

**August 21, 2023**

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**

**Subject: Transcript of Earning Call – Orchid Pharma Limited (“the Company”)**

Dear Sir/Madam,

This is in continuation of our earlier announcements dated August 08, 2023 and August 14, 2023.

In view of the above, Transcript of Earning Call held on Monday, August 14, 2023 on the financial performance of the Company for the Quarter ended June 30, 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](http://www.orchidpharma.com)

You are requested to take the above on record.

Thanking You,

For **Orchid Pharma Limited**

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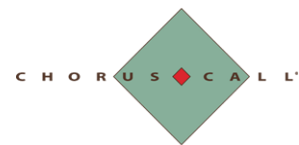
**Marina Peter**

**Company Secretary & Compliance Officer**

*Encl. as above*



“Orchid Pharma Limited  
Q1 FY ‘24 Earnings Conference Call”  
August 14, 2023



**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**

**Moderator:** Ladies and gentlemen, good day and welcome to the Orchid Pharma Ltd Q1 FY24 Earnings Conference Call. 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Manish Dhanuka, Managing Director. Thank you and over to you, sir.

**Manish Dhanuka:** Thank you. Good evening and welcome. I am pleased to present an overview of our company's performance for the first quarter of the financial year 2023-2024. It gives me great pleasure that your support and trust have been pivotal in propelling our success and I am thrilled to share our achievements and progress with you. First, the financial highlights. I'm happy to announce that our revenue for Q1 FY23-24 has risen to INR182.9 crores, marking a 40% surge compared to the same period last financial year.

This robust growth is a testament that the initiatives taken in the last few years were in the right direction. Our EBITDA for the same period increased to INR24 crores, which is a 56% increase over the same period last financial year. This growth underscores our commitment to operational efficiencies and the strategic financial management that we have brought in. It is important to note that despite a 40% increase in sales, our expenses remain almost flat. This clearly demonstrates our underlying strategy to maximize the utilization and optimization of the excellent infrastructure that Orchid possesses.

I'm happy to share a significant strategic development. In the first week of August, we have successfully commissioned our new sterile facility. This achievement is poised to deliver substantial benefits to our sterile sales in the upcoming quarters. Moreover, we are actively progressing with our plans to expand oral capacities as well, with expectations of these enhanced capacities becoming operational by March 24. This will further ensure our continued growth and market leadership in the products that we operate.

Our dedication to innovation remains intact. Last quarter we introduced a product called Ceftazidime Aldactone to the market, which has received a very encouraging response from our valued customers. We will continue to develop new products and build on our efficient process technologies. Sustainability. We are also committed towards sustainability through strategic focus on energy efficiency.

Our company has realized substantial benefits. Despite a significant 40% increase in sales, our energy costs have increased by only 10%. This could be attributed to our solar power plant investment, which we did during the last financial year. We are actively pursuing other opportunities to expand our renewable power capacity and for further environmental and financial gains. In conclusion, our future outlook is undoubtedly positive.

The seeds we have sown through strategic plans, operational efficiencies, and innovation are poised to yield favorable results. Thank you for your continued trust and support. Together, we will continue to script our success story, delivering value to our shareholders. Thank you. We will take the questions now.

**Moderator:** Thank you very much. The first question is from the line of Viraj Kacharia from Securities Investment Managers. Please go ahead.

**Viraj Kacharia:** Yes, hi. Thanks for the opportunity and congratulations for good numbers and such a challenging environment. Just a couple of questions, if I can. So, first is, you know, if you look at a cross-margin this quarter, they're down, here on your basis, while, you know, we see most of the API companies, you know, they're talking about a fall in raw material cost. So what has really transpired for us in this quarter?

**Management:** Yes, Raj. So our long-term guidance is around 40% plus minus two. So we are within that range only. Last annual basis, we were at 42%, which was exceptionally good year. And depending on the product market mix, this number would be slightly up and down. So no fundamental changes happened to our business.

**Viraj Kacharia:** Okay, so to put it differently, earlier margins used to be close to 45. And we were kind of looking at price as one of the strategy to gain a scale. Now with the scale coming in for us, structurally, what is price still a strategy for us to drive further scale or structurally what factors would drive an improvement to say, back to those levels of 45?

**Management:** Yes, so earlier also I have said on the call that the gross margins, we should not expect the earlier levels that occurred. The problem with during the bankruptcy time was that the company was only selling products in the regulated or high margin business, but they were incurring high costs to run the facilities and they were fully staffed and all the expenses were asked for more utilization.

So our strategies, as long as we are making positive contribution to the bottom line, we will continue to grab even the lower gross margin business, at the same time ensuring positive net contribution, which you can see that we have demonstrated by increasing EBITDA while the expenses have practically remained flat. So even going forward, the gross margin, I don't expect any increase to the levels that were there earlier. It would be in the same range, 40 plus minus 2.

**Viraj Kacharia:** But even in an environment where the raw material prices are so conducive, is it largely the product mix which is the key reason behind us looking at 40-42 band or is there any other factor?

**Management:** So if you look at API in general you can say companies are talking about prices moderating. For Orchid the key raw materials are basically two, penicillin and 7-ACA, both which are imported for China. So penicillin prices actually, unfortunately, remain at an all-time high. There has been no correction in the penicillin prices. And on 7-ACA, the prices were stable. They did not rise abnormally during COVID, so there is no correction in that. So fundamentally, those factors are not applicable to us.

**Viraj Kacharia:** Okay, second question is, in the annual report we talked about three new products which are added in the Orchid basket in last year through R&D. So have all three been launched in the market?

**Management:** So, Ceftazidime, Avibactam, Mr. Manish Dhanuka, our MD, he talked about that we have launched and we are seeking good traction from our valued customers, especially in emerging markets. You understand that regulated markets business will require dossier filing and all, so those are under process. The sales should start after the dossier and the patent landscape is crossed in the various markets that you will sell in.

And on other products, they are under development. So batches and stuff, for some batches have been taken for some research is on. So depending on the market, they would be launched as in when the patents expire.

**Viraj Kacharia:** Okay, just one more question and I'll come back in queue. What are the condition of the plans when we were handed over? Since earlier it was in the resolution, where they thought focus too much on improving the operating standards for the company. So that is one of the related questions. Since the time we are handed over the plans, what kind of investments we have made to improve the plant quality?

**Management:** Yes, one of the good things Raj, one of the good things about Orchid was that it had excellent infrastructure and the assets, although being a little old, was in very good condition. Although not the entire plant was very old because the blocks were added over a period of time. So we have absolutely no doubt that the plant was in good condition.

But as any process plant would require, we are continuing to invest in upgradation of the facility and improvement. But that's a normal capex which goes on in any plant. But we feel that the plant is still state of the art. There is no issue with respect to the facility.

**Viraj Kacharia:** Okay, and since the time of our takeover, especially in last one year, how many customer audits or external audits have you carried out? Just to get a perspective of the traction that's coming for.

**Mridul Dhanuka:** Yes, so customer audit is a norm at Orchid Pharma. You would find probably one or two customers auditing almost every week. So that's just a regular feature. With respect to the regulatory audit, we had a WHO GMP and the audited confirmation audits from Indian Authorities. But as the authorities in Europe and US are slightly busy, we have not had the audit

from there. We are expecting one, actually we are trying to apply for the European audits, one again.

**Viraj Kacharia:** Okay, and considering that the people at Orchid, they have been long associated with the company and they've also witnessed years where, times of distress, when today you see an Orchid which is improving day-by-day. How is the employee morale since witnessing low volumes of utilization? One would think that people at the plant would get self naturally. So since our takeover, have you seen any attrition at the plant level? Or are we seeing ex-Orchid employees looking to come back into the company?

**Mridul Dhanuka:** In the last three years, I think we have inducted many senior ex-Orchid employees and I think the employee morale is probably all time high, I would say in last 20 years. And we see a lot of energy and enthusiasm among the employees. If you have to achieve such significant growth, you need all the support from employees. So we are very thankful for all their support.

**Viraj Kacharia:** Okay, so, the question was that we've been keeping our employee costs flat at INR16 crores level for some time now. So at what scale you see this cost moving up or you think there are levers to further improve on the productivity side?

**Mridul Dhanuka:** So in terms of if you look percentage to sale basis, this would continue to improve. The number may not stay flat.

**Viraj Kacharia:** Okay, I'll come back in, thank you.

**Moderator:** Thank you. The next question is from the line of Sajal Kapoor, an individual investor, please go ahead.

**Sajal Kapoor:** Yes, hi, thanks for taking my question. So just to carry on from the previous participants, gross margin is an indication of pricing power in any business, right? So if 40% is all we can do, then A, that suggests that we have a no or very low pricing power, and B, the EBITDA margins can't sustain above low-teens or mid-teens depending upon how we sweat the all occurred asset. Is that a fair assumption?

**Mridul Dhanuka:** So Sajal Orchid operates in three different markets. One is long-term contracts with the innovators. There you know, because the pricing is fixed for a long period of time. There is no discussion of pricing power. The second markets are the regulated markets, where we again work on long term understanding, they're not fixed contracts, but the prices are stable over normally one or two years, if nothing fundamental changes, maybe even longer. There the gross margins are good.

But our strategy has always been that besides these two markets, which are in the regulated domain and both for growing require either issue of new product or new customer acquisition. Otherwise, access to medicine is not a problem in the Western part of the world. So for the existing business, it's difficult to grow. Most of the growth for Orchid would come in and that you have seen in our gross margin correction will happen in emerging markets, which is spot business.

So one fundamental change which has happened this quarter is our ratio of sterile to oral, which has always been 2:1, has shifted slightly towards the oral as we increase the capacity utilization of the oral product. Just to remind everyone on the call, we've been saying that our sterile facilities have been 90%, 95% utilized, and the orals were lagging behind. So we have increased the capacity utilizations on the oral. So while the sterile business has practically remained flat, orals has shown a disproportionately high growth because of the utilization, and our mix has slightly changed. Orals by definition have a lower gross margin, so that's another reason why this has happened.

At the same time, our new sterile facilities and commissioned this month, and maybe some impact of that may be visible in the next quarter, again, depending on the product market mix.

**Sajal Kapoor:** So, Mridul, assuming 40% give or take plus or minus 2%, right, that's the gross margin band for us, what could possibly be the EBITDA margin range given where we are aiming to be on the gross margin front? Because then if the gross margin will be 40% give or take, then EBITDA margin is purely a function of asset utilization, right?

**Mridul Dhanuka:** Correct. So if you have seen, our overall expenses to percentage to sale has dropped steadily from being when we took over almost 30% to this quarter about 18%. As we grow further this number would continue to improve for us and that is where a large part of the margin percentage improvement will come from. And we should expect maybe, like last year, slightly improved number from last year annual basis.

**Sajal Kapoor:** So low to mid-teens kind of is what we should be realistically targeting in the near term, at least, right?

**Mridul Dhanuka:** Yes, so every year you should see maybe 100 basis point improvement is my estimate, but it will all depend on a lot of market factors.

**Sajal Kapoor:** Yes and then when the new facility is up and running in the J&K, the fermentation one, there will be deleverage to begin with right? So that will obviously take some shine away from whatever operating margins that we would be going into that commercialization. So there will be a hit on our operating margins when that new plant is commercialized, correct? Because you would have to hire people and they won't be productive on day one.

**Mridul Dhanuka:** Yes, so on console basis, you would see that initially. But some of the, for example, hiring has already happened and that is already visible in the results. So the pilot plant teams are in place, project teams have started to join in. So some of the numbers are already reflecting that as well.

**Sajal Kapoor:** Sure. And second question is, can you give us some sort of a budget for R&D investments for this year and next year, please?

**Mridul Dhanuka:** I don't have a number off-hand, but if you look at our last year's number, this year R&D spend would have significantly increased, largely due to the new product research that we are doing. And as and when some of the product names we can make public, we will talk about it. It is going to increase for sure.

- Sajal Kapoor:** Yes, of course. And just a good practice suggestion. So we should aim to upload the presentation along with the results, rather than doing it just minutes before the start of the conference call. And try and have the conference call the same day or the next day morning after the results rather than having a gap of two three days, if possible. Thank you.
- Mridul Dhanuka:** Sure, thanks, Sajal.
- Moderator:** Thank you. The next question is from the line of Jainil Shah from JM Financial. Please go ahead.
- Jainil Shah:** Thank you for the opportunity and congratulations on a good set of numbers. My first question is on the PLI project. Any update that you would like to share? How is it progressing? Are the timelines intact?
- Mridul Dhanuka:** Hi, Jainil. Largely no change since we talked last time. Land acquisition is going on. Currently, CLU applications for the farmer is happening in Jammu. And we've already talked about after the technology agreement, we've started receiving the technology document and our pilot plant setup is also going to be ready shortly. So mostly back-end work now. I think the better update we'll be able to give by next quarter result call after Diwali. So that's the time I would have a better handle on the timeline.
- Jainil Shah:** And on Ceftazidime and Ceftaroline, so Ceftaroline obviously is going to be a gradual ramp-up, but how is the progress there? You're making inroads or we're focusing more on Ceftazidime, Avibactam?
- Mridul Dhanuka:** So we are basically right now focusing on the non-regulated markets. I think we've grabbed a significant market share in India as well as in other emerging markets. Whereas we are happy to announce that we have developed a non-infringing process also and the development of that ANDA is in progress. So we hope to file it before the NC minus one date.
- With respect to Ceftaroline, we have tied up with a marketing company in the US and we are going to go ahead with further development and some studies are required. So hopefully it should be about a few months before we can take the validation batch.
- Jainil Shah:** Right, and on the Allecra, Allecra already submitted their NDA for the US FDA. So anything that you've heard from them and are we entitled to receive any milestone payment on filing or approval, or will it only be royalty?
- Management:** Yes, for Allecra, we are only entitled to royalty, no milestones. And now that US, because they have a declared QIDP status on the product, so from July, it should be a five month launch. So we should see definitely, you see definitely some news of sales coming in December or January this year.
- Jainil Shah:** That's good to know. And just one more if I may, on the future outlook, we've delivered 40% topline growth. We have a new sterile block coming in. So what's the growth trajectory like?
- Management:** Yes, so this year, this quarter we've been fortunate and the last two quarters, which are the largest for us, I don't think the similar number can be delivered. You should expect a similar growth



pattern that we've delivered in the last two years, three years to continue as progress for the next two years, three years.

**Jainil Shah:** 3Q, 4Q will be a bigger quarter, right?

**Management:** Bigger quarter is base is bigger, so I'm saying the numbers similar kind of, 40% kind of numbers will not happen. So you should expect the 20%, 25% CAGR that we are talking about.

**Jainil Shah:** Fair enough. That's all from my side, thank you so much.

**Management:** Thanks, Jainil.

**Moderator:** Thank you. The next question is from the line of Sanjaya Satapathy from Ampersand Capital. Please go ahead.

**Sanjaya Satapathy:** Yes, thanks a lot for the opportunity. So then, this quarter one, this 40% growth, can you just highlight, what exactly led to this growth? Because that also happened on a very strong base?

**Management:** Yes, Sanjay. So basically, oral capacity utilization has resulted in more output. And yes, last year, if you look at, April to June quarter, that was only INR130 crores. So on that, the base was also not that big. But yes, going forward, the quarters were much larger. So more oral products, capacity being utilized, is the main driver for the higher than expected numbers.

**Sanjaya Satapathy:** How much was the utilization of oral factory in this quarter?

**Management:** We are at about 80%.

**Sanjaya Satapathy:** 80% now. And when you are saying that your growth rate will come off to some 20%-25%, are you saying that over the base of subsequent quarters or for the whole year?

**Management:** I am talking about the whole year number. That is what we should expect.

**Sanjaya Satapathy:** Okay. So you think that the growth rate will come up to some time soon?

**Management:** Yes. So basically the right way to look at Orchid is not, for example, we cannot compare Jan to March numbers from April to March. So it will not be sequential. The right way to look at it would be cumulative quarter-on-quarter, so first right now we can do comparison between April to June '22 versus April to June '23. When we meet next quarter, the right way to look at it would be April to September combined, because our shipments are expensive products and single shipment INR10 crores, INR15 crores could swing the number here or there completely. So that's the right way and every time, we will be talking about with those references in mind.

**Sanjaya Satapathy:** And the benefit of this new sterile factory will become visible in September quarter, I assume?

**Management:** Yes, but that would be only a one month, one and a half month sale. Full quarter will be available from October to December.

**Sanjaya Satapathy:** Understood. Thanks a lot, sir.

- Management:** Thanks, Sanjay.
- Moderator:** Thank you. The next question is from the line of Viraj Kacharia from Securities Investment Managers. Please go ahead.
- Viraj Kacharia:** Yes, thanks for the opportunity. Just two questions, sir. One is, if I look at the annual report, where we talk about turnover rate for different employees, it says that, if the turnover rate is around 100% for permanent employees. So is it right and are we witnessing, what issues are we witnessing with respect to the retention?
- Management:** No, I'm not sure, where exactly you are looking at.
- Viraj Kacharia:** It's page 86 of annual report.
- Management:** 100% turnover?
- Viraj Kacharia:** Yes, that's what it says.
- Management:** I'm sorry, I'll have to probably answer this question. I don't have a specific page in front of me.
- Viraj Kacharia:** Yes. I'll probably take it offline. And any update you can give regarding the new chemical NT commercialization in Europe, China, other markets?
- Management:** So we don't talk about specific product market launches, but we have started, inroads are happening, and those are only visible in consolidated numbers. So product market specific details we can't say.
- Viraj Kacharia:** No, my question was regarding the Enmetazobactam, commercialized?
- Management:** Yes, Enmetazobactam, no, we don't have anything other than what happened in July, which is the US FDA filing. So commercial launches, we will only know, when it happens from the public domain only.
- Viraj Kacharia:** Okay, fine. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Kunal Shah from Carnelian Asset Management. Please go ahead.
- Kunal Shah:** Hello...
- Moderator:** Mr. Kunal Shah, I'm sorry to interrupt, but your audio is breaking up. So requesting you to please use the handset mode while speaking. I'm sorry, but your audio is not clearly audible. Please reconnect and come in the question queue for your follow-up. Thank you. The next question is from the line of Himanshu Upadhyay from O3 PMS. Please go ahead.
- Himanshu Upadhyay:** Yes, hi. Congratulations on good set of numbers. My question was, you stated that the merger with DLL will be once the capital raise happens, or the QIP happens. And so what is the thought process right now? And would we like to complete the capex for a set 7 ACA? Would you like

to proceed or again will we be relooking at it and how soon or how later you would be willing to bring that resolution?

**Management:** Yes, Himanshu if I understand correctly, first you are talking about the merger between Dhanuka Lab and Orchid. So we'll be just starting the process again because we have to start from scratch, appointment of a valuer or SEBI approval and things like that. Unfortunately, after last time, I'm not in a position to comment on the timeline, but we'll be starting soon and as soon as the Board meetings, etcetera happen, you will be kept abreast of what is going on. So no delay with respect to and there is no linkage with respect to 7ACA that was your second question right? How is it linked to your 7ACA investment?

**Himanshu Upadhyay:** So the valuation of the companies will change over a period of time okay with 7 ACA happening okay, so the valuation of Orchid will also change materially over next two years- three years. So you want to take it after a significant period of time or?

**Management:** No, we will be starting soon and typically it takes 12-18 months to finish. So the share swap ratio, etcetera, should be approved in the next three months. After that, it would be the matter of courts and them to decide. Most of the time would be taken there.

**Himanshu Upadhyay:** And how has been the performance of DLL? Since in last, FY '23 and FY Q1, what has happened there now?

**Management:** Yes, so Q1 numbers, unfortunately, it's not audited numbers, so we can't talk about that. But for DLL, the growth is in the single digits.

**Himanshu Upadhyay:** And the profitability, is it in double digits, or it is in single digits only for FY '23?

**Management:** Yes, it is single digits only?

**Himanshu Upadhyay:** Okay. And are you seeing any price improvement for antibiotics in the developing markets or there the situation is similar only things in developed markets?

**Management:** Generally prices you see, there is a cyclical nature and it depends on the demand and supply. Last quarter was good, I would say, this quarter looks reasonably well. But predicting long term would not be very wise. But we feel overall demand has been good in this year.

**Himanshu Upadhyay:** And after cost control and all those things have been done, can you tell me what would be the top three priorities as management for FY '24- '25 for you?

**Management:** So continuing to develop new products, we have some more products on our radar and definitely those are the first priority. And I think our expansion with respect to capacity will continue to go on for next two years, at least two years. We feel there is enough scope in this particular facility to grow with respect to capacities. And thirdly, once we have the 7 ACA, we will have capability of backward, we will have the backward integration.

So I think we will look for some new avenues in terms of advanced intermediates, which are being imported from China. So those are the three things that we look for in the medium term.

And in the long term, we do wish to be in the consumer market. We want to have a B2C business in Orchid Pharma. So you will see some announcements with respect to that.

**Himanshu Upadhyay:** And when you say B2C, it means domestic formulations market or developed market also you are saying?

**Management:** So like, we are developing some ANDAs in which we are tying up with companies, large companies, who would like to market in the US. So we are working towards both the regulated markets and looking at opportunities in domestic as well.

**Himanshu Upadhyay:** Okay. Thank you from my side.

**Moderator:** Thank you. The next question is from the line of Kunal Shah from Carnelian Asset Management. Please go ahead.

**Kunal Shah:** Hi, Mridul. Hi, Manish. Congratulations on your result. Just wanted to understand the top line Delta we had this quarter for around 40%. I understand that was kind of your number of subsidized going ahead. Is that like a contribution, like a one-off impact we had this quarter or did we have a new region in ROW markets in this quarter? If you can, which was not present, if you can throw some light on that.

**Management:** Yes, basically, like I said, so our oral capacities earlier were about 65% to 70% utilized now we are producing there, utilizing the capacity more because we know we can sell the products. If you remember earlier we talked about sterile products of Orchid are demanded worldwide. We produce the best quality materials and the competition is comparatively lesser.

So that is where our first focus was to utilize full capacities and we are running at practically full capacity on there. On oral side it is a comparatively slower ramp up. So this one, after we, last quarter, where we were about 65, 70%, this quarter we are at roughly 80%. So that's what has made the shift towards oral more, and this provided this one-off jump. So this level of number should be there for oral 80% going forward as well, maybe a few percentage points up.

**Kunal Shah:** So Oral was approximately around 145 crores to 150 crores of our top line this year, which we expected to sustain for the upcoming quarters as well. Is that a fair assumption at 80% capacity utilization?

**Management:** Sorry, what did the number you said in the beginning?

**Kunal Shah:** You said oral is approximately 70% to 80% of a capacity utilization right now correct, out of the total top line in Q1, so that's approximately around 125 crores to 135 crores?

**Management:** No. I said oral capacity that Orchid has now they are at 80% utilization. The product mix between oral and sterile is, you can say for this quarter, 72% to 28%.

**Kunal Shah:** Okay, so approximately INR130 crores. So is that a fair assumption to have that kind of a base for oral going ahead for the quarter?

**Management:** Yes, that should be.

- Kunal Shah:** Okay, and just another question that, are we entering new ROW markets or emerging markets which we were not there last year? And how are we seeing any good, are we seeing any good inquiries from those markets for this, for this financial year going ahead?
- Management:** So you see, there was a time where ORCID was present across the world. I don't think there is any market where Orchid was not present. What we are trying to do is we are trying to revive most of those customers and trying to approach new customers in those markets also, because over the period of time, a lot of new capacities have built up in many countries. But I don't think, there was any market in which Orchid was not present. But we're definitely approaching new customers and obviously regaining the old customers who had left Orchid. That is the reason for our growth.
- Kunal Shah:** And maybe on that aspect, if you could highlight any markets which were not present in our last year base and with whom we have had good inquiries in this year going ahead?
- Management:** No specific market, which has become zero to one this year, anything like that, but yes. ROW, because we are utilizing more own capacities, we are gaining probably more share in some of the emerging markets like Vietnam, Bangladesh, Pakistan, some of these areas where population is high, those are the markets?
- Management:** Like we said, the consignment value is large, so it's kind of difficult to analyze quarter to quarter if one consignment has gone, large consignment has gone to one particular customer, suddenly you will find there's a jump in that country and otherwise for next quarter. So difficult to analyze it, it would be better if we do that on an annual basis.
- Kunal Shah:** Understood, thank you so much, that's all from my end.
- Moderator:** Thank you. The next question is from the line of Ritesh Oswal, an individual investor. Please go ahead.
- Ritesh Oswal:** Thank you for the opportunity. Annual report, Page 36. You are in discussion with [Alacraft] for contract manufacturing. Any development on this issue?
- Management:** No, they have an exclusivity arrangement with their current supplier. So when that exclusivity will finish in three years and we are in talks with them to supply them the material. It's not a contract manufacturing arrangement.
- Ritesh Oswal:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Thank you very much, sir, for the opportunity. So I just have one question on your tax rate. How do we see the tax rate going forward?
- Management:** So, ORCID has significant amount of unabsorbed depreciation and losses carried forward. So for the next few years, we won't be paying any tax.

**Deepak Poddar:** Zero percent tax rate, right?

**Management:** Yes.

**Deepak Poddar:** Thank you so much. All the very best.

**Management:** Thanks.

**Moderator:** Thank you. The next question is from the line of Ishita Jain from Ashika Stock Broking. Please go ahead.

**Ishita Jain:** Hi, thank you. Hi, Mridul. Congratulations on a good Y-o-Y jump. My question is on the Ceftazidime Avibactam. Can you talk about where we are on that?

**Management:** No, Ishita, it is a hopper type information. I can't talk about project progress. But yes, we wish to file for ANDAs soon.

**Ishita Jain:** Wish to file an ANDA soon. Okay, nothing on the litigation?

**Management:** No, that will only start after filing.

**Ishita Jain:** All right, correct. So, no indication as of right now when you will be filing?

**Management:** Yes.

**Ishita Jain:** Okay, got it. And I'm sorry, I probably missed on and enmetazobactam for India. You know, we were waiting on DGCI's recommendation on the product on how to go about clinical trials. Do we have any idea on that yet?

**Management:** No. So they've taken our application under consideration and there was some problem for almost 40-45 days in the Sugam portal, where we are uploaded the application. Now because it's a new drug combination application invented in India, they were also struggling under which category to put it. Now we have received some questions from them. So I will be answering them and that, and we are ready for the trial, but we can't say yet because they've taken so long to respond for the first time, that when we'll be able to start, maybe by middle or end of next month.

**Ishita Jain:** Middle or end of next month would be their response or would you start then?

**Management:** No, our response to their queries.

**Ishita Jain:** Okay, understood. And so there still scope for waiver or no?

**Management:** No, I don't think so, we should hope for that.

**Ishita Jain:** Okay, got it. Thank you and all the best.

**Management:** Thanks.

**Moderator:** Thank you. The next question is from the line of Kunal Randera from Nuwama. Please go ahead.

- Kunal Rander:** Good afternoon. Hi Manish, Hi Mridul. Just one question from my side. Sir, you mentioned that, your geographic mix has changed and also at the same time your sterile contribution has gone down. But has the product mix also changed and perhaps that also impacted the cost margin?
- Management:** So no fundamental change in the product mix, definitely oral versus sterile. So that has happened and overall regulated versus non-regulated market risk mix remains broadly same. The fundamental change is only towards oral versus sterile. It's not that sterile has gone down, it's just that that capacity was fully utilized, so we are where we were in Jan-March-Quarter. Oral has increased.
- Kunal Rander:** Right. And just on this, this Ceftazidime Avibactam, that would be coming at higher gross margins?
- Management:** Yes.
- Kunal Rander:** Okay. I'm not sure, but maybe, could you, would you like to quantify, maybe give some direction on what the contribution could be for this year?
- Management:** No, I don't think, I can do that, Kunal.
- Kunal Rander:** Fair enough. Thank you. That's it from my side.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Manish Dhanuka for closing comments.
- Manish Dhanuka:** Yes, thank you very much for your participation. Your questions definitely keep us on our toes and we assure you that we will work hard and we will continue on this growth path that we have achieved in the last three years. Thanks a lot.
- Moderator:** Thank you. On behalf of Orchid Pharma Limited, we conclude today's conference. Thank you for joining. You may now disconnect your lines.