OrchidPharma
A Dhanuka Group Company

November 20, 2026

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**

Ref: (i) Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
(ii) SEBI Master Circular No. SEBI/HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026

Sub: Transcript of Analysts/ Investors Earning Call held with Public at large on November 17, 2026- Orchid Pharma Limited ("the Company")

Dear Sir/Madam,

This is in continuation to our earlier intimation and submission dated November 12, 16 & 17, 2026. In reference to the captioned subject and pursuant to Regulation 30 and Sub- Para 15 of Para A, Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended read with SEBI Master Circular No. SEBI/HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026, please find enclosed herewith transcript of Analysts/ Investors Earning Call held with Public at large on Tuesday, November 17, 2026 on the financial performance/ financial results of the Company for the Quarter-II of Financial Year 2026-27, ended on September 30, 2026 and the same be read in conjunction with the Audio Recording submitted via our letter dated November 17, 2026.

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

You are requested to take the above on your record.

Thanking You,
For **Orchid Pharma Limited**

KAPIL DAYYA

Digitally signed by KAPIL DAYYA
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Kapil Dayya
Company Secretary & Compliance Officer
Mem. No.: F10698

Encl.: as above

"Orchid Pharma Limited

Q2 FY27 Earnings Conference Call"

November 17, 2026

MANAGEMENT: **MR. MANISH DHANUKA – MANAGING DIRECTOR – ORCHID PHARMA LIMITED**
MR. MRIDUL DHANUKA – WHOLE-TIME DIRECTOR – ORCHID PHARMA LIMITED
MR. SUNIL GUPTA – CHIEF FINANCIAL OFFICER – ORCHID PHARMA LIMITED
MR. NISHANT DALAL – VICE PRESIDENT, FINANCE – ORCHID PHARMA LIMITED
MR. KAPIL DAYYA – COMPANY SECRETARY – ORCHID PHARMA LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to the Orchid Pharma Limited Q2 FY27 Earnings Conference Call, hosted by Systematix Shares & Stocks India Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star, then zero on your touch-tone phones. Please note that this conference is being recorded.

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

Vishal Manchanda: Thank you, Dorwin. Good evening, everyone. On behalf of Systematix Shares & Stocks India Limited, I welcome you all to the Q2 FY27 earnings call of Orchid Pharma. We thank the Orchid Pharma management for giving us an opportunity to host the call. Today, we have with us the senior management of the company represented by Mr. Manish Dhanuka, Managing Director; Mr. Mridul Dhanuka, Whole-Time Director; Mr. Sunil Gupta, Chief Financial Officer; Mr. Nishant Dalal, VP, Finance; and Mr. Kapil Dayya, Company Secretary.

I will now hand over the call to the company management. Over to you, sir.

Manish Dhanuka: Thank you, Vishal. Good evening, ladies and gentlemen. My name is Manish Dhanuka, and thank you for joining us to discuss our results for the second quarter and first half of financial year '26-'27.

As you are aware, the merger of Dhanuka Laboratories Limited with Orchid Pharma became effective on 10th of July '26, with an appointed date of 1st April '24. All comparative figures have therefore been restated on a combined basis.

Some of the statements we make today, including those on project timelines, product launches, and licensing arrangements, may be forward-looking. They reflect our current expectations and are subject to uncertainty, so actual outcomes may differ.

Let me begin with second quarter of financial year '27. Revenue from operations grew by approximately 14% year-on-year to INR341 crores from INR299 crores in Q2 of financial year '26. Sequentially, revenue grew by about 12% over Q1 of '27.

Gross margin improved substantially by around 8 percentage points to approximately 39% from 31% last year's numbers. Last year's numbers were weighed down by high-cost inventory and related write-offs. The quarter's improvement reflects the gradual normalization of that inventory position, supported by better volumes and a more favorable product mix. Margins will continue to vary with product mix and market conditions.

EBITDA, including other income, rose by approximately 148% to INR52 crores from INR21 crores in Q2 of financial year '26, and EBITDA margin improved to 15% from 7%. This performance was delivered despite some significant headwinds.

Fuel and energy costs were nearly 30% higher year-on-year, which we are all aware due to the ongoing war in the Middle East. We also recognized an expected credit loss provision of approximately INR5 crores as required by Ind Accounting Standards and company's accounting policy. This is a provision, not a write-off, and we expect to recover most of the underlying receivables.

In addition, completion of Dhanuka Laboratories merger required us to recognize an impairment loss of approximately INR5 crores. This is also just a one-time impairment. Both are one-time accounting items, they are fully reflected in the reported results and should be kept in mind while assessing the underlying improvement in the operating business. Even after absorbing these items, profit after tax was INR28.6 crores in Q2 of '27 against a loss of INR0.9 crores in Q2 of '26, with earnings per share of INR4.77.

Turning to the first half, revenue from operations grew by approximately 15% to INR645 crores, up from INR562 crores in H1 of financial year '26. Gross margin improved by around 6 percentage points to approximately 36% from 30% last year. Part of this reflects normalization after last year's inventory correction, and part comes from better volumes and mix.

EBITDA for the half rose by approximately 148% to INR77 crores from INR31 crores in H1 of 2026, and EBITDA margin improved to 12% from 6%. Profit after tax for H1 2027 was approximately INR32 crores. On cost, employee expenses were INR59 crores for H1, almost flat against INR58 crores last year, an increase of about 2% against revenue growth of 15%. Other expenses rose to INR135 crores from INR114 crores, mainly due to high power and fuel costs and higher selling and distribution expenses that come with the growth.

Our priority now is to convert the gross margin recovery into sustainable operating profitability through tight cost control and higher productivity. Working capital has also improved. Utilization came down to INR412 crores at the end of September 2026 from INR464 crores. In March of 2026, working capital days improved to 118 from 137, and its receivable days to 100 from 113. This discipline is reflected in our cash generation with operating cash flow of approximately INR118 crores in H1 of financial year 2027.

Following the merger, we have started focused integration initiatives across procurement, manufacturing, quality systems, product planning, and support functions. The benefits will build up progressively, and we expect the first savings to become visible towards the end of financial year 2027.

Now, coming to some business updates. The AMS business continues to be run with financial discipline, and its quarterly EBITDA drag has come down to approximately INR1.5 crores. Given its strategic relevance in antimicrobial stewardship, we remain committed to building this platform responsibly while staying accountable for the investment. The platform is being built to bring innovative products such as ORBLICEF and cefiderocol to patients in India.

Turning to EXBLIFEP now, we continue to build the commercial platform market by market. Royalties and licensing fees from EXBLIFEP are improving by each quarter. We are still in early phase of commercialization, but these receipts show that the platform has begun generating

meaningful recurring income. In Russia, which was announced earlier, estimated 10-year sales are approximately $178 million.

In Latin America, that was signed recently, our first license agreement for Latin America, the estimated 10-year sales are approximately $80 million. This long-term value will depend on registration, launch, and market development. In Europe, the business is still small, but the growth trajectory has been encouraging. Of the five large European markets, only United Kingdom has yet to begin commercial sales. The U.K. follows an innovative procurement model under which the government guarantees purchase of minimum annual quantities at a fixed price.

Therefore, launch in U.K. could be a big boost for our revenue and royalties. In the Middle East and South Africa, launches have been delayed by disruption in the region and are now expected by Q1 of 2027. We are also in discussions on potential partnerships in Australia, Southeast Asia, Japan, and other Latin American markets and North Africa, and are hopeful of signing three to four additional license agreements over the next two quarters. These are still discussions and should not be treated as concluded arrangements.

On cefiderocol, the project is at an advanced stage with INR173 crores invested as of September 30, 2026. Our current target remains commissioning by December 2026, followed by validation and initial batches between January and March of '27. The inauguration is scheduled for January 18, '27, and we expect Shionogi, GARDP, and CHAI to participate in this. We are targeting the India launch for Q3 of '27, subject to successful validation, manufacturing license, and the expected clinical trial waiver, commercial arrangements, and other regulatory requirements.

Coming to the 7-ACA project. The 7-ACA project remains the company's most important execution priority. Significant portion of the investment in the Jammu project has now been completed. The plant is designed for a capacity of 1,000 metric tons per annum, and commercial operations are currently scheduled for March of 2027. The pilot technology has been validated, and work is continuing on improving yields against the committed parameters.

While Q2 and H1 show an encouraging improvement, it would be premature to expect a straight-line recovery. Pricing and demand in our core markets remain competitive. Margins will stay sensitive to product mix, and the benefits of integration and our strategic projects will come through progressively.

Our near-term priorities are clear: protect and grow the core business, maintain cost and working capital discipline, strengthen the product mix, execute the 7-ACA and cefiderocol projects safely and cost-effectively. Over the long term, we remain constructive about the combined Orchid platform.

Backward integration into 7-ACA, the cefiderocol access initiative, EXBLIFEP commercialization, and selective regulated market opportunities can make the business more resilient and diversified. Their value, however, will depend on consistent execution, prudent capital allocation, and regulatory compliance. Thank you for your continued trust and support. We now welcome your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Burramsetty Suresh with Burrams Financials. Please go ahead.

Burramsetty Suresh: Sir, good evening, sir, giving the opportunity. Sir, the Russia deal and Latin America deal will be completed, but production batches start each time. American deal not mentioned in the previous message. American deal already in process and advanced stage or any update? In future, OPM operating profit margin improve, how much next year expected, how much percentage will You can understand, sir. I know little bit English.

Mridul Dhanuka: For EXBLIFEP, the manufacturing is with a CMO. The product is already being manufactured and supplied to Europe and Middle East, and these two markets of Russia and Latin America will also be serviced. Supply is not the problem there. But based on the agreement, they will need to do the registration in those individual countries, and then the supply would start, which would take anywhere between 12 to 24 months, depending on country to country. Your next question was for the U.S. market. U.S. market is currently not at advanced stages. I would say preliminary discussions are going on, but we don't have any timeline right now of signing a deal in the U.S. market.

Burramsetty Suresh: And in last…

Manish Dhanuka: Sorry, we mentioned…

Burramsetty Suresh: Actually, U.S.-

Manish Dhanuka: Sorry. You go ahead.

Burramsetty Suresh: Sorry.

Manish Dhanuka: Yes, we mentioned the countries where we are…

Burramsetty Suresh: Tell me, sir.

Manish Dhanuka: Yes. When we mentioned in the speech, they were the countries where we are in advanced discussion. Those were the countries mentioned, and when we said that three to four announcements can be made in next two quarters, that was for the deals that are in advanced discussion. We did not mention U.S. purposefully because that is at the preliminary stage.

Burramsetty Suresh: Actually, last time, you can mention this U.S. deal shortly it will be completed, but present you have not mentioned any time frame. Any setbacks in U.S. deal?

Mridul Dhanuka: I think some understanding gap. We said that next 12 months, most of the world would be covered. U.S. specifically, we did not give any timeline. Preliminary discussions are going on. We will announce and confirm when we have more certainty.

Burramsetty Suresh: Sir, you can fundraising plans already mentioned. Amount, what price will you, timeline, any updates in preferential issue? And the previous OPM also tell me.

Mridul Dhanuka: We are currently exploring with various investors. There is no fixed timeline or mode of investment decided by the company.

Manish Dhanuka: We have just got the approval from the Board. Then we will evaluate, and we will follow whatever the SEBI norms allow us to do.

Burramsetty Suresh: It is not immediate, not required, but you can timelines, fundraising plan, and operating profit margin improve in future.

Mridul Dhanuka: So, again, we don't give very short-term guidance. Like Mr. Manish said, a lot of the future plans are contingent on the market scenario. So, we don't give any profit margin guidance as an organization policy.

Burramsetty Suresh: Fundraising plan, how much time it takes, sir?

Mridul Dhanuka: It depends on market condition. Difficult to say.

Burramsetty Suresh: At least three months or six months, five or not?

Mridul Dhanuka: Like I said, difficult to say.

Burramsetty Suresh: Is it talk to U.S. venture funds or any local people?

Manish Dhanuka: I think that would be a sensitive information. We should avoid that.

Burramsetty Suresh: Already you have mentioned U.S. American venture.

Manish Dhanuka: No, no.

Mridul Dhanuka: What mentioned? Sorry, I am not able to understand. We mentioned. What are you saying?

Manish Dhanuka: What we mentioned about U.S.

Burramsetty Suresh: Fundraising plans, you can mutual funds and any particular on short-term funds and mutual funds, fundraising.

Mridul Dhanuka: This question you already asked, right? Fundraising plan, you can read the board resolution. It is as per the market conditions and the investment demand. There is no defined right now, no definition.

Burramsetty Suresh: Okay, thank you.

Mridul Dhanuka: Yes.

Moderator: Thank you. Our next question comes from the line of Harsh Shah with Avener Capital. Please go ahead.

Harsh Shah: Hi, sir. Thanks for taking my question. Just one clarification. We have reported an EBITDA excluding other income of around INR24 crores, and in the opening remarks, we mentioned two one-offs of INR5 crores each. Is the adjusted EBITDA of around INR34 crores for this quarter, if we exclude those one-offs? Is my understanding correct?

Manish Dhanuka: That is correct.

Harsh Shah: Okay. That was my only question, sir.

Moderator: Thank you.

Harsh Shah: Thank you.

Moderator: Our next question comes from the line of Murli, an Individual Investor. Please go ahead.

Murli: Hi, sir. Sir, I have a few questions. In the agreements that have been signed till now, my understanding is correct that the Latin American one does not include the large Latin American countries like Brazil, Argentina, et cetera, because it lists out eight or nine countries today?

Mridul Dhanuka: Your understanding is correct. This is one piece of the Latin American market. We are discussing in advanced stages with other pieces as well. Mr. Manish talked about that it is potentially in the next two quarters we might be announcing those.

Murli: Okay. Sorry, I missed the initial part. In terms of filing status, you are on track for the filing status in the U.S. for next year?

Mridul Dhanuka: This product is already approved in U.S.

Murli: No, not this product. I am saying the other, you had one or two products that were there in your pipeline which you wanted to file.

Mridul Dhanuka: Yes. Those are, we talked about a broad timeline of having five or six products by 2030. Some of them are in validation stage, some of them are DMF stage, various stages there.

Murli: Okay. And typically, you are H2 heavy, right, in terms of the releases and et cetera. Do you see the same continuing this time as well?

Manish Dhanuka: Yes, the past few years trend is like that. The second half sales has been higher compared to the first half. It is difficult to say. I mean, last two years, the market has behaved in an erratic manner. But Yes, we are hopeful that second half should be better.

Murli: Okay. Some of your peers have started to report some price increases on the overall cephalosporin market. Do you see the same as well?

Manish Dhanuka: I would divide the cephalosporin into two categories with respect to our business. One is the injectables and one is the oral. We find that the injectable business has seen recovery. The oral businesses seem to still have some constraints, probably because of less demand or maybe too much capacity. The injectables have definitely shown some promise in the last quarter.

Murli: Okay. Your last one on the 6-APA side, sir, from Q4 or say Q1 of next year, would you be in a position to start external sales or will that be too early?

Manish Dhanuka: Q1 is, the plan is to start up, but the plant commissioning.

Mridul Dhanuka: Yes, external sales would start significantly later. First, we would start with internal consumption.

Murli: Okay. Next year could be potentially better than this year. Is that something that we can assume?

Manish Dhanuka: I do not know. It could be kind of a guidance-

Mridul Dhanuka: Yes.

Manish Dhanuka: that we do not want to actually give.

Murli: I am not sure if guidance is just a narrative, right? There is no quantitative statements, just a qualitative one.

Manish Dhanuka: We are working towards growth every year, so I would say definitely that. But specifically, I should be giving this.

Murli: Okay. Thank you so much. Thank you.

Moderator: Thank you. Our next question comes from the line of Nikhil Upadhyay with SiMPL. Please go ahead.

Nikhil Upadhyay: Yes. Hi. Good evening. I hope I am audible.

Moderator: Yes, audible, sir.

Nikhil Upadhyay: Yes. Just two questions. One is on the 7-ACA. There was an intermittent period, one or two years back, when the Chinese prices had fallen significantly. Based on the current pricing which is existing, would you say, based on how consumption we would be breaking even, and how is the pricing trending now?

Manish Dhanuka: If you ask me, 7-ACA fortunately has been quite stable in last five, six years. You can say the price has hovered around $50 plus/minus 10%, depending. Considering the current devaluation of Indian currency, we would say that it favors us significantly. The price of 7-ACA is fairly stable. If you compare it to penicillin G, because penicillin G went up to more than $15, $16, $17, maybe $18, and came to $7. 7-ACA has been relatively much stable.

Nikhil Upadhyay: Okay. In terms of middle, you mentioned that we are working on improving the yields. As I understand, there was an external consultant who was helping us. Is it a requirement from the consultants to reach that particular level? Is it in their scope of work to help us achieve that kind of an improvement?

Mridul Dhanuka: Yes. We have reached already the minimum required for commercialization as per the agreement with the consultant. As in the agreement allows him to improve it further along with us, the more the raw material cost improves, the more royalty he will earn. There is an incentive in the agreement for them. They are also working, and we are also working to improve our costs and yields.

Nikhil Upadhyay: Okay. Last question on this PLI, any clarity now you have, like in terms of how many years of benefit you will have, or any sense if you can give?

Mridul Dhanuka: Unfortunately, no. Once we commercialize, I think that would be the right time to go again and ask for something on the letter. Till that time, there is no communication from the DoP.

Nikhil Upadhyay: But we also have this benefit of GST in Jammu and also lower tax rates. So, those two benefits will accrue. Because we have seen some companies where this has been a challenge, like even the GST benefit has not accrued to them, and there have been some administrative issues which have come up. So, how do you see that benefit accruing?

Manish Dhanuka: So, there have been mixed examples. Some companies have started getting benefits also. So, it depends. Difficult to generalize on this subject. We know some people started getting benefits also. It depends on your documentation and all those things.

Nikhil Upadhyay: Okay. And we are also entitled for those benefits?

Manish Dhanuka: Yes, we are.

Nikhil Upadhyay: Lastly, on the royalty, I think the scale-up of new tie-ups has significantly taken. The pace has improved. When do you see the royalty income becoming significantly large? In terms of the tie-ups which you have done, within next one or two years, would you say most of these geographies will have a commercial launch of the product, or it will be beyond that?

Manish Dhanuka: You see, there are multiple markets, and different markets have different challenges of registration. There are markets like Latin America and Southeast Asia, where the U.S. and Europe registration kind of assures you of a faster registration timeline. So, we expect these markets to start generating revenue much faster. Some of these countries have large population also, so we expect good volumes. Whereas there are other countries like Japan and Brazil, where we are discussing, but the regulatory timeframe is a bit lengthy. So, it will depend from market to market.

Mridul Dhanuka: But overall, two years from today, you should see significantly more market commercial sales. So, wherever we have signed, they will take some time to register and start sales. But Yes, two years from today, there should be more and more availability of the product globally.

Nikhil Upadhyay: Okay. Lastly, our exclusivity remains till 2032, 2033, or would that also…?

Mridul Dhanuka: Again, that depends on country to country. If you look at Europe, we will have 2034 patent is already there. Country by country, we have also started receiving the patent term extension for the patents. That is the time extended due to the evaluation by the government. So, Germany,

we have received the PTE till November 2036. U.S., we are awaiting the PTE. Till that time, it is till 2034. So, it depends on each country what the patent was filed and what the rules are. I think 2034 is a fair assumption right now.

Nikhil Upadhyay: Sure. Okay. Thank you. I will come back in the queue. Thanks.

Mridul Dhanuka: Thanks. Thank you.

Moderator: Thank you. Our next question comes from the line of Nikhil Upadhyay with SiMPL. Please go ahead.

Nikhil Upadhyay: Yes. Thanks for the opportunity. Just one aspect of business. We had started this domestic business of marketing, and the idea was that over a period, we will have a cefiderocol, we will have XP+, but are you looking at more in-licensing opportunities as well? Today, how large is the product basket? Over next two, three years, how do you see the product basket maturing?

Manish Dhanuka: Yes. You see, this platform has been created to focus on the antimicrobial solutions. I feel that at this point of time, Orchid is placed in a position where most of the new antibiotics, the cephalosporins injectable, that are going off patent or are relatively new that need introductions into India, Orchid is placed to manufacture them.

I think in last or one quarter before the last one, we explained that we launched a product called ceftaroline, which was only supplied by Pfizer, and Orchid only manufactures that API, and we are promoting that product on the AMS portal, on the AMS platform.

With respect to the product basket, right now, we are selling 15 products, distinct products, and 18 SKUs. We are going to introduce -- we have just recently introduced a new product that became off patent just three months back. It is aztreonam plus avibactam. That is also a Pfizer product.

We will continue to introduce new products which go off patent, and our overall objective is to become a very significant player in the antibiotics or antimicrobials segment and cater to the intensivists or infectious disease specialists and the clinicians who service the infectious diseases in the ICUs. That is the focus.

Nikhil Upadhyay: Sir, just one additional point. I wanted to understand, in terms of hospital tie-ups, now you have been in the market for now almost one and a half years. Is it still a challenge in terms of getting empanelled with the hospitals and introducing the products, or now it is relatively simpler? And how many hospitals you would have covered as of now, or are we empanelled with?

Manish Dhanuka: We are now working with more than 120 hospitals on a regular basis. Total, I think we have covered around 400 hospitals where we would have got some entry, but 120 is a regular business. We see almost, I would say, 10% to 15% growth every quarter. That is the trend for, I think, last four quarters for us.

Nikhil Upadhyay: Sure. Thanks a lot. I will come back to you.

Moderator: Thank you. We have our next question from the line of Yash Mehta with AART Ventures. Please go ahead.

Yash Mehta: Thank you for the opportunity. I wanted to know what was the volume growth of vials in Europe this quarter.

Mridul Dhanuka: Can you come again, please?

Manish Dhanuka: Vials in Europe.

Yash Mehta: What was the volume growth of vials in Europe this quarter?

Mridul Dhanuka: We can't divulge geography-wise information. That is confidential with the terms of the agreement of the licensing.

Yash Mehta: Okay. I think you had given a figure of 50% Q-o-Q increase in FY27.

Mridul Dhanuka: Yes. We were just showing some trends earlier.

Yash Mehta: Okay. Have those trends continued this quarter?

Mridul Dhanuka: There is some amount of growth, but like Mr. Manish explained, U.K. is a market where the sales have not started. The business model there works like, the product is approved and all of that, but the government will. The problem with antimicrobials is in terms of price and reimbursement. There they are trying a new approach where the government guarantees the volume and the price, and they keep it stocked in the hospital whether it is needed or not. Since it is a first-time order, it is just taking some time to kick off.

Yash Mehta: Okay. Just a broader question on the cephalosporin API business. What have been the trends currently in the market? Are we seeing the market bottom out from here, or is it still early to say for the cephalosporin API business?

Manish Dhanuka: Like I said, we found the injectables to be doing better. For the oral products, because the molecules are three or four only, and they had grown to a, I would say, humongous volume in the last 10 years, or last, I would say, five to seven years. The growth was so tremendous that I think all the manufacturers also increased capacity significantly. I think Indian players remain a very significant player.

I mean, we probably export more than the Chinese do in terms of oral cephalosporins, so there seems to be strength with India. At the same time, the market has consolidated to just the three players. I am confident that, I mean, with people rationalizing the pricing strategies, the margins or the pricing should improve. In my opinion, this is a temporary phase where people are trying to just liquidate their higher capacities, but I think more sense will prevail with time.

Yash Mehta: Okay. Thank you very much.

Manish Dhanuka: I am very hopeful that things would be better.

Yash Mehta: Thank you.

Moderator: Thank you. Our next question comes from the line of Neeraj from DAMAC. Please go ahead.

Neeraj: Hello. Thank you for the opportunity. Sir, if we see our other income for this quarter, there was a significant jump quarter-on-quarter and even on a year-on-year basis. Can you please help us understand what is happening here?

Manish Dhanuka: Yes. Two things have contributed here. One is the contribution from the non-cephalosporin business of Dhanuka, which has merged with Orchid Pharma. Some of those products that Dhanuka manufactured, they have seen a jump during this quarter. And partly, because of the formulation business that was already in Orchid.

Mridul Dhanuka: We've had some intangible assets which were old of Orchid, which we have sold. That's one large jump this quarter.

Neeraj: Understood. Sir, a couple of quarters back, you mentioned that as and when the royalty incomes become tangible enough, you will start disclosing it. Can we have some more disclosures around that? Maybe in this quarter, how much was the royalty income? Can you help us understand a bit more on that?

Mridul Dhanuka: I can say the current run rate of royalties and milestone payments that we have started receiving from this business is to the order of $3 million-$4 million per year.

Neeraj: On an annual basis, you mentioned, sir?

Mridul Dhanuka: Annual run rate basis. That's what we expect right now.

Neeraj: Okay, $3 million-$4 million on an annual basis, currently.

Mridul Dhanuka: That is right. Yes.

Neeraj: Okay. Thank you. Maybe I have a couple of more questions. I will come back in the queue. Thank you.

Moderator: Thank you. Our next question comes from the line of Vishal Manchanda from Systematix Group. Please go ahead.

Vishal Manchanda: Yes. Good evening, sir. Sir, on the gross margins, we were at 39% this quarter. Can we expect this to sustain in the subsequent quarters too?

Manish Dhanuka: Like we said, it again depends on the product mix. Our endeavor is always to go for more value-added products in terms of optimizing our sales product mix, that is what we try to go for. It is difficult to say some quarters we are not able to manage that, and we have to follow the trend as per our competitors. We have to reduce the prices for some products. Yes, our endeavor is to keep it above 35%. We manage that through a product mix management only.

Vishal Manchanda: Are we seeing any traction in Europe? Probably where the margins are higher. Was that contribution higher this quarter? Maybe that can subside in subsequent quarters.

Manish Dhanuka: To be honest with you, Europe is not doing so well in terms of the demand. We are able to manage this through our complex injectable products for which we do not have any competition in India, and those products are really contributing to the gross margins. That is actually, I would say, key difference between Orchid's product basket in cephalosporins and the competitors. That is what is keeping our margins relatively higher.

Vishal Manchanda: Okay.

Manish Dhanuka: Those products sell in Europe as well as in other, including India and other non-regulated markets, but not many players.

Vishal Manchanda: Okay. One of your competitors had seen an import alert sometime back for Europe markets. We haven't been able to derive any benefit out of they coming out of the market?

Manish Dhanuka: No, we did gain in some markets. We got an access, but they were not selling at a very high price, one or two. First of all, they did not have a significant presence itself, and we definitely captured all those customers. But I would say their presence in Europe was very insignificant to boost our sales. I mean, we have captured those customers, but that was insignificant.

Vishal Manchanda: Okay. On cefiderocol call, have we been able to sign up for the India commercialization rights?

Manish Dhanuka: It is at an almost signature level. Japanese companies are extremely slow to respond. But, it's a done deal. We have the assurance from Daiichi that we will be the partner, and we've started working also towards that.

Vishal Manchanda: And sir, on 7-ACA, we haven't seen any price correction in the recent past. Even now, we are not seeing any price coming up from where it was.

Manish Dhanuka: Yes, like I said, it has been fairly stable. If you look at penicillin G, when Aurobindo's PLI was announced, the prices jumped very, very high levels, and then they have dropped significantly. Somehow, 7-ACA has been stable.

Vishal Manchanda: And there's also not any correction in the downstream products like ceftriaxone. Are they also stable?

Manish Dhanuka: Yes, I would not say that they accrue too much of a value addition. They are directly linked to the 7-ACA price. They are just a nominal value addition business, because anybody who manufactures 7-ACA manufactures the downstream products. It's just part of the business.

Vishal Manchanda: Okay. And sir, is there a possibility that on 7-ACA, your ramp-up can be faster? Maybe you can reach 100% utilization, maybe in two quarters? Is that also a possibility? Maybe there would be challenges, but…

Manish Dhanuka: That is my wish also, but considering the players who have started fermentation factories before us, it would be wishful thinking. I mean, we are trying to take remedial actions, we are trying to learn from their mistakes, but it is difficult to give that kind of a commitment.

Vishal Manchanda: Okay. Any other geography where enmetazobactam has been commercialized outside India, apart from Europe?

Mridul Dhanuka: Yes, Middle East.

Vishal Manchanda: Okay. Is that yet to ramp up?

Mridul Dhanuka: Yes. Like I said, they got approval in February of 2026 only, and since then, their launches have been marred due to the war. They started selling, but ramp-up has not been able to happen because of the war issues. Hopefully next year will be better. Next year, South Africa should also start in Q1 calendar year next year.

Vishal Manchanda: Okay. Just one final one on the planned ANDA filings. Any updates there? Any filings that has happened, or maybe, anything around the corner?

Manish Dhanuka: Not in the immediate, I would say. At least six to eight months away.

Vishal Manchanda: Okay. Thank you. Thank you very much.

Moderator: Thank you. Our next question comes from the line of Neeraj from DAMAC. Please go ahead.

Neeraj: Yes. Hello. Thank you for the follow-up. Sir, in our previous quarter call, we specifically called out that there was a lot of pricing and competition in this particular drug called as cefixime. Any latest updates on this? What is happening here? Has the pricing improved?

Manish Dhanuka: No, the status, I think, remains almost the same. I would say maybe marginal improvement, but nothing significant.

Neeraj: Understood. In your opening comments, you mentioned that by the end of current financial year, you expect merger benefits to flow through. I understand those benefits we will see on the cost side of things. If I see from a capacity point of view, can you help us understand from our base business, excluding whatever new projects is in the pipeline? In terms of base business, what would be the capacity utilization for Orchid and the capacity utilization for the Dhanuka business, which was recently merged?

Manish Dhanuka: Yes, so we plan to rationalize the capacities. I mean, wherever there was a duplication of capacity, we will rationalize them. What we are trying to do is request the customers to approve from both the sites, so that slowly we can rationalize the capacities and optimize the utilization at each of the facilities.

Neeraj: Okay. Can you give us some capacity utilization numbers? As of today, it is at X percent, and going forward, it will increase, so that we can see how much revenue can the current facilities generate, just to have some sense?

Manish Dhanuka: Yes, the Dhanuka facility generally operated at almost 80%-90% capacity utilization, and Orchid was at 60%. We had significantly improved the capacities in Orchid also by debottlenecking some of the blocks. We are now trying to create a situation where either plant can supply whichever product required from anywhere in the market. That discussion and modification is now in progress.

Neeraj: Understood. Maybe, sir, last question in terms of, there were some, like you took the approval for some potential fundraising options. Can we know the reason for this? Because I believe most of our capexes are already in plan, and most of has been already been invested.

Going forward, as you previously mentioned, we will receive to the tune of at least, let's say, $3 million to $4 million of royalty income, which I understand straightaway falls on the bottom line. So, what is the reason for this incremental fundraising, the use of proceeds?

Manish Dhanuka: Yes. Part of the fund will be used to fund the cost overrun of the 7-ACA project. Like we said, probably in the last quarter, there has been a cost overrun due to increase in the commodity prices during the last six to eight months.

Part of it will be for the debt repayment that we have taken for the cefiderocol project, and partly it will be for funding the downstream product investment. That was pending because we had to get the environment clearance and some approvals in Chennai. Those are now in place, and we wish to start that investment. These are the three major requirements for this fund.

Neeraj: Understood. Sir, if I can ask one more question, is it possible?

Manish Dhanuka: Yes, sure.

Neeraj: Sure. Sir, on our cefiderocol projects, if I remember correctly, around one and a half years back, you mentioned that currently the mandate which you have is for low-income countries, apart from India. But there is an optionality that you might produce this for India as well. Any clarity on that optionality, sir?

Manish Dhanuka: No, no. India is one of the key markets, major markets. The license is for 135 low and medium income countries, and India is one of those.

Neeraj: Yes.

Manish Dhanuka: But India is the largest market with respect to the antimicrobial resistance. We feel that maybe 30%, 40% will be consumed within India.

Mridul Dhanuka: Neeraj, the optionality was selling in India license, not manufacturing. Manufacturing we are doing for 135 countries, including India.

Manish Dhanuka: Including India.

Neeraj: Okay. Maybe then the question changes to what about the optionality of selling in India? Any progress over there?

Manish Dhanuka: Yes. Like I answered another question, we are at a situation where, I mean, just short of signing the agreement, GARDP and Shionogi have agreed to give, provide the marketing license to us only.

Neeraj: Understood. And we can expect this project to be commissioned by Q3, Q4 of this financial year?

Manish Dhanuka: Yes. The manufacturing will be completed by March of 2027. After that, we have to apply for the licensing to DCGI. As it will be a new drug, I am expecting at least six months for getting the license, and I am hoping we get the clinical trial waiver. Then hopefully by September, October, we should be able to commercialize the product.

Neeraj: Understood. Can you please remind us, you previously mentioned that you will be doing this on a fixed PBT kind of a margin of around 20%-25%? That remains, right? Nothing has changed over there. Can you please help us remind?

Manish Dhanuka: Yes, that is for the manufacturing side. Then we are now negotiating a separate agreement, and in that we will consider some margin for the marketing side, distribution and marketing.

Neeraj: Yes. For the manufacturing side of things, what are the dynamics? What is the PBT percentage?

Manish Dhanuka: Yes, it's around 20, 25.

Neeraj: Understood. Thank you so much, sir. All the best.

Manish Dhanuka: Thank you.

Moderator: Thank you. We have no further questions, ladies and gentlemen. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Manish Dhanuka: Thank you. We wish to thank all the participants in this call for their interest in the company and for their insightful questions. We remain committed to value creation in the company. Have a good evening, ladies and gentlemen. Thank you.

Moderator: Thank you. On behalf of Systematix Shares & Stocks India Limited and Orchid Pharma Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.