February 13, 2024

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

Symbol: **ORCHPHARMA**

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

Scrip Code: **524372**

Subject: Transcript of Investors Earning Call held on February 09, 2024 to discuss Un-Audited Standalone & Consolidated Financial Results of the Company for the Quarter and Nine Months Ended on 31st December, 2023.

Dear Sir/Madam,

This is in continuation to our earlier announcement dated February 05, 2024 and February 08, 2024.

In view of the above, Transcript of Investors Earning Call held on Friday, February 09, 2024 on the financial performance of the Company for the Quarter and nine months ended on December 31, 2023 is enclosed herewith.

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

You are requested to take the above on your record.

Thanking You,
For **Orchid Pharma Limited**

KAPIL DAYYA

Digitally signed by KAPIL DAYYA
DN: cn=KAPIL DAYYA, o=Personal, ou=Others, postalCode=201102, l=Ghaziabad, st=Uttar Pradesh, street=238, NAVPURA UGNI, GHAZIABAD UGNI, title=2894, 2.5.4.20=eba829c22de1effbdfcdb22c1656149f2ef80e6aef4e71d2952fe88928b6e22c52, serialNumber=a27acd28ad2231a5fdfbc79a89f66ea8542f7b38cf6fea6c40cc3f8a9ba40b16, e=E, email=kapil04dayya@gmail.com, cn=KAPIL DAYYA
Date: 2024.02.13 17:31:43 +05'30'

Kapil Dayya
Company Secretary & Compliance Officer

Encl.: as above

"Orchid Pharma Limited
Q3 FY2024 Investor Conference Call"

February 09, 2024

ANALYST: **MR. VISHAL MANCHANDA – SYSTEMATIX INSTITUTIONAL EQUITIES**

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: Ladies and gentlemen, good day and welcome to Orchid Pharma Limited's Q3 FY2024 Investor 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. Thank you and over to you Sir!

Vishal Manchanda: Thank you Sagar. Good evening everyone. On behalf of Systematix Institutional Equities I welcome you to the Q3 FY2024 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 Orchid represented by Mr. Manish Dhanuka, Managing Director, Mr. Mridul Dhanuka, Whole-Time Director and Mr. Sunil Kumar Gupta, Chief Financial Officer. I now hand over the call to the company management for opening remarks. Over to you Sir!

Manish Dhanuka: Good evening ladies and gentlemen. I am Manish Dhanuka, the Managing Director of the company. It gives me a great pleasure to welcome you all to this call on the results of our company for the third quarter of fiscal year 2024.

Let me begin by sharing some of the key highlights of our financial performance during the Q3 FY2024. In this quarter our sales have shown remarkable growth increasing from Rs.159.8 Crores to Rs.220 Crores. Further over the span of nine months we have witnessed a substantial rise from Rs.456 Crores to Rs.602 Crores on year-on-year basis. Our EBITDA has followed similar positive trajectory increasing from Rs.22.6 Crores to Rs.43.3 Crores in Q3 and from Rs.61.6 Crores to Rs.99.3 Crores in the cumulative nine months when compared to the same period last year. Additionally, our profit after tax has seen a commendable increase moving from Rs.6.7 Crores to Rs.30.5 Crores in Q3 and from a negative of Rs.10.7 Crores to Rs.61.6 Crores in the nine month period over the corresponding period of the previous fiscal year. I am particularly proud to highlight our continued focus on efficiency and productivity despite the operationalization of an additional facility in the sterile area which we discussed during the last call. We have managed to keep our expenses ratio in check. Specifically our employee expenses have moved from 10.7% of sales over the nine months period to 8.6% this year. Similarly other expenses as a percentage of sales have gone down from 21.4% to 18.6% over the same period. This showcases our commitment to cost management and operational efficiency. It is worth mentioning that amid these financial achievements Orchid Pharma has received very encouraging news from the regulatory authorities. Enmetazobactam has been recommended for approval by the European Medicine Agency and we anticipate receiving

the USFDA approval also within February. In terms of our ongoing projects, progress is underway for the 7ACA project, we have started registering the land parcels in Jammu, we have commissioned the pilot plant in Chennai this month and we are now embarking on the detailed engineering study as the basic engineering design near completion.

We have been discussing the subject of antimicrobial resistance. Antimicrobial resistance is one of the biggest issues we are facing in the healthcare industry at present. Our project of Cefiderocol with Shionogi and GARDP is also in the same line which addresses the issue of antimicrobial resistance by providing access to that molecule. Continuing on the same lines we have assembled a team of experts who are devising a strategy to launch a new division called as Orchid AMS or Orchid Antimicrobial Solutions. We hope to launch this division in the next couple of quarters. This division will be hospital sales division for the company.

In conclusion, I am optimistic about the future of Orchid Pharma Limited, our robust financial performance combined with positive regulatory developments and progress on key projects instills confidence in our ability to continue this upward trajectory. I would like to express my gratitude to all our stakeholders, employees, investors and partners for their unwavering support. Together we will navigate the challenges and capitalize on opportunities ensuring the sustained success and growth for Orchid Pharma Limited. Thank you. We will take the questions now.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Jainil Shah from JM Financial. Please go ahead.

Jainil Shah: Thank you for the opportunity and congratulations on good set of numbers. My question is what is driving our growth in this particular quarter, is the domestic, is the exports, also what is driven our gross margin?

Manish Dhanuka: This is in continuation with our strategy in last three years which is about developing new customers and new markets. I would say the growth is overall in all the different territories and it could be difficult to point out any single territory as we have always said quarter-to-quarter some charisma of territories is not very meaningful, so I think this is a result of our efforts to develop new customers and also develop new products, a product that we had launched last year once it went off patent Ceftazidime, Avibactam has also contributed to the sales.

Company Speaker: On the gross margin question Jainil this is the effect of some low price inventory while the prices were increasing in the market, so it is one-off thing. Our long-term guidance would remain as 40 plus, minus 2 as we have been always saying.

Jainil Shah: I am not coming in last quarter so how is that capacity filling up and are we on track to operationalize our overall capacity this quarter?

Manish Dhanuka: The sterile block was commissioned just in November and in last quarter there was minimum capacity utilization. This quarter we plan to reach roughly half utilization and it will take another six months to a year to go to 100% utilization and we stabilize more products and file them. On oral capacity the product is online and should stabilize as per our expectation by end of next year.

Jainil Shah: This is helpful. Thank you and get back to you.

Moderator: Thank you. The next question is from the line of Anant Jain from Investor. Please go ahead.

Anant Jain: Congratulations on a good set of numbers Sir and thanks for the opportunity. My first question is can you give some flavor on how Dhanuka Laboratories has done this quarter because I think the merger is pretty much done for the company and we do not have any information shared on that that is the first question I have, second question that I have is with Cefiderocol, what are the timelines for Cefiderocol, when do can we expect the launch of Cefiderocol in India and the remaining 135 countries and can this partnership with Shionogi be expanded or do we have plans to onboard more such partners that would be my second question, the third question that I have is in terms of our current capacities if you could give us some idea as to when you from the current capacities what could be the revenue potential after we have in some ways current capacities of both Dhanuka Labs and this and what could be the capacities after debottlenecking because I would assume that there would be some debottlenecking opportunities without doing much of capex if you can help me with?

Company Speaker: Lot of questions Anant. Thanks. Let me start reverse in terms of capacities. So, it is difficult to put a number or a revenue potential on the capacities as we have explained earlier Orchid makes almost 40 products and the capacities are fungible. Having said that we have talked about 20 to 25 different CAGR basis if you look back three years from today how the business has been growing and for another couple of years we do not see any more investments needed, so that could be the rough math we could do say that how much we can do without any capacity addition. On Cefiderocol the product is not yet registered in India and we have to figure out how the regulatory pathway for that will work before the product can be introduced, at the same time this is a very complicated product and the only vial lyophilization Cephalosporin to be made in the world today. So we have to set up dedicated facilities which will also take its time, so our estimate is second half of 2026 when we can launch this product.

Anant Jain: One more question that I asked in terms of are we looking at more partnerships of this time with innovators other than increase in pipeline?

Manish Dhanuka: Unfortunately pipeline discussions are confidential and cannot be shared, but we of course welcome partnership. The only point is that in terms of Cephalosporin there are very few molecules which are still under patent.

Anant Jain: I agreed with that and Dhanuka revenues if you could give us some idea there Dhanuka Labs?

Company Speaker: Dhanuka has also done well this year; the growth is around 20% over there less than about Rs.400 Crores in nine months.

Anant Jain: They did Rs.275 Crores in the first half year what I remember so they have done another Rs.125 Crores in Q3?

Company Speaker: Right.

Anant Jain: That is it from my side. Thank you. If I have more questions I will be in the queue.

Moderator: Thank you. The next question is from the line of Rupesh Tatiya from IntelSense Capital. Please go ahead.

Rupesh Tatiya: One clarification, this Dhanuka Rs.400 Crores revenue, would you be able to share EBITDA margin that we have done in nine months?

Manish Dhanuka: Unlisted company so we do not track that on a quarter-to-quarter basis.

Rupesh Tatiya: But can you give a broad range, what would it be?

Manish Dhanuka: I think it would be in line with what it has always been; of course with the growth coming this may be slightly improvement should be there.

Rupesh Tatiya: My first question is this 7ACA capex that we are trying to do in Jammu I read one of the brokerage reports, a lot of incentives, GST refund, PLI benefit, interest subvention, electricity benefits, so can you just list down, I have not heard it from you in this forum, so can you just list down all the incentives that we are looking at?

Company Speaker: You listed down all. There is a GST benefit under the scheme and the PLI benefit is also there plus the interest subvention is around 6% over there. Electricity prices I think as such are lower in Jammu & Kashmir. There is no specific benefit but the prices are lower.

Rupesh Tatiya: In the past you have said that at least we will make 10% operating margins in 7ACA in one of the older calls, so would it be fair to say that we will get our money back in 7ACA in three years, would that be a fair statement to make once we are operational and running at optimum capacity?

Company Speaker: If I remember correctly we said that our technology provider and some of the people that we talked to they have said that it was a 10% EBITDA business when they were running at full capacity and we hope that the benefits would be over and above that I do not have the exact numbers.

Rupesh Tatiya: Another question is that we have talked about launching some of the new products two of which I think you have pointed out in old presentation one is Ceftaroline and another one is Cefovecin, so if you can talk where are we in terms of DMF filing, validation that system update?

Manish Dhanuka: We have talked about the product in the last presentation as Ceftazidime, Avibactam and Ceftaroline, so we are on track with respect to the filing of the DMF for the Ceftazidime, Avibactam has already been filed and the ANDA should be filed shortly and Ceftaroline is planned to be targeted towards the end of this year, so we are on track with that as well.

Rupesh Tatiya: How about Cefovecin Sir?

Manish Dhanuka: Cefovecin we have never talked about a target that is under development product, so we are talking to several companies for a partnership on that.

Company Speaker: It is a veterinary product, so we have the product ready in the laboratory, but we are looking for a partner and once we have the partner we can take the validation at any day, discussing some commercial negotiation with people who can market it in the US market which is the larger for other market sampling and other things are in progress.

Rupesh Tatiya: Thank you Sir and with respect to Enmetazobactam can you give some timeline about India launch and what would be peak revenue potential in two, three years in Enmetazobactam?

Company Speaker: Our file is moving with the DCGI and we are answering their queries, people who are tracking the pharmaceutical business the DCGI is very, very stringent so we are answering their queries and we have requested for a waiver as well considering the problem of antimicrobial resistance and this product addresses that issue to a large extent, so we have requested for a waiver of the clinical trial. If we get that then it should be possible in six to eight months' time, otherwise we are looking at may be first quarter of the next financial year.

Rupesh Tatiya: What would be potential price?

Manish Dhanuka: Injectable antibiotic price is about Rs.7000 Crores, now depending on the price elasticity it could take between 3% to 5% share in three to five years.

Rupesh Tatiya: That is good to know and another question is what would be our export and domestics play for this quarter and is it fair to assume that domestic business is a higher margin business than company average because generally I think domestic on newer products and things like that Avibactam is one, is that a fair assumption to make?

Manish Dhanuka: It could not be fair to generalize the margins specific to the region it depends on the specific product and specific region like Ceftazidime, Avibactam has yielded as good margins, we had almost monopoly for the last eight to nine months plus there are lot of other products which we have increased our sales in India because they were being imported from China and few products we have completely stopped the imports from China, so that is where Orchid is developing the more complicated products which in fact no other company in India sterile have manufacturers, so those products definitely yield a better margin in India, but you cannot generalize like that.

Rupesh Tatiya: May be final question, can we assume that Ceftazidime, Avibactam will continue to grow at 15% to 20% in India for us for a few years because it is a very new product and like that?

Manish Dhanuka: I cannot tell you about that because you see with the antimicrobial resistance we would not advocate blatant use of the product, it is a very, very special product and probably a last resort until we can launch Cefiderocol, so growth is not a criteria for us in India per se, but yes, for Orchid as such we expect good growth coming because we have now seen many export markets and we expect to get good orders from overseas as well.

Rupesh Tatiya: Thank you Sir. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Nihar Shah from Crown Capital. Please go ahead.

Nihar Shah: Good evening Sir. I have total three questions. First is on the US revenue which we were expecting to claim market so what is the update on that and how is the European market recovering?

Company Speaker: For US customers basically we talked about it on the earlier call. We had a large US order with good revenue potential, but unfortunately that site got USFDA warning letter in April

of 2023, so right now we are back to square one for the US market and the European market is doing well for us especially this quarter.

Nihar Shah: Do we have any updates on the backward integration for the seven, eight years?

Company Speaker: Like Mr. Manish Dhanuka talked about in his speech, so our land acquisition registry process has started. We are ready with the pilot plant and they are taking trial in the pilot plant and for the commercial scale production basic engineering stage is complete and the detailed engineering will start soon.

Company Speaker: The most important thing for a fermentation base product is a strain, so happy to announce that we have got the strain from our technologies over there and now we have started the trials in our own pilot plants so that is the key factor in fermentation and we have got that under control now.

Nihar Shah: We said that H2 is generally better in case of revenues, so how are we saying revenue growth for quarter-on-quarter basis in Q4 and let us say FY2025 as well?

Manish Dhanuka: We have always talked about Orchid, we looked at as a quarter-on-quarter growth, always look at Orchid has cumulative numbers, so nine months cumulative and now when we talk on the next call we will have the full financial year and our guidance will always remain when you look back up two, three years from today, you should see 20% to 25% figure, year-on-year, quarter-on-quarter numbers.

Nihar Shah: What about the EBITDA margin, are we sticking with the gross margin guidance of 40% in the long term?

Manish Dhanuka: Yes, 40 plus, minus 2 that is our long-term guidance and EBITDA margins we have said should be high teens in the long term.

Nihar Shah: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Aashita Jain from Nuvama Institutional Equities. Please go ahead.

Aashita Jain: Good evening. Congrats on a very good set of numbers. My first question is on Enmetazobactam so what is the update on launch in China and could you also help us since the product is now approved in Europe and you are anticipating approval in US how do you expect this product to ramp up?

Manish Dhanuka: Can you just repeat what you are saying could not understand?

Aashita Jain: I will repeat. My first question is on Enmetazobactam, so just wanted is there any update on the China launch and also now since the product is now approved in Europe and we are anticipating approval in US how do you expect this product to ramp up?

Manish Dhanuka: On China we do not have any news as of now. US and Europe we expect the sales to start in Q1 of next financial year. So the growth of a new product is typically exponential it would start slow, but percentage, growth month-on-month, year-on-year would be very high for the first few years.

Aashita Jain: Understood. The second question the PLI scheme just wanted to understand have we received any extension from the government in terms of plant commercialization and the PLI benefit?

Manish Dhanuka: No.

Company Speaker: We are having quarterly discussions with them. I do not think we need any extension from them as long as we file the quarterly report to them.

Aashita Jain: I will try to repeat my question. Just wanted to understand because there were delays in terms of a plant commercialization, so are we losing out on any first or second year of PLI benefit, just want to check on that?

Company Speaker: Now I got it. Right now, if you go by strict sense of the scheme it can be interpreted in that. At the same time like Mr. Manish said we are constantly in touch with the government and they do their quarterly review and over there we have you can say assurances that once we have commissioned they will look at it like the earlier PLI **(inaudible) 26:24** is not yet commissioned and that is the same discussion they are having with the other partners as well, but strict sense on paper right now if we commissioned as per our plan we might lose out on those two years.

Aashita Jain: That is helpful. Thank you so much.

Moderator: Thank you. The next question is from the line of Anant Jain from Investor. Please go ahead.

Anant Jain: One question from my side Sir, for Cefiderocol we will be needing a separate block, is there similar requirement for Enmetazobactam?

Company Speaker: There is no specific requirement.

Anant Jain: In case of Cefiderocol is there a possibility for doing contract manufacturing for the innovator?

Company Speaker: We are strictly bound by the contract, yes, but the possibility always exist that is why we are setting up the plant which would be capable of clearing US and Europe or even Japan approval and if we are able to manufacture at a reasonable cost we do expect some benefits from the innovator because they are already running short of the product.

Anant Jain: Same thing for Enmetazobactam because I am assuming right now the sourcing for API for Enmetazobactam is from China, so once we have our facility ready, our production ready do you think that Enmetazobactam API source thing could happen from our side?

Company Speaker: There is the possibility once they start sourcing it commercially, there is a possibility.

Anant Jain: That is nice to hear. Last question is you have repeated multiple times that the sales royalty is 6% to 8% on Enmetazobactam sales does that stand for China as well?

Company Speaker: Yes, it is. The agreement is worldwide sale, so it includes China.

Anant Jain: Irrespective of the change of ownerships of the molecule, 6% to 8% of our royalty stand irrespective of the location of sales?

Company Speaker: Right.

Anant Jain: Thank you Sir. All the best.

Moderator: Thank you. The next question is from the line of Rupesh Tatiya from IntelSense Capital. Please go ahead.

Rupesh Tatiya: Thank you for the opportunity again Sir. One question is we were looking at reconsidering our capacity in oral side to get rid of low margin product move that capacity to a higher margin product, so can you may be talk about that where are we on that update for me?

Manish Dhanuka: That is a continuous process and we keep doing that way. We are developing products which are having higher margins and seeding with the samples to the customers for those product that is a continuous process.

Company Speaker: That is on the product development side, on the capacity side that is the oral capacity rejig we have talked about earlier, which should be completed by end of H1 next financial year.

Rupesh Tatiya: How do we measure this, can we say that margins to go up higher?

Company Speaker: Again repeating answer to earlier question by somebody on the call. After this we would not need any large capex for our general growth besides the project that we have already announced like Cefiderocol and 7ACA.

Rupesh Tatiya: How about margins can we assume that the margins to go up high?

Company Speaker: No, we are not guiding anything on increasing the margins, so they will remain at 40 plus, minus 2% on long term basis.

Rupesh Tatiya: Even after the reconfiguration?

Company Speaker: Yes, the reconfiguration is part of that.

Rupesh Tatiya: Another thing is this Dhanuka also has an NPNC business if you know for nine months for contribution came from that business and then after merger what are your thoughts on scaling up this business because this will be a good diversification probably better margin business, so may be if you can talk about that?

Company Speaker: Right now we are not ready to talk about that on this call Rupesh, also unlisted company sharing that data is difficult, but right now the focus of the company will be stabilizing the new project that we have talked about and if you look at the merged entity where the turnover would be upwards of Rs.1000 Crores that will have a very small contribution in the total sales, although that CAGR for that would be higher than Orchid's overall figure significantly, but till that would not make much of a time if we change that 5% or 10% here or there.

Rupesh Tatiya: Can you provide an update on our hospital business, hospital vertical we were looking at it, what time and how we progress there and can we expect some commercial revenue from this during FY2025?

Company Speaker: FY2025 definitely, we hope we can launch it in first quarter, if not then definitely second quarter of next financial year and the revising strategy which should be different from the current players and we hope to do well there and hopefully the establishment of network will help us in selling both Cefiderocol, Cefepime, Enmetazobactam.

Moderator: Thank you. The next question is from the line of Nihar Shah from Crown Capital. Please go ahead.

Nihar Shah: Thank you Sir for taking my question again. I missed export and domestic revenue mix can you just state it again for me?

Manish Dhanuka: Domestic and export is normally between domestic is around 15% to 18% for Orchid and again these numbers we normally show annually because quarter-on-quarter once shipment happens there could be Rs.10 Crores, Rs.20 Crores and hence way the numbers, so annual basis the number should be 18%.

Nihar Shah: Are we aiming to increase the domestic market or this share should be good enough going ahead?

Manish Dhanuka: At our CAGR, both domestic and export market should grow healthily.

Nihar Shah: Are we taking some stress to optimize our cost in order to increase the margin?

Company Speaker: That is a continuous process any FDA company has to do that is absolutely essential for us.

Manish Dhanuka: As we talked about in our speech if you look at all our cost ratios with respect to sales have been improving and that is where we believe our leverage strategy of leveraging the assets and higher cost base of Orchid comes into play that will continuously work on improving the EBITDA margin for the company.

Company Speaker: However, I just add that there are some businesses that we are now trying to develop for example the antimicrobial solutions, so we are assembling a team of people who would be working on the strategy, so may be next one or two quarters those expenses would be loaded without any revenue. Similarly, the new sterile block that we have commissioned which is not yet come to the optimal utilization, so obviously the cost increase and the revenue increases may be after two quarters, so that much of lag on expenses would be there.

Nihar Shah: That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Sanjay Kumar from iThought PMS. Please go ahead.

Sanjay Kumar: First on Cefiderocol what would be the number of patients that we can achieve for LMIC and if I assume two weeks of treatment and three vials per day, so total 40 vials per patient is a reasonable assumption?

Manish Dhanuka: Per patient treatment is 60 vials, because it is three times a day but 2 grams, so six vials that means on an average of 7 to 14 days if you take that is an average of 10 days, so 6 vials per patient and in terms of LMIC patients you can count roughly 40% to 50% of the death which are happening due to AMR as reported by the Global Burden of Disease out of 5

million people 50% of those deaths reported are from LMIC may be even more, so the current projections that we are discussing with Shionogi and GARDP imagine that initial market out of the total 135 countries of life the first wave of 14 countries should have roughly 70% to 80% share from India.

Sanjay Kumar: Sorry 80% share from?

Manish Dhanuka: India.

Sanjay Kumar: Okay, 5 million 50% will be 2.10 million is the target market?

Manish Dhanuka: In terms of count you can say that.

Sanjay Kumar: Per vial cost will be roughly $10?

Manish Dhanuka: No, it is difficult to put a number to that; current cost of per vial is roughly $200 in the US.

Company Speaker: In the personal development costing is difficult to comment.

Sanjay Kumar: That we lacks experience in the market, will that impact our distribution, our sales in LMIC or will they appoint another entity to do that for them?

Company Speaker: There would be partnership model. There would be offering commercial sublicensing like they have offered to Orchid here in India let us say the next country is Pakistan, so they will find a partner over there. So what GARDP has is basically access to the molecule, they have the licensee from Shionogi and they will further issue sublicense.

Manish Dhanuka: GARDP charter does not talk about selling the product. They are not a profit, for profit company, so they will never have a sale this period. Their idea is how do they marry the product to the market and facilitate that is easy access, so that it is affordable for low and middle-eastern countries that is their charter, so every country they will have to go and find the partner.

Sanjay Kumar: Our agreement with them is public it says up to 25% PBT margins is allowed, so will it be 20% or even be the full 25% PBT margins for us or is it to volume?

Manish Dhanuka: Yes, that is correct.

Company Speaker The costing will be decided once the personal development is complete.

Sanjay Kumar: Second on the Enmetazobactam, In India you said Rs.7000 Crores market we may get single digit market share and in media interview you had said cumulative sales globally for the next 10 years could be 2 billion, if you could share number of patients or how did you arrive at this 2 billion figure that would be very helpful?

Manish Dhanuka: Sorry, on Enmetazobactam you talked about?

Sanjay Kumar: Yes.

Manish Dhanuka: Actually it is very difficult exercise. We have seen several secondary indicators to try and estimate some numbers and for example, Piperacillin and Tazobactam when it was patented was a billion dollar product that is for the US market. Ceftazidime, Avibactam currently is a $500 million product, so these 2 billion number is over 10 years cumulative sales, so looking at some of these indicators, the price point, the need, requirement, we hired some expert and we have come up with Tazobactam.

Sanjay Kumar: Finally, both the products Enmetazobactam seems to be a narrow spectrum antibiotic which covers only ESBL extended-spectrum beta-lactamase enzymes, Cefiderocol also seems to be ineffective against certain strains like New Delhi metallo-beta-lactamase and few more also, so is there any threat from other drugs in the pipeline say Sulbactam-durlobactam or WCK 5222 are we talking to those innovators as well from manufacture to mitigate the risk from our side?

Manish Dhanuka: You are very well informed Sanjay. The thing is today the drugs have to be narrow spectrum so that we do not sensitize the bacteria to every drug and the drug can remain effective. I think all of these drugs must be used complimentarily after identification of which is the best drug for the bacteria with which the patient is infected. The bacteria has a defense mechanism with which muted and evolve right in COVID you were realizing right, Omicron strain, that strain is continuously evolve, the bacteria do the same thing and all the organizations who are inventing molecules in the world. We will need to make sure they had managed responsibly so that there are enough antibiotics available for the patients to be treated globally.

Sanjay Kumar: Are we talking to any of these innovators as well?

Company Speaker: As of now no.

Sanjay Kumar: That is it from my side. Thank you and all the very best.

Moderator: Thank you. The next followup question is from the line of Rupesh Tatiya from IntelSense Capital. Please go ahead.

Rupesh Tatiya: Thank you for opportunity. I got cut off last time. One clarification Sir, hospital business can the Penicillin 5% to 10% revenues for FY2025?

Manish Dhanuka: 5% to 10% of work in total that would be a really large number.

Rupesh Tatiya: That would be?

Manish Dhanuka: That could be a large number, but in a few years time, yes.

Rupesh Tatiya: Another is number question, can you tell the capital outlay for 7ACA and Cefiderocol projects?

Manish Dhanuka: 7ACA we have talked about Rs.600 Crores of investment and for Cefiderocol between $10 million to $15 million.

Rupesh Tatiya: So this Rs.600 Crores for 7ACA, is that include working capital as well or that is just fixed asset?

Manish Dhanuka: No, it includes the entire project outlay.

Rupesh Tatiya: Can you split it between fixed asset and working capital. One of the previous presentations, you have given number of Rs.400 Crores fixed asset I think?

Manish Dhanuka: No, I think there is some mistake. We are right now not in a position to give numbers for you. Once the detailed engineering stage is complete that is where probably we might have more details.

Company Speaker: The number we have already talked about Rs.600 Crores.

Rupesh Tatiya: Then this Cefiderocol $16 million investment, what kind of asset turns would that investment have?

Manish Dhanuka: Again it is difficult to say, the problem with Cefiderocol is rather let me say the advantage. The idea is not to actually sell the molecules it should only be given in case everything has fails to work and I just stated the Global Burden of Disease data that what are the possible number of patients, so theoretically the asset turns would be very high, but unfortunately right now we do not have the technology, we do not have target size, we do not have the price elasticity study, so it would be too soon that is the only reason our license which is

public is talked about PBT margin rather than cost plus typical target price for CMO operations.

Rupesh Tatiya: Once in a 10 year, once in a decade kind of investment, there would not be any follow on investments?

Manish Dhanuka: It would depend like another person asked on the call what is the total potential of the product who needs these medicines, so right now without having an idea about how much we can reduce the price difficult to say. Current capacity that we are setting up is for a million vial and if the demand goes to 5 million obviously we might have to set up more, but all of this is too early.

Company Speaker: To give you the perspective, the objective of GARDP and Shionogi is that the product does not sell, but the reality is antimicrobial resistance is growing every day, so considering that they have asked us to keep a scope in such a way we are designing a plant in such a way that with minimal investment we can increase the capacity three times, so the ideal situation would be that not so much of this product is required, but we do anticipate that there will be a significant growth in demand if we look at 135 countries, so to be honest to give a number in financial terms it would not be correct because the marketing strategy is not decided by us, it is decided by GARDP and Shionogi and the pricing strategy is not decided by us, so it would not be correct to give numbers to you.

Rupesh Tatiya: Thank you so much for answering my question and best of luck.

Moderator: Thank you. As there are no further questions from the participants I now hand the conference to the management for closing comments.

Manish Dhanuka: Thank you. So dear investors thank you once again for showing confidence in Orchid Pharma, we assure you we will try and work as hard as possible to take this company to the level that it deserves the infrastructure that Orchid has, the kind of project that we have taken up we really hope that this company has bright future ahead of us in next few years.

Moderator: Thank you. On behalf of Systematix Institutional Equities that concludes this conference. Thank you for joining us. You may now disconnect your lines.