

August 17, 2024

National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai-400051 BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001

Symbol: **ORCHPHARMA**

Scrip Code: **524372**

Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Sub: <u>Transcript of Analysts/ Investors Earning Call held on August 13, 2024- Orchid Pharma Limited ("the Company")</u>

Dear Sir/Madam,

This is in continuation to our earlier announcement dated August 07, 2024 and August 13, 2024.

In reference to the captioned subject and pursuant to Regulation 30 read with Part A Para A Sub- Para 15 of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended, please find enclosed herewith transcript of Analysts/ Investors Earning Call held on Tuesday, August 13, 2024 on the financial performance/ financial results of the Company for the Quarter-1 of financial year 2024-25, ended on June 30, 2024 and the same be read in conjunction with the Audio Recording link submitted via our letter dated August 13, 2024.

Further, pursuant to Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid transcript is being available on the Company's website i.e. http://www.orchidpharma.com.

You are requested to take the above on your record.

Thanking You, For **Orchid Pharma Limited**

Kapil Dayya Company Secretary & Compliance Officer

Encl.: as above



"Orchid Pharma Limited Q1 FY25 Earnings Conference Call"

August 13, 2024







MANAGEMENT: Mr. MANISH DHANUKA – MANAGING DIRECTOR,

ORCHID PHARMA LIMITED

MR. MRIDUL DHANUKA - WHOLE-TIME DIRECTOR,

ORCHID PHARMA LIMITED

MR. SUNIL KUMAR GUPTA - CHIEF FINANCIAL

OFFICER, ORCHID PHARMA LIMITED

MODERATOR: Mr. VISHAL MANCHANDA – SYSTEMATIX

INSTITUTIONAL EQUITIES



Moderator:

Ladies and gentlemen, good day and welcome to the Orchid Pharma Limited Q1 FY25 Earnings Conference Call hosted by Systematix Institutional Equities.

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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Manchanda from Systematix Institutional Equities. Over to you, sir.

Vishal Manchanda:

Thank you, Deepika. Good evening, everyone. On behalf of Systematix Institutional Equities, I welcome you to the Q1 FY25 Earnings Call of Orchid Pharma.

We thank Orchid Pharma Management for giving us an opportunity to host the call today. We have with us the Senior Management of the Company represented by Mr. Manish Dhanuka – Managing Director; Mr. Mridul Dhanuka, Whole-Time Director; and Mr. Sunil Kumar Gupta, Chief Financial Officer.

I will now hand over the call to the Management for "Opening Remarks". Over to you, sir.

Manish Dhanuka:

Thank you, Vishal. Good evening, ladies and gentlemen. I am Manish Dhanuka – the Managing Director. I am pleased to welcome you to our Discussion on the Results for the 1st Quarter of FY 2025.

First, let's review the "Financial Performance" for Q1 25:

I am pleased to report that our sales for this quarter reached Rs. 244 crores, a robust 34% increase compared to Rs. 182.9 crores in the same period last year. This growth is a testament to our strategic initiatives and our commitment to delivering value. Our overall EBITDA for the Q1 25 was Rs. 41 crores, a substantial increase of 71% compared to Rs. 24 crores in Q1 of financial year 24. This improvement reflects our continued effort to optimize operational efficiency and control costs.

After analysis of our expenses, I am pleased to report that our employee expenses have remained steady at 8.7% of sales in Q1 25 compared to 8.8% in Q1 24. Regarding the other expenses, these have been well controlled just like the other expenses standing at 16% of sales in Q1 25 compared to 17.7% in Q1 24. This reduction is a result of our continuous focus on streamlining operations, reducing non-essential spending and improving productivity and efficiency.

Now moving on to our "Operational Updates":

I am excited to announce that we are ready to launch Orblicef, our brand name for Enmetazobactam plus Cefepime combination, which stands as Orchid invented Beta-Lactamase

Orchid Pharma Limited August 13, 2024



Inhibitor plus Cefepime. We are confident that this product will make a significant impact in the market and to augment its reach, we have signed a marketing agreement with Cipla. This partnership will ensure that Orblicef reaches a broad audience and achieves its full market potential.

Regarding our "Ongoing Projects":

I am pleased to report that the land acquisition for our 7ACA project is complete. We are planning to break ground on this project on the auspicious day of Ganesh Chaturthi.

Also pleased to inform that we have obtained our NCSS Registration for the GST benefit in J&K, which has come at the right time as the scheme has now got closed. This is a significant milestone for us, and we are excited to take this important project forward.

Our small capacity rejig that was discussed during the last call has progressed ahead of schedule. We have already started trial runs and we anticipate completing the commissioning by the end of this month. This will provide us with the necessary capacity to support our growth and meet the increasing demand of our products. Other projects in our pipeline are also progressing as per schedule. And at this time, we do not foresee any major challenges. These developments reinforce the importance of our continued focus on project management. Effective project management is critical to our success, ensuring that we meet our timelines, stay within budget, and deliver high quality outcomes that drive our business forward.

Looking to the future, I am filled with optimism. The strong financial results we have achieved in Q1, combined with our progress on key projects and strategic partnerships positions Orchid Pharma Limited for sustained success and growth. Our focus on operational excellence and disciplined execution will continue to guide us as we navigate the opportunities and challenges ahead.

In "Conclusion":

I would like to express my heartfelt gratitude to all of our stakeholders, employees, investors and partners for your unwavering support and trust in Orchid Pharma. Together, we will continue to build on our successes and achieve new heights in the coming years.

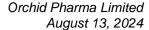
Thank you for your attention. I now welcome your questions and look forward to a productive discussion.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ahmed Madha from Unifi Capital. Please go ahead.

Ahmed Madha:

I had two questions. First, on the Enmetazobactam, has the Allecra finalized the partner for US and China. And second is whether the royalties from the Europe market, when will we start booking the numbers on P&L?





Manish Dhanuka:

Yes, Ahmed. On the China front, whatever is in the public domain is they have out-licensed to a Company called Shanghai Haihe Pharmaceuticals in 2020. And in US market, we are not aware of any new development. As we have explained before, Allecra is a Company which whenever they do something, they put it in public domain and that's how we find out about it. So, that's on US and China. On Europe, our expectation is we should be looking at booking the first sales in this quarter. I don't have a timeline yet to give you the numbers, but hopefully by the time of the next conference call, we would have the first sales numbers to report.

Ahmed Madha:

Noted. And any update on the US Para-IV filings? We had a couple of filings for US for Para-IV. So, is there any update on that, on the timelines?

Manish Dhanuka:

Yes, so we have filed on the due date. And now we have to wait and see. It is a 30-month stay on that. And the actual launch can only happen even if we get the first-to-file status by August of 27. So, the filing has been done on due date.

Moderator:

Thank you very much. The next question is from the line of Rupesh Tatiya from Intelsense Capital, please go ahead.

Rupesh Tatiya:

I have a few questions. First question is on Cephalosporin capacity in India. One of the recently listed players is talking about putting up a capacity in Cephalosporin. One of the small, listed companies also doing some CAPEX in Cephalosporin. So, what is your view on capacity and are you seeing increased competition in the market?

Manish Dhanuka:

Yes, so I am really not aware about the news that you are talking who is investing in the capacities. But my take on the subject is that yes, the field is competitive, although Orchid is relatively well positioned to have a wide range of products, especially in the injectables field. And there are not many players who manufacture half as many products in injectables as we do. At the same time, I would like to say that the demand is continuously growing from various regions which are not so well, I would say, utilizing the cephalosporins which are still on the first generation of beta-lactams. So, overall, I don't see much of a challenge, yes, but we do have competition in this field.

Rupesh Tatiya:

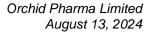
Other questions for you, I think when they're talking with Allecra, only I think the CEO level kind of like connect was established, which I think you said in the last call. And then teams down the ladder, I think they were looking at a deeper engagement and better tracking and all that. So, has that kind of happened? And is there any sales projection or some planning that you are aware of that Allecra is planning for Enmetazobactam in this year and next year?

Manish Dhanuka:

No, unfortunately they have not shared any sales projections for the coming years. And considering the three-year plan, I think that would be relevant only after once they launch and see the actual traction in the market. So, unfortunately no news then.

Rupesh Tatiya:

But the communication channels now are formally established. Is that fair to say?





Manish Dhanuka: Yes, that's fair to say. We are regularly in communication with them.

Rupesh Tatiya: Other things are this Cipla deal in India. Can you share any details on gross profit sharing, any

which way you want to share?

Manish Dhanuka: I can't share the numbers, but the deal is structured like a typical outlicensing deal which will

have a transfer price and some royalties.

Rupesh Tatiya: So, my fear here sir is that we're dealing with a very large Company who has a very massive

distribution but yet you are the innovator. It's an 80% gross margin product. So, my fear is that we might have given too much to them and not get enough for Orchid. So, maybe can you

address that in some way?

Manish Dhanuka: Actually, we're bound by the confidentiality of the agreement, but I mean, I can assure you we

have done our best, used our best negotiation skills. And I think Cipla is probably one of the most reasonable and professionally run organizations among the large pharma companies. We felt very comfortable dealing with them and they've been very reasonable with us. So, we do get

a licensing fee or in the form of royalties and we get the right to supply exclusively to them.

Rupesh Tatiya: And then between Cipla and your AMS division, and I think we're looking for a launch in

Enmetazobactam pretty soon. Do you have some guidance to give for India market for FY25?

Manish Dhanuka: Yes, so have retained the right to market ourselves as Orchid Pharma. So, besides Cipla, Orchid

Pharma will also be marketing the product. And Orblicef that I mentioned will be our brand name. Cipla will have different brand names. So, through AMS, I think this is a great launch opportunity for us that we will be entering the market with a new molecule and our team seems

to be very excited about it.

Rupesh Tatiya: But can we do, let's say, a Rs. 100 crore kind of sales this year?

Manish Dhanuka: No, I think that will be very expensive. We are starting with a small team of about 40 to 50

people. We have talked about guidance in 3 to 4 years, Rs. 100 crores for the AMS division. So,

that is already we have talked about. We are maintaining the same number.

Rupesh Tatiya: So, other question is now on Cefiderocol. I mean, is there an update on CAPEX? Can you give

how much amount is spent? Where are we on CAPEX?

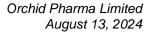
Manish Dhanuka: Yes, so we have applied for the approvals over there and I think we should start the construction

there. The groundbreaking therapy has been done. We should be starting construction in the month of September. So, overall, I think we are looking at the project being commissioned

sometime around early 2026.

Rupesh Tatiya: So, I think \$15 million was the CAPEX outlay. So, what kind of amount are we looking to spend

this year and what kind of amount are we looking to spend next year?





Manish Dhanuka: I think the amount to spend during this financial year would be relatively less, say about one

third and maximum investment will go in during the next financial year.

Rupesh Tatiya: And 7ACA also can you give the similar, what kind of CAPEX will spend this year, what kind

of CAPEX will spend next year, and when will we be ready for try out commercialization on

7ACA?

Mridul Dhanuka: For 7ACA, CAPEX has already started happening in the form of advances to various equipment

manufacturers. And by end of this year, we anticipate a similar number of 30% to be spent. And

most of the CAPEX will happen in next financial year.

Rupesh Tatiya: So, can it be the absolute number sir, 30% is what Rs. 250 crores this year?

Mridul Dhanuka: Yes around Rs. 150 to Rs. 200 crores would be the right number.

Rupesh Tatiya: This year, okay and Rs. 400 – Rs. 500 crores next year.

Mridul Dhanuka: Correct.

Rupesh Tatiya: And then any update on Dhanuka merger sir, any timelines, what steps are pending? When would

the Dhanuka merger be?

Mridul Dhanuka: We're still waiting to hear from the exchanges on that. Fingers crossed, so unfortunately, no

update.

Rupesh Tatiya: Okay, but this year at least by March, will it be done? Is that a reasonable?

Mridul Dhanuka: We can't say in the regulatory process, as you are aware, the application was filed in December

last year for approval with exchanges and it's been eight months. You can't say how much time

it's going to take.

Rupesh Tatiya: And then the final question from my side is any update on business development in US? Is there

some update there, or how would this year look and next year look from US point of view?

Manish Dhanuka: Like we said last time, one of our main customers lost its own US FDA. So, working with a

couple of other customers, and the timeline I don't think I can give you at this point of time, as they would be filing the source change, so it would be difficult for us to comment on the timeline.

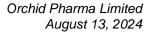
Moderator: Thank you very much. The next question is from the line of Nikhil Upadhyay from SIMPL,

please go ahead.

Nikhil Upadhyay: Mridul, just understanding these numbers better, if I go back two quarters back, we had two

smaller capacities which were coming, one on the sterile and one on the oral. Is it like those

capacities commissioning has supported this kind of a growth? If you can just help us understand





what led to this strong growth and overall what would be our capacity utilization both on sterile and oral?

Mridul Dhanuka: Yes. So, on the sterile, the block is commissioned already. And the new sterile block is roughly

50%. And the oral block rejig, like Mr. Manish explained in his opening remark, that is going ahead as per schedule. Right now, not yet commissioned. So, current, our oral capacities at this

stage are, you can say, almost fully utilized. We are at almost 90% utilization.

Nikhil Upadhyay: Okay, so is it like this part of like this 50% utilization of the sterile has given this strong volume

growth? And is there a pricing element also here or is it purely volume growth?

Mridul Dhanuka: You can say mostly it is volume, although product mix also plays a lot in our overall sales

because we sell almost 40 products. So, it would not be possible to say how much is volume,

how much is pricing. I don't think prices have changed.

Nikhil Upadhyay: And secondly, so on some of the product launches in US, which we were talking about in

previous discussions, are you seeing any approvals coming in or would they come in this year

or would most of that be in next year?

Mridul Dhanuka: Yes, just as Rupesh was also asking this question just before you and Mr. Manish had explained

that the largest possible customer had a US FDA issue last year. And since then, we are exploring

certain opportunities, but we don't have visibility of any of them as of now.

Nikhil Upadhyay: Okay, and lastly, if you can just share the breakup between regulated and non-regulated markets

in terms of revenue split?

Mridul Dhanuka: Yes, so even in this quarter, the percentage remains as per our long term trend at 60% emerging

markets and 40% regulated markets.

Nikhil Upadhyay: Okay, so when do we see this shift meaningfully changing because in last 2-3 years, we have

been adding new customers on the Europe and all. But is it like they are still not contributing significantly? What is taking this time? What is creating this delay? If you can just help us on or

my understanding is wrong here?

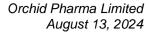
Manish Dhanuka: No, Nikhil, we have never said that this number is going to change. And as the things stand, the

volume growth largely is going to happen in emerging markets only. So, we have never said that the share of the regulated markets is going to increase. In fact, if at all it is going to, it may fall as the volumes in emerging markets increase. So, we have never said that this is going to

increase. So, maybe there is some understanding gap when you are expecting that to increase.

Moderator: Thank you very much. The next question is from the line of Yash Shah from Abans. Please go

ahead, sir.





Yash Shah: There are a few queries that I would like to ask. So, you mentioned that your sterile capacity,

that was already coefficient. So, what is the status of that? Is the production in the capacity has started? And there were some trial runs and checks also going. So, can you give us an update on

that? What has happened there?

Mridul Dhanuka: On the sterile product I just explained, we are at 50% utilization for the new block. The older

blocks are at practically full utilization. I did not understand the next part of your question. For

which trial?

Yash Shah: You said you can only sell the products in the emerging markets now. You would have to

undergo some trials for it to be applicable to be sold in US and Europe.

Mridul Dhanuka: I am sorry I am not able to understand for which product you are talking about.

Yash Shah: What's the update on oral capacity? It was about to complete in the second quarter of FY25?

Mridul Dhanuka: Correct. It is going as per schedule. We are already undergoing water trials and it will be

commissioned within this quarter.

Yash Shah: Okay and we can expect the utilization starting in 25?

Mridul Dhanuka: Yes, from next quarter it should start generating revenue. That means the October quarter.

Yash Shah: There is some query regarding Cefovecin also. So, there was an FTF and API which was about

to be launched in India. So, could you just give an understanding of the market size that we can

expect from this drug?

Mridul Dhanuka: You are talking about India? Which market you are talking about?

Yash Shah: I am talking about Cefovecin.

Mridul Dhanuka: Yes, for which market? India or US?

Yash Shah: For India.

Manish Dhanuka: We don't have any plans as of now for India. It's a very expensive product. We are yet to evaluate

what is the sales potential in India.

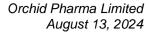
Mridul Dhanuka: So, just for your reference, Yash, this is a medicine for companion animals, mostly dogs, and

one injection would cost typically Rs. 1 lakh. So, at this price point, we don't imagine there is

going to be a market in India.

Yash Shah: My last question is about Cefiderocol injection. So, any idea about the cost of production that

you will be having? If you can give us a broad idea?





Mridul Dhanuka: The cost of production?

Yash Shah: Yes.

Mridul Dhanuka: No, unfortunately that is going to be a secret or a confidential. What we can tell you is that the

current cost of therapy in US market and other regulated markets is about Rs. 10 lakh a patient. And when we make in India, our target will be to at least reduce it by 50% to 60% if not more.

Yash Shah: Okay, and your deal is your cost plus 20%.

Mridul Dhanuka: Cost plus 25% and this is 25% is at a PBT level. So, it's an interest cost.

Yash Shah: So, it should be close to around 50. You'll be selling it at around 60% from the cost that which

is available in US, approximately. Is it a fair assumption?

Mridul Dhanuka: I think 40% would be a fairer assumption than 60.

Yash Shah: So, the cost of that drug would be 40% for the end consumer?

Mridul Dhanuka: Yes, you can think like that. That's what target is, but right now it is not developed. So, it is only

a, you can say, a guesstimate.

Yash Shah: And sir, we can expect the sales from March 27?

Mridul Dhanuka: Yes, before March 27, we should expect this.

Manish Dhanuka: We can't say about the regulatory hurdles, but I think commercially we should be ready much

before.

Mridul Dhanuka: So, since the product needs to be registered in India, so we just have to navigate that aspect. But

yes, March 27, in that year, we should see definitely this.

Yash Shah: Are we looking at other countries also apart from India for sales of Cefiderocol? Apart from

India, are we looking at Bangladesh and other neighboring countries?

Manish Dhanuka: The license has been given for 135 low-income countries. So, the manufacturing is being done

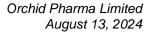
for the entire world, which includes 135 countries and where Shionogi will not be present itself. We will probably be selling across the world. But the commercial rights of that lie with the

GARDP team. And they will decide on who the end customer will be.

Mridul Dhanuka: Having said that, two-thirds of the market is expected to be India.

Moderator: Thank you. The next question is from the line of Viraj Parekh from Carnelian Asset

Management. Please go ahead.





Viraj Parekh: Congratulations on finally having the land acquired at Jammu and Kashmir for 7ACA. The first

question on those lines, we earlier spoke that it will take 15 to 18 months from the time we break ground there for the facility to commercialize. So, is it fair to say by the year of FY27, we will see the facility getting commissioned and what will be the capacity utilization of the facility in

the first year and the second year?

Mridul Dhanuka: Yes, so the timeline you have mentioned is correct. In the last call, we talked about

commissioning by April or so, 26. And after that, there will be trials and commercial production will start. So, our endeavor would be to run the capacity, the plant at full capacity from the beginning and the stabilization, that stage would be six months. So, what you can expect is from FY28, it will be 100% utilization. Although in the last quarter of FY27 also, we can expect for

three months 100% utilization.

Viraj Parekh: Right. My second question is on the newly commissioned the sterile block, which we have the

50% capacity utilization. Is my opinion, right, that we are not selling in regulated markets from that block since we need to have some kind of approvals and that may take one to two years' time. But 50% capacity utilization of the new sterile block is currently being supplied to

emerging markets and not regulated markets?

Manish Dhanuka: That's correct.

Viraj Parekh: So, how is that? That our split is still 60-40. I think that it should be tilted more towards emerging

markets, right? If we are getting the...

Mridul Dhanuka: Yes, 60% emerging markets, 40% regulated markets.

Viraj Parekh: My question is that shouldn't the tail be more towards emerging now because we will have more

supply towards the emerging markets from the new capacity?

Manish Dhanuka: Yes, so when we said 60-40, we meant the total sales of oral product that we are selling to

regulated markets that has increased in last two-three quarters.

Viraj Parekh: Okay, so oral share has increased in the regulated market. Hence, the balance is 60-40?

Manish Dhanuka: Right. The oral sales of Cefepime and Avibactam to the regulated market has increased.

Moderator: Thank you very much. The next question is from the line of Neeraj from DAMAC. Please go

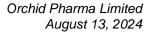
ahead.

Neeraj: I joined a bit late, so I am sorry if the questions were answered previously. Any status on the

royalty? Can we expect this to flow in from quarter two of this financial year?

Mridul Dhanuka: Yes, we can expect some royalty in Q2, although the numbers and the forecasts are not with us

yet.





Neeraj: Understood. And this will, as you mentioned in your previous call, there will be a one quarter

lag, right? So, whatever we get in Q2, those sales would have happened in Q1, correct? So, there

is a one quarter lag here.

Mridul Dhanuka: So, our current expectation is that we should be able to report the numbers in the same quarter.

The cash will come with one quarter lag.

Neeraj: Okay, understood. My second question was around in your earlier comments, you mentioned

about our US partner having some FDA issues. Again, it's a very basic question. The manufacturing would be done by us, right? So, like, so what's the issue over there if the US

partner is having some FDA issues? Because we are FDA cleared, right?

Mridul Dhanuka: Yes. So, we are the API site. The customer has a formulation site who buys API from us. So,

since their site cannot make any product for the US market, therefore we do not have a customer for. We cannot sell to the US market directly our API. We have to sell to a Company which

makes the formulation, or what we call FTF.

Neeraj: Understood. And as of now, we don't have any visibility on this partner when their plant will get

cleared?

Mridul Dhanuka: Unfortunately, no.

Moderator: Thank you very much. The next question is from the line of Aashita Jain from Nuvama

Institutional Equities. Please go ahead.

Aashita Jain: There are a couple of questions we have. Firstly, looking at the Q1 numbers, the growth looks

very strong. Is it possible that for the full year we can easily do 25% plus kind of revenue run

rate for this fiscal?

Mridul Dhanuka: That would be wishful, Aashita. Although we would very much like it for it to be. But this would

be moderated. Even if you look at last year, Q1 number, it was almost a similar number growth, but this would be moderated by the end of the year. And our long-term guidance portfolio

remains the same 20% or 25%, somewhere in between. So, this will be moderated.

Aashita Jain: And is it possible to share contributions from Avibactam to the current revenue? I believe we

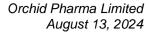
have launched in India and some of the EMs. So, is it a big contributor to our revenue?

Mridul Dhanuka: It would be difficult to quantify the number that's the confidential information.

Aashita Jain: Any percentage terms or any directionally that you want to?

Mridul Dhanuka: Percentage multiplied with the revenue gives you the number right?

Manish Dhanuka: This would not be very significant. In terms of value, it would not be there.





Mridul Dhanuka: It's not in the top 3 or 4 products that I can tell you.

Manish Dhanuka: That's a small product, relatively new product.

Aashita Jain: And could you help us with this oral and sterile revenue breakdown for this quarter?

Mridul Dhanuka: Yes, that's similar. One third, two thirds. So, when I say one third, two thirds, plus minus 3%-

4% points, I am just, not counting. So, you can say 70% is oral and 30% is sterile.

Aashita Jain: And just lastly, when you said you have filed on due date and 30 months stay, I believe this was

for Avibactam in the US?

Mirdul Dhanuka: Yes.

Aashita Jain: What's the update on Ceftaroline?

Mirdul Dhanuka: So, Ceftaroline, we are actually trying to first discuss with a marketing partner and finalize our

strategy on whether we want to go alone or tie up with somebody. As we explained earlier for US, we wanted to file on our own for Avibactam, but Ceftaroline, we have not taken that call

yet. Maybe by end of this year, we will decide that.

Moderator: Thank you. The next question is from the line on Divya Sethi from Electrum PMS. Please go

ahead.

Divya Sethi: So, while most of my questions are answered, I just wanted to understand the market potential

of this new drug, Enmetazobactam. If you could give some insights on how big that market is considering it's a noble drug. So, also the breakup between India and the global market. What

exactly would be the potential on this front?

Mridul Dhanuka: That's a very tricky question Divya. So, I am not sure in terms of potential, the product has very

large potentials. And just to give you some sense of the potential, this product is directly compared to Piperacillin/Tazobactam. And at patent expiry, Piperacillin/Tazobactam was a billion dollar product just for the US market. Our estimations are \$200 to \$300 million annual global sales over the patent life or the \$2 to \$3 billion of patent life sales across the globe. So,

now potential could be more less, I am not sure.

Divya Sethi: Understood. So, we're saying \$200 to \$300 million annual sales is what we are expecting, I mean

that is the potential for this.

Mridul Dhanuka: And that's an average number, so we hope to reach this number in three years or something like

that.

Divya Sethi: And roughly around 6% to 8% would be the royalty that would be....



Mridul Dhanuka: That's correct.

Moderator: Thank you very much. The next question is from the line of Rupesh Tatiya, Intelsense Capital.

Please go ahead.

Rupesh Tatiya: I have several follow-up and clarifications. So, first, sir, is I think Orchid Pharma recently there

was a media interaction where CEO, I think, gave an interview. And then he said that in AMS division, we're expecting Rs. 300 crores kind of sales in two, three years. So, two questions there, what kind of margins, do you have some view on what kind of margins we will make because that's a distribution sort of business. That is one. And then are all the teams in the place, hiring is done, and are the costs in the P&L? Because sequentially I see that employee expenses have

gone up.

Mridul Dhanuka: Yes, Rupesh, you captured that correctly. So, first thing is the team is in place for the first phase

of launch. We should be launching in the next month or so. The team is ready for this phase. Over the next few years, we will be ramping up the team based on how much success we get actually. And in terms of the numbers, yes, it's already built into the numbers that you see. And currently, it's EBITDA drag of about Rs. 1.5 crores. And on the last question when you said Rs.

300 crores I think there is some understanding gap. It's Rs. 100 crores in 3 to 4 years is our target.

Rupesh Tatiya: Any view on margins?

Mridul Dhanuka: It's a new space for us. Right now, I would not like to put a stake in the ground and give you a

number on the margin. But yes, it has to be profitable business by itself.

Rupesh Tatiya: The second clarification for you, is there any one-off in Q1 in terms of shipping schedule or

some one-off because generally we are H2 heavy, Q3, Q4 heavy, and then this time Q1 I think is larger than Q4 of last year. So, if I consider these three factors, I think we're looking at a

significant growth this year.

Mridul Dhanuka: Yes, so what you are seeing is if you see our presentation also which we have uploaded, what

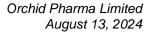
happened was Q3, Q4 typically have been heavier. What we have been focusing on how to utilize our capacities in Q1 and Q2 may be better. What you are seeing now is a result of practically full utilization and therefore to an earlier question I had answered, we do not expect this 34%-35% kind of number for the full year. We continue to expect that 20%-25% number for the full

year basis. So, this is going to moderate as we go ahead.

Rupesh Tatiya: So, then my next question follow up to that is for CAPEX because I think previously you have

been saying that current whatever this capacity we are doing with that we can grow at 20% for 2-3 years. But now you are saying that in Q1 we are at full capacity and then I think the rejig is coming end of the month. But then you have to look at some CAPEX now in the base business

right?





Mridul Dhanuka: Yes, so when I said full utilization, I am not talking about the capacity rejig that we are doing

for the oral business which will come online by the end of this quarter. And the capacity utilization on the new sterile block is also only half. So, those are the things which are going to contribute for next year or so more. And after that, you will have the other optionalities of the 7ACA downstream and other things kicking into Orchid. So, for this business, they will also contribute going forward. So, right now, no more CAPEX on the sterile and oral side business

of the existing business.

Rupesh Tatiya: If it comes that we need capacity and demand, it's so strong. Is there some capacity at the

Dhanuka level that we can use?

Mridul Dhanuka: For the next year or so, I don't think we need anything. And based on our downstream plan, we

will talk about more CAPEX maybe next year. I think it is a little early to talk about when so much CAPEX is going on. We have some plans, rest assured, we will not stop our growth after

this.

Rupesh Tatiya: And then the other clarification is this, you said even if this first to file goes through, the launch

will be FY27. Is that Avibactam you are talking about?

Mridul Dhanuka: Yes, and I said August 27 which would be FY28.

Rupesh Tatiya: Even if we get the FTF, it will be FY28 launch?

Mridul Dhanuka: That's right.

Rupesh Tatiya: And then this Cefovecin, this veterinary product. I mean India obviously there is no market, but

is there like a plan forward in US or some of the European markets, Cefovecin?

Manish Dhanuka: Yes, the plan is for the US market only. Our team is currently studying and comparing our

product with the innovator. We're trying to understand the stability and once they are confident,

we will go for the validation as well.

Rupesh Tatiya: And then I think final two from my side. So, one is what would be domestic and export split in

Q1?

Mridul Dhanuka: So, roughly domestic business is around 20%.

Rupesh Tatiya: And sir, obviously, Avibactam, you don't want to give absolute numbers, but in terms of its

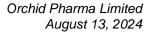
potential, I think it's a very good product, successful product, if you look at the history. So,

would that product grow at 50% for next 2-3 years on a small base?

Manish Dhanuka: Yes, definitely. I am expecting a better growth even for Avibactam because currently we have

just explored the potential of Indian market and a lot of our formulation customers in India are

using our product to file for their formulation exports. In addition to that, we are also filing in





other emerging markets for this product with various overseas customers. So, I feel there is tremendous growth potential for this particular product in the next two, three years.

Rupesh Tatiya: And then just a clarification, oral you said is already at 90% capacity utilization?

Mridul Dhanuka: Of the existing one, the new rejig block when it comes online, this number would drop.

Rupesh Tatiya: But it was very low, right? I think in the last one or two years calls, it was like 40%-50%, so it

has gone to 90%.

Mridul Dhanuka: Yes, two years ago, it was like that and we have been consistently working to improve that and

if you see from Q1 24 to Q1 25, a large part of that is contributed to from the oral capacity utilization and a small part of that is from the sterile, roughly 40%-50% of the new block.

Rupesh Tatiya: So, this 90% would drop to what in after the new capacity comes online, rejig capacity comes

online?

Mridul Dhanuka: I have not calculated that number. So, maybe 70% or something like that.

Rupesh Tatiya: So, that plus this 50% of injectable, that takes care for us for one year.

Mridul Dhanuka: Yes.

Moderator: Thank you very much. The next question is from the line of Varun from Bandhan Bank, please

go ahead.

Varun: Firstly, we had a plan of capturing Rs. 200 crores of business from some of the old customers.

How much of that has been captured? How do you see the progress there?

Mridul Dhanuka: Varun, you are talking about our initial plan which we had shared in the first conference call

with the Company almost three years ago. So, some of that was old business was supposed to be in US and at that time, we were not aware of this customer going to the US FDA status. So, I can't put a number to that effect, but I can say that part of the acquisition of old customers is

complete.

Varun: And secondly, on OrBion, how do you see remaining stake, 26% stake in OrBion? What is your

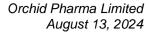
plan there?

Mridul Dhanuka: So, we are only a financial investor as of now, and we are talking to them that if they want to

buy back the stake. So, currently, we are exploring that, but maybe we know in a few quarters,

what are their thoughts around.

Varun: So, largely we will plan to exit from OrBion?





Mridul Dhanuka: Yes.

Varun: Sure. And how do you see our relationship with Allecra? I mean, are there any areas where you

think there is limited clarity or ambiguity? Just wanted your thoughts on this.

Mridul Dhanuka: I would call the relationship to be a very good relationship as of now. But the only thing is that

what we don't get is anything which is not in public domain. So, no inside information is available to us in advance. Whatever they announce, whatever are the plans, we discuss them.

But there is no information which is available to us, not in public domain.

Varun: So, there is nothing, there are no areas where we have limited clarity or there is any ambiguity?

Mridul Dhanuka: No confusion areas, no areas like that. In fact, they have supported us significantly with data and

other things for the product to get a clinical trial waiver in India. So, they have been very helpful.

Manish Dhanuka: You see the Europeans; they go strictly by the agreement. So, whatever part of the agreement,

we are able to get all that information from them without any problem. But they don't go out of

the agreement and give us any extra information.

Varun: Yes, understood. And how would we look to use exceptional cash flows which you have

received, how should we think about directionally your broader thoughts on this?

Mridul Dhanuka: You are talking about the deployment plan?

Varun: Yes.

Mridul Dhanuka: Yes, I think once the launch happens, we are more aware of the cash flow reliably. That's when

we will come up with the plan for investment. Although the Cefiderocol project is right now planned to be funded internally, one way could be to use the cash there. But without visibility

on the cash flow, it's difficult to share a plan.

Moderator: Thank you very much. The next question is from the line of Ganesh Rao from Rupani Capital.

Please go ahead.

Ganesh Rao: I have a couple of questions. First is, we plan to send our product in collaboration with Cipla,

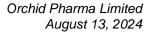
right and you just mentioned we have also been selling it in parallel with them using our own brand. What kind of margins would we be expecting on that? Would you be able to disclose

that?

Manish Dhanuka: You see, it is very important for us when we launch a product in the antibiotic range in India to

be competitive. So, we have kept the price of the product which is in the same range as other therapies available to the clinicians. So, I would say that considering these factors, the margins

are, I would say, higher than what any generic product has. But one should not expect them to





be extraordinarily high. Although without giving the actual number, I would say it's a very good profit margin business, I think.

Ganesh Rao: Thank you, sir. That's helpful. The second question that I have is recently, Allecra had announced

that they had signed agreements with the Gulf Council and South Africa. By any chance, would

you know what kind of opportunity that is? How much would a trustee transfer for us?

Mridul Dhanuka: Unfortunately, those numbers are not available with us. But that should only contribute

positively to our estimate.

Ganesh Rao: Okay, so I am just probably a pretty basic question. So, when they do sign agreements, as they've

been stating, they don't disclose this to you. But once that agreement happens, eventually you would get to know what kind of volumes it would be so that you can expect and calculate all the

royalties, right? And what kind of timelines would that typically be?

Manish Dhanuka: No, so we don't have the forecast in the agreement. What we are only entitled to is A post-facto

reporting of the sales and our expected royalty from that.

Ganesh Rao: Okay, so and one last question, just a clarification for me. You said that for Cefiderocol, we sell

only in LMIT, which is roughly 135 countries and where Shionogi does not either sell or has a stake in that country. So, is the assumption that the 135 countries that we have, Shionogi does not sell in any of those. I know they can be small countries, but the assumption is they are not

part of the 135 countries, right?

Manish Dhanuka: Shionogi does not want to sell in those countries because the cost of Shionogi's product would

not be affordable to those countries. That is the reason you can say on a humanitarian ground they have out-licensed the molecule because they don't have any commercial interest in those

countries.

Moderator: Thank you very much. The next question is from the line of Vishal Manchanda. Please go ahead,

sir.

Vishal Manchanda: Sir, on Zavicefta, just a clarification. Whether you are partnered on this or it's entirely on your

own?

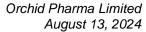
Mridul Dhanuka: Currently, it's on our own. But we have talked about the intention to partner with somebody for

the US market because we do not have that expertise. So, we are in discussion with various

partners, and we should be concluding the deal soon.

Vishal Manchanda: And you have been litigated on this or yet to be litigated?

Mridul Dhanuka: Litigation is yet to begin.





Vishal Manchanda: So, is that a 45 days notice period after filing before which the innovator has to file a litigation?

Has that concluded that 45-day notice period?

Manish Dhanuka: Need to check with our US attorney actually, not updated on this subject.

Vishal Manchanda: And sir just one final one, whether we are expecting any US FDA inspection for our sterile or

oral facility in the near future?

Manish Dhanuka: No, I think these days they come for a surprise inspection. We don't have any notice from there.

Mridul Dhanuka: Another way to answer the question would be they are due. They came last in July 19, and they

can come any time as per their choice. So, we are expecting them to come any time.

Vishal Manchanda: Right. So, are we preparing or it's like it is business as usual for you?

Mridul Dhanuka: Yes, it's business as usual. Orchid undergoes an audit every week from one of its global

customers. So, that's not a problem.

Moderator: Thank you very much. Ladies and gentlemen, I will now hand the conference over to the

management for closing comments.

Manish Dhanuka: I would like to thank all of you for your insightful questions. It's a food for thought for us, and

we always learn a lot from your questions. And once again, thank you for your continued interest

in the Company and for your support. Look forward to the same in future.

Moderator: Thank you very much. On behalf of Systematix Institutional Equities, that concludes this

conference. Thank you for joining us, and you may now disconnect your lines.