

**June 02, 2025**

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: (i) Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**  
**(ii) SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024**

**Sub: Transcript of Analysts/ Investors Earning Call held with Public at large on May 26, 2025- Orchid Pharma Limited ("the Company")**

Dear Sir/Madam,

This is in continuation to our earlier intimation and submission dated May 20 & 26, 2025.

In reference to the captioned subject and pursuant to Regulation 30 and Sub- Para 15 of Para A, Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended read with SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, please find enclosed herewith transcript of Analysts/ Investors Earning Call held with Public at large on Monday, May 26, 2025 on the financial performance/ financial results of the Company for the Quarter-IV and Financial Year 2024-25, ended on March 31, 2025 and the same be read in conjunction with the Audio Recording submitted via our letter dated May 26, 2025.

Further, pursuant to Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid transcript is being made available on the Company's website i.e. [https://www.orchidpharma.com/invr\\_conferencecalls.html](https://www.orchidpharma.com/invr_conferencecalls.html)

Furthermore, it is confirmed that no Unpublished Price Sensitive Information was shared/ discussed during the aforesaid Analysts/ Investors Earning Call.

You are requested to take the above on your record.

Thanking You,  
For **Orchid Pharma Limited**

**Kapil Dayya**  
**Company Secretary & Compliance Officer**  
**Mem. No.: F10698**

**Encl.: as above**



## “Orchid Pharma Limited Q4 FY'25 Earnings Conference Call”

**May 26, 2025**



**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 GROUP**

**Moderator:** Ladies and gentlemen, good day and welcome to Orchid Pharma Limited Q4 FY'25 earnings conference call hosted by Systematix Group.

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. Thank you and over to you, sir.

**Vishal Manchanda:** Thank you, Avirath and good evening everyone. On behalf of Systematix Institutional Equities, I welcome you to the Q4 FY'25 earnings call of Orchid Pharma. We thank the 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 company management for their opening remarks. Over to you, sir.

**Manish Dhanuka:** Thank you. Good evening, everyone. And thank you for joining Orchid Pharma's Q4 Financial Year '24 Earnings Call. I am Manish Dhanuka, Managing Director. And over the next few minutes, I will walk you through our performance for the 4th Quarter and full year ended 31st March 25 and the status of our key growth projects and other developments.

In the 4th Quarter, we posted a sales of Rs. 237 crores, up by 9% over the same period last year, and EBITDA of Rs. 40 crores. For the full year, sales rose to Rs. 922 crores, as against Rs. 819 crore last year, an increase of 13%. And the EBITDA was Rs. 156 crore as against Rs. 140 crore last year. We achieved these gains while absorbing a Rs. 6 crore one-time expense in Q3 for GMP inspections. During the last 6 months, we were inspected by both European and US authorities, and both the inspections were completed satisfactorily. Besides Rs. 6 crores, we also incurred a Rs. 9 crore operating drag from our antimicrobial solution division, which was started last year and is catering to the hospital sales business. The last 2 quarters have been especially challenging in 2 of our larger oral solid products, and we see no meaningful improvement in current quarter either. Against this backdrop, our focus has been on mixed management and operational efficiency. Going forward, the pressure on demand and pricing is still there, and expect this year numbers to be a little muted.

**Turning to the AMS division:**

The unit closed the year with a team of 70 members with engagements with over 500 physicians. Although still in its build-out phase, the division was EBITDA negative by about Rs. 9 crores and is likely to remain a drag for roughly 2 more years before turning profitable. We are

comfortable with that investment horizon because businesses on brand image must be built patiently and credibly.

**Let me now update you on our projects, 7-ACA project first:**

Project construction is going on and detailed engineering is completed to the extent of 50%. We may be looking at some delay in execution of the project considering some challenges at the site. We could be looking at the mechanical completion date of December 26, which is an increase of 6 months from our earlier estimates. The first commercial product is targeted for March 2027.

**Coming to our NCE Enmetazobactam:**

In India, the product is performing better than our estimates with strong early traction for Orblicef, our brand, and the Cipla partnered launch. At the same time, electrotherapeutics insolvency filing in Germany clouds near-term commercialization in the United States and other international markets. We are actively evaluating legal and commercial pathways to safeguard our interests and are in dialogue with our advisors and potential partners.

**Cefiderocol next:**

Development and project execution remain on schedule for this project with the first validation batches expected towards the last quarter of 2026. Commercial launch will depend on regulatory approval in India, but it is expected to be in the second quarter of calendar year 2027.

**Corporate structure:**

The National Capital Law Tribunal, NCLT, has cleared the merger of Dhanuka Laboratories into Orchid Pharma Limited. We aim to complete the legal process within this Financial Year and expect the combined business to generate a revenue in excess of Rs. 1,500 crore and EBITDA of roughly Rs. 175 crore offering investors a clearer, stronger platform from which to evaluate our progress.

Looking to Financial Year '26, we anticipate a muted year given continued pricing pressure and the ramp up of CAPEX on the 7-ACA facility. Nevertheless, our mid-teen margin aspiration remains intact, supported by volume growth, mixed optimization, and disciplined cost control. We also intend to file 2 to 3 differentiated cephalosporin ANDAs for the US market in the next 12 to 18 months, keeping Orchid at the forefront of complex anti-infectives for the coming future.

To close, I would like to thank our employees for their dedication, our partners for their collaboration and you, our shareholders, for your confidence. The journey from rescue to reinvention is rarely linear, but with backward integration, branded stewardship, and focused global filings firmly in place, we believe Orchid is well positioned to create sustainable value

while advancing its mission. Thank you for your attention. We are now happy to take your questions.

**Moderator:** Thank you very much. We will now begin the question and answer session. First question is from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.

**Sajal Kapoor:** Thanks for the opportunity. Manish, we discovered that these business development activities in the US faced a significant setback because few customers could utilize Orchid's products due to the site limitations, right, as you called out. Is this limitation or limitations, are they related to facility design and the GMP considerations or something less serious?

**Manish Dhanuka:** The limitation is not pertained to our facility. Actually, 2 of our customers, one in the US and one in India who was exporting the finished formulation to the US, they faced the US FDA setback. So as a customer, they could not buy the product from us. It was not in our facility. It was in their facility.

**Sajal Kapoor:** Okay, right. So, and we are exclusively dependent on those customers to initiate our business development into the US market, right?

**Manish Dhanuka:** Yes, as of now, yes. I mean, we only had the API facility, but the new project that we are setting up in collaboration with Shionogi, like under license from Shionogi, in which we shall be manufacturing Cefiderocol. So we have the opportunity to file ANDAs from here and also we are trying to work through a CMO, which is USFDA approved, to file our ANDAs from their site. So we are progressing in development of our own ANDAs so that we are not dependent on just the customers for the consumption of our raw material.

**Sajal Kapoor:** Now that's helpful. And then looking at the balance sheet and cash flows this time around, obviously, sudden surge in receivables and inventories is causing a lot of cash to be tied up there. And can you shed some light on this? I mean, are we trying to push some sales into the channel inventory and that's why this sudden surge in receivables or are these the sales that only went out in the month of February and March? And obviously, we will have to face because the operating cash flows are down significantly YoY?

**Manish Dhanuka:** Yes, it's largely the latter only. The sales happened in the last 2 months. So those receivables should be realized in the next 2 months. I mean, we would have been probably realized by now. And the inventory was a little higher because of the pricing pressure. We did not give into selling at lower prices and as we had ramped up our capacities, so in expectation of generating higher sales, we had created some inventory, which will be liquidated over the next few months.

**Sajal Kapoor:** Sure. And in terms of this pricing pressure, Manish, I mean, clearly we would have seen that coming given the standard operating procedure from China. The moment they figure out that their capacity is getting up and running. So Pen-G Aurobindo as an example, they play this by the book really, by squeezing the raw material pricing. So all this should have been part and parcel of our original or initial planning, right? Or did this come as a complete surprise?

- Manish Dhanuka:** See, my experience, I have seen the B2B business is generally cyclical. It runs over a few years. As the demand grows, everybody feels comfortable, and then people ramp up their capacities. So for a certain phase of 6 to 8 months, the supply position becomes a little over the demand and it will stabilize over the next few months. So I have seen these cycles of every 2, 3 years over the last 20 years. We are expecting maybe just like we ramped up capacity having faced 2, 3 good years in the last 3 years, last few years, maybe competitors also ramped up their capacities.
- Sajal Kapoor:** And then finally on this AMS division, what is the targeted steady state ROCE, assuming we breakeven sometime around F'28 and then we build from there. I mean, what is the back of the envelope aspirational ROCE from this venture?
- Sajal Kapoor:** So we do expect to breakeven in next 2 years because we just launched in the month of October. So I would say last 6 months were kind of learning for us. And fortunately, we had our own molecule to piggyback on, which gave us a very good head start and a good recognition with most of the large hospital chains. And with this learning, we are developing our sales and marketing model, which is differentiated from the traditional one. And we hope in this year we should get a, I would say a good growth and next year probably we should be able to breakeven. The major objective is to market Cefiderocol because this product will come for commercial sales in 2027. So we wish to be present in almost all big hospitals so that we can launch Cefiderocol successfully, which will be a very critical molecule for you can say last resort antibiotic for the hospitals. And if we can launch it exclusively, that will be a big boost to our business.
- Sajal Kapoor:** Understood, understood. Thank you for responding all my questions. Thank you.
- Moderator:** Thank you. The next question is from the line of Viraj Parekh from Carnelian Asset Management. Please go ahead.
- Viraj Parekh:** Good evening Manish, good evening Mridul. Most of my questions were asked by the previous participant, just a few bookkeeping questions. So as we grew like 12.5%-13% in value this year, could you quantify the volume growth and second would be I am seeing a little bit, you know, slightly more increase in our employee expenses. Other expenses I am assuming there would be some kind of one-off cost. But if you could just give me some kind of a breakup of the increase in employee expenses for this year?
- Mridul Dhanuka:** Yes. Thanks, Viraj. So in terms of volume, roughly 18% to 20% growth is there, YoY. And to answer your second question on the employee, largely it is a drag due to the AMS where we've hired the team and the sales have just started. So roughly practically you can assume the entire thing of the Rs. 9 crore drag is kind of the people cost of AMS division.
- Viraj Parekh:** Right, second question would be we've given like the NCLT rule for the merger and we are expecting a company at a Rs. 1500 crore topline and Rs. 175 crore EBITDA. Is this considering the current pricing pressure or is this an optimistic scenario which we are looking in FY'26 as company overall?

- Mridul Dhanuka:** It is the merged number Viraj, this is not Orchid individually, this is the merged entity numbers.
- Viraj Parekh:** Right, so I am asking from the merged entity point of view. So do we see these numbers improving or are these like steady state numbers as on FY'25 given the guidance we are giving muted for next year, how should we look at a merged entity level?
- Manish Dhanuka:** So we have not considered the benefits of the synergies in this. We have just kind of added mathematical addition of what happened this year. But the savings from synergies as we merge 2 businesses would be an additional margin.
- Viraj Parekh:** Sure. The last few question and then I will get in line. You highlighted in your initial remarks that Enmetazobactam India is performing better than your expectations. Can you just elaborate more on the numbers of where we are penetrating and some kind of a margin profile for this product in the Indian market? Secondly, unfortunately, Allecra has declared insolvency. You highlighted that you are talking strategies with your legal team. If we can understand what options are available to us at this point in time and..?
- Mridul Dhanuka:** Yes, thanks Viraj. Unfortunately, this is a public call, so I will not be able to share with you the options. Once we have them legally, we have to figure out our strategy. So it's a little too early because the announcement has just come. We are evaluating all the agreements in place. So right now, we don't even have any access to documents from them. So it's going to be a long process. The idea is how do we maximize our returns? And on your second question, I cannot share any margin profile for Enmetazobactam in India. I can definitely tell you it is better than our blended gross margins as they appear right now. And in terms of numbers of expectation, roughly about 10,000 patient work we have done, while our estimate for a full year was 10,000. We managed to do that in half year of last year.
- Viraj Parekh:** Understood, I will get back in queue.
- Moderator:** Thank you. Next question is from the line of Rupesh Tatiya from Shree Rama Managers PMS. Please go ahead.
- Rupesh Tatiya:** Hello sir, thank you for the opportunity. I have several questions. So first, starting with Allecra. So some idea if you can give about we had some royalty due for last 2, 3 quarters. Have we received that? And I mean, in terms of classification, we stand where? We are secured creditor, unsecured creditor, receivable party, where do we stand in terms of classification of Orchid Pharma?
- Mridul Dhanuka:** Yes, thanks Rupesh. So on this question, Allecra has right now appointed a preliminary administrator. So we only have a notice of the process starting. So because they are Germany based, we don't even know as of now the rules of that system. So I will not be able to tell you where we stand in that. And in terms of the royalty, the first quarter number we had received, Q4 of calendar year last year, we received the sales numbers, but we did not receive the royalty amount. And for Q1 of this calendar year, which is January to March, we have not even received

the sales numbers. So we don't know any more details of how much royalty would have been there for that quarter.

**Rupesh Tatiya:** Okay. And then, I mean, terms of licensing agreement with Allecra, when your auditor did, were there some clauses in if Allecra became insolvent or that was like completely no clauses were there and now we have to find a way?

**Mridul Dhanuka:** It's a very good question Rupesh. Unfortunately, we are still evaluating that those options because those agreements are more than 10-12 years old. So we are evaluating all our options.

**Manish Dhanuka:** Sorry, it's too preliminary for those things. We would like to first understand from the lawyers and then maybe make a statement.

**Rupesh Tatiya:** Okay. We will wait for that. And then second question is, Dhanuka Laboratories, can you give annual numbers, annual sales, EBITDA and PAT?

**Manish Dhanuka:** Yes, so the sales was Rs. 506 crores and EBITDA was around Rs. 35 crores.

**Rupesh Tatiya:** Okay. Actually, I am looking at the merger notification you sent to exchanges. Nine months, EBITDA itself was Rs. 39, Rs. 40 crores, right? So EBITDA in Q4, there was a little loss.

**Manish Dhanuka:** Maybe I stand corrected. EBITDA is around Rs. 48 crores.

**Rupesh Tatiya:** Okay, and in terms of the injectable innovator product, Shionogi product, Cefiderocol, I am confused whether the timelines are calendar year or Financial Year. So you said Q4 of 2026 is when the construction will complete. That is December '26 or March '26?

**Manish Dhanuka:** No, December '26. So that was calendar year. So the validation batch, the plant sometime around end of calendar year '26 and then it will depend on how long it takes for registration in India. But I am being a bit optimistic considering the doctors are already importing the product although it is 10x more expensive and using it for patients. So I am hoping that DCGI will give us a faster clearance and we can start selling in September of 2027.

**Rupesh Tatiya:** Okay. That's very clear. And India market maybe, I mean, are you planning to share at least annual numbers at least, either, I don't know, revenue sales or I don't know, number of prescriptions or something?

**Mridul Dhanuka:** Yes. So Rupesh, actually, because our license agreement is in public domain, it is a cost-plus model. And right now we are not sure of the price which GARDP will allow us to sell in India. So without that, it would be very difficult to tell the numbers and what is the price elasticity. So in terms of potential, I can tell you...

**Rupesh Tatiya:** Sorry. Let me interrupt you there. I am asking about Enmetazobactam.



**Mridul Dhanuka:** Okay. You were talking about Enmetazobactam. Enmetazobactam, I shared.

**Rupesh Tatiya:** Enmetazobactam in India.

**Mridul Dhanuka:** 10,000 patients was our plan for the full year. We have managed to reach that in half year.

**Rupesh Tatiya:** So that is you alone or that is you and Cipla combined?

**Mridul Dhanuka:** Combined.

**Rupesh Tatiya:** Okay. And you don't see any slowdown in growth or anything for let's say 2-3 years?

**Mridul Dhanuka:** It's difficult to say what is going to be the increase in the sales going forward, but definitely since it's doing better than our potential and it just launched, we do hope for the next 2-3 years, it's going to be very fast-growing molecule for us.

**Manish Dhanuka:** Yes, I can say that the product, whatever the microbiological tests the hospitals have done, they have found the results of the product very good and it is able to solve a lot of issues, a lot of patients were cured which were not being cured through the first line of antibiotics. So the potential seems to be good and that's where we are investing in our sales and marketing team and I am very positive that if we can market the product properly to its potential, we see a significant growth in the next two years.

**Rupesh Tatiya:** So you have indicated that it will remain a significant driver of profitability in FY'26, so no change on that front?

**Manish Dhanuka:** So in that sense, the AMS division will also have a drag because we have already hired a large team of 70 people. So I cannot say that it will be the driver of profit, but our purpose is to become a significant player in the Indian hospital segment so that when Cefiderocol comes, we can convince, we and GARDP to give us the exclusive license for marketing as well. And that is our end goal because Cefiderocol will become the driver of profit after that.

**Rupesh Tatiya:** Okay. And then another question is on Penicillin. So how, I mean, is there like a further price compression for the dumping by Chinese player in Quarter 4 and then 2 months of this FY'26 and do end product prices are still parking to that Penicillin prices or, I mean, you said in the opening commentary, you don't see any respite, but then can we see respite in second half?

**Manish Dhanuka:** Yes, so there is a reduction in Pen-G price, which is leading to the price reduction. But only one product that is Cefepime depends on Pen-G out of our product range. But we are actually, I would not like to comment directly because it will depend on how Aurobindo reacts and how the Chinese react to this price reduction. So we don't have a direct visibility of how the prices are moving because we only buy the intermediate from the users of penicillin-G, which is a

**SucA 0:24:17.**

- Rupesh Tatiya:** So let me ask you another way, next year FY'26, I mean this year EBITDA margins and gross margins on the base business, non- Enmetazobactam, non-other AMS division. Those margins, when will they bottom out or have they already bottomed out and when will we start seeing improvement?
- Manish Dhanuka:** I would expect that the margins have bottomed out because I think margin pressure is there on all competitors. So I would not say that margins will go any further down.
- Rupesh Tatiya:** And then on the base business you've been saying 15%-20%, 20%-25% whatever will our capacity support that kind of growth and we will continue growing the base business at 20% for 2-3 years. That's still fair, right? Okay.
- Mridul Dhanuka:** No, Rupesh, I want to correct you. The base business will not continue to grow at 20% from here. That would include all the other things. So whatever the capacity utilizations CAPEX which was done in the past all of those have become operational, okay?
- Rupesh Tatiya:** So i am asking, non-7ACA, 7ACA will come when it will come. Cefiderocol will come when it will come. Enmetazobactam will grow the way it will grow. I am asking outside of all this base overall --
- Mridul Dhanuka:** All of that then then there is no possibility of growing at 20% for the next three years, okay?
- Rupesh Tatiya:** Is that because of capacity or is that because of we have our market share now is kind of significant?
- Mridul Dhanuka:** You know, to fight more than that, we will have to compromise on margins which we don't intend to.
- Rupesh Tatiya:** So then from here on, base business will grow as for the industry?
- Mridul Dhanuka:** Slightly better, but definitely not what we were doing earlier where there were lots of gaps in efficiencies where we could have identified.
- Rupesh Tatiya:** Okay. Thank you. Thank you for answering my questions.
- Moderator:** Thank you. The next question is from the line of Rohan Shah from Stern Capital. Please go ahead.
- Rohan Shah:** Sir, I had a couple of questions. Like, firstly, how insulated will our API cost structure be from this Chinese price volatility after this 7ACA is fully ramped up?
- Mridul Dhanuka:** So when we have 7ACA fully ramped up, so with respect to 7ACA, we should be insulated from China, but that's always going to be on an arm's length basis, the pricing. Unlike Pen-G where

the price multiplied by 2x or 3x in the last few years, 7ACA prices have been largely stable over the past 12-5 years. So we don't see much change in that.

**Rohan Shah:** Okay, and then another question like in the last quarters where you mentioned that the price correct direction in the top three products has impacted our revenue despite volume growth. So why has there been no diversification from this heavy reliance on a few molecules like after so many quarters of volatility?

**Mridul Dhanuka:** So, the largest products I can take a larger market share. Orchid has the most diverse range of cephalosporins in the entire world. We make more than 30 products, while our closest competitors make 15. So in terms of diversity, any cephalosporin in the world, Orchid probably makes that. So I don't think there is any room for diversification. With respect to penetration, if there is a market potential of 1,000 of a product, I need to take more share over there rather than a product which has only 20 market potential, right?

**Rohan Shah:** Yes, definitely. But just the heavy concentration has impacted like any reduction in prices and hamper our sales which we have gone through? So it was just a question regarding that.

**Mridul Dhanuka:** Yes, this will continue to happen. The top three products will continue to remain the top three products over the foreseeable future.

**Rohan Shah:** Okay, thanks a lot.

**Moderator:** Thank you. The next question is from the line of Aditya from Elara Capital. Please go ahead.

**Aditya:** Hi, good afternoon. Thanks for the opportunity. Correct me if I am wrong, there's a planned CAPEX of Rs. 600 crores for the Jammu plant out of which only Rs. 40 crores have been utilized. I don't think the plant would be finished by the FY'27.

**Mridul Dhanuka:** So, I don't know what's the question Aditya, you've made a statement.

**Aditya:** Do you think the plant would be finished by FY'27?

**Mridul Dhanuka:** Yes, that's what we have said.

**Aditya:** But given the utilized CAPEX of 40 crores out of 600, I don't see that it's on track yet. And land has also not been yet acquired.

**Manish Dhanuka:** So you see the major expenses happened at the end of, I mean, there's still 1.5 years. December '26 is still 1.5 years away, right? And major expense happens at the end of, I mean, right now what you would do is you would just pay 10% advance. So Rs. 45 crores means almost all advances have been paid. The machinery's delivery will only happen after six months, right?

**Sunil Kumar Gupta:** Sir, one more thing, Rs. 45 crore figure is not correct. Actually we have spent around Rs. 120 crores.

**Mridul Dhanuka:** Aditya maybe some clarification in terms of numbers is needed.

**Moderator:** Sorry to interrupt, sir. Mr. Aditya is disconnected.

**Mridul Dhanuka:** So just like our CFO clarified, its 120 crores investment has gone in and not 40 crores.

**Management:** Yes.

**Moderator:** Thank you. The next question is from the line of Narendra from WhiteOak Capital. Please go ahead.

**Narendra:** Sir, can you share some data from the post-marketing surveillance of Enmetazobactam if it is ready? During last time, we said something will be available.

**Manish Dhanuka:** That is going on. I think we have to share it with the DCGI first before we share it with the public as it's a new product.

**Narendra:** That's fine, sir. Sir, are you witnessing increased prescription repeatedly from the same doctor? Or are you witnessing more demand from the hospital where you have supplied it already?

**Manish Dhanuka:** Yes, we are finding doctors to prescribe this quite frequently. We are seeing the growth month-on-month of the product.

**Narendra:** The other question is on reaching the hospitals, have you reached all the hospitals in the metro cities where there are hospitals where it is being used? Or is there some more hospitals to be covered?

**Manish Dhanuka:** So we started in North, South, and West. Not yet started in the East. But I think most of the large corporate hospitals, our product has been entered in the formulary.

**Narendra:** Okay. The other thing which I want to ask is because you have been marketing Enmetazobactam as a Carbapenem steering agent, right? But if you compare the antimicrobial spectrum, it is not as broad spectrum as Meropenem which is commonly used. But the price point of Enmetazobactam is higher than Meropenem. How do doctors perceive this? Are they okay with the pricing?

**Manish Dhanuka:** So the pricing has been kept considering the optimum level between Meropenem and other expensive antibiotics like Ceftazidime and Avibactam. And the purpose of the product is to spare Carbapenem for future generations. And the doctors don't want Carbapenems like Meropenem to develop resistance as fast as it was developing. That is the whole purpose of the molecules to be introduced which can actually replace the resistance of ceftriaxone and piperacillin

tazobactam. That is the purpose. And the price point that we have kept here is not actually detrimental that the hospitals cannot afford or the patient cannot afford. That's why we've optimized the price in such a way that it is affordable. Yes, it is more than Meropenem, but Meropenem has more than 200 brands. So it faces that kind of a competition. And obviously every molecule has its own costing. That's why we have, we discussed, consulted with Cipla and kept a price point which is very much affordable.

- Narendra:** Sir, can you name what are all the antibiotics you have introduced under your AMS division?
- Manish Dhanuka:** So we have a large range of first-generation antibiotics, then all MDR molecules like ceftazidime and avibactam, tigecycline and teicoplanin and we have a large range of antifungals also.
- Narendra:** Okay. Thank you. Best of luck.
- Moderator:** Thank you. The next question is from the line of Rohan Shah from Stern Capital. Please go ahead.
- Rohan Shah:** Thanks again for the opportunity. I just wanted to go back to a previous participant who asked about the land acquisition. I guess he said it was Rs. 40 crore and you corrected him by saying it's Rs. 120. So I just wanted to know like on the balance sheet, current capital work in progress is about Rs. 65 crores. So maybe there's some sort of balance sheet anomaly maybe I am guessing?
- Mridul Dhanuka:** Guptaji, can you answer that? How much of that is advanced which will not be in CWIP possibly?
- Sunil Kumar Gupta:** Actually that CWIP will not come in OPL balance sheet, it is in subsidiary balance sheet.
- Rohan Shah:** Okay, got it. So I guess it's capitalizing the subsidiary?
- Sunil Kumar Gupta:** Yes, if you see our subsidiary balance sheet of OPL has been made and if you see the investment in there, just now I checked it, it is more than 120 crore, 124 exactly.
- Rohan Shah:** Okay. So maybe because I was checking on that. So the subsidiary that we have, it's a wholly owned subsidiary.
- Sunil Kumar Gupta:** That is the correction.
- Sunil Kumar Gupta:** Yes.
- Rohan Shah:** So maybe I got along that line. It was because of that. But thank you. Thank you for the rectification.
- Sunil Kumar Gupta:** Okay.

**Moderator:** Thank you. The next question is from the line of Richa Chowdhary from Electrum PMS. Please go ahead.

**Richa Chowdhary:** Hi sir, thank you for the opportunity. Now that we see that the 7ACA project has been delayed more, have we got any communication from the government side? Like how do we see it as a risk?

**Mridul Dhanuka:** So, Richa, like I have highlighted earlier, we have been in constant communication with the government. We update them on quarterly basis what is the status of the project. And we also have an application with them to extend the date of the letter that they have provided us. And like I have alluded on the earlier calls, they have always given us comfort that, don't worry, we are there with you, but unfortunately, they have not given anything in writing. And my understanding is they have not given this in writing to us or to Arvind who was also two years late or any other PLI player. But they are launching new schemes and they are in full support, which is also evidenced by their actions in constant support towards writing to Jammu government to help us in faster execution of the project.

**Richa Chowdhary:** Okay, thank you.

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

**Vishal Manchanda:** Yes, thank you. Sir, just a clarification on this delayed timeline. So we will start commercial production in December '25. Is that right?

**Manish Dhanuka:** Mechanical completion. Maybe production might be say March or April of '27.

**Vishal Manchanda:** So around that time, we will start commercial production, first quarter of FY'27.

**Manish Dhanuka:** March 27 would be FY'28, last quarter of March FY'27.

**Vishal Manchanda:** Got it. Sorry. So a significant delay. And so are we kind of trying to kind of hedge this by doing scale up alongside and maybe so that we don't waste time? So once we start commercial production, we will also face challenges in scale up. So are we kind of trying to do something alongside that the scale up challenge is reduced?

**Manish Dhanuka:** So some of the actions that we taking is besides our pilot launch in Chennai, which was at a very small scale of 10 liters, we are scaling up there to the extent of 1,000 liters. So a hundred times scale up from where we are today before we commercialize in Jammu. So that should help us mitigate those risks. But like I have said in the earlier calls, learning from the experience of other fermentation PLI players, it takes a long time and Aurobindo has unlimited resources, we are very small compared to them. So they have not managed to stabilize in 15 months. So there could be delays on commercialization to full capacity.

- Sunil Kumar Gupta:** I believe a fermentation unit of this size is probably, this will be the second after Aurobindo's penicillin G plant. I don't think we have seen a fermentation unit of this size in India as of now. So, I mean, we have faced challenges, but there are learning and we feel, it's a complicated engineering. It's better to do things right and then rather hurry up end up in trouble at the time of commercialization. So there have been some learnings and we are trying to correct those and do the things right first time. That is what I was saying.
- Vishal Manchanda:** Right. And just on, we kind of, so we are facing pricing pressures, but can we deliver volume growth, say, mid-teens volume growth next year? Do we have the capacity to deliver that?
- Mridul Dhanuka:** Yes, we have the capacity to deliver that. But like I said earlier, we don't want to be price leaders. So we will not strive for higher volume growth at the expense of our profit and pricing. But of course, we will have to compete in the market. So balancing act maybe we will know in a couple of quarters how things are.
- Manish Dhanuka:** If we have to make a statement. Obviously, every businessman tries to optimize between price and volume. And obviously, we try to find new revenues, newer markets where we can get a better margin and then try and optimize between how much to sell at what price. But you can't always predict how the competitor will react. But yes, we do have capacity and we are trying to diversify our mix so that we neither compromise on the volume of sales nor on the bottomline.
- Vishal Manchanda:** Like when it comes to the US market, think none of the Indian players are currently supplying sterile cephalosporins to the US market. And so just wanted to understand, as we stand today, is there a differential tariff? Like is China facing a tariff for their products in India for sterile cephalosporins? And does this give Orchid an opportunity?
- Manish Dhanuka:** So I think that mostly it's the finished formulations of generic products that's going into the US. And if my understanding is correct, as of now there's nothing in pharmaceuticals. And I think there is no differentiation between duties from India because pharmaceutical is still on hold, I think.
- Vishal Manchanda:** Okay. So are we seeing any opportunities for Orchid to supply to the US in the near term, 1 or 2 years? So are there any efforts in place and whether this can be monetized maybe in the next 1 or 2 years?
- Manish Dhanuka:** I don't think in next two years it would be possible because I mean either we will start from our formulation unit that we are setting up or through a third party CMO and that takes 2 to 2.5 years at least for the registration process.
- Vishal Manchanda:** And as an API supplier if not as a formulation player?
- Mridul Dhanuka:** Vishal, so there is no which are there are no API buyers actually.

- Manish Dhanuka:** So there is a possibility there some development work is going on but we would be not in a position to commit because it will depend how fast they move their registration There are two customers who are registering our product who are now once again taken the API, and they are registering.
- Vishal Manchanda:** These are innovators or these are generic players?
- Manish Dhanuka:** Generic players.
- Vishal Manchanda:** Okay. And so we have not recognized any royalties from Allecra this quarter because we don't have the numbers?
- Manish Dhanuka:** Correct. No, we don't.
- Vishal Manchanda:** Okay. I think that is all from my side. Thank you very much.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Manish Dhanuka:** Dear, investors. I thank you very much for your time. As I always say, we take pleasure and we take a lot of learning from your questions. And if there are any further questions, we will be happy to answer on the email. Thank you once again for joining this investor call.
- Moderator:** Thank you. On behalf of Systematix Group that concludes this conference. Thank you for joining us and you may now disconnect your lines.