

February 16, 2026

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/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026

Sub: Transcript of Analysts/ Investors Earning Call held with Public at large on February 12, 2026- Orchid Pharma Limited ("the Company")

Dear Sir/Madam,

This is in continuation to our earlier intimation and submission dated February 06, 11 & 12, 2026.

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/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026, please find enclosed herewith transcript of Analysts/ Investors Earning Call held with Public at large on Thursday, February 12, 2026 on the financial performance/ financial results of the Company for the Quarter-III ended on December 31, 2025 and the same be read in conjunction with the Audio Recording submitted via our letter dated February 12, 2026.

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Furthermore, it is confirmed that no Unpublished Price Sensitive Information was shared/ discussed during the aforesaid Analysts/ Investors Earning Call.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

Manish Dhanuka
Managing Director
DIN- 00238798

Encl.: as above



“Orchid Pharma Limited
Q3 FY '26 Earnings Conference Call”
February 12, 2026



MANAGEMENT: **MR. MANISH DHANUKA – MANAGING DIRECTOR–
ORCHID PHARMA LIMITED**
**MR. MRIDUL DHANUKA – WHOLE-TIME DIRECTOR –
ORCHID PHARMA LIMITED**
**MR. SUNIL GUPTA – CHIEF FINANCIAL OFFICER –
ORCHID PHARMA LIMITED**
**MR. KAPIL DAYYA – COMPANY SECRETARY &
COMPLIANCE OFFICER – ORCHID PHARMA LIMITED**

MODERATOR: **MR. VISHAL MANCHANDA – SYSTEMATIX SHARES &
STOCKS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Orchid Pharma Limited Q3 FY '26 Earnings Conference Call hosted by Systematix Shares & Stocks Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Manchanda from Systematix Shares and Stocks. Thank you, and over to you, sir.

Vishal Manchanda: Thank you, Anushka. Good evening, everyone. On behalf of Systematix Institutional Equities, I welcome you to the Q3 FY '26 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; Mr. Sunil Kumar Gupta, Chief Financial Officer; and Mr. Kapil Dayya, Company Secretary. I'll now hand over the call to the company management. Over to you, sir.

Manish Dhanuka: Thank you, Vishal. Good evening, ladies and gentlemen. I'm Manish Dhanuka, Managing Director of Orchid Pharma Limited, and I welcome you all for our discussion on the results of third quarter financial year '26.

First, a brief about the financial performance. For Q3, our sales stood at INR207 crores compared to INR217 crores in the last financial year third quarter, reflecting a decline of 5% year-on-year. On a 9-month basis, sales stood at INR574 crores versus INR684 crores last year, which is a decline of 16%.

EBITDA for the quarter was at 6% versus 17% last year. For the 9-month period, EBITDA stood at INR58 crores compared to INR115 crores last year with a margin of 10% versus 17% last year. The year-on-year comparison reflects the continued stress in the global antibiotics market.

On a sequential basis, volumes have improved compared to the previous quarter. However, pricing across key antibiotic molecules remains depressed, limiting revenue recovery. On a 9-month basis, the oral segment has experienced approximately 12% price erosion and 10% quantity erosion. This is not just product specific, it reflects broad industry pressure across all geographies.

Our oral to sterile mix has remained stable at approximately 2:1, indicating there is no structural change in our portfolio. Geographically, our regulated versus nonregulated mix has historically been one-third regulated and two-third nonregulated. However, for this quarter, the split stands at approximately one-fourth as regulated markets. This clearly indicates that regulated markets have not revived.

The incremental sales that we have achieved in this quarter have largely come from price-sensitive spot-based business. While this has helped improve volumes sequentially, it has

exerted further pressure on the gross margins. In addition, we have consciously reduced our inventory during the quarter.

While inventory normalization had happened largely in the last quarter, some impact on inventory devaluation has impacted gross margins. We believe this correction would have largely been completed in this quarter. This has been a complete -- this has been a difficult profitability environment for us. The pressure is clearly pricing driven, not the operational -- not the consequence of operational deficiencies.

In response to this environment, we have critically reviewed our cost structure. Non-employee costs on a 9-month basis are down approximately 10% compared to the last year. We have trimmed discretionary spends and postponed certain expenditures without compromising on compliance or core operations.

While we are optimizing the cost and expenses in all areas, we are not compromising with R&D investments, which have increased to approximately 1.5% of sales compared to less than 1% last year. These investments are targeted towards differentiated products, development of FDF for regulated markets and long-term competitiveness. The development of these products will yield benefits when our FDF plant at Chennai becomes operational.

Now a brief about Exblifep. While the base antibiotic environment remains weak, progress on differentiated products is building momentum. A binding term sheet has been signed in one of the key geographies. In addition, we have executed a nonbinding term sheet in a major regulated market. We are in advanced discussions with 3 to 4 large markets and expect to announce when these get to a definitive stage. We believe in about 4 months after acquisition of asset, this is a significantly good progress.

In Europe, sales have commenced in Spain and Italy. Compared to the last quarter, volumes have increased significantly. On a small base, growth has been more than 200%, which was expected as these markets opened up. Financial year '26 effectively becomes the first meaningful commercial year for Exblifep. With Spain and Italy ramping up, we expect a gradual uptick in volumes over the remainder of the year.

In the GCC region, we have completed launches in United Arab Emirates and Kuwait. This marks the beginning of commercial presence of this molecule beyond Europe and India. We expect launch announcements and agreement announcements to become more frequent going forward.

Now, a brief about AMS division. The AMS platform continues to mature. The EBITDA drag has reduced significantly in the current quarter, while the sales continue to increase steadily. This reflects improving operating leverage and better cost calibration as the platform scales up.

A brief about -- brief update on the 7ACA project. The 7ACA project continues to progress as per the revised execution plan. All fermenters have been erected, a major milestone. Major equipment deliveries are underway and execution intensity has increased to recover time lost in the earlier phases. We continue to target mechanical completion by September. We are actively working to recoup last year's delays and regain scheduled momentum wherever feasible.

On the technical front, at the pilot scale, we have fully absorbed the fermentation technology and are achieving the targeted yield benchmarks. By the time we transition to commercial scale, we expect our fermentation performance to be further strengthened.

This project remains strategically critical, not just for Orchid, but also for our country. It will materially enhance backward integration and long-term cost competitiveness once this becomes operational.

Our overall outlook remains positive. The core antibiotic market remains under pricing pressure for the last 3 quarters. However, our past experience shows some cyclic nature in this business. This time, the down cycle has been a bit longer. We are seeing some green shoots of recovery in January.

However, it remains to be seen if this is sustainable or transient. Our differentiated products ramp up, new geography launches, licensing agreements and cost discipline are expected to gradually improve revenue mix and medium-term visibility. Financial year '26 continues to be a transition year. While the base market is weak, Orchid today is strategically stronger and building assets that will change the earnings profile over the medium term.

In closing, I would like to thank our employees, partners and investors for their continued support. We are navigating a difficult industry cycle with realism and discipline while steadily building long-term value. Thank you. I now welcome your questions.

Moderator: We take the first question from the line of Loveleen Bagga from Systematix Institutional Equities.

Loveleen Bagga: So for the quarter ending this and 9 months ending FY '26, can you please share the revenue split between exports and domestic? Also within exports, how is the split between regulated and another markets?

Manish Dhanuka: Give us a moment, we'll just share it.

Mridul Dhanuka: So domestic business is about 20% and 80% is export. And on the regulated versus nonregulated markets, our split, which we have told is 1/3 to 2/3.

Loveleen Bagga: And my next question is, if you could share the split between sterile and non-sterile API for the 3 months and 9 months ending December '25?

Mridul Dhanuka: Yes. So we've already shared for 9 months, the number was one-third is to two-third. which is our long-term average, no change there. I don't have the data for 3 months specifically right now.

Loveleen Bagga: Okay. For sterile and non-sterile, it's also one-third and two-third?

Sunil Gupta: That's right.

Moderator: We take the next question from the line of Viraj Parekh from Carnelian Asset Management.

- Viraj Parekh:** Sir, a few questions. I think Manish ji just explained in his opening remarks on the core business. I just missed it. I think he said that in oral, there was a 12% price erosion followed by that, he said something with 10%. Could you please repeat that?
- Manish Dhanuka:** So 10% quantity erosion, 12% price erosion.
- Mridul Dhanuka:** This is on a 9-month basis.
- Viraj Parekh:** Got it, sir. And what would be the case for sterile?
- Mridul Dhanuka:** Sterile, I think on a 9-month basis, the quantity variation is about 10% and value basis is flat.
- Viraj Parekh:** Right. Sir, we had a few two molecules where we were confident of filing them in the U.S. market, Teflaro and Avycaz. Can you give me an update on both those products and their filings?
- Mridul Dhanuka:** Yes, we are in the discussion of, you can say, advanced stages of signing of a partner agreement for both. I'm sure before our next quarter call, we may be able to announce some of the agreements. So the filing should happen this year for both the products or maybe early next year.
- Manish Dhanuka:** So like last time we explained, Ceftazidime, Avibactam, we had -- we had filed, there were some observations from FDA. And we are seeking those clarifications, how we can refile that submission. We're still awaiting a feedback from them. Whereas for Teflaro, we have signed a term sheet with a partner, and we would be taking up the validation batches of API and FDFs.
- Viraj Parekh:** Right, sir. So if you can just elaborate, I mean, I think we've been -- I think both these products were supposed to be filed a bit earlier for whatever reason, they've been delayed. If you can just -- I think potential for Teflaro was supposed to be close to approximately INR80 crores to INR100 crores and Avycaz is approximately INR200 crores opportunity like as and when they scale up over 2 to 3 years period of time. Just wanted to understand the time line as of now in terms of the current environment, what opportunity size we can see for both these products?
- Mridul Dhanuka:** Yes. Viraj, so we have not shared in terms of rupee value. I've always shared only the U.S. market size for both the products. So Teflaro continues to be about \$125 million to \$150 million product. And the good thing is for Ceftazidime, Avibactam, the U.S. market has significantly increased from about almost \$200 million, it has become more than \$300 million, \$350 million. So that's a good thing. We are still within the launch window.
- I think we missed the 180 -- the exclusivity on day 1, we have missed that last year, but we should be ready to launch on 180 day. And for that, we are within track. Hopefully, that partner agreement would also be -- we'll conclude shortly. And if our existing batches would work or not, that's a discussion we are having with U.S. FDA or do we need to make fresh batches. That's the question we have to answer yet.
- Viraj Parekh:** Got it, sir. I'll just move to the second part of my question, which is related to Exblifep. You said that Spain and Italy are showing promising sales. Based just on your understanding, I know it's very initial months. What kind of FY '27 onwards, based on your own internal estimates, what kind of royalty income trajectory of sales are we expecting from Europe?

And secondly, in India, if you could estimate, I think last quarter, you did share that we have been ahead of our internal estimates in terms of Exblifep sales in India. So if you can assign some kind of a goal or time line where we can achieve such kind of sales in India as well for Exblifep. So both these numbers would be helpful?

Mridul Dhanuka:

Sure. So on India sales, overall, we have caught up with our estimate by now. One of the key laggards is we had estimated that the partner would penetrate some of the institutional business, which is governed by the government, like defense, government hospitals and things like that. The movement there has not happened.

So the early advantage where we were running ahead of our projection, we are kind of narrowing towards that. We will know more in a couple of quarters. But otherwise, for rest of the regular business, it seems on track. So that's on India business.

For Europe, we will not be able to share a country-wide forecast because our agreements prohibited. All the licenses in their countries have their own commercial interest. But maybe in the next quarter, once we come up with a new guidance on future, we will be able to share some better color on how we see this.

Viraj Parekh:

Got it, sir. Sir, last question is just kind of a bookkeeping question. If you can just help us understand the debt and the cash on hand as of the quarter end. And I'm assuming for our 7ACA project, we will be utilizing the debt to the fullest in the interest subvention scheme. So if you can just give me an idea of when would that, the debt would be fully utilized and what that number would be in the coming few quarters, assuming we are targeting mechanical completion by September? Yes, that would be helpful, sir?

And just other thing, Manish ji just highlighted in your earnings call at the starting remarks that more or less of the inventory has been absorbed the gross margin levels. So going ahead, what - if you can just -- I mean, you always maintain 40% plus/minus 1% to 2% range for gross margins. Going ahead, if you can just give a similar kind of range as well would be helpful?

Manish Dhanuka:

Yes. So the gross margin this quarter was around 31%, and that is largely contributing for the lower EBITDA and profitability. And that is also reflected in the fact that our regulated contribution from one-third has become one-fourth, which is a reflection of higher margins in the regulated market.

Basically, our large concept of specific thing, there is still -- the recovery is not that good. One of our larger markets is actually Russia. So because of this war, probably Russian business has not -- has taken the biggest hit. That is one of the, I would say, the largest and most important reasons for this downfall in the regulated market sales.

With respect to your question on the debt, we have planned a INR450 crores debt on the 7ACA project and the drawdown till now is INR170 crores.

Viraj Parekh:

And sir, what's the cash as on date?

- Manish Dhanuka:** Cash, we have already -- we are not using any working capital limits right now, and we have cash in QIP and other.
- Sunil Gupta:** Around INR75 crores of cash we have in hand, around INR60 crores from QIP funds and INR15 crores in FD. And the working capital limits are unused.
- Viraj Parekh:** And if you could just give me an idea of the gross margins which we expected, is it going to be in the range of 30%, 35% going ahead given the current market environment?
- Manish Dhanuka:** Like I said, you see the nonregulated margins are also much lower than what we traditionally face. So in January, we have seen there's a slight improvement in nonregulated markets. Even the raw material prices have slightly started improving. So what happens generally in my experience, when the prices go down, the customers generally slow down their buying, they delay their buying.
- Now that the prices have started improving, I would find more interest in buying. The customers tend to reduce their inventory, which situation will reverse. So definitely, margins in nonregulated would improve.
- With respect to regulated markets, our margins remain between 50 -- between 40% to 65%, I would say. But it generally depends if in a particular quarter, we get more percentage -- higher percentage of regulated sales, our overall margins improve. So this quarter, particularly, the sales of the regulated business is much lesser. That has yielded in a lower margin.
- Moderator:** We take the next question from the line of Rahul from [SW & Co. 0:21:02]
- Rahul:** I have a quick question on the Cefiderocol. Like are there any updates for the Cefiderocol in India? Or like when can we expect the Cefiderocol in India?
- Manish Dhanuka:** Yes. So the project is on stream. The project work is going on fine. The API is already manufactured. We would be able to start the production sometime in December.
- Rahul:** December 2026, right?
- Manish Dhanuka:** December 2026, right.
- Rahul:** Okay. Thank you.
- Manish Dhanuka:** There will be maybe 5, 6 months of registration. And we are hopeful we will get a concurrent waiver since it is important for this molecule.
- Rahul:** Okay, okay. And I have one quick question on the Exblifep -- like any plans to expand the molecule beyond U.S. and EU like China and LatAm countries, like worldwide?
- Manish Dhanuka:** Yes, yes. We are talking all across the world for licensing. There are discussions going on in more than 10 countries right now.

- Rahul:** For more than 10 countries? Okay, fine. And in the last quarter, you have mentioned that you are in negotiation for a commercialization agreement for U.S. market for Exblifep. Is there any update, can you put some light on that?
- Manish Dhanuka:** There's nothing that we could disclose at this point of time. Like I said, if any definitive something is signed, then we will announce like what we announced about the two term sheets, which...
- Rahul:** Okay. And do you have any planning to file the ceftolozane/tazobactam in the U.S. and EU generics?
- Sunil Gupta:** Can you repeat your question? Sorry.
- Manish Dhanuka:** Sorry, can you repeat?
- Rahul:** Okay. Okay. Do you have any planning to file the ceftolozane and tazobactam in the U.S. and EU?
- Manish Dhanuka:** That's under development.
- Mridul Dhanuka:** So launch time line for that product would be in 31 or after that. So that's under development right now. And of course, we will be launching in U.S..
- Rahul:** Okay. And what about the ceftazidime and avibactam regarding U.S. and EU filing? Are there any updates?
- Manish Dhanuka:** Yes, we had already filed in U.S. There were some observations. We are in discussion with them how to correct those observations. Based on their feedback, we will decide whether we have to take the batches again or the same file can be presented once...
- Mridul Dhanuka:** And on the commercial deals also, we are close to signing commercial deals for this product across world, many geographies. So once this product goes off patent, I think this is going to be a big win for Orchid.
- Rahul:** In the EU as well, right?
- Mridul Dhanuka:** Yes. U.S., Europe, other geographies as well.
- Rahul:** Okay. And all the best for your future products.
- Moderator:** We take the next question from the line of Yash Mehta from AART Ventures.
- Yash Mehta:** Sir, will you be able to provide the sales data for Allecra? I think it was acquired in October 2025, right?
- Manish Dhanuka:** Yes.
- Mridul Dhanuka:** We did not have any...

- Yash Mehta:** Okay. So are there going to be any sales from Allecra in Q4 FY '26 then?
- Mridul Dhanuka:** So we have not acquired Allecra, just to clarify. We acquired the assets from Allecra. So the licensing works based on royalties. So whatever royalties come will come to Orchid's bottom line. They will not be reflecting in our sales figures.
- Yash Mehta:** Okay. So has there been any contribution in the bottom line of Orchid?
- Mridul Dhanuka:** Like Manish was explaining that the numbers are there, but it's very small because Spain and Italy are large markets, which has just started this quarter. There should be meaningful numbers in this -- this year would be practically, you can say, the first full year of commercial operations in Europe. And also the launch in UAE and Kuwait has also happened. So we should see some revenue coming in from GCC countries as well.
- Moderator:** We take the next question from the line of Rupesh Tatiya from Long Equity Partners.
- Rupesh Tatiya:** I joined the call a little bit late, so some of the questions might be repetitive. First question is Dhanuka Laboratories, where are we on the merger? And can you give 9-month revenue and EBITDA numbers?
- Mridul Dhanuka:** So on the merger, it's like more like dates are going on one after the other. So from Jan, we got a date of Feb. From Feb, we got a date of March now. So we are waiting for the courts to finally decide. It's been a long -- almost 3-year process. It will happen when the word is less, I would say.
- Rupesh Tatiya:** Okay. And 9-month numbers? Rough numbers?
- Manish Dhanuka:** The 9-month sales is around INR305 crores as against INR370 crores last year. So there's a downfall here also.
- Rupesh Tatiya:** And margin, EBITDA?
- Manish Dhanuka:** It remains same 5%, 6%.
- Rupesh Tatiya:** Sorry?
- Manish Dhanuka:** Same what has been traditionally been between 5% to 8%. It's in the same range.
- Mridul Dhanuka:** We don't calculate actually it's unlisted entity, right? So these are very, very broad estimates at this point.
- Rupesh Tatiya:** Okay. Okay. And on Enmetazobactam, in first, I mean, starting with Europe, has now -- do we have now approval all across Europe, all 27 countries or there is still some filings to go?
- Mridul Dhanuka:** So in terms of filing, there is only one which is already there. So the license partner, which is advanced, their plan is largely focused on Western Europe. Through -- in Eastern Europe, they will start discussions with, you can say, us B2B basis with other partners. So we are not privy to

their internal discussions. The focus right now is on Western Europe, big 5 countries and some Nordic countries.

Rupesh Tatiya:

But is there approval in all those EU 5 plus Nordic 3?

Manish Dhanuka:

So the regulatory approval is universal across the EU countries, but they have to -- every country has a health care system. So they have to get an entry, get the product entered into the health care system so that doctors get recommendation to prescribe and then the reimbursement from insurance and all that happens. So that is -- that has to be worked through every individual country. That is what is taking time to launch country to country.

Rupesh Tatiya:

Okay. Okay. So there is no approval barrier. It's just you have to work through insurance and every country's system. Okay. And Eastern Europe, I didn't understand B2B partnerships. I didn't understand that?

Mridul Dhanuka:

Yes. So Advanz on its own does not have the strength to launch. It will go through some sub-licensing. Like for example, Orchid has licensed to Cipla for India market, along with Orchid. So Advanz will probably give a sublicense to other people because they don't have their own presence in Eastern Europe.

Rupesh Tatiya:

And when is that likely to get finalized and we can see some sales starting?

Mridul Dhanuka:

We don't have any visibility on their business plans.

Rupesh Tatiya:

Okay. Okay. And I mean, any sort of 2-, 3-year projection from Advanz based on market research, they feel confident about anything you can share?

Mridul Dhanuka:

Next quarter, we'll be coming out with the future guidance, hopefully, with the merged business, how it's going to look overall, then we'll talk about some of the segments and the future guidance.

Rupesh Tatiya:

Okay. Okay. And then coming to U.S., I mean, where are we -- any tentative time line you can say that in 6 months, we'll see some positive outcome or in 12 months, we'll see some positive out-licensing outcome?

Mridul Dhanuka:

Yes, yes. Hopefully, we should be signing U.S. deal within this year. That's the target. Last quarter, I reiterated. We'll take about 12 months. U.S. is the biggest market, and the deal is expected to take some time because they would do due diligence of the entire dossier and things like that. So we are in advanced discussions with several companies. Hopefully, within this year, this will be closed.

Manish Dhanuka:

There are discussions going on with three parties. So let's hope we can maybe move faster with our negotiations.

Rupesh Tatiya:

Okay. Okay. That is good to know. And then how about ROW? How are we looking to target ROW markets?

- Manish Dhanuka:** Yes. So that is a big change in our strategy. That was -- in my opinion, that was one of the flaws in Allegra strategy. We are talking across Latin America, Southeast Asia, North Africa, Russia. So we are very hopeful maybe every quarter, at least one or two announcements should happen.
- Rupesh Tatiya:** Every quarter, 1 or 2 announcements in some countries?
- Manish Dhanuka:** Yes. We are talking at least 5, 6 regions other than the U.S. Hopefully, we should materialize -- they should materialize one by one.
- Rupesh Tatiya:** Okay. Okay. That's good to know. And 7ACA, I -- September is mechanical completion. Can you give the time line? When can we see water trials, when can we see first commercialization?
- Mridul Dhanuka:** So September is mechanical completion and then first commercial should take a quarter or 2 from that, water trials in 1 quarter and commercial production in the next.
- Rupesh Tatiya:** Okay. Okay. And we are on track, everything -- we are on track in terms of everything funding, pilot quantity, pilot runs, all that we are on track?
- Mridul Dhanuka:** Yes, Manish ji explained in this call on the pilot, we have fully absorbed the technology, and we are on target of what we expected. So we hope...
- Rupesh Tatiya:** And Cefiderocol, did I hear that we are already producing API?
- Manish Dhanuka:** Yes. Yes. We produced the API. We have put it on stability, but the finished formulation is only that we are going to sell. So that will only happen in December once the plant is ready.
- Rupesh Tatiya:** So is my number -- if I remember right, formulation, we are looking at 1 million vials, right? So we have API capacity to support that entire 1 million vials?
- Manish Dhanuka:** That's right. That's right.
- Rupesh Tatiya:** Okay. And formulation, we still expect like a December 1st sort of product and then 6 months registrations after that?
- Manish Dhanuka:** That's right.
- Rupesh Tatiya:** Okay. Okay. And base business next year, you feel confident we will get to, let's say, 10% type of margins FY '27?
- Manish Dhanuka:** Yes. I don't have any reason to believe that this down cycle will continue for so long. But I mean, given the current geopolitical situation, honestly speaking, you don't know. I mean, one of our large markets, like I said, Russia, for Cefixime, there are three large brands in Russia and all 3 of them use our product. But with all the sanctions and all, we don't know what to say. Iran is such a big market. Bangladesh is a big market. Egypt is a big market. So these are factors beyond anybody's control. So I don't know.
- Rupesh Tatiya:** How large is Russia or CIS?

Manish Dhanuka: Russia is a big market. It's the largest European country by population. Sorry, I believe even Piyush Goyal does not know whether he will be able to sign the treaty with U.S. tomorrow or it will fall out. So what can I say about international business?

Rupesh Tatiya: Yes. Okay. And then the final question is, can you give some update on the hospital segment? Where are we? And how do you do? What do we hope to achieve in FY '27 in that segment?

Manish Dhanuka: Yes. So the sales have stabilized, and we are seeing month-on-month growth in the sales. As of now, the biggest challenge is getting the right manpower. I mean, our sanction strength is much higher. We are not able to do enough hiring. Otherwise, we would have achieved more than our targets.

Besides our Orblicef, we have also launched another product, which is the first generic. It's the Teflaro generic we have launched in India. So that is another good -- I think that will be a good contributor to our revenues of AMS division. Because other than -- we are the only generic available. We launched this in the month of November.

Rupesh Tatiya: I see. I think. So FY '27, INR50 crores, INR60 crores from hospital segment. Is that a fair number, you can say?

Manish Dhanuka: No, it doesn't grow that fast. I mean I'll be happy if we do INR20 crores. But this is -- I think this is a launch platform for Cefiderocol. Once we sign the commercial licensing with GARDP and Shionogi. So this -- we are creating a launch pad for Cefiderocol. That will be a significant business of injectable formulations.

Moderator: We take the next question from the line of Viraj Parekh from Carnelian Asset Management.

Viraj Parekh: So in your opening remarks, sir, I missed it. I think you said for Exblifep, you signed a binding term sheet in one of the EM markets and a nonbinding term sheet in a regulated market. Is that correct?

Mridul Dhanuka: That's correct.

Viraj Parekh: Okay. And second question is on Cefiderocol. I believe, sir, stated that in December '26, we should have commercial operation commissioning for the facility. In your previous phone call, you said that in H1 FY '27, I think you'll get a clearer idea whether a waiver for Indian market will be granted by the government or else you'll have to go to the trial for the product. So any color on that? And how long would -- if you don't get the waiver, then how long would the commercialization take in India?

Manish Dhanuka: Yes. So there was a notification that depending on the need of the country, if the product is internationally approved, the DCGI can give a product waiver. Will give a clinical trial waiver. And we have experienced that we got a clinical trial waiver in our Orblicef also. So we are confident.

However, if the clinical trial has to be done, then GARDP is going to do the clinical trial. That is in their domain. But I think together, we've had multiple discussions. We are confident

considering the AMR situation now that the Prime Minister himself talked about AMR in his Mann Ki Baat.

So I think DCGI will be cognizant of this issue and the problem that Cefiderocol can address about serious inspections. So we should -- we are confident we should get a clinical trial waiver. It would be, I would say, too much of an injustice to the patients if their access to Cefiderocol is delayed.

Moderator: We take the next question from the line of Loveleen Bagga from Systematix Institutional Equities.

Loveleen Bagga: I wanted to ask what are your views on Penicillin G minimum import price? And how would this impact you imminently? Also, does it also have a readout for 7ACA?

Manish Dhanuka: So minimum imports -- see, our majority business is exports. Minimum import price does not apply for the exported goods. You can still import freely Penicillin G if you're exporting the goods manufactured out of that. So I don't see much impact for us largely. It is for -- I believe it will impact largely the domestic business of manufacturers who make Amoxipen.

Loveleen Bagga: Okay. Thank you. And my second question is, what are we in terms of capacity utilization for sterile and non-sterile?

Mridul Dhanuka: So in last few years, we had increased the capacities significantly. While I would say, till 2 years back, we were at 80% utilization. Now it would have come down to 60%. We can generate turnover of more than INR1,200 crores without...

Loveleen Bagga: And my next question is, can you share the end sales of Exblifep in Europe?

Mridul Dhanuka: No, that we are bound by confidentiality.

Loveleen Bagga: Okay. No problem. And so do we expect to get upfront payments for the licensing deal that we signed on Enmetazobactam?

Manish Dhanuka: Yes.

Mridul Dhanuka: Yes. And the fees are linked to some of the milestone events. It's not just upfront. For example, we have received one major milestone payment on the launch in UAE and Kuwait. So the fees are structured that there would be some upfront, some milestone linked to various items going on. So there would be lots of milestone and upfront.

Loveleen Bagga: And while the sales quantity for the 9 months is reduced, was it also for the current quarter? Or did we see the volume growth?

Mridul Dhanuka: Sorry?

Loveleen Bagga: While quantity for the 9 months has reduced, was it also for the current quarter or did we see the volume growth?

- Mridul Dhanuka:** So for the current quarter, 3 months on the oral products, we have recouped some of the sales. In fact, we have grown by about 10% in terms of volume, not in value. On sterile, I think we are roughly flat. That's why on overall volume basis, we are only down by 10%, as explained by Mr. Manish earlier.
- Loveleen Bagga:** Okay. And my last question is, are we trying to diversify our product mix from our traditional products considering the steeper pricing pressure?
- Mridul Dhanuka:** Yes. We are continuously working on launching new products. For example, Mr. Manish talked about Ceftriaxone launching in India through our AMS. So we are already producing the API. SEPTAvis, we are, of course, the first launcher in India, plus we are now supplying to other markets seeding now globally where the patent has expired.
- And we are in advanced discussion for partnership in countries where patent is still valid, and we should be the first few to launch. So the idea is always to focus on newer products, while the older products will continue to remain the backbone largely because oral products are easier to prescribe. But sterile products is Orchid's strength and our focus will remain there.
- Moderator:** We take the next question from the line of Ankur Chadda, an Individual Investor.
- Ankur Chadda:** I just wanted to ask you if in this quarter also, we had some inventory pricing adjustment, which led to margin compression or that was dealt with in last quarter only?
- Manish Dhanuka:** There was some impact, I would say, some impact during this quarter, but mostly, it would have been taken care.
- Mridul Dhanuka:** Last quarter was a significant impact. This quarter impact, would be there...
- Ankur Chadda:** Okay. And like are you still seeing a lot of competition from the Chinese suppliers?
- Manish Dhanuka:** Yes. When there's a downturn in international market, the biggest competition you face is from the Chinese only. And as you know, the Chinese economy has not done too well either. So they tend to dump product internationally when their local demand is down. So yes, there are some headwinds from China as well.
- Ankur Chadda:** Okay. But now like the Indian rupee has depreciated by almost 10%, 12% in the last 6 months against the Chinese yuan. So does that help Orchid's case and Indian supplier case a little bit in the international market?
- Manish Dhanuka:** I think that has been very helpful. Yes, depreciation has -- it has been helpful because our imports are much lesser than our exports. So rupee depreciation helps us in terms of getting more rupees for the same dollar.
- Ankur Chadda:** Okay. And like in terms of your raw material, like most of it is imported from China or like other countries?
- Manish Dhanuka:** A significant portion is imported, yes.

- Ankur Chadda:** So like in terms of what percentage of your raw material is imported and what is like from India?
- Manish Dhanuka:** It would be around, I would say, out of total raw material, maybe 30% to 40% would be imported.
- Ankur Chadda:** Okay. And a big part of that is 7ACA, is that correct?
- Manish Dhanuka:** That contributes a large part of our imports, probably the largest.
- Ankur Chadda:** Okay. So now like because the rupee has depreciated and if the 7ACA is coming from China, which is, let's say, now 10%, 12% more expensive compared to it was earlier. And the economics of our 7ACA plant, which is coming up in the next few months, that would have improved by a proportionate amount, right? Like your margins from that 7ACA project would go up by whatever, 8%, 10% because of this rupee depreciation. Is that correct?
- Manish Dhanuka:** Although honestly, we have not worked out, yes, it's a very valid argument. It will definitely be beneficial to us. It will definitely be...
- Ankur Chadda:** And in terms of supplying this cephalosporin players in India, so there is us. Who else is there?
- Mridul Dhanuka:** So right now, there are only 3 players in cephalosporin, ourselves, Aurobindo Pharma and a company called Covalent Labs.
- Ankur Chadda:** And like on all of them, they are importing their raw material from China, the 7ACA?
- Mridul Dhanuka:** Right. That's right.
- Ankur Chadda:** And we'll be the only one producing our own 7ACA going forward? Or are they also putting up their plants?
- Mridul Dhanuka:** As of now, we don't have any news of anybody else setting up a plant.
- Ankur Chadda:** Okay. So that means that kind of makes us the lowest cost producer of cephalosporin by next year?
- Mridul Dhanuka:** Yes, that is our objective.
- Moderator:** We take the next question from the line of Neeraj, an Individual Investor.
- Neeraj:** Sir, I joined a bit late, so apologies if the questions are repetitive. You can choose to skip it. I can go through the replay. Sir, any updated thoughts on what is happening at a macro level in our industry because it never went through such pain. So are you seeing any signs of recovery? That's question number one.
- Mridul Dhanuka:** I'm not sure if I agree completely. In my experience, API business has remained cyclic all through these years. And once the prices fall, which can have multiple reasons, right from lower demand to reduction in raw material prices. Every time that happens, the people try to reduce their buying, they try to reduce inventories.

So it happens almost every 2, 3 years. So I'm not very surprised with this. This time, it has been a bit longer, but I don't think it is sustainable. The only risk that we carry is if some alternate class of antibiotics start replacing cephalosporin.

Thankfully, that has not happened as of now. And we have the largest range of cephalosporin. If any antibiotic has to sell, we have that in our portfolio. So as long as there are infections, I don't see any long-term threat to our business.

Neeraj: Understood. And as of now, we don't see any signs of recovery? Or do you have any expectations maybe?

Manish Dhanuka: I don't see -- I said I don't see any threats to our business, any long-term threat. With respect to recovery, I've said that in the month of January, we have seen some 3%, 4% improvement in the prices in domestic market. So there is a possibility that things might improve in the next quarter. But we have to see whether it is sustainable or not, that is to be seen.

Neeraj: Thank you. And next question was around now that we own the entity wherein, we sold the rights regarding royalty. Any status on that? Are we receiving the royalty, any line of sight over there?

Mridul Dhanuka: Yes. So we've answered this question. You can go through the transcript. There's an extensive discussion around royalty.

Neeraj: Fair enough. Thank you. And maybe just the last question around our various projects. So any time lines, any updated time lines on when those projects would be commissioned?

Manish Dhanuka: Yes, that is also already discussed actually. But just for...

Neeraj: You wanted to say something?

Moderator: We take the next question from the line of Vishal Manchanda from Systematix Shares & Stocks Limited.

Vishal Manchanda: Sir, I have a question on this -- a follow-up question on the Pen-G minimum import price. So I wanted to understand like -- so my understanding is cefixime is made from GCLE and GCLE is made from Pen-G is my understanding. So like the one -- the company that you procure GCLE from is buying Pen-G from China. So would that still -- would that minimum import price apply in that situation? Or you can -- that because it's not you that is directly importing Pen-G, it's your supplier that is importing Pen-G from China, and that your supplier is supplying to a domestic company?

Manish Dhanuka: Yes. So there's a process called advanced authorization. When we export cefixime, we give advanced authorization to our GCLE suppliers, and they can use that advanced authorization to import Penicillin G without MIP restriction. We get that license from DGFT and then we get -- we can give sublicense to them for importing duty-free and MIP free.

Vishal Manchanda: Got it, sir. And sir, just, can cefixime be made from 7ACA or Pen-G is the most efficient route to do it?

- Manish Dhanuka:** As of now, Pen-G is the most efficient route, yes. But there is a possibility from 7ACA also.
- Vishal Manchanda:** Okay. Okay. And like are we seeing any improvement in the Pen-G pricing for us? Because like lately, the Pen-G pricing has moved down. So has it helped us on margins so far? Or because of the inventory at higher prices, it's not helped us on margins as of now?
- Manish Dhanuka:** So I would say till December, there was no such improvement. But January, like I said, I have seen improvement in -- the Chinese have also started quoting higher price, but this is the normal trend before their New Year holidays. So difficult to predict. We will know once they come back from the New Year holidays. But the cefixime prices have definitely improved in the month of January, February.
- Vishal Manchanda:** Okay. Okay. And sir, just one final one on branded formulation, you said you may be able to do INR20 crores next year. Is that the right number I heard?
- Manish Dhanuka:** I said I would be happy if I do INR20 crores.
- Vishal Manchanda:** Okay. So including Enmetazobactam, we would still kind of -- it would still not be a INR20 crores business then next year?
- Mridul Dhanuka:** So Enmetazobactam is divided into two pieces, right? We do 15%, 20%. 80% business is done by Cipla. So that Cipla business is not part of this.
- Manish Dhanuka:** Yes. I'm talking about only our own marketing business, not Cipla's business.
- Vishal Manchanda:** Okay. So the profit share and supply revenues is something different?
- Manish Dhanuka:** That is completely different.
- Vishal Manchanda:** Got it, sir. Thank you very much.
- Manish Dhanuka:** Our brand marketing is what I was talking about.
- Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.
- Manish Dhanuka:** Thank you. Ladies and gentlemen, I would like to thank you for your active participation. We remain committed to build long-term value for our investors, and we are working hard to achieve that goal. Thank you once again.
- Moderator:** Thank you. On behalf of Systematix Shares & Stocks Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.