May 29, 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 Analysts/Investors Earnings Call held on May 24, 2024 to discuss Audited Standalone & Consolidated Financial Results of the Company for the Quarter and Financial Year ended on March 31, 2024

Dear Sir/Madam,

This is in continuation to our earlier announcement dated May 17, 2024, May 23, 2024 and May 24, 2024.

In view of the above and pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended, Transcript of Analysts/Investors Earnings Call held on Friday, May 24, 2024 on the financial performance of the Company for the Quarter and Financial Year ended on March 31, 2024 is enclosed herewith and be read in conjunction with the Audio Recording submitted via Link on May 24, 2024.

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

You are requested to take the above on your record.

Thanking you,

For **Orchid Pharma Limited**

KAPIL DAYYA

Digitally signed by KAPIL DAYYA
DN: c=IN, o=Person, ou=Others, postalCode=201102, l=Ghaziabad, st=Uttar Pradesh, street=238, NAIPURA LONI, GHAZIABAD LONI, title=2894, 2.5.4.20=ab829c22de1effbdfc0b22c1656 14fc2ef30e6aaf4e71d2952fc889288e22 c52, serialNumber=e27acd3bad231a5f0fbc79 a89feaa564f2fb38cfe6a0c40c3f8a9ba 46b16ed, email=kapildayya@gmail.com, cn=KAPIL DAYYA
Date: 2024.05.29 17:43:26 +05'30'

Kapil Dayya

Company Secretary and Compliance Officer

Encl.: as above

“Orchid Pharma Limited

Q4 FY 2024 Earnings Conference Call”

May 24, 2024

MANAGEMENT: **MR. MANISH DHANUKA – MANAGING DIRECTOR – ORCHID PHARMA LIMITED**
MR. MRIDUL DHANUKA – WHOLE TIME DIRECTOR – ORCHID PHARMA LIMITED
MR. SUNIL KUMAR GUPTA -- CHIEF FINANCIAL OFFICER – ORCHID PHARMA LIMITED

MODERATOR: **MR. VISHAL MANCHANDA -- SYSTEMATIX INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Orchid Pharma Limited's Q4 FY 2024 Earnings Conference Call hosted by Systematix Institutional Equities. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*"then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Manchanda from Systematix Institutional Equities. Thank you and over to you, Sir!

Vishal Manchanda: Thank you Manav. Good evening everyone. On behalf of Systematix Institutional Equities, I welcome you to the Q4 and Full Year FY 2024 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 Pharma represented by Mr. Manish Dhanuka, Managing Director; Mr. Mridul Dhanuka, Whole-Time Director and Mr. Sunil Kumar Gupta, Chief Financial Officer.

I'll now hand over the call to the company management for opening remarks. Over to you, sir!

Manish Dhanuka: Thank you Vishal. Good evening, ladies and gentlemen. This is Manish Dhanuka, the Managing Director of the Company. I welcome you all to this discussion of Orchid Pharma's results for the Fourth Quarter and for the Full Financial Year 2024.

Firstly, I'm pleased to share some of the key financial achievements for Q4 Financial Year 2024 and then the entire year. In the fourth quarter, our sales reached INR 217 crores, up from INR 210 crores in the same period of the last year. Our EBITDA for Q4 was INR 42 crores compared to INR 41 crores in the previous year.

For the Full Financial Year of 2024, we achieved the sales of INR 819 crores, a significant jump from INR 666 crores last year. Our full year EBITDA stood INR 142 crores. However, this includes INR 15 crores of interest income. Therefore, the EBITDA from the normal business stands at INR 127 crores, up from INR 103 crores in financial year 2023. This growth is reflected in our strong compounded annual growth rate of 22% in sales and 26% in EBITDA over the past 3 years. These figures highlight our continuous progress and ability to adopt to the market demand.

Efficiency and productivity remain at the core of our operations. Employee expenses have decreased from 9.8% of sales last year to 8.5% this year. Similarly, our other expenses as a percentage of sales have dropped from 19.9% to 18.9%. Our gross margins have remained stable with the slight slip from 42% last year to 41% this year. These improvements underscore our commitment to indiscernible financial management and operational excellence.

Moving on to the operational update. I'm thrilled to announce the regulatory milestones on Enmetazobactam. This typical drug has received approval from both the U.S. FDA and the European Medical Agencies. This approval marks a significant step forward for Orchid Pharma. It will open the doors to royalties from these lucrative markets. In India, we have also been

granted waiver for Phase III clinical trials, and we will be conducting Phase IV trials post launching the product.

Our initial expectation for launching, which were mid-2025 have now been advanced, and we anticipate starting sales by the next quarter. This accelerated time line will enhance our revenue streams in the current financial year. For the Indian market, Orchid will partner with a third party with comprehensive progress while also utilizing our own newly formed AMS division for product distribution.

In addition to Enmetazobactam, I'm pleased to report that we have filed an abbreviated new drug application, ANDA for Cefepime/Enmetazobactam in the USA. This strategic filing is expected to significantly contribute to our own growth in the near future, rebuilding our position in the US market.

Regarding our ongoing projects, the 7ACA project in Jammu is advancing steadily. We have almost completed the land acquisition, which was a hurdle in the past. The technology transfer is completed and trial batches have been successfully produced at our pilot plant in Chennai. The key government permissions required to start the construction have been obtained.

However, the dealers in land acquisition have shifted our commissioning time lines for Jammu facility to March, 2026 from the original planned September 2025. We have utilized the time during this delay to complete the design work of the facility, which should help in better execution and commissioning.

Other noteworthy projects include small capacity [indiscernible] in-house which is progressing as per schedule and is expected to be commissioned in the second quarter of this financial year. This expansion will provide us with necessary capacity to support our growth over the coming years.

Additionally, we are making significant progress on the project of downstream products of 7ACA and the Cefiderocol project, which is in collaboration with GARDP, of Shionogi. With these - while these projects are still in their early stages, we anticipate their commissioning sometime in 2026.

Looking ahead, our primary challenge will be ensuring the timely and budgeted delivery of these projects. However, with the steadfast support of all our stakeholders and the dedication of our employees, I'm confident in our ability to meet these goals. Our robust project management practices will help us navigate any potential risks and ensure successful outcomes.

In conclusion, I am optimistic about the future of Orchid Pharma Limited. Our strong financial performance coupled with significant regulatory approvals and progress on key projects positions us well for the sustained success. I would like to extend my heartfelt gratitude to all our stakeholders, employees, investors and partners for their unwavering support. Together, we will overcome the challenges and seize opportunities, ensuring the continued growth of our Orchid Pharma Limited. Thank you for your attention.

I now open the floor for questions and look forward to a fruitful discussion. Thank you.

Moderator: We have our first question from the line of Nikhil from SIMPL.

Nikhil: Yes. Congratulations on a very good year. And congratulations on that fast-track launch of Enmetazobactam in India. One or 2 data-keeping questions. Can you give a breakup of our revenue between regulated market and nonregulated market and specifically between India, Europe, U.S. and RoW?

Management: Yes. Nikhil, we don't give country-wise breakup. But I can share with you the regulated and nonregulated breakup for Orchid. The numbers are 40% for regulated and 60% for unregulated markets. And I can also give you the other number that we share typically, that is a split between Sterile and Oral business. The Oral business for Orchid is 75% now and 25% is the Sterile business.

Nikhil: Okay. One more question, see, last quarter, we said the sterile facility was commercialized in November. And we were looking at utilization of close to 40%, 50% and probably 100% in FY 2025. But on the revenue, if you look at between the quarter, there is no significant change. So can you talk about what is the utilization levels we are operating on the Sterile? And additional question was on the Oral also, we were talking about the facility should come up. So what are the timelines for that facility? And post these 2, what is the overall capacity addition we have done both on Sterile and Oral?

Manish Dhanuka: Yes. So this, the facility was commissioned in November. We commissioned it, I think, in December. And you see in Sterile operations, generally, you have a lot of validations and other things to be carried out. However, the last quarter, we have operated at 80% capacity. And I think it is evident, partly from the sales also, and the products have started moving to the nonregulated markets.

As you understand, it will take some time to register the product in the regulated markets. So the products are already selling in the nonregulated markets. And I we are very hopeful that this year, we should be able to do complete production total production in this newly commissioned facility of the sterile product.

With respect to the nonsterile products, like we mentioned, the capacity increase in one of the products is already in production. And the second one, like I said in the speech, is going to be commissioned probably in this quarter or early in the next quarter, early part of the next quarter. That is going to bring further growth into the company.

Nikhil: Okay. And one last question. See, on the new initiatives we've talked about on Cefiderocol and 7ACA and Enmetazobactam, but just if we have to understand the base business, what we've been operating, how should we look at the growth in the base business, like based on the opportunity side and the filings, what kind of a growth do you think the base business can sustain over the next 3, 4 years?

Management: Our guidance has been making around 20% CAGR. So we are maintaining that at least for the next couple of years.

Moderator: The next question is from the line of Vidit Shah from Spark Private Wealth Management.

Vidit Shah: My first question was on the Enmetazobactam approval that we've got under warranties, the Cefovecin will start kicking in from year. When this kicks in, does this fully translate to addition to EBITDA or do we have any expenses that we incur to realize this royalty?

Manish Dhanuka: No expenses. Whatever we start the sales and we earned the royalty on those sales, those flow directly to EBITDA.

Vidit Shah: Okay. Got it. And on the 7ACA project, I may have missed your commentary, but did you mention that the time lines have been shifted to March 2026.

Management: Yes. So because of the land acquisition delay, it is shifted by 6 months. Earlier, we were targeting August and September 2025, which shifted by 6 months.

Vidit Shah: And so once this is commissioned in March 2026, we'll start seeing the ramp-up of production in FY 2027, how easy is it to ramp up 7ACA facility there? And does it take time? Or can we start seeing about 75%, 80% utilization from the first year, given that our trials have only been successful and completed?

Management: Yes. So definitely, it's not going to be easy, but our intention is at least to have 2/3 utilization within the first year.

Vidit Shah: Sorry. How much utilization?

Management: 2/3, 66%.

Vidit Shah: 2/3. Okay. Okay. Got it. In terms of the benefits that are likely to accrue the IRR is expected to be, I mean, the payback is expected to be 3 to 4 years. So that still holds true?

Management: Yes, that still holds true.

Moderator: We have our next question from the line of Jainil Shah from JM Financials.

Jainil Shah: My first question is on the royalties that we're going to receive. So how is it going to accrue? Is it going to be spread out evenly or will it be lumpy?

Management: Yes. Jainil, typically, the royalty, our understanding is an NCE sales will take 3 to 4 years to reach the peak. So once it reaches the peak, I think the number should be stable, but it will take 3 years. So it's going to be exponential increase starting from a very low base in the first year to increasing significantly the year after.

Jainil Shah: No, no, that I agree. It's anyway variable. But I'm saying you're going to record it every quarter or probably fourth quarter, just have a, I mean, recorded in fourth quarter...

Management: So the methodology for recording would be every quarter. Once we get the sales performance report from Allecra. When they share their royalty calculations with us and that's when we will record it. So there might be one quarter we lag from their reporting versus our reporting, but it's going to be reported every quarter.

Jainil Shah: Sure. And about the Hospital division, if you can share some of your thoughts, how much investment are we and how many employees are we appointing. What's the investment there?

Management: Yes. Manish sir will answer the question.

Manish Dhanuka: Yes. So we are starting with a small team of about 40 to 50 sales professionals. And we are expecting to launch this division in the second quarter. The major products will be all antibiotics, which will, of course, the flagship product, will be our innovative product of Cefepime and Enmetazobactam. And we shall be targeting the Tier 1 and Tier 2 cities with the hospital multi-specialty as well as the nursing homes. This is our plan for the first year.

Jainil Shah: Okay. Very helpful. And any, what's the incremental cost that we should build in?

Manish Dhanuka: I couldn't understand. Incremental cost means here?

Jainil Shah: For the sales team, it would be reflecting in our employee costs, right?

Manish Dhanuka: Yes. So that, we are expecting that division to be independently working, independently as a business unit. But yes, we do expect some investment related to manpower cost, which was partly built into this quarter also because all the design work and preparations were going on. So that would be there during the year. At this point of time, it's difficult to say how much would be the negative during the whole….

Moderator: We have our next question from the line of Nikhil from SIMPL.

Nikhil: Just 2 questions I missed. One is the product launch. So what are the time lines of the launch in Europe and U.S.? Any like which you can share or Allecra has shared with you?

Management: No. Sorry, Nikhil, we don't have visibility on that, but I think it should be launched very shortly. I think within a couple of months, we should see the product in the market, but that's only my guess. I don't have any information.

Nikhil: Okay. And secondly, see early in our past discussions, we had talked about that once the commercial launch and all is closer, we may look at going in as a second source. So any updates over there or any discussions?

Management: With respect to you are saying supplying to Allecra?

Nikhil: Yes, yes, yes.

Management: Yes. So only after the launch, those discussions will start.

Nikhil: Okay. So as of now, no update.

Management: As of now, nothing. Yes.

Manish Dhanuka: So Allecra has also out licensed the product to the third parties. I believe we'll have, it will take some time to start those discussions.

Nikhil: Okay. And one last question. See, on the private entity, we had looked at products other than antibiotics. And there was this non-penicillin product range, which we were working. And not at the near term over the next 2, 3 years, but beyond 3, 4 years, when you are thinking in Orchid, would you look at going beyond cephalosporin range because if you look at our presentation 2 years back, the first target was to complete the basket of products. And probably, I would believe now we are close to closing the basket around cephalosporin. So beyond cephalosporins, are we looking at any new segments or -- how are you thinking about this.

Management: Sir, please take sir.

Manish Dhanuka: Yes. While we believe that cephalosporin actually have a vast potential considering the new molecules that are in our radar. And we wish to really consolidate our position in being a leader in cephalosporin, but I think your point is very valid and we've already started to pick up an R&D for peptide-related synthesis. And hopefully, we should be able to enter into the new technologies for 2 or 3 years down the line.

Nikhil: Okay. And just last question. See, this 7ACA production would be a largely fermentation-based production, if I'm not wrong, and what we've seen is that there is a lot of fermentation capacities which are coming in India and probably many suppliers are shifting from China also. You talked about peptide, but other than peptides, on the fermentation, would you say that probably on Orchid, we can create an edge on the fermentation production or any thought process on that.

Management: Sure, Nikhil. So that's at intent level right now. So definitely, the idea of setting up a pilot plant in our Chennai facility itself is to ensure once we commercialize 7ACA, we get good experience on fermentation and other related products. So our lab is equipped to handle other products as well. But that's going to be 3 to 5 years after from today. But yes, that thought is there, that fermentation is an area that Orchid will become expert.

Moderator: We have our next question from the line of Viraj Parekh from Carnelian Capital.

Viraj Parekh: Congratulations on your results. A few questions from my side. So first is on our new sterile facility which commissioned last quarter. We've achieved 80% capacity utilization with concentrated sales in emerging markets. Just wanted to understand that once we are achieving full capacity utilization, is it only the 20% which we target for regulated market? Or do we see more share coming from regulated markets for the sterile facility?

Manish Dhanuka: See, we don't generally target as such in terms of, while manufacturing, we don't target any market. It depends on the order availability that we decide on the production plan. And like you understand, getting this new block registered and approved from the U.S. and Europe authorities will also take about a year or 2.

So we start by manufacturing the products and doing the stability and other validation activities, and then only we file the documents in regulatory markets. Until then, we utilize the facility for nonregulated markets. So I would say, at least for this financial year, we will continue to supply in the nonregulated markets. And we hope from next year onwards, we will have some registrations coming in the regulatory market.

Viraj Parekh: Sure. The second question is, what is our line of communication with Allecra. We are getting the information from whatever filings are happening in the public domain. But in terms of actually when the sales happen and when there are liabilities, collect our royalty. So what is the line of communication you have with them as what sales will happen in and as and when we see the royalty and how frequent is this?

Manish Dhanuka: So until now, we have been in communication directly with their CEO and the MD. But we will develop the lines of communication now at all the levels as the sales become evident. But we are in communication with the top management there.

Moderator: The next question is from the line of Rupesh Tatiya from IntelSense Capital.

Rupesh Tatiya: Yes. I have several questions. So first one, sir, is the Dhanuka. Can you give full year revenue, EBITDA, PAT, some indication there? And then when will Dhanuka merger be consumed? What is the progress on that?

Management: So I can share the revenue numbers, Rupesh. Because Dhanuka is a private company, the numbers of PAT and others will be finalized only by September. So revenue is upwards of INR 500 crores this year. And in terms of the merger time line, we are still waiting to hear from the Stock Exchanges. Once we get the NOC, we have to apply to NCLT, and that may take about 12 months.

Rupesh Tatiya: Okay. Okay. I see. So it was INR 275 crores, I think, in half year. So it is above 500 is what you're saying?

Manish Dhanuka: It's INR 550 crores exactly.

Rupesh Tatiya: INR 550 crores.

Manish Dhanuka: It's INR 550 crores.

Rupesh Tatiya: Okay. I see, sir. Okay. And second question, sir, is Enmetazobactam. Can you maybe update on India launch? I joined the call a few minutes late. If even it is repeat, please pardon me, but where are we on India launch of Enmetazobactam?

Management: Yes. So for India, we have been granted the Phase III trial waiver by DCGI, and we expect to launch it within the next quarter. Earlier our expectation was early next year, but due to the clinical trial waiver of Phase III, we'll be able to launch it this year itself.

Rupesh Tatiya: That is very good to hear, sir. Another question, sir, is we launched, I think, Avibactam about a year back. So can you maybe give some colour on that. How the sales are panning out? What is our market share? Some colour on Avibactam?

Manish Dhanuka: So I can tell you that we've done well in Avibactam. Last year also, we sold about INR 12 crores. This year, we sold more than INR 15 crores, INR 16 crores of this product. And some of the top brands use our API. So I think we were probably the market leader in this product in India.

Rupesh Tatiya: And has there been some price compression sir in this space or we are holding on to price?

Manish Dhanuka: Yes, that's very common in all APIs. The prices do fall, but so do the cost with time. So it's following the same progression. But we are very hopeful that now our export markets will open up and that will further increase the sales of this product.

Rupesh Tatiya: Okay. I see, sir. Another next question, sir, is Cefiderocol. Can you maybe give some update on how much we have spent? Where are we on the capex front? And what are commercialization time lines?

Manish Dhanuka: Yes. So right now, we are involved basically in R&D and development of the API. And we are going ahead and designing the plant, which will be the basically injection manufacturing facility for the Cefiderocol injection. The design work is going on. So the investment has not been significant as of now it's just some consulting fee and all. The investment should start from next quarter onwards when we start the construction of the facility.

Rupesh Tatiya: And what would be the capex outlay for that project?

Management: $15 million is what we have announced.

Rupesh Tatiya: Did you say $3 million, sir?

Sunil Gupta: $15 million, 1 5.

Rupesh Tatiya: 1 5. Okay. And sir, we, if we go through older presentation, you had talked about there are 2 products, I think they were ready to be launched. One of them was I think Cefovecin and another one was Ceftaroline. So can you maybe talk about where are we on launch of these products?

Manish Dhanuka: Yes. So Ceftaroline is a product that we are going to launch in India now where have manufactured the API, and we are going to be getting the FDF manufactured in India, and we will launch it in the AMS division, and that will probably be the first generic in India. For the Cefovecin, we are ready with the process and technology, and we are tying up with the partner to develop the finished dose formulation for the US market. The technology is ready.

Rupesh Tatiya: I see. Okay. Okay. So just one clarification on Cefiderocol. Can we expect some commercial revenue in FY '26 from Cefiderocol?

Manish Dhanuka: FY '26.

Rupesh Tatiya: Yes. Financial year '26.

Management: Yes. Maybe just a little, but maybe not. So it's going to be a little tricky. So it's going to be commercialized sometime in '26. So mostly FY '27 only.

Rupesh Tatiya: Okay, sir. And maybe final question, sir, is we were working with some US clients and some issue happened at the client and so in general, can you talk about US market business development, where are we on that?

Manish Dhanuka: So the US market is doing well. It's growing quite well. In fact, I think you probably mentioned one of our customers had a problem with their US FDA that still is going on. So although we

expect a new customer to start soon, they have started the erstwhile facility of Pfizer. And once they get their approval, we should be again able to supply for the U.S. market.

Rupesh Tatiya: So what would be your contribution, US revenue contribution this year? And then how do you see it evolving over, let's say, next 2 years? Can you give some directional view on that?

Sunil Gupta: Right parts negligible, so any growth which comes over negligible would be significant only.

Rupesh Tatiya: But 10% in next 2 years, 10%, 15%, is that a reasonable estimate?

Sunil Gupta: Unless we have the US FDA approval of the possible customer, I think it will be too premature to give a guidance for the numbers and revenue share. But yes, once that facility is up and running, maybe we'll know more. So after a couple of quarters, we can definitely answer that question.

Moderator: The next question is from the line of Aman Vij from Astute Investment Management.

Aman Vij: My first question is on the margins this quarter. So it was lower than the last quarter. Any specific reason for this change?

Sunil Gupta: Yes, Aman. Product mix always keeps on changing with respect to quarter-on-quarter. With Orchid, I've always maintained that please look at us as a company with cumulative quarter-on-quarter results. Our guidance has been 40% plus/minus 2%. Last quarter was an aberration and this quarter is more in line with what we expect going forward. So 40% plus/minus is our guidance. And whenever you look at Orchid like Q-on-Q is not the right way. So if you're looking at Q2 results, you should look Q1 plus Q2 combined. Similarly, Q3, should be look at Q1, Q2, Q3 combined.

Aman Vij: Sure, sir. And could you comment on the other income which was INR 13 crores this quarter?

Sunil Gupta: Yes. So the other income, the large part is the interest that we have earned right now from the QIP money we raised last year for the investments into 7ACA and other projects. So since that deployment is not meaningfully started, so that a large part of the change is the interest income on that.

Aman Vij: Sure. Next is on the Dhanuka part of the business. So what kind of growth are you expecting in that part of the business for FY '25? And you have talked about an aspiration of margin improvement. So where are we on that front?

Manish Dhanuka: So we are expecting about 15% growth this year again in Dhanuka Laboratories and the margins should I think the EBITDA should also grow in the same proportion.

Aman Vij: Sorry, sir. But we had talked about, say, high single digits/low double digit kind of aspirational margin in that. So where are we?

Sunil Gupta: No, I think Aman, there's some confusion. I never given, we've never given a guidance of double-digit expected margin. So 6% to 8%. It should be the similar range only.

Aman Vij: Okay. So no further improvement you are seeing at least for next year sir?

Sunil Gupta: Yes.

Aman Vij: Sure. On the capex plan for FY '25 and '26, what is your expectation for the same?

Sunil Gupta: So you mean actual deployment or because we already talked about the project-wise capex, you mean how much will we actually spent?

Aman Vij: Yes.

Sunil Gupta: Typically talk about different projects like that. But on 7ACA, you can expect about 25% investment in this year, 25% to 33%, something like that. And on cefiderocol, also a lesser number or similar number because a lot of it would be as advances. So I don't think just cash would be a right way to measure it.

Aman Vij: Sure. No other major capex apart from these two.

Sunil Gupta: No. The third one is the region that we are doing of the oral capacity. So that's about we have budgeted about INR 25 crores to INR 30 crores. So that's going to be spent this year. Nothing else.

Aman Vij: Sure. And in the start of the call, you were guiding for kind of 20% CAGR over the next couple of years. So given, does this include numbers from Enmetazobactam or this is the base business you have talked about?

Sunil Gupta: So basically, it's about the AMS business from Enmetazobactam, the number would be over and above.

Aman Vij: Sure. And you talked about it will take at least one more quarter, right, so maybe from Q2 only, we can see some royalty payments on that front?

Sunil Gupta: Yes. We hope to see that yet.

Aman Vij: Sure, sir. And any reason in terms of geographical breakup, you only gave the regulated and the other markets. So any reason, you are not ready to share more on that front?

Sunil Gupta: Yes, that's a proprietary information and a lot of customers and don't want us to share and even our competitors can get some information. So that's our policy not to share geographical breakups.

Aman Vij: Sure. Final question on Shionogi. Any other tie-up which is possible in FY '25 apart from cefiderocol and?

Manish Dhanuka: We don't foresee anything as of now.

Moderator: The next question is from the line of Tanmay Gandhi from Investec.

Tanmay Gandhi: Congrats on the strong year. So my first question is on Enmetazobactam. So can you give some colour that how will the India launch play out? And will you be looking for multiple partners or you will give some exclusive license to a single company?

Sunil Gupta: In terms of, Tanmay, the revenue guidance we have given in 3 years after launch, the product should be about INR 75 crores to INR 100 crores kind of a number. And on the partner front, I don't think we will go with too many people. But yes, it would definitely be Orchid plus somebody else as well.

Tanmay Gandhi: So basically a two-player markets.

Sunil Gupta: Yes.

Tanmay Gandhi: And sir, secondly, on your, on the launch in Europe, right, I think the partner has already started supplying the product. So have you heard anything from Allecra? Or do you, do you have any expectation for the royalty which you are planning to receive in coming quarters?

Sunil Gupta: Right now, no, we don't have any forecast from them. We will be engaging with them shortly about the launches. So maybe in the next quarter we'll be able to report something.

Tanmay Gandhi: Okay. But we do expect some royalties to start coming in from next quarter, right?

Sunil Gupta: Yes, that's the expectation. Unfortunately, it's only an expectation, we don't have any formal communication as yet.

Tanmay Gandhi: Yes, yes, yes. I understand that. And sir, lastly, about the India business. So how is the manufacturing will be taken care of? So you have already tied up with someone? And do you already have the API with us?

Sunil Gupta: You are talking about Enmetazobactam?

Tanmay Gandhi: Yes, yes, Enmetazobactam only, yes.

Sunil Gupta: Yes, yes. So we are tied up with the CMO, and we have taken the validation batches, API will be made in Orchid's current facility. So all those things are set up as soon as we receive the final approval from the government, we will be good to go.

Tanmay Gandhi: Okay. And then sir, again, on the Allecra as a second source, right, for a global launch. So have you started off the discussion? Sorry, I missed your response to that question asked by earlier participant.

Sunil Gupta: Yes, we are yet to hear from them about start of sales. So once we do, we'll be setting up a call with them on how will be the mechanism for accounting in order to set up.

Tanmay Gandhi: No, sir, my question is on the API supplies to Allecra for their global sales.

Sunil Gupta: So there is no discussion on that. We are right now outsourcing it. And only after the sales start maybe after a couple of quarters after start there would be an opportunity to start discussing. But typically, whoever would be the supplier would have some exclusivity already there.

Moderator: The next question is from the line of Anant Jain an Individual Investor.

Anant Jain: Congratulations on a good year. Most of my questions have been answered. Just one question. In case of so this is very heartening to hear that we are looking to launch in Enmetazobactam very soon in India. What kind of marketing preparations and other preparations have been done to do that. And is there than any way for us to understand the opportunity size? When can we see India sales of Enmetazobactam starting to reflect and also on the pricing side of Enmetazobactam in India? How do you see that?

Sunil Gupta: Anand some of those details are proprietary. For example, the pricing and things like that, I won't be able to share that right now. With respect to the launch, we are just waiting for the government. And hopefully, we should see some sales coming in, in the next quarter, that's what we are hoping for. And your third question on, with respect to the preparation...

Anant Jain: What about Q1?

Sunil Gupta: No, no, no. I mean next quarter will be Q2 because the product is still not approved for launch by the government. We received the clinical trial data, the licensing etcetera is going. And your last question was with respect to the preparation. So our AMS team has been working diligently to create a strategy. But unfortunately, too early to share it before we launched the division formally. So again, I'll have to hold back on this question.

Anant Jain: And what about, just like if you do recall for rest of the world market, most of the developing nations, are we planning to have Enmetazobactam also for the ROW market? Is that also part of our understanding with the, with Allecra.

Sunil Gupta: Allecra. So Orchid only has the rights to sell in India, rest of the world markets are going to be with Allecra only.

Anant Jain: Okay. One question with Avibactam, can this product be like INR 100 crores product in 2, 3 years? And where are we on the penetration of Avibactam?

Manish Dhanuka: Yes. We feel that this product has a great potential because it is going to address the problem of 20 microbial resistance against two of the most common molecules, which is Ceftriaxone and Enmetazobactam 0:443:10 and we should be able to norepinephrine future generations. So we feel that potential is huge, but it all depends, how doctors accept the product and how the customers, the patients respond. So a bit too early to give you the exact idea. But I think the improved molecule has great potential.

Anant Jain: So what you're saying is that it has the potential to be that kind of a product, but how it gets acceptance by the medical fraternity is like going to determine that?

Manish Dhanuka: That's right.

Anant Jain: So one last question, again, going back to Enmetazobactam. ROW markets, do we have any idea what Allecra is planning to do/is like any talks with Allecra going on, where we can step in for they are going to make the API also. So are there any plans for us stepping into that role or any discussion happening with Allecra around that.

Manish Dhanuka: Yes, it's very interesting one. We also think like that. But to the best of our knowledge, they are not interested in non-regulated markets. At this point of time...

Anant Jain: So we have not had any this...

Manish Dhanuka: I don't think we have an answer to this question. But they seem to be only interested in US, Europe and China. That's where the big bucks are.

Moderator: The next question is from the line of Vishal Manchanda from Systematix.

Vishal Manchanda: Sir, with respect to the Para-IV filings, we were on Zavicefta and Teflaro can you share an update on where are we there?

Manish Dhanuka: Zavicefta**,** already filed Ceftazidime Avibactam. And Teflaro is basically Ceftaroline. They are still working on the partner selection on Ceftaroline. That's why we decided to launch it in India. And hopefully, we should be able to do it once we find we are able to find the right partner with the right kind of arrangement.

Vishal Manchanda: On the zavicefta filing, have we done it on our own or we have partnered.

Manish Dhanuka: We developed the A&D completely on our own, and we filed in Orchid's name.

Vishal Manchanda: Got it, sir. And the second one on sterile facility, as you said, we are at 80% utilization. But if I look at your quarter-over-quarter numbers, they are flat. So having ramped up from 0% to 80% should not have the quarter numbers grown faster this quarter?

Manish Dhanuka: No. I said in the last quarter, the utilization, like I said, we commissioned in December and then we had some validation work to do. In the last few months, we were able to run at full capacity. So as you know, it's a long cycle. So probably the sales impact would not have come in the quarter.

Sunil Gupta: So Vishal, so what sir is trying to say is that the 80% utilization happened towards the end of the quarter. And once you produce the product has to be sent for study for 2 weeks. So whatever we produce in March, it was probably not sold in March. So, what you would see some reflection within this, in this quarter, you should see some reflection of road map.

Vishal Manchanda: Got it, sir. All right. And sir, just one final one on 7ACA clarity. So when you manufacture 7ACA. Can you also manufacture diacetyl 7ACA from the same client? Is it a downstream product? Or it's a very different process to manufacture diacetyl 7ACA.

Sunil Gupta: It's a downstream project, already a plan of our implementation, which will be Chennai.

Vishal Manchanda: Okay. And just one more. What with Dhanuka and Orchid both together how much of the 7ACA be produced can be used in-house?

Sunil Gupta: Including our stance of setting up the downstream unit 80% more than 80% can be used in-house.

Vishal Manchanda: Okay. If you just if you exclude Ceftriaxone capacity that we are planning to put up, just what business that we do currently from the Dhanuka and Orchid?

Sunil Gupta: So that's about 25%.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Manish Dhanuka: Thank you. I thank you all for participating in this call. It was a very fruitful discussion. Sometimes some of your questions kind of excites us to ask the right questions to ourselves actually and we find a lot of good answers also. So thanks for raising those questions and keeping us on our toes, and we look forward to your continued support. Hopefully, we can continue take our journey towards a successful company, towards making successful Orchid Pharma once again. Thank you.

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