



CUPID LIMITED

Manufacturers and Suppliers of Male & Female Condoms

Date: - 31st May, 2017

To,

Department of Corporate Services,

BSE LIMITED,

Phiroze, Jeejeebhoy Towers,

Dalal Street,

Mumbai – 400 001

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The National Stock Exchange of India Ltd.

Exchange Plaza, 5th Floor, Bandra-Kurla

Complex, Bandra (East),

Mumbai - 400051

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SCRIP CODE: CUPID

Subject: - Conference call Transcript

Dear Sir / Madam,

With reference to captioned subject, we hereby enclose the transcript of Q4 FY 2017 conference call which was hosted by the company on 25th May, 2017 at 4.00 p.m.

This is for your records.

Kindly acknowledge the receipt.

Thanking You.

For CUPID LIMITED

Saurabh V. Karmase

Company Secretary and Compliance Officer



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“Cupid Limited Q4 FY 2017 Earnings Conference Call”

May 25, 2017



MANAGEMENT: MR. OM GARG -- CHAIRMAN AND MANAGING DIRECTOR, CUPID LIMITED



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Moderator:

Ladies and Gentlemen, Good Day, and Welcome to the Cupid Limited Q4 FY 2017 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 this conference, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ankit Gupta from Christensen IR. Thank you and over to you, sir.

Ankit Gupta:

Thanks, Inba. Very Good Afternoon everyone, and thanks for joining this Q4 and FY 2017 Investors Call for Cupid Limited. At the outset, let me apologise that we could not host the conference call in Q3. I think it was a busy quarter for management and due to business engagements, we could not get the opportune to get connected. None the less, whenever you have any questions related to business, you can dial me anytime, and we can discuss your issues.

I hope you have received the copy of Press Release along with the Results which are also now available on the website and the Stock Exchanges.

To discuss the results today, and to address your queries, we have with us Mr Om Garg Chairman and Managing Director of the company.

Now the Safe Harbor statement, I would like to remind you that everything said on this call that reflects any outlook for the future, or which can be construed as a forward-looking statement, must be viewed in conjunction with uncertainties and risks that they face. These uncertainties and risks are included but not limited to what we have mentioned in our prospectus or Annual Reports that are also filed on our website.

With that said, I now hand over the call to Mr Garg. Over to you, sir.

Om Garg:

Thank you, Ankit. Good Evening Ladies and Gentlemen welcome to the Cupid Limited fourth quarter and FY 2017 earning conference call. I should also start the call by apologising for not having the third quarter conference call. However, we intend to continue these quarterly calls from now on, going forward.

I believe that you have seen the Financial Results and the Press Release and you are familiar with the numbers. So, I will not go into those details. However, let me point out few salient features.

First of all, FY 2017 has been the best year for your company with a net profit of Rs. 20.5 crores during the year. Moreover, this brings the CAGR to 27% over the last five years.

Some of the highlights during the year were number one, we launched our water based lubricant product which is the third product in the basket beside male condoms and female condoms, and we got some excellent response in the third months that we have been marketing this. 5% of this year's revenue came from lubricants. Female condom contributed about 52% of the income and the balance 43% came from the sale of male condoms.



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The second highlight is that during the year we initiated a brand promotion for retail business and as you are aware so far Cupid has been a B2B business, and we have decided to grow the business through retail sales and marketing. So, this initiative has been taken, and the initial results are quite encouraging and also online selling has picked up. We have sold our products in 220 cities already all over India, and our plan is to extend it to about 1,000 towns and cities in next three years.

The order book looks pretty good for the coming year. We have Rs. 58 crores worth of confirmed orders and additional Rs. 31 crores worth of repeat orders expected from our customers.

So, in total, we find the performance of the company during the year quite satisfactory, and we are looking forward to expanding the growth opportunities further. Moreover, to achieve the growth in next two to three years, we have planned five new activities during this current financial year.

Number one Cupid has developed a unique male condom which is patented not only in India but all over the world, and this is to enhance sexual pleasure. So, we would be launching this during this year.

The second project is that we are developing a second-generation high-tech female condom which also will provide additional sexual pleasure.

Number three is we have already manufactured, and we have started to market hand sanitizer with unique features that it will retain the moisture and it come in various flavours and colours. We see a potential in this product also going forward.

Number four, we are in the process of developing a vaginal cream which is also pleasure enhancing with no adverse side effects.

lastly, number five, we are working on a product to resolve the problem of premature ejaculation. As many of you may be aware, this is a problem amongst adult men all over the world including India.

So, let me just summarise that we are very much satisfied with the performance of the company and we are looking forward to future growth.

Now, I will open the floor for question-and-answer, please.

Moderator:

Thank you very much, sir. Ladies and Gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Chitragda Kapoor from Samiksha Capital. Please go ahead.

Chitragda Kapoor:

First question is sir, you mentioned about 220 cities you have already sold your product in India. So, could you please tell me what is the revenue from the sales of this retail venture that you have done for this year?

Om Garg:

The revenue is only couple of lakhs because this online awareness and promotion program is to familiarize all the consumers with this new product female condom which is not very well known.



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- Chitragda Kapoor:** Okay. So also, this year there was a higher contribution from female condoms but which is a higher margin product. But your overall margins were little depressed. I guess it is because of the marketing spends that you have done. So, could you quantify how much were the spends primarily which we done towards female condom retail?
- Om Garg:** Basically we have spent so far about Rs. 70 lakhs in total which includes the events to sponsor and popularize Cupid products mostly female condoms and also, in terms of the advertising and publicity.
- Chitragda Kapoor:** Okay. So, going forward sir, how much will be spends a percentage of sales that you plan to keep for the marketing of your female condom product?
- Om Garg:** It will be a total of Rs. 7 crores this financial year, some of it will be spent on male condom, in order to combine the promotion of all the three products. But about Rs. 7 crores for female condom and our target projected sale is about Rs. 97 crores next year.
- Chitragda Kapoor:** Okay, understood. And sir, finally you mentioned that you are in the process of actually marketing hand sanitizer. So, could you please explain a little bit on the strategy of whether it will be domestic retail kind of a thing that you would be launching a new product or will it be export oriented?
- Om Garg:** Initially, it will be retail marketing in India. But we have indications that there is a good potential for export as well especially in the Sub-Saharan African countries.
- Chitragda Kapoor:** I see. So, you will be leveraging the distribution network that you are already setting up for female condoms for your hand sanitizer as well.
- Om Garg:** Absolutely.
- Moderator:** Thank you. Our next question is from the line of Omkar Kulkarni an Individual Investor. Please go ahead.
- Omkar Kulkarni:** You have taken a resolution for fund raising, right?
- Om Garg:** Yes.
- Omkar Kulkarni:** So, what is the current status of that?
- Om Garg:** Okay, we would like to raise funds and the process has been initiated. However, many of the investors they were waiting to see the results from the March quarter. So, the process will be resumed from now on.
- Omkar Kulkarni:** Okay. And what is the intension to use this? Means for what purpose you intend to use this fund?
- Om Garg:** Sorry.
- Omkar Kulkarni:** For what purpose you intend to use this fund?



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- Om Garg:** Okay. We plan to raise about Rs. 25 crores out of this about Rs. 11 crores will go for this brand promotion program throughout India. And the second biggest project is to expand the facilities and production capacity by about 20% in this coming year. The third one is to get our female condoms registered with USFDA, where we get a revenue per piece of about \$2 as compared to only \$0.40 we are now currently getting per piece of female condom. Those are the three main activities.
- Omkar Kulkarni:** Okay. And you said that sir, Rs. 97 crores is what you are projecting for FY 2018 as compared to Rs. 85 crores, right?
- Om Garg:** I am sorry.
- Omkar Kulkarni:** You are projecting sales of Rs. 97 crores for FY 2018, right?
- Om Garg:** Correct.
- Omkar Kulkarni:** Yes, as compared to Rs. 85 crores that is hardly a growth of 14% - 15%?
- Om Garg:** No, it is more than that.
- Omkar Kulkarni:** No, Rs. 97 crores and Rs. 85 crores is the current revenue, right? So, that comes to 14% to 15% growth in the revenue.
- Om Garg:** Yes, our projection is that we expect between 15% to 20% increase year-over-year depending on the business conditions and also on the stable foreign exchange rates. So, between 15% and 20% is what we expect year-on-year.
- Omkar Kulkarni:** Okay. And you said that you have launched this hand sanitizer, the new product. What are the margins for this product, sir?
- Om Garg:** Hand sanitizer is about 35% to 40%. And in these projections, we have not included any revenues nor any profit from these five special activities I mentioned. This Rs. 97 crores is purely from the routine operating business selling male condoms and female condoms and lubricants to our existing geographies and also to expand it to some new countries.
- Omkar Kulkarni:** Okay. And in the quarter two conference call you said that some repeat orders would be coming that is from tender offer from South African...
- Om Garg:** We did get some repeat orders but as you know the South African existing tender closes or terminates only in June of 2018. However, they are planning to float a new tender in December of this year.
- Omkar Kulkarni:** Okay. So, for June 2018, you have already bided and you have successfully got the orders?
- Om Garg:** Which one?



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- Omkar Kulkarni:** For June 2018?
- Om Garg:** Yes, up to June 2018 we have confirmed orders.
- Omkar Kulkarni:** Okay. And if you look at the hand sanitizer product already big companies, multinational companies are selling this product. So, how you plan to avoid the competition or face the competition from them?
- Om Garg:** Yes, we do expect competition but we believe that our product is cost effective and also offers much more variety and added features like retention of moisture. Most of the moisturizers after use they lose the moisture and the hand becomes rather dry. So, we have some features coming in various colors and various flavors. We believe that should be a added incentive and a very competitive price as in the market.
- Omkar Kulkarni:** Okay. And you hope to sustain this 45% kind of margins EBITDA margin for this year?
- Om Garg:** I would say between 35% to 40%.
- Moderator:** Thank you. Our next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.
- Ravi Naredi:** You are having Rs. 19 crores cash in balance sheet and there is no debt, why not you raise debt instead of rising equity?
- Om Garg:** The reason is that we have possible plans for acquisition going forward, so we are retaining the cash we have for several other activities like development of new products I mentioned registration of our products in various countries and also the promotion overseas, exports, and other activities are like automation within our existing plants.
- Ravi Naredi:** So, have you any acquisition plan and how much the cost, can you tell? We do not want the name but how much the acquisition cost and anything? Can you give more feedback about this?
- Om Garg:** We do not have definite neither the company nor the size of it. But we have looked at four or five possibilities, they all vary between Rs. 20 crores to Rs. 40 crores.
- Ravi Naredi:** Okay. But it is okay. When you are going to raise the equity, it is not good because if you are not having any immediate plan then debt will be always good for you and us also because the existing shareholder will benefit from raising the debt instead of equity. So, I can well understand you must be knowing all side.
- Om Garg:** Yes. We have also looked at debt, in fact we are considering all the three possibilities QIP, debt and using at least part of our own funds that is why QIP has not been finalized.
- Ravi Naredi:** Yes, because we shareholders are agreed to subscribe for right issue also if you are anytime going for right issue then we can subscribe for that. So, I advise you personally that you raise the equity by either right issue or raise the debt in a state of QIP. So, it will be more beneficial for you and us. I think.



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- Om Garg:** I appreciate the input and actually we have discussed the rights issue as well.
- Ravi Naredi:** Okay. Sir, what is the progress with CEO appointment of the company because the matter is going since last 18 months and...
- Om Garg:** Okay. We have received about eight resumes and we have interviewed four candidates so far unfortunately we do not have a candidate who meets all the requirements. By that I mean, he should be a marketing expert in the FMCG field. Also, he should have the export experience along with the financial and production background.
- Ravi Naredi:** I can advise here, you are so much intelligent and having so much knowledge of US and everything, why not you appoint one consultant in Mumbai or metro city who will get suitable candidate for you?
- Om Garg:** Yes, I think that is one of the options we discussed in the last Board Meeting. And most likely yes, we are going to do that. So, thank you for your suggestion.
- Ravi Naredi:** Thank you very much, sir. And what will be the GST impact to our company? Last and final question.
- Om Garg:** It would be none because condoms are completely exempt.
- Ravi Naredi:** And what about this other jelly and sanitization or anything other items?
- Om Garg:** I think they do have a GST but it is all accounted or calculated within our costing.
- Ravi Naredi:** Okay. And sir, one thing you have mentioned in your initial remarks for premature ejaculation. Can you tell what are you going to do in this segment?
- Om Garg:** Okay. This product is in need quite a bit. In US alone, it is a \$400 million dollar market and one company in US has approached us that they have patented product and either they would like Cupid to distribute it in India under their license or we set-up the manufacturing facility in India for their product. And in fact, they have indicated that they would be willing to export this material if manufactured in India.
- Ravi Naredi:** Export to US or in other countries. You are exporting to again US or other countries of the near-by area?
- Om Garg:** No, the exports this customer is indicating will go all over the world including mostly Europe and US
- Ravi Naredi:** So, it is tablet or some jelly?
- Om Garg:** No, it is a kind of wipe.
- Ravi Naredi:** Type of?
- Om Garg:** Wipe. It is just like wet wipe, tissue wipe.



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- Moderator:** Thank you. We will take the next question from the line of Abhishek Ranganathan from Ambit Capital. Please go ahead.
- Abhishek Ranganathan:** I have two questions here. Just wanted to know who are the main competitors in the female condom market for you globally? And also related to this, you mentioned about the FDA approval. I wanted to get a sense of that how many FDA approved players are there in the market and what are the cost and barriers to get the approval?
- Om Garg:** Okay, good question. The main competitor we have is a company called Female Health Company out of Chicago and they have been in the business since 1993 and currently, they are the only female condom manufacturer who is approved by USFDA. Now, we have started to work on this registration and it will cost a total of \$2 million mainly because a clinical study has to be done in US under US protocol and it will take about two years.
- Abhishek Ranganathan:** Right, sir. And study would be particularly to the product or it has to be some kind of assessment of the facilities what is the nature of this approval, what all things will be assessed?
- Om Garg:** Mostly, it is related to the safety issue of the product. We have to prove it to them that a female condom is safe to use and it has no negative side effects.
- Abhishek Ranganathan:** Right. And sir, my second question was on distribution and marketing which you mentioned, you said you are making some investment in distribution and marketing. How many people do you have for distribution and marketing overseas and in other markets?
- Om Garg:** Right now we have a very small team because we just started this effort a couple of months ago. We have a total of 10 people. And currently we have set-up in some parts of Bombay, Thane, Pune, Bihar, U. P., Haryana and we plan to extend it into Rajasthan and Gujarat in June and also in the Kolkata (Calcutta) area. So, it will be a slow progress and it will take some time and I guess, lots of money to set-up this sales and distribution network.
- Abhishek Ranganathan:** Sir, I mean about your distribution and marketing outside India for the female condoms, let us say your business in say South African interest. How does the distribution work for this? What is the chain? How does it work? Do you have people or it is just fully tender base? How does it work? And secondly, about education and marketing do you have people based out of those countries who are permanently base in this country who are helping you market your product vis-à-vis others?
- Om Garg:** Okay. We actually do not have any sales and marketing team operating outside India. As most of our business is tender base. However, for this Rs. 104 crores three-year contract we have from South Africa we have four local partners who are importing and distributing this product plus they are doing the promotion with all the educational materials and the statistics we have provided to them.
- Abhishek Ranganathan:** Right, sir. And sir, the pricing is determined how sir, you have fixed price contract with them?
- Om Garg:** Yes, when we submit our bid for the tender then these four people they include their own overheads and their own profit and they submit a final bid to the Department of Health, Government of South Africa. So, we have a fixed price contract with all of them.



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- Abhishek Ranganathan:** And you cannot take any price increases?
- Om Garg:** No, it is not built-in to base. However, in the next contract there is a suggestion that there should be a clause for price increase or it may be even price decrease depending on the value of the South African Rand which is fluctuating a lot against US dollar.
- Moderator:** Thank you. Our next question is from the line of Subu Murugesan an Individual Investor. Please go ahead.
- Subu Murugesan:** I actually had a question on the fund raising, so you said that you will be raising Rs. 25 crores and of which Rs. 11 crores is brand promotion and Rs. 14 crores is expanding the facility. And subsequently you also mentioned that the USFDA would take another \$2 million which is about Rs. 13 crores - Rs. 14 crores. So, overall this comes to something much higher than Rs. 25 crores. So, just wondering if like Rs. 25 crores will be enough for this brand promotion because you also mentioned that you take Rs. 7 crores for brand promotion this year. So, if you think at least you will need two years to three years like brand promotion so that itself is another Rs. 21 crores over three years. So, overall, it seems like you would need more than Rs. 25 crores of money to be raised. Have you thought about this, sir? Do you have any comments?
- Om Garg:** Yes, we have and this Rs. 25 crores is the first trench and it is a two years program and it does not include the \$2 million US study which will come into the third year. So, the main expenses in this Rs. 25 crores budget is the brand promotion for a total of Rs. 11 crores and infrastructure and capacity addition Rs. 7 crores and then, Rs. 3 crores or Rs. 4 crores for USFDA for the initial testing work and meetings with them and the consultants. So, you are correct. If you include the clinical trial expenses it will come out to be more however, like the previous caller indicated, we do not want to make too much dilution therefore, part of our own reserve could be used in year two and year three as required.
- Subu Murugesan:** Okay. Thank you for that. So, you also mentioned that the marketing spend is Rs. 7 crores for next year. I was just wondering how much you spent last year?
- Om Garg:** Last year was very minimal only Rs. 70 lakhs.
- Subu Murugesan:** Okay. My last question is on this retail venture that you are planning. So, you actually mentioned that you have some encouraging results. Have you thought of the working capital requirements because if you are planning to sell it to small sellers they would pay you back after 30 days or 60 days and that will also be a drag on your working capital that might also require investments. So, if you want a large sales and distribution network in India normally that takes a lot of working capital. So, I was just working how your initial steps have gone and what sort of requirements you might have?
- Om Garg:** Yes. Our business plan is to extend a credit for maximum 30 days with PDC and the working capital would increase by about Rs. 3 crores. So, for a total of Rs. 6 crores per month, initially for three months and then it will come down to about Rs. 4 crores on a routine.
- Subu Murugesan:** So, you are basically saying that you would probably increase the working capital by about Rs. 4 crores this whole venture, right?



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- Om Garg:** Yes.
- Subu Murugesan:** Okay. So, what is your overall sales then from this venture for the first year?
- Om Garg:** First year meaning last year?
- Subu Murugesan:** No, this year.
- Om Garg:** Yes, we have a target of about Rs. 10 crores by March 2018.
- Subu Murugesan:** Okay. So, Rs. 10 crores would be the revenue which would require Rs. 4 crores in working capital. So, about 40% working capital requirement?
- Om Garg:** Correct.
- Moderator:** Thank you. We will take the next question from the line of Ganesh Radhakrishnan of 'Pristine Portfolio. Please go ahead.
- Ganesh Radhakrishnan:** there are other companies who are exporting to Africa, they said they are having very unstable currency environment and it is affecting their exports to Africa. Just wanted to know from Cupid perspective, how is Cupid impacted by the volatile currency in Africa?
- Om Garg:** Okay, like I mentioned in response to previous caller. Our contract price is fixed in US dollars and depending on the Rand versus Dollar value, our partners they have to take the adjustments positively or negatively. In fact, when the Rand had devalued quite a bit about four months ago, they had approached the Ministry of Health and as a special case they did selling price based on the value of the Rand. So, they have built-up their own mechanism within South Africa. However, as far as Cupid is concerned, our revenues are secured they are all in US dollars of course, we have to deal with the problem of fluctuating Rupee. First nine months of this year was rupee was depreciating as you know and this last quarter it appreciated a lot. However, still the net result for Cupid for the whole year was Rs. 26 lakhs surplus.
- Ganesh Radhakrishnan:** Okay. I also notice there is some lumpiness in your revenue quarter-on-quarter. Q3 the revenue was high and in Q4 it has dropped. I mean what is the reason for the seasonality in the business
- Om Garg:** There are two main reasons, there is a kind of a seasonal fluctuations whereby the fourth quarter and the first quarter they are always lower, weaker, and the reasons is that in the fourth quarter most of the budgeted amount gets exhausted in February. So, we do not get the full sales volume. And on the other hand, in the first quarter the budgets are not finalized until end of April and May. So, we lose some sales. So, historically if you look at it second quarter and third quarters are much-much better.
- Ganesh Radhakrishnan:** Okay, sir. And one more thing is that I know in the last quarter the promoters holding has fallen from 48% to 44%, is there, can you tell me some reasons for it?



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- Om Garg:** No, this was a kind of family estate planning within the family, so we sold some shares.
- Ganesh Radhakrishnan:** Okay. So, once you go for QIP or something I mean overall the promoters holding may get further diluted because of the expansion in the capital?
- Om Garg:** Correct.
- Ganesh Radhakrishnan:** Okay.
- Om Garg:** So, that is why we are very much aware of the other options besides QIP and before we take a final decision, all these considerations will be carefully reviewed.
- Ganesh Radhakrishnan:** Okay. And lastly, what is your dividend policy sir, how much do you intend to pay out as dividend?
- Om Garg:** Well, this year we are paying Rs. 4 as compared to Rs. 3 last year. So, there is a 33% increase in dividend in proportion to the profit improvements as compared to last year.
- Ganesh Radhakrishnan:** And what is your CAPEX plan for this year?
- Om Garg:** CAPEX plan will be about Rs. 7 crores mostly related to the infrastructure and capacity addition, I mentioned earlier.
- Moderator:** Thank you. Our next question is from the line of Krishna Kumar Rai an Individual Investor. Please go ahead.
- Krishna Kumar Rai:** I have two questions. One, Mr. Garg, I want to understand your visions for Cupid, we have been a very good name in the female condom and male condom area and now, we have started thinking about expanding into the hand sanitizer space. I am just trying to understand, if in future we would like to stick to the contraceptives and condom related domain or slowly go on to really diversify ourselves in other areas related to FMCG?
- Om Garg:** Yes, we do plan to extend beyond the condoms and contraceptive markets related to women health and wellness areas. So, we are looking at several opportunities. And our vision for Cupid that it would cover many new varieties of products which are in high demand especially in India looking at our population 65% of the population is below the age of 35 years. So, my vision is to grow Cupid as fast as possible. But not take too much risk. And we are doing a lot of R&D, we are looking at many products which are either imported in India or being manufactured in India and the critical element is that how we can be competitive and also how we can market these products. What we are finding a little bit difficult is on the marketing side.
- Krishna Kumar Rai:** Got it. Sir, you mentioned about this new initiative related to premature ejaculation and this and that, we are in discussion with one of the companies in US I was just wondering that in which state our discussions are with this US party and if we should expect this product to be manufactured by Cupid within this year in the year that is running right now 2017 - 2018?



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- Om Garg:** Okay. First of all, the party is based in Florida. However, all the negotiations are out of New York city where we live. And to answer the second part of your question most likely it would be the next financial year before the manufacturing facilities are set-up in India.
- Krishna Kumar Rai:** Thank you, sir. And the last one, just from the government contracts perspective for the female condoms and the male condoms, can you give us some view what all contracts or biddings are going to happen basically or the next say few months in which we are trying to participate? This kind of just gives us a view of what could become our order book over the next few months. I know that as of today you have very explicitly mentioned that 59 plus 37 is our confirmed order book. But just wanted to get a sense in which direction our order book is going to ahead?
- Om Garg:** Okay. In terms of Ministry of Health, Government of India, after a lapse of about three years they started to purchase male condoms again last year. And on this year's tender Cupid is already L1 and we are expecting some orders in June from this new tender. In terms of female condoms, they have allocated the budget again for the first time in five years and we are constantly in touch with them to see when they could float the tender. Now the revenues from the government tenders will improve our order book even further.
- Moderator:** Thank you. We will take the next question from the line of Siddharth Satpati an Individual Investor. Please go ahead.
- Siddharth Satpati:** I have a couple of questions. So, once we get the USFDA approvals, since you mentioned there is only one other player in US, so do we intend to sell it as a B2C brand or will we sell it as a B2B brand to other vendors?
- Om Garg:** It would be both, the most profitable is of course B2C because the female condom distribution is through a prescription drug program where the government subsidize this, the purchase by any user of female condom. So, on one hand the demand has gone up. And number as I indicated earlier the revenues are much higher than the regular price per piece.
- Siddharth Satpati:** Okay. So, is it not something that somebody go and buy off the counter?
- Om Garg:** Yes, he could. It is available over the counter as well. But as an added incentive to promot female condoms for the prevention of Sexually Transmitted Infections including HIV which is a serious problem in US as you know and to prevent unintended pregnancies the government is encouraging the sale of female condoms and they have decided to subsidize the purchase price especially for citizen who cannot afford it. I mean \$2 a piece is still a lot of money.
- Siddharth Satpati:** Yes. So, once we have the approval in place, we will be selling it as our own brand as well as also supplying to some other brand?
- Om Garg:** Yes. Mostly our own brand but we also do job work for third-party.
- Siddharth Satpati:** For third-party, okay. My second question is in terms of the distribution, retail distribution in India. So, our category largely sells through these chemist channel. Right now in India we are mostly available in some online portals. So, at what point in time can I see stocks available in let us say in Apollo or MedPlus, etc., since we are



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anyways planning to spend significant amount of money this year on ASP. So, I wanted to understand the readiness of it in terms of the sales team, sales and distribution structure.

Om Garg: Again, it will be at least three months before we see the female condoms especially into the retail outlets. We are trying to do it faster but as you know there are so many logistical questions and agreements and so on.

Siddharth Satpati: So, in terms of the status checked, so have we like already signed in terms of trade agreements within Apollo Pharmacy or a Religare or are they yet to be initiated?

Om Garg: No, it has to be still initiated. Initially we are using the model where we go through super distributors and then to distributors and finally to chemist shop as an outlet. But this is very much on our cards to talk to the big players who have already established channels. So, this is underway but again, it will take at least couple of months to finalize any such agreement.

Siddharth Satpati: Okay. So, my question sir is if I look at the annual numbers, so in the other expenditure. So, we have jumped from about Rs. 9 crores to Rs. 16 crores which is like almost a 70% jump. So, just wanted to understand, if you can give some color to it?

Om Garg: Okay. There were two major items – one is this brand promotion awareness and all the activities we did take plus the advertisement in newspaper and the other expenses reflect increases in some input cost and also in salaries and power cost. But a bulk of the expenditure is related to brand promotion.

Moderator: Thank you. Our next question is from the line of Venkatesh B. of Citigroup. Please go ahead.

Venkatesh B.: Sir, actually I am an Individual Investor. I actually dialed in a little bit late. So, I was wondering if you have given some kind of indication what kind of top-line you are targeting in this particular year. For sales vis-à-vis Rs. 85 crores last year what is your target for sales in the current year.

Om Garg: I already mentioned about Rs. 97 crores minimum.

Venkatesh B.: Okay. And second thing sir, in your Press Release you mentioned that you have assured orders for the current year of almost Rs. 89 crores. Is there any others for FY 2018 also and what will be the quantum for FY 2018 or FY 2019 which you already have assured orders for?

Om Garg: No, these orders we have Rs. 89 crores will be spread over a period of 15 months. However, during the year we get additional orders. So, our estimate is that going forward in FY 2019 our order book will become even more healthier, the reason is that the revenues from these new projects we are launching and including the brand promotion sales they have not yet been incorporated into this FY 2018 projection.

Venkatesh B.: Okay. Let me put it this way, your Rs. 97 crores kind of target is actually a conservative target. So, if you have more success in terms of orders this number could definitely go up. Correct? Am I correct?

Om Garg: Yes, I would expect so.



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- Venkatesh B.:** Okay. Sir, as an individual investor again, we would prefer that you do a rights issue we would gladly participate in it. A lot of companies have done rights issue in the past where the rights issue has happened at a discounted price to the stock price. We would gladly participate if you do a rights issue. And would request you not do a QIP.
- Om Garg:** I appreciate your comments and like I mentioned in my response to the previous caller rights issue is one of the options we are considering and I take note of your reservation about going ahead with QIP. In fact as a promoter I would be one of the worst sufferers because I would also dilute my holdings.
- Moderator:** Thank you. Our next question is from the line of Meghna Joshi an Individual Investor. Please go ahead.
- Meghna Joshi:** In previous earnings call you had stated that 70 percentage of revenues from female condoms comes from to top three customers. So, I would like to ask what is that share this time in this year and not just female condoms but all sales of Rs. 85 crores.
- Om Garg:** The Rs. 52 crores came from female condom sales out of Rs. 85 crores and the largest customer is of course Government of South Africa and second one is the WHO, UNFPA and third one is an International NGO Population Services Inc. out of Washington, D.C.
- Meghna Joshi:** Okay. So, how much revenue do these three customers bring in approximately?
- Om Garg:** Well out of Rs. 52 crores you can take about Rs. 40 crores only from South Africa and the balance Rs. 12 crores would be roughly split evenly between the other two.
- Meghna Joshi:** Okay, thanks a lot. My second question is how much revenue do we get from exports?
- Om Garg:** 80% of our Rs. 85 crores sales last year was from export and balance 20% from domestic.
- Meghna Joshi:** Okay. If 80 percentage are coming from exports and all those are revenues Dollar revenues?
- Om Garg:** They are all 100% Dollar revenues.
- Meghna Joshi:** Okay. So, I would like to ask what are the hedging strategies that Cupid is using to protect itself from Dollar revenues like fluctuations in currency?
- Om Garg:** Yes, so far we have not used any of the hedging techniques for now, because of the fluctuations lately in Rupee-Dollar exchange rate we have been seriously considering to come up with a hedging strategy. However, what we have been doing in the past is that when the dollar revenue comes in, we either try to catch it out, convert it into rupees right away or some time we would book a forward contract, three months, four months, five months ahead, like lately the Rupee appreciated to almost Rs. 64, so we were not hedging but we were booking forward contracts against these for next six months - seven months up to December and we still have about \$20 Lakhs in our account which is mostly against these advance orders, Committed advance orders and all these are done through the bank.
- Moderator:** Thank you. We will take the next question from the line of Nikhil Kothari from Tamohara Invest. Please go ahead.



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- Nikhil Kothari:** Sir, I wanted to understand what are the margins in female condoms and male condoms?
- Om Garg:** Okay, female condoms are about 50% to 55%. Male condom is about 15% and water based lubricants is about 40% EBITDA margin.
- Nikhil Kothari:** EBITDA margins and sir, wanted to know like you mentioned you are L1 in one of the tenders in the ministry of health. So, what other opportunities are available like what other tenders are you are seeing that opportunity is coming from like in India or from international space?
- Om Garg:** While in India the largest buyer is Government of India then there are some international NGO also float tenders but the amounts are like Rs. 5 crores to Rs. 10 crores. Outside India there are many tenders which are in the planning stages and like I was mentioning earlier all the budgets in Europe have been finalized now in April. So, we are expecting several large tenders from Global Fund which is the largest buyer of condoms now and also from USAID and WHO, UNFPA plus some of the tenders from the National governments like Government of Brazil, Nigeria and South Africa.
- Nikhil Kothari:** Okay. And sir, wanted to know what is the budget for Indian Ministry of Health for male condom and female condoms is there any figure?
- Om Garg:** Is there any?
- Nikhil Kothari:** Is there any amount that the government is planning to spend on condoms specifically?
- Om Garg:** Yes, like this tender was about Rs. 125 crores but I understand that ministry has decided to expand this program and they have already got in this February one budget a much larger amount which will be reflected in the next tender. In fact, government has just issued a Press Release that only for Bihar and U. P. may be something like 65 districts they are going to double the distribution of male condoms mostly. So, I think this program will expand which would offer more opportunities for manufacturers like Cupid.
- Nikhil Kothari:** Okay. And sir, may I know what is the installed capacity right now.
- Om Garg:** Our capacity for male condom is about 325 million pieces and we are planning to add about 80 million more which is 20% of our overall capacity of 400 million total male and female.
- Nikhil Kothari:** Okay. So, this capacity is fungible, right? On the same product line, you can manufacture male condoms and on the same you can manufacture female also, right?
- Om Garg:** Exactly.
- Moderator:** Thank you. Our next question is from the line of Ronak Shah from SJC Capital. Please go ahead.
- Ronak Shah:** Just wanted to understand how much would you be spending this 20% capacity increase?



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- Om Garg:** It is about total of Rs. 7 crores which is about Rs. 4 crores for the imported machinery and another Rs. 3 crores to build up the infrastructure facilities. So, total of Rs. 7 crores.
- Ronak Shah:** And what kind of revenue do you expect from that once it is fully set-up?
- Om Garg:** Well let us say we use that new machine to make female condoms we can do it 20 million pieces and at about Rs. 20 a piece we could generate revenue of Rs. 40 crores each year. But in terms of male condoms it will be much less 80 million pieces of male condoms will give us only Rs. 1.5 per condom, so it will come to about Rs. 12 crores revenue.
- Ronak Shah:** Okay. And could you tell us the volume you did this year in terms of female condoms and male condoms, the units?
- Om Garg:** It will be about 20 million for female condoms and about 250 for male condoms.
- Ronak Shah:** This is for FY 2017?
- Om Garg:** Sorry.
- Ronak Shah:** This is for all of last year, right, full year?
- Om Garg:** Yes, this is for FY 2018 projection.
- Ronak Shah:** And what about FY 2017 the actual numbers?
- Om Garg:** Actual numbers were about 17.5 million for female condoms and 202 million male condoms.
- Ronak Shah:** Okay. Just last question how is latex pricing looking and what are your thoughts now on in terms of keeping inventory or hedging that price?
- Om Garg:** Latex prices vary within a band of (+/-10%). Currently it is running at about Rs. 101 per kilo and as you know there is a seasonal impact now that rains are going to come Kerala for a while the tapping would be slower putting some pressure on prices. However, after two weeks when the **new tapping** starts during the rainy season then we get plenty full supplies and the prices go down. So, it is a more or less very well-established year around cycle but all the prices are within 10% band.
- Ronak Shah:** How much inventory do you normally keep?
- Om Garg:** We keep about three truck loads which is about Rs. 45 lakhs to Rs. 50 lakhs, is about four-week supply.
- Ronak Shah:** Four-week supply. Got it. And just a follow-up on the capacity expansion, so at your current plant, you are expanding by 20% how much more expansion can you do after that or would you have to set up a new plant post that?



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- Om Garg:** Actually, we have both the options but our priority is to expand the production within the existing facilities by going on to the first floor. Our ground floor which is covering about 65,000 square feet is completely utilized because of lubricant addition. So, we are going on the first floor. When I mentioned earlier that it will be about Rs. 3 crores for the infrastructure facilities, so we are going to build at least 10,000 square feet on the first floor of our building and for further expansion, we still have space there.
- Moderator:** Thank you. Our next question is from the line of Siddharth Grover from Equirus Securities. Please go ahead.
- Siddharth Grover:** I just want to confirm one thing, have we earlier anytime applied for a USFDA approval for the female condoms?
- Om Garg:** No, not yet. The reason is that they have several requirements and we did not get to the final stage where we would be eligible. No, so far we have not. However, we are in touch with USFDA in terms of their guidance how to proceed and how to expedite this registration.
- Siddharth Grover:** Okay. And sir, second question on the patent side, have we applied for a patent or have we received it?
- Om Garg:** Yes, we do have a design patent on our female condom, it is very unique and also, like I motioned earlier we have worldwide patent on a new male condom as well.
- Siddharth Grover:** Okay. And sir one of the previous callers you mentioned that the QIP money that you are looking to raise you will be looking for acquisition also. So, these acquisitions will be in the domain of condoms or in the new domain that we are looking to enter?
- Om Garg:** Yes, mostly would be related to new items
- Siddharth Grover:** And whether it will be domestic Indian company or somewhere outside we are looking to?
- Om Garg:** Mostly in India, but there are some opportunities coming outside as well. For example, in South Africa there are a lot of opportunities for investments with a very good possibility of return.
- Moderator:** Thank you. Our next question is from the line of Ankit Kohli from Pure Research. Please go ahead.
- Ankit Kohli:** I have question on two fronts, the first one is on the revenue side. I am just trying to understand the order book better. At the end of Q2 you had said that your order book was close to Rs. 116 crores out of which some would have extinguished in H2. We are now looking at approximately Rs. 89 crores and you also mention that the South African order is up for renewal in December 2017 where you are expecting more than 50% volume increase. So, if you could just breakdown where we stand on this and how much of this order book can be materialized in FY 2018 and FY 2019? I know you touched upon it already but will you just expand on these things where do these different elements fit in?
- Om Garg:** Okay. I think at the end of second quarter we had mentioned a confirmed order book of about Rs. 46 crores.
- Ankit Kohli:** For FY 2017?



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Om Garg: And then in the third quarter our sales were about Rs. 28 crores and fourth quarter is about Rs. 18 crores which also works about Rs. 46 crores. So, we exhausted that inventory in the last six months. However, during the same previous six months we have got additional orders worth about Rs. 58 crores and then these repeat orders projected at Rs. 31 crores. Now, to answer your question, going forward, first of all South African quantity how much allocation Cupid would get is uncertain and the additional orders which may be generated through the retail marketing, retail business and from some of the newer products like water based lubricants we know will fetch us about Rs. 10 crores and then we have the sanitizers and the sale of this new male condoms and female condoms. We do not have an exact handle on that. So, every quarter of course, we will update you on the total order book going forward.

Ankit Kohli: So, this Rs. 89 crores is anything for FY 2019 also?

Om Garg: Yes, there is about some female condoms which is about Rs. 15 crores worth of FC is to be delivered between April and June 2018.

Ankit Kohli: Okay, that is helpful. Sir, my second question is on the marketing front. You know your largest competitor globally FC2, right it has a fairly strong online marketing presence their website etc., is also highly reflective of educational efforts that they take in for female education. Now that we are trying to become B2C company. We are moving away from B2B. How are you approaching it in terms of upgradation of your online presence, etc., I know there has been some online sales but you know overall educational videos and PDFs and overall the look and feel of your website if we compare it with FC2, I think we can improve a lot. Your thoughts on that would be very-very helpful.

Om Garg: Okay. First of all, you are correct FC2 they are the big daddy of our business in female condoms and they have been in business longer. And they do have excellent educational and training material and also like you mentioned, they have an excellent presence on the internet. Now, we started this effort only about a year ago and now we have started to advertise on Google and Facebook which is resulting in more orders. But I also agree with you that there is a lot more that can be done. Digital marketing as you know is very-very powerful at a very reasonable cost. Actually, we are looking for consulting help someone to guide us into this field. We believe, it has huge potential and the cost benefit ratio is much lower as compared to the ground activities like this distribution network I mentioned earlier is very expensive as compared to digital. So, I would request all of you, if any of you have any recommendation we would like to really talk to these experts in digital marketing especially related to contraceptives.

Ankit Kohli: I would recommend we go for a US firm, I will happy to share some names and I am sure other investors would do because given that is going to be a big target market after the USFDA kind of comes in. I think that is going to be very-very important because currently our website slightly pales when we compare it with FC2 especially on the education front and the way it kind of comes across more as a consumer connect there. So, I think that will be a big priority. Sir, my last question is on receivables, how are they shaping up because that has probably been probably been the only slight pain area in Cupid financials. How do you see those kind of going forward and you see them coming down, do you have any internal target for the receivables?



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- Om Garg:** No, I think our receivables vary between Rs. 8 crores and Rs. 14 crores. So, we are quite comfortable with them. Our cash flows is pretty good and we are trying to reduce it. However, it may have an impact on the sales level. If we insist on a 30 days payment there would not be as many orders as if we offer them a 60-day period.
- Ankit Kohli:** Okay, thank you, sir. Thanks once again. And just to reiterate, I think the marketing should be a big priority. Thanks once again and all the best to the whole team.
- Om Garg:** Great, thank you and please do send us a line.
- Moderator:** Thank you. Our next question is from the line of Chirag Khasgiwala an Individual Investor. Please go ahead.
- Chirag Khasgiwala:** Sir, just wanted to check regarding your promoter stake sale could there be more stake sale coming in the next few quarters?
- Om Garg:** Well, right now there are no plans. But we have bought a family home in US, in New York, so that might necessitate. However, there are no current plans of stake sale.
- Chirag Khasgiwala:** Okay. And in terms of your order you said that Rs. 89 crores is the order book for next 15 months. So, for the next 12 months it can amount to roughly Rs. 70 crores of order, and you are saying sales could be roughly Rs. 97 crores. So, where the additional Rs. 27 crores will come up?
- Om Garg:** Like I mentioned one is Government of India order, the other one is that we have participated in several small tenders and we are expecting some favorable allocation from that.
- Moderator:** Thank you. Our next question is from the line of Chitragda Kapoor of Samiksha Capital. Please go ahead.
- Chitragda Kapoor:** I will keep it very short. Sir, how much is the allocated spends do we keep for our R&D?
- Om Garg:** For audit?
- Chitragda Kapoor:** No, for a research and development, sir. We are doing a lot of research for new product launches.
- Om Garg:** Yes, our budget is very modest it is about Rs. 1 crore. But the good part of that is that our R&D people are also involved in the production. So, we are trying to economize in terms of that. So, the new products which are being developed are done by active group of about five people so far.
- Chitragda Kapoor:** Okay. And we intent to keep this spends at about Rs. 1 crore bracket?
- Om Garg:** For the basic research in terms of testing the ideas and coming up with new products but depending on which direction we go. It is likely that it would increase. The budget would increase.
- Chitragda Kapoor:** I see, okay. Sir, my next question is increase in capacity that we are undertaking this year what is the timeline for it. By what time do we expect will it come in the second-half?



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- Om Garg:** Yes, it should come in the second-half and we should start to see some revenue in the fourth quarter.
- Chitragda Kapoor:** I see, okay. And sir, in the last quarter in the Press Release you mentioned that there would be some HIV, AIDS kits that you were also thinking of launching. So, there was no mention in this quarter. So, I was just wondering, have we scrapped that idea or it is in the back burner?
- Om Garg:** It is in the back burner right now because our research showed that there are many test kits already available on the market and especially some cheaper imported ones and government tenders are mostly going after less costly. So, we are not able to justify an expenditure in order to get their minimum return of 20%.
- Chitragda Kapoor:** Okay. Sir, in the next two years to three years since we are launching new products, I just wanted to understand what will our revenue mix pattern going forward, I mean is it going to be a higher revenue contribution from female condom and lower contribution from female condom and significantly higher from the new product, if you can just quantify how do you foresee?
- Om Garg:** Okay. Right now, approximately we are 50% female; 45% male roughly and the balance 5% from lubricant. For example, from next year lubricants will go up to 10%; female condom we are trying to increase it may be 52% to 55%. So, the percentage of male condom will drop. And as the new products come on the market the percentage of male condom will go down further and as I mentioned earlier, it is a very low margin product. So, the overall EBITDA would improve with the new revenues from the new products as well as by selling more lubricants and more female condoms.
- Chitragda Kapoor:** Right. So, I just wanted to understand that it will be at the expense of the male condom, okay. That clarifies. Sir, finally, there are some media reports which I can may be share offline with you, which says that you have started clinical trials for USFDA for female condom. So, I just wanted to clarify that is all wrong or speculation because you have just mentioned you have not yet started?
- Om Garg:** You are correct. It sounds like a speculation. We have not started the clinical trial. However, as I mentioned, we are in touch with USFDA trying to learn what would be the procedure and I mentioned the cost and time estimate. So, I would appreciate receiving a copy of that if you could.
- Chitragda Kapoor:** I will definitely send it across to you, sir.
- Moderator:** Thank you. Our next question is from the line of Kranthi Mark Bathini of Wealth Mills Securities. Please go ahead.
- Kranthi Mark Bathini:** Sir, I just want to understand for the USFDA in concern have you appointed any consultant already to pursue the USFDA process?
- Om Garg:** We have not appointed. But we are in touch with two people. One is a professional marketing company who deals with USFDA based out of California and the other one is one Mr. Colin Pollard who was the Director of FDA for Reproductive Health including Female Condom who retired last year based in Maryland. So, through my membership as a US delegate to ISO Technical Committee Meetings I meet Mr. Pollard all the time at least twice a



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year and he has indicated his willingness to guide us on the clinical trial but we have not selected one because of several considerations including the cost.

Kranthi Mark Bathini: Thank you for your very elaborate reply sir, I just wanted to understand as far India is concerned or Cupid where do you stand, okay? What is your market share in India and who are your nearest competitor in terms of the female condom the market is concerned?

Om Garg: Okay. In India like I indicated earlier female condom is a new entity. Very few people have heard of it and very fewer people have used it. So, we are just beginning. Right now if you ask me I would say we have 80% of the market share for female condoms in India but that does not mean much in terms of revenue and in terms of male condom also, we have reentered the field within India and we expect to be 10% of the male condom market India. The reason we had withdrawn was that there is a price limitation by the Drug Controller of India on condoms maximum we could charge was Rs. 25.8 for three pieces and so the margins were not enough and in the export market margins were better. So, we decided to concentrate our sales and marketing outside India.

Kranthi Mark Bathini: That is means is there any change in the government policy as per male condom is concerned the pricing policy has changed by the government?

Om Garg: Well two other manufacturers they have challenged it in the Delhi High Court and their reasoning that all male condoms are not be same because the government is considering each male condom as a commodity. So, these outfits are saying our condoms are superior, they are pleasure enhancing, it is not just a routine product and based on that they are ruling and now they are allowed to increase their MRP and we are thinking of going the same way.

Moderator: We will take the next question in the meanwhile, it is from the line of Anoop P. of APV Financial. Please go ahead.

Anoop P.: As you said, your order book is around Rs. 89 crores. Can you just give me the break-up on what is the total size for male condoms and female condoms and the lubricant jelly?

Om Garg: Rs. 45 crores is about for female condom and about Rs. 8 crores is lubricants and the balance is from male condoms.

Anoop P.: And are you participating in any new orders?

Om Garg: Yes.

Anoop P.: In new tenders I mean.

Om Garg: Yes, the tenders of all sizes are coming out all the time and our general business strategy is to participate in all the tenders big or small because even if we do not get the order we get the insight into what the competitors are quoting.

Moderator: Thank you. Our next question is from the line of Mayank Porwal of Ambit Capital. Please go ahead.



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- Mayank Porwal:** I had two questions, first one what is the status of the agreement we had signed with the Safeware for supply of male condoms? And what is the contribution of Safeware to your revenues?
- Om Garg:** Okay. The Safeware project was not operational and the main reason is that they could not arrange the financing from their banks. So, the agreement was in place. However, there was no purchase order from them and mutually we decided to just not proceed with it.
- Mayank Porwal:** Okay, thank you for that and the second question is will the condoms we mature be comparable the Female Health Company manufactured condoms?
- Om Garg:** Actually, our female condoms are graded superior than the Female Health Company condoms. But they are certainly in terms of the safety they have been evaluated in a clinical trial done in South Africa and in Shanghai and both have been approved, of course.
- Moderator:** Thank you. Our next question is from the line of Subu Murugesan an Individual Investor. Please go ahead.
- Subu Murugesan:** One question I had was about the margins for next year because of all the sales and marketing spend and advertising spend reaching the markets could become lower. Could you just give an idea?
- Om Garg:** Yes, I think it will be a little bit lower and we are shooting for a minimum of 35% EBITDA.
- Subu Murugesan:** Okay. And another question I had was it looks like you have quite a number of ventures going, right with the USFDA and we result also perusing an acquisition and you are also expanding in the retail segment in India. So, I am just wondering, if you have the bandwidth to look at all of this and also especially because you do not have a CEO, right. So, just want to get your thoughts on it.
- Om Garg:** Okay. Very good question. We have an experienced professional team in place. Most of our 15 senior members have over 18 years of experience. Recently we hired a Chief of Business Development who is looking after our marketing efforts. So, as of now we have a complete professional team except the CEO like you mentioned which we are trying to recruit and the total management of the company in my view would be a professionally run company going forward.
- Subu Murugesan:** Thank you. One last question I had was what sort of sales and marketing efforts will you be doing next year especially in terms of the Indian retail segment, would it be advertisements in the newspaper, TV ads or like Facebook campaigns, just wanted to understand.
- Om Garg:** Yes, we are concentrating of course, online and also mostly it would be through the newspaper. We are trying to avoid the TV advertisement because they are very-very expensive. But any other means we are quite open in terms of sponsoring activities in colleges or at the special events. But we are counting mostly on the newspaper ads right now.
- Moderator:** Thank you. We will take our last question from the line of Ayan Gera an Individual Investor. Please go ahead.



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Ayan Gera: I have one question for you that there is somewhat apprehension about the experience of female condom and whether it is sustainable in the future and particularly also mentioned regarding the hi-tech second generation female condom. What additional features does this second generation female condoms have actually and looking forward, how confident are you about sustainability and the quality of the female condoms produced by Cupid Limited?

Om Garg: The female condom we have in terms of quality and performance is being monitored on every shift, every day and we are in full compliance with all the specifications required by WHO and ISO.

Ayan Gera: Okay.

Om Garg: Was there second part of your question and terms of the high-tech condoms?

Ayan Gera: Yes.

Om Garg: Okay. The trend is that more and more people want additional features on female and also actually on male condoms and we have done some research that we can undertake this project within Cupid and the cost is quite limited but the enhanced revenue would more than justified.

Ayan Gera: Okay, sir. One more thing, could you elaborate on the user experience feedback on female condoms and easiness of use of female condom which you must have got some feedback. Could you elaborate on that that will be great?

Om Garg: Could you please repeat the question?

Ayan Gera: Yes, you must have got feedback over the usage of female condoms, easiness of use of female condoms, as it is relatively new concept and the user experience of female condom, so could elaborate on that? How easy to use? How pleasurable it is? Or how handy it is as a female condom? Because it is relatively new concept compared to male condoms.

Om Garg: Yes, correct. Actually the design patent we have on Cupid female condom is because it is a unique design and instead of an inner ring, it has a sponge which is very comfortable and which a lot of women like and we have got feedback mostly from South Africa where in all the nine provinces we have supplied and the comments are quite positive in the sense that it is user friendly and after the initial experience they like to use it very much and based on that we have done an experiment in Zimbabwe next door and we got the same positive feedback as well. As of now we do not have much feedback from India.

Moderator: Thank you very much. Ladies and Gentlemen, that was our last question. If you have any further questions please get in touch with the Investor Relations team at Cupid Limited. I now hand the floor back to Mr. Garg, for closing comments. Over to you, sir.

Om Garg: Thank you. Thank you all of you who have participated in the Earning Conference Call and your input is highly valuable and our firm commitment is to do everything possible to enhance the shareholders' value. So, our business is to grow the business of Cupid. So, with that we feel very much encouraged from the comments we



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have received and some of the guidance and guidelines you have provided to us. We would try to follow on each of them. Going forward. Thank you, again.

Moderator:

Thank you very much. Ladies and Gentlemen, on behalf of Cupid Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.