at roughly between 40% and 45% and a similar trend should continue even for this year going forward. What has happened new is our US business has started in this quarter and although the numbers are not big but we expect that this number to be significant in next year.

Viraj Parekh: Just a follow-up on that. What kind of demand environment are you foreseeing in Europe currently and probably for FY24 as you are progressing towards the new financial year? If you can help me understand your talks with the clients which are going on there?

Manish Dhanuka: We are expecting a better demand this year. With all this war going on and a lot of turbulence, we see the healthcare demand in Europe to be higher this year.

Viraj Parekh: Apologies if I am repeating the question because I joined the call a little late. I just heard that the depreciation has decreased because of some non-capitalization of assets which are aged more than 15 years and 95% depreciated. Will we have to incur further CAPEX for the machinery which is outdated or can we continue that for the coming 2-3 years more?

Mridul Dhanuka: Viraj, Orchid invested in world-class equipment always. Most of our equipment, especially in the sterile plant is all Italian, German, American, Japan, etc., make. They have long life. What we do imagine is that depending on component to component as we expand and modernize, a marginal CAPEX would be needed of Rs. 15 crores to Rs. 20 crores kind of a thing to maintain these kind of assets. We don't need anything major going forward to maintain current run rate. You are already aware of the sterile plant that we are commissioning with additional investments. Those we have already talked about earlier, to increase capacity. To maintain the current business, we don't envisage any large number as investment.

Viraj Parekh: We can go ahead with a Rs. 15 crores to Rs. 20-odd crores quarterly depreciation kind of a run rate going ahead, right?

Mridul Dhanuka: Not Rs. 20 crores per annum. It's Rs. 35 crores per annum, Viraj sir.

Viraj Parekh: No, I am talking about quarterly. For the quarter, around Rs. 8 crores this quarter, our depreciation?

Mridul Dhanuka: Yes. A similar number should continue going forward.

Manish Dhanuka: Maybe something will get added for the new investment that is going to be capitalized. Otherwise, there should not be a significant increase in depreciation.

Viraj Parekh: Just last question before I join back in the queue. Are we on track to dilute our stake before March 2023 or are there any further delays in that?

Manish Dhanuka: We have appointed Edelweiss and JM as our investment bankers. They are looking into the matter. They are preparing the documentation and all. We are hopeful we should be able to do it before 31st March.

Moderator: The next question is from the line of Nikhil Upadhyay from Securities Investment Management. Please go ahead.

Nikhil Upadhyay: My question is, if I go by the rating document, we have seen a significant scale-up in the sterile business. What we understand is sterile is a more profitable business versus the oral dosage, but over the same period, what we have also seen is that our gross margins have significantly fallen while the sterile mix and growth has been much higher. How should we read it? And is it like RM cost and prices in sterile have fallen significantly which have impacted us? Do you think it can reverse?

Mridul Dhanuka: Nikhil, sterile plant, just to explain this to you, sterile plant we need to keep operational to make the sterile conditions 24/7 whether we are manufacturing in it or not. When the banks were running it before our takeover for almost 3 years, they decided they will not make any product unless the gross margin was upwards of 50%. But while they were continuing to incur the cost of people, energy, maintenance, and all of those heads on the sterile plant. When we took over, we realized that while we are incurring this expense, not taking orders in our sterile plant is not a good strategy. So, even at lower gross margins for the emerging markets, we have decided to keep the sterile plants operational. Let's say we earn a gross margin of even 30%, all of that goes directly to the bottom line because we don't add as much expense after the gross margin line on that manufacturing. That is what you see as a significantly increased capacity utilization on the sterile side in our books. Our intent is to ensure that our sterile plants are fully operational all the time and you would see similar numbers on the sterile side going forward. As we increase our regulated market business going forward, obviously the same product from the same plant can be sold to the regulated market and we can see improvements like I just shared in an earlier answer that we are increasing our US business. So, gross margins would see improvement on the sterile side due to that business.

Nikhil Upadhyay: Another question is, if we look at the last 10 to 12 quarters of our operating cost, we have been able to manage our operating cost other than the RM. The employee cost and the other operating cost have been in a tight band. And what I understand is that we are not putting any greenfield and most of the capacity is more of a brownfield both in sterile and oral other than the intermediate plant which is separate. As the utilizations of the oral dosage and everything increases, do you think the operating cost will remain at this level or how should we understand the operating cost inflation which may hit? Is it like as the utilizations improve, whatever increase happens will flow to the EBITDA margin improvement?

Mridul Dhanuka: Nikhil, I would like to cite last year's results as an example. Roughly, last year, our sales increased by almost 24% while the expenses increased only by 12%. As we go forward, we expect this operating leverage to continue to play out for us. What exactly will the number be this year, we have to see. But we expect that sales growth would be more and expenses would not increase in the same proportion, thereby adding to the EBITDA percentage as a percentage to sale, which we have demonstrated in the 3 years of operating.

Manish Dhanuka: I would just like to add, this year the head that was not in our control was the worldwide increase in the energy cost. But it is our endeavor to continue working on reducing the cost and I am confident that you will see further reduction at least in terms of percentage of all the costs going into the future.

Nikhil Upadhyay: That was my point, sir, that in the last 9 months what we have seen is that the API prices corrected significantly while the RM prices, the energy prices, and the freight prices in the last 1 year had significantly increased. As those are cooling off and our utilizations are improved, our margin profile should only improve from here. Or is there anything which I am missing that probably can pull the margins over or maintain at this level?

Manish Dhanuka: We are thinking on the same lines as you. We are hopeful that margins should improve with increase in sales and reduction in the overheads, yes.

Nikhil Upadhyay: And just last 2 questions. We were planning to sell the Orchid Towers, which would have reduced the debt significantly from Rs. 130 crores to probably below Rs. 50 crores. Any developments over there?

Mridul Dhanuka: We have signed an ATS with the party. Unfortunately, I cannot divulge the contents of that, but hopefully, the transaction should be concluded before the end of March this year.

Nikhil Upadhyay: And lastly, what is the carry-forward tax losses which we have, which should keep the company as non-tax paying for how many years?

Sunil Kumar Gupta: We have around Rs. 1,000 crores of carry-forward losses. And I don't think at least for the next 3-4 years we will have problem. But as you know that after 8 years, this will start lapsing. That part we have to see.

Nikhil Upadhyay: That's why I was asking that when we had acquired, at that time, there were significant losses and over the last 2 years….

Sunil Kumar Gupta: Yes, but right now, usable is Rs. 1,000 crores.

Moderator: The next question is from the line of Rupesh Jain from Intelsense. Please go ahead.

Rupesh Jain: Sir, my first question is, you I think in the previous year had given a growth guidance of 20% to 25% for 3-4 years. In 9 months, we see that number is at 15%. I know you have talked about shipping. Let's say, for FY23 and then also FY24, we can have that kind of guidance.

Mridul Dhanuka: Rupesh, unfortunately, since the QIP process has started, we are advised by the lawyer we cannot make forward-looking statements on this call today.

Rupesh Jain: Other than shipping, was there any issue in Q3? Because, generally H2 is much stronger for cephalosporin business, right?

Mridul Dhanuka: Yes, historically, for Orchid, H2 has been 60% of the sales compared to H1. So, 40:60 has been the ratio historically.

Rupesh Jain: But was there any issue other than shipping?

Mridul Dhanuka: I am not sure what you mean.

Rupesh Jain: Q2 and Q3 number is same, right? Actually Q3 is marginally lower. And generally, H2 should be much stronger, right? Shipping is one issue you talked about that maybe some shipments got delayed because of 1 or 2 days like that you have said, but was there any other industry level or some sort of demand side issue?

Manish Dhanuka: The trend in the last 2-3 years that we have experienced is that the 2nd half is better. As he said, because of the advice from the lawyer, we do not wish to make a statement in that regard. But I am sure you can understand.

Rupesh Jain: I am not asking you about Q4, sir. I am asking about Q3, December 2022.

Mridul Dhanuka: There was no issue and the H2 results should be like the past trend in our opinion. There is no major change. But the only point I was trying to make is don't look at just a quarter. That's not the right way to look at it.

Rupesh Jain: The second question is, where are we on our injectable CAPEX given we are already running at full capacity?

Mridul Dhanuka: We currently have 4 sterile blocks. We are in the process of commissioning the 5th one. Because we are adding the products, I remember in the earlier calls we have talked about ceftaroline and ceftazidime-avibactam. In fact, ceftazidime-avibactam we have launched already in India on 27th of January. To utilize our capacity and able to service the market for these products, the 5th block will be commissioned. Our target date for that is 15th of June of this calendar year and we seem to be on track.

Rupesh Jain: After commissioning, there must be some regulatory approvals or we can directly use it given this is a….?

Mridul Dhanuka: For emerging markets, we can immediately start using it and for regulated markets, we will need an inspection by the regulatory agencies. But as I have explained before in this call and earlier, our regulated market capacities are more than enough. So, we don't see a challenge currently in servicing the regulated markets even with the capacity that we have.

Rupesh Jain: Next question is, oral capacity utilization I think as per credit report is roughly 40% to 45% and you said CMO deliveries kind of dictate that. We do contract manufacturing for some innovator. My question is what percentage of oral revenue out of total revenue is contract manufacturing for an innovator?

Mridul Dhanuka: I think there was some miscommunication. We have a long-term manufacturing deal with the innovator; we don't do contract manufacturing. It is a different kind of arrangement; it's not a contract manufacturing arrangement. And in terms of the capacity utilization actually what you see in the credit report, some of that capacity – I have said in the earlier call as well – was related to gen-1 products like cephalexin which Orchid used to sell 300 to 400 tonnes per year. After our sterile capacity comes online, our next project is rejigging of the capacities to make the newer generation products and this capacity number during the next credit report would be revived once we rejig that capacity to make the newer generation products.

Rupesh Jain: But inside oral, all our sales is innovator sales or is there some other sales also?

Manish Dhanuka: The innovator sales would be about 20% to 25%.

Rupesh Jain: Of the total or of the oral?

Manish Dhanuka: Of the oral.

Rupesh Jain: So, then, rest of the 75% we should be able to use and take this capacity upwards, right? 42% kind of sounds like a low number. At least 70% to 80%.... Using the non-innovator business, can we not get that capacity there – capacity utilization?

Manish Dhanuka: That's what we are doing. That's how the sales have increased in the last 2 years. But as he suggested, some of those stated capacities are probably not the right parameter to judge because they need a little bit of, I would say, reengineering to cater to the newer class of products which have more demand than the older products. That is what we are in the process of doing now.

Rupesh Jain: My next question is on competition. One of the North-based competitors – maybe I should take the name – Nectar Life, is a very big player in cephalosporin and we kind of see balance sheet issues with that company. It's a pretty big Rs. 1,500 crores to Rs. 1,600 crores kind of sales. Based on this and probably other competitors, how is the competitive scenario? Do you see some value migration happening to us now that Orchid Pharma is in a strong balance sheet and strong management? Do you kind of see that happening?

Manish Dhanuka: The markets are growing. We see healthy competition. It would not be proper to comment on the competitor. But we see that the demand is growing and there is scope for everybody.

Rupesh Jain: My last question is, in 9 months, what was the US revenue contribution? And in let's say, '24 or '25, can you give some indicative range where the US revenue can grow?

Mridul Dhanuka: Rupesh, just like I explained to Nikhil, we can't make forward-looking statements. Currently, the revenue contribution is in low single digits but the CAGR percentage on this business would be significantly higher than the rest of the businesses going forward. That's all I can say.

Moderator: The next question is from the line of Darshan Jhaveri from Crown Capital. Please go ahead.

Darshan Jhaveri: I just wanted to know how much of our sales are from oral and how much from injectables? Rough lanes would also do.

Mridul Dhanuka: Roughly, one-third of our business is injectables and two-thirds is oral.

Darshan Jhaveri: What would be the margin profile of both the products? Are they similar in range or how would they behave?

Mridul Dhanuka: This is a very tricky question, Darshan. Unfortunately, I will have to give you a very convoluted kind of answer. It depends on which product and which market you are selling. I can give you the range which will help you understand what it looks like. For some of the products on the oral side, the gross margin is maybe as low as 25% while for some products it may be as high as 75%. Similar ranges would play out even in the sterile space. So, it is very difficult to say in general what is the margin between the two.

Darshan Jhaveri: I understand, sir, we can't make forward-looking statements. But in general, at proper capacity utilization, on a blended basis, overall, on a company level, what is the ideal EBITDA margin that we are looking forward to? Because, there have been a lot of fluctuations. We don't really know what actually our business can generate in terms of profits. I don't want, again, any specific guidance but just a range of normal profits, is previously done 18% EBITDA or something like that reasonable or has this completely changed right now?

Mridul Dhanuka: Our intention is to continuously improve it, Darshan, and like I said, we have talked about it in the past. Our sales last year increased by 24% to 25% while the cost increased by only 12%. And as we go along, we expect that leverage should continue to play out for us. And whatever we earn by extra sales and gross margin will go directly to EBITDA because, like I said, costs will not increase in the same percentage as sales.

Manish Dhanuka: We have a 3-pronged strategy. Two we have already discussed – about reducing the cost and increasing the sales of existing products. The 3rd one we probably didn't talk about was the launching of new products, and like Mridul said, we launched avibactam-ceftazidime combination which went off patent on 27th of January. And I'm happy to announce that we were able to launch it on day 1 through our formulation partner, and four large Indian companies launched their products through our API. That's the 3rd pillar on which we are working and hopefully we will have new products coming in the future 3-4 years. That will contribute to not just top line but as you know newer products have better gross margins, that will contribute to a higher EBITDA also.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference back to the management for their closing remarks. Thank you and over to you.

Manish Dhanuka: Dear gentlemen, thank you very much for your interest in this conference call. We appreciate your interest in Orchid Pharma.

Moderator: Ladies and gentlemen, on behalf of Nuvama Institutional Equities, that concludes today's call. Thank you all for joining us and you may now disconnect your lines.