



CUPID LIMITED

Manufacturers and Suppliers of Male & Female Condoms

Date: - 22nd January, 2020

To,

Department of Corporate Services,

BSE LIMITED,

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The National Stock Exchange of India Ltd.

Exchange Plaza, 5th Floor, Bandra-Kurla

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SCRIP CODE: CUPID

Subject: - Q3FY20 Conference Call Transcript

Dear Sir / Madam,

With reference to captioned subject, we hereby enclose the transcript of Q3FY2020 conference call which was hosted by the company on 20th January, 2020 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 Q3 FY-20 Earnings Conference Call”

January 20, 2020



**MANAGEMENT: MR. OM PRAKASH GARG – CHAIRMAN & MANAGING
DIRECTOR, CUPID LIMITED**



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Moderator: Ladies and gentlemen good day and welcome to the Cupid Limited Q3 FY20 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Binay Sarada. Thank you and over to you sir.

Binay Sarada: Thanks Lizann. Good evening to all of you and thanks for joining this Q3 FY20 Earnings Call for Cupid Limited.

We have mailed the 'Results Press Release' to you. I hope you have received the same and we have also uploaded this on our website and the stock exchanges.

To discuss the results and address the queries of the investors, we have with us Mr. Om Garg – Chairman & Managing Director of the company. Mr. Garg will give a brief overview of the quarter gone past and then we will open the floor over to Q&A Session.

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 the uncertainties and the risks that we face. These uncertainties and risks are included but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual report which you can find on the web site.

With that said, let me hand over the call over to Mr. Garg. Over to you sir.

Om Prakash Garg: Thank you, Binay. Good afternoon, ladies and gentlemen. On behalf of Cupid Limited I would like to welcome you all for attending the Q3 FY20 Earnings Call today. As Binay has mentioned we hope that you have seen the press release which was posted on Saturday evening. So I will not go into the details of the numbers except to say that this third quarter was very remunerative quarter for Cupid Limited with topline of about 43 Cr and the profit after tax of 10.21 Cr as compared to the same quarter a year ago where the top line was about 10 Cr and the bottom line was just over 2 Cr.

Now in terms of the order book; we have a very healthy order book for a total of 160 crores worth of orders including 88 Cr of confirmed orders and 72 Cr of orders in the pipeline. We plan to dispatch the maximum possible order during the fourth quarter until March 31st 2020.

In terms of the future prospects for business; we are looking at the same level of performance in Quarter 4 as we have done it in Quarter 3. And the fact that the demand for Condoms is increasing due to the prevention of unintended pregnancies and also to prevent the spread of sexually transmitted infections STIs including HIV, the prospects for a company like Cupid



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going forward is quite bright. Looking at the future we are constantly trying to improve our order book further and also trying to expand our business into new geographies throughout the world.

With these initial comments now I would like to open the conference for Q&A.

Moderator: Thank you very much Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of Devvrat Himatsingka from Jet Age Securities Pvt Ltd.

Devvrat Himatsingka: I just wanted to understand one thing; I noticed that your raw material costs have gone up significantly if we look at quarter on quarter and hence your margins have come down. Can you please throw some light on that?

Om Prakash Garg: The reason that the raw material costs have gone up in the third quarter as compared to second quarter is that we dispatched more Male Condoms than Female Condoms and as you are aware the margin is much higher in the Female Condoms sales than in the Male.

Devvrat Himatsingka: So as of today if we are looking at the Q4 what we are going to be dispatching in Q4 is Male Condoms so we can expect the margins to be around in line in Q4?

Om Prakash Garg: We are hoping that the mix of Male to Female Condoms in the fourth quarter will be better than what we have done in the third quarter. In other words we believe that the profitability should improve in proportions to the increased amount of Female Condoms sales.

Devvrat Himatsingka: The other thing I noticed was finance costs have gone up also like they have doubled in the quarter and could you also throw some light on that? I know it's a very small number; it's insignificant but still would like to know why this is happening.

Om Prakash Garg: The reason for this increase in the finance cost is that due to the Brazil orders where the payment terms are over 90 days, we need more working capital and we are financing these against our FDs and our mutual funds. We will pay an interest of about 3% over what we are earning.

Moderator: The next question is from the line of Siddharth Mehta, an Individual Investor.

Siddharth Mehta: The question relates to the kind of orders that we get most of them are related United Nations, WHO and other such bodies. I may not be using the correct names but bodies that have to do with countries and companies and charity organizations that are doing a lot of good work in Africa and such other countries. Do you see this trend continuing and increasing or do you feel that with people like Trump in office there would be less funding for United Nations and such organizations? And also, if you could tell us about the new geography that you mentioned that



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we're going into and who would be funding these new geographies? My last question has to do with all these new estimates and new markets that we are going into. In the next fiscal year do you see 10%-20% growth or do you see like almost doubling of volumes or how do you see the new markets coming up?

Om Prakash Garg: First of all the international orders come from four different sources of funding. Number one is the WHO and UNFPA which is United Nations Population Fund and their financial contribution is coming from different international donors and also some of the national governments. The other major source for orders are the tenders floated by large buyers from countries like Brazil, South Africa, Tanzania and India. The third set of customers we have are the international NGOs who have their own funding to procure the Condoms and then they distribute into different parts of the world. And finally we do have a group of customers in the private sector who order their requirements from Cupid. Now the trend we see is an uptake in overall funding for the procurement of the Condoms going forward. So for the next year we see a growth of at least 15% from the FY20 numbers and it could be even more depending on what other new financing may be available worldwide.

Siddharth Mehta: You were mentioning the four different types of customers and one of them you mentioned is that there are tender floated by different countries, so are these country tenders financed by the government, are these the people who are funding this?

Om Prakash Garg: It's a mix situation; for example in case of Brazil part of the funding is coming from the international donors and part is from their own national government. However in case of South Africa 100% of the financing is coming from their own resources. Tanzania is a donor funding situation and India is mostly funded by their own budget of Department of Health.

Moderator: The next question is from the line of Ankit Gupta from Bamboo Capital Partner.

Ankit Gupta: Just wanted to understand this, we have tentative orders of close to 72 crores with us, so can you tell us like when are they expected to get confirmed? Are these orders awarded to us or these are in tender pipeline?

Om Prakash Garg: No, these are the orders which have been assigned to us. However the purchase orders have not yet been issued.

Ankit Gupta: Because as per the last quarter's press release we had close to 120 crores of orders in hand, confirmed orders in hand and as per the Q3 press release we have close to 160 crores worth of orders in hand. So does it mean that we have received 80 crores worth of new orders in this quarter and if yes from which countries have been received in this?

Om Prakash Garg: No, going back to the number we had 123 crores worth of confirmed orders at the last quarter and we also had 50 crores of order in pipeline bringing the total to 173, less 43 crores worth of



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orders which we have dispatched during this quarter. So it leaves about 130 crores backlog and we have received additional orders worth 30 crores during this quarter making it a total of 160 crores.

Ankit Gupta: So can you give us the split of new orders that you have received of 30 crores, out of that how much is from Female Condoms and for much is of Male Condoms, the proportion between the two?

Om Prakash Garg: It was about 50-50. Half of this is for Female and other half from Male Condoms.

Ankit Gupta: And from which countries have received this?

Om Prakash Garg: Male Condom orders are from South Africa and Female Condom orders are also from South Africa during this quarter.

Ankit Gupta: Coming back to our orders from the new orders which were supposed to be assigned after completion from the Brazilian orders, so can you tell us what is the status of the floating of the new orders from the Brazilian government which I think was supposed to come in after March-April 2020?

Om Prakash Garg: They are still expecting to float the new tender somewhere around April May 2020.

Ankit Gupta: And what will be the tentative size of these orders?

Om Prakash Garg: We really don't know. It would depend on their final budgetary allocation but we are assuming that it would be about the same level as the last tender which was a total of 120 crores.

Ankit Gupta: Any update on the South African Female Condom orders which were also supposed to be floated next year I mean after March-April, 2020?

Om Prakash Garg: The second set of allocation for the South African 3 year tender has been delayed and now it is expected to be announced in February or early March.

Ankit Gupta: Next year is what you are saying?

Om Prakash Garg: No, this year.

Ankit Gupta: So once we received the orders when is the dispatch expected for these orders, will they be in FY21?

Om Prakash Garg: Yes, the delivery would start most likely from July 2020 and continue for next 12 months.

Ankit Gupta: And what is the expected size of these new orders?



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- Om Prakash Garg:** The order for Male Condom is about 1 billion pieces, same as last year and also 40 million pieces of Female Condoms.
- Ankit Gupta:** And in terms of value how much will that be for Male and Female?
- Om Prakash Garg:** In terms of Female Condoms, it's about 80 crores and in terms of Male Condoms they have three or four specifications but basically it's about 200 crores, for 1 billion pieces.
- Ankit Gupta:** So basically next year what you are expecting is that majority of the orders will be received from South Africa and Brazil?
- Om Prakash Garg:** As far as we know, during the year, orders continue to come from WHO UNFPA although in smaller quantities and the new tenders from countries like Tanzania, India and Kenya.
- Ankit Gupta:** The top line growth guidance of 15% that you have given for next year FY21 is primarily based on the expectations of getting orders from of these two countries and some new orders which will come in?
- Om Prakash Garg:** Yes, primarily yes.
- Moderator:** The next question is from the line of Omkar Kulkarni, an Individual Investor.
- Omkar Kulkarni:** My question was regarding out of these 160 crores orders can you split how much is Female and how much is Male?
- Om Prakash Garg:** 78 crores worth of these orders are Female and 82 crores worth of orders are for Male Condoms.
- Omkar Kulkarni:** So basically it's almost 50-50?
- Om Prakash Garg:** Correct.
- Omkar Kulkarni:** And the next question is I mean you have visibility for the next quarter or for the next year but how can you sustain the performance of the company if you like depend too much on the institutional orders or from the government orders, how you scale of this revenue of yours and proportionately the profits?
- Om Prakash Garg:** Primarily it would come from increased sales of Female Condoms and these institutions I mentioned they are the largest buyers of these Condoms. So we are hoping that the revenue and profits would improve with more orders for Female Condoms going forward beyond 2021.
- Omkar Kulkarni:** And what is the status on US, where it is, what is currently happening filing and completion of everything, documents and all?



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- Om Prakash Garg:** We have filed our initial application with the USFDA. However the efficacy study which is to approve the safety of Female Condoms which is currently being done in South Africa those results will be out by the end of this year which would be then submitted to USFDA. We are hoping that in the first quarter of next year we should hear from USFDA.
- Omkar Kulkarni:** So the earliest you can start the sales for US is like from second half of FY21?
- Om Prakash Garg:** Correct.
- Omkar Kulkarni:** One more request from my side, whenever to get orders it would be great if you could submit those to the stock exchanges. So we can be updated what's going on and how much orders are you receiving.
- Om Prakash Garg:** Yes actually for all the major orders like over 25 Cr we are regularly making the announcements on the BSE and the NSE. Only for the smaller orders like 4-5-7 Cr we usually don't make special announcements.
- Omkar Kulkarni:** But if you can make that it would be great. It depends on you but I would request you to do that if it is possible.
- Om Prakash Garg:** No, we could certainly do that.
- Omkar Kulkarni:** And apart from Brazil and South Africa, is there any other big market I mean leave aside US from where you can get government orders like chunky sizes of government orders, just like you are receiving from Africa and Brazil.
- Om Prakash Garg:** Besides South Africa large tenders are expected from other countries in Africa like Uganda, Kenya and Nigeria.
- Omkar Kulkarni:** Is there anything in the pipeline they are considering at, what is the status on that and how much big it could be? Is it as big as Africa or Brazil or what would be the numbers for that?
- Om Prakash Garg:** Unfortunately we don't have the size of the tender they would be coming out with. But they have sent some feelers about the pricing we could be considering quoting. So it is difficult to quantify the size of these orders. Really we have to wait till they are published.
- Omkar Kulkarni:** But is the opportunity size big enough as Africa or what is like it is?
- Om Prakash Garg:** No, at maximum it would be 50% of the level of South Africa.
- Omkar Kulkarni:** All the countries which you have mentioned?
- Om Prakash Garg:** Yes, all the three.



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- Omkar Kulkarni:** And last question is regarding certain working capital loans taken against your FDs and all and the debt which is incurring in your books. So do you plan to repay it after the financial year completes because we will be having a bigger amount of cash at that point of time with the kind of results you have posted in Q3 and Q4 it will be?
- Om Prakash Garg:** Yes, definitely as soon as we start to get our receivables paid, we would be paying off all these temporary loans and as you have indicated we would end up with a surplus at the yearend by March 31st.
- Omkar Kulkarni:** So you intend to remain a cash rich and debt-free company?
- Om Prakash Garg:** Yes, we do.
- Moderator:** The next question is from the line of Keshav Garg from Counter Cyclical Investments Private Limited.
- Keshav Garg:** In the past two quarters we are doing over 40 crores sales per quarter, so do you expect that from now onwards we will remain over 40 crores per quarter for the foreseeable future or is this I mean dependent upon orders and it might decline also?
- Om Prakash Garg:** Based on the order book we have, we can expect to repeat the next three quarters at 40 Cr per quarter. So by the second quarter of FY21 we can expect to project the same level of activity.
- Keshav Garg:** How much like India doing some 43-44 crores, the maximum that we have ever done, how much can it go further per quarter like is this the upper limit 43 crores that we did last quarter or we can do 50 crores also in one quarter?
- Om Prakash Garg:** No, if we are able to secure more orders for Female Condoms we can easily go to 50 to 55 Cr.
- Keshav Garg:** So basically 55 crores is the upper range per quarter?
- Om Prakash Garg:** Again it depends on the percentage mix between Male and Female Condoms.
- Keshav Garg:** I'm saying provided we have orders then what is the maximum turnover that we can generate with our infrastructure and capacity allows us what is that figure?
- Om Prakash Garg:** In an extreme case if we assume that 100% of the product is Female Condoms which would be about 200 million pieces provided we have the orders then the turnover could be as high as 400 crores. But this situation is highly unlikely because the practical situation is that there is more demand for Male Condoms as well.
- Keshav Garg:** And our capacity is interchangeable between Male and Female Condoms?



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- Om Prakash Garg:** Correct, yes.
- Keshav Garg:** And this 400 crores you are saying in one quarter we can do provided we have 100% Female Condom orders?
- Om Prakash Garg:** No, 400 in the whole year.
- Keshav Garg:** So 100 crores per quarter we can do maximum?
- Om Prakash Garg:** Yes with the current installed capacity.
- Keshav Garg:** Also what's the realization per Male Condom and per Female Condom?
- Om Prakash Garg:** Male Condom is about Rs. 2 a piece and for Female Condom, it's about Rs. 21 a piece.
- Keshav Garg:** Also, we have done a lot of work in registration in Brazil and other countries in which we have incurred some significant expense also. So is there any other significant geography like Japan, Russia, South East Asia where we can apply, get registered so that we can get insulated from this volatility that maybe if some major country Brazil or South Africa orders get delayed then to just insulate ourselves from this volatility, can we do anything more?
- Om Prakash Garg:** Yes, out of all the geographies you have mentioned there are good prospects in Russia and also in the Commonwealth of Independent States, CIS, ex- Russian countries in the central Asia and we are in the process of registering our products in these geographies as well. Other countries, they do not seem to have big demand as compared to South Africa and Brazil.
- Keshav Garg:** So basically for the foreseeable future our major orders are expected from Brazil and from Africa only?
- Om Prakash Garg:** Yes immediately I would say these are the two best sources.
- Keshav Garg:** So like from CIS countries and Russia from when can we realistically expect revenues to start coming in?
- Om Prakash Garg:** We are already supplying Male and Female Condoms to these geographies as well although on a smaller scale. So we are hoping that these quantities would increase going forward.
- Keshav Garg:** Also there are so many private companies for example Mankind Pharma, I assume that they are outsourcing Condoms and they are doing branding and just selling through their network. So cant we apply to private companies also?
- Om Prakash Garg:** Yes but you mentioned the Mankind; first of all they do not have Female Condoms. There are only three companies in the world which have been approved by the WHO supply Female



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Condoms. The other situation is that as far as we are aware Mankind is not exporting much. They have done some exports to Nepal and Bangladesh.

Keshav Garg: So at least Male Condoms we can contract manufacture for them since they are anyway sourcing from somewhere?

Om Prakash Garg: No, they now have their own production facility they used to outsource, not anymore.

Keshav Garg: So basically all the B2C Condom companies those who are selling branded Condoms they have their own in-house manufacturing?

Om Prakash Garg: No, 3 or 4 of them do, not all.

Keshav Garg: So why aren't we supplying to those who are outsourcing, those who don't have in-house manufacturing?

Om Prakash Garg: No, some of them are doing that.

Keshav Garg: So we are supplying to such private companies also?

Om Prakash Garg: In India very little because the margins are much lower in India as compared to exports, so we are more inclined to get orders for export rather than supply domestically.

Keshav Garg: Is there any headway in your search for a CEO?

Om Prakash Garg: We are still continuing to look for one but unfortunately no success as yet.

Keshav Garg: Last con-call we discussed that share buyback is much more tax efficient than a dividend and also the benefits of share buyback are permanent whereas dividend once you give it goes out of the company. So please think on those lines and please do a share buyback.

Om Prakash Garg: Yes, it's always under our radar and the board will take a call at the appropriate time.

Moderator: The next question is from the line of Ajit Murur, an Individual Investor.

Ajit Murur: I wanted to ask about your capacity utilization; what is the capacity utilization in terms of percentage that you are running at currently?

Om Prakash Garg: We are very close to 99% capacity utilization during the third quarter.

Ajit Murur: So which means days unless you change the product mix which you just talked about that if there are more Female Condoms then your turnover can go up, unless that happens you are running to your maximum capacity?



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- Om Prakash Garg:** Yes, right now with the current mix between the Male and Female Condom.
- Ajit Murur:** Do you have any plans for capacity expansion because you have about 160 crores worth of orders and is there a monthly schedule for these orders like you can only supply so much worth of orders or you can even supply more?
- Om Prakash Garg:** Our capacity is over 400 million pieces per year of Male Condoms and 52 million pieces of Female Condoms. We can switch between Male and Female Condoms using the same machinery. So maximum we can do is 400 million pieces of Male Condoms and about 52 million pieces of Female Condom.
- Ajit Murur:** This is per month?
- Om Prakash Garg:** No, per year.
- Ajit Murur:** And another important question; since most of your orders are from Brazil and South Africa, you are dependent on these two countries. So how do you ensure that your quality control is of the highest order and there are no rejects and are those I mean the quality of the products that you send to these countries, is that checked by those customers in India or once it reaches there they check it and they decide whether the goods are worthy or not?
- Om Prakash Garg:** With each of the order from these countries, they give us a specifications to which we have to do the production and once we are ready with the products they would have us send selected samples for quality checks into one of the three international labs and once those results are approved then we send it to the buyer for their final permission to dispatch the goods.
- Ajit Murur:** So it's not possible that entire month's production is at a risk, you have already produced it and it could be at a risk of getting rejected?
- Om Prakash Garg:** No, I don't think so. The quality is monitored.
- Ajit Murur:** Surely I mean I have seen your track record. You have grown quite consistently. That shows that you have good set of quality control procedures and so on but it was just a concern. The other concern always is on the receivables; especially for the exporters getting money in hand realization is a challenge. So how do you manage that? Is Cupid comfortable in terms of getting money on time from its customers?
- Om Prakash Garg:** In large part over the last 6 years we have been consistently collecting the receivable within the prescribed period, usually 30 to 60 days. Now in case of Brazil because it was a major order and also the transportation time and the clearance time itself is about 45 to 60 days before the goods arrive at the government warehouses, they have negotiated a 90 days period for payment. But we are up to date on the payments.



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- Ajit Murur:** One final question which I think couple of other people have also talked about; considering the entire scenario that you have, the business scenario, your products are well accepted. There is no quality control issue or rejects so far, your payments are in time, considering all these this is a great business that you are into and congratulations for being in such a good business and driving Cupid towards greater heights. But if you look at the share price and PE is the measure that people look at it, it only about 10 to 12 and for such a good business it should be much more. So there should be some push that you need to do with some investors, maybe the mutual funds and so on so that they can start buying and the price can appreciate much more.
- Om Prakash Garg:** I agree with your suggestion and thoughts and if you have a specific action plan we would like to know about it and try to work on it.
- Ajit Murur:** Maybe I will write to you about this separately.
- Om Prakash Garg:** That would be really helpful. We would appreciate it.
- Moderator:** The next question is from the line of Ajay Sharma from Cycas Investment Advisors.
- Ajay Sharma:** I just had a few questions about some long-running initiatives that you have been talking about; are there any new updates on the product mix?
- Om Prakash Garg:** In terms of?
- Ajay Sharma:** In terms of the Benzocaine Wipes or the other contraceptive methods that you have been talking about for a few quarters now?
- Om Prakash Garg:** Yes, what we're hoping is that the demand for Female Condoms would be greater than we anticipate currently.
- Ajay Sharma:** What about the new product category like the Benzocaine Wipes wherein you were talking about maybe one year back or so?
- Om Prakash Garg:** We are progressing rather slowly on those other products. We have come up with the water based Lubricant Jelly and also a Hand Sanitizer and this year we have launched a Hair Remover Cream. But some of the other products are still in the pipeline.
- Ajay Sharma:** So do you have any sales target for these products because the Hand Sanitizer is still about 2% of your revenue, it has been 2% for a long time?
- Om Prakash Garg:** Yes, the targets are not exactly set-up because we have not done a detailed marketing survey on these products, both in the India market as well as potential for export.
- Ajay Sharma:** Do you have any update on the B2C business?



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- Om Prakash Garg:** No, we tried that couple of years back, but the expense involved in the advertisement both print and electronic does not justify the launching of the product. The payback is not there in the domestic market as yet.
- Ajay Sharma:** So that initiative is off the table for now? It's not a focus for now.
- Om Prakash Garg:** Immediately yes but I think eventually we would resume that. I'm hoping within a year.
- Moderator:** The next question is from the line of Subbu Murugesan, a Retail Investor.
- Subbu Murugesan:** One of the questions I had was, you said that you got orders from South Africa of 30 Cr and I'm just a bit confused because I thought South African tender was delayed, the last time you said that they will come out by end of November and now it's you said February or March. So basically two questions on this, so like how did we get an order when the tender was delayed and also why is the tender being delayed is that because of some funding issues because a couple of years back you said South African government had some funding issues, so do you think this could be a repeat of that?
- Om Prakash Garg:** So far there is no indication that it is a funding issue. The reason for delay as we understand is that the manufacturers who had promised to deliver specially Male Condoms; they are far behind in their commitments. So the government is reluctant to issue new orders to those parties who have not fulfilled their last year's obligation. One reason we received the order from our existing partner is because we have been up to date in our commitment in terms of supplying to the government. So the reason for delay is basically the government is trying to figure out how much more quantity should be allocated in the second year and because of Christmas and New Year they lost about a month and now they are saying it would be announced in early February.
- Subbu Murugesan:** And if its announced in early February when will we know the results so how much we have received, would it be sometime in March?
- Om Prakash Garg:** I'm hoping it would be sometime in February. I would say early February.
- Subbu Murugesan:** So basically they will announce how much Cupid has got in early February itself?
- Om Prakash Garg:** Yes.
- Subbu Murugesan:** And what's the status on the local manufacturing like last year or 18 months back you had mentioned that the South African government wants to promote their local production, so there was a talk about a joint-venture. But Cupid decided not to participate because we did not think that there was sufficient business, so has the government gone ahead with the plan with a



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different partner and they are still keen on doing domestic manufacturing I just want to understand what's the latest on that.

Om Prakash Garg: No, the government is still very keen to get the domestic manufacturing going and with the new partner, we are in contact with the government to get permission to set-up a unit initially to start manufacturing Female Condoms and eventually into Male Condoms as well. So the project is still alive but the economics were not there to justify the investments last year. Now the government is rethinking some of their strategy and some of their targets for local manufactured goods.

Subbu Murugesan: It looks like you have been here because of the good set of numbers you have been posting looks like you have got significant amount of cash. Do you have a plan as of yet on what you plan to do with the cash, would you be giving dividends or share buybacks or maybe pursue an acquisition, would you increase the dividend payout or I just wanted to know what are your thoughts on the cash balance that it should be good by the end of this year.

Om Prakash Garg: You are correct. We do have about 47 Cr in cash or cash equivalent. We have considered of course dividend distribution which normally we declare twice a year, interim dividend and the final dividend after the March results. And we also have been considering acquisition in a related field related to women health and wellness. But nothing concrete has been planned yet. We are always looking at the different possibilities.

Subbu Murugesan: One question on the Brazilian order, so we are expecting some news on this in April or May. Last year we managed to get a very good order size from Brazil, so basically how do you consider our chances this time, do you think they are better because we have a track record and we have delivered on time and probably our quality is also good or do you think that because we got such a large sized last time and we would face some more competition from Female health company this time and maybe there is a chance we would get a lower size this time because of increased competition?

Om Prakash Garg: I think you have rightly pointed out that based on last year's setback for the competition, they would be more resilient and active in their quotation. However, we are also prepared to compete for the business. And right now, I would say that we have a good chance to get at least the 50% of the allocation

Subbu Murugesan: Okay. That is good news. Sir, on the South African tender side you said Rs. 80 crores was for female and like Rs. 200 crores for the male. Is that correct? So like 200, Did I hear correctly?

Om Prakash Garg: Yes, this is the approximate number for 1 billion pieces of male condoms.

Subbu Murugesan: And like this is per year, right? Both numbers?



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- Om Prakash Garg:** This is per year, yes.
- Subbu Murugesan:** Per year. So based on your assessment for the South African, I think last time we did not get a good order from South Africa because at the time of the tender, you said we wanted to focus on the domestic manufacturing, which you thought was more lucrative. How do you see this tenders panning out? So what are our chances?
- Om Prakash Garg:** We are hoping to improve our score in this year's allocation. Although we are still quite interested to pursue the local manufacturing option as well.
- Moderator:** Thank you. The next question is from the line of Ayush Mittal from Mittal Investments. Please go ahead.
- Ayush Mittal:** Most of my questions have been answered and congratulations on a good performance. Just to carry forward the discussion on the competitive landscape. Can you educate us more about the same? We read that there is quite a bit of pricing pressure, which was mentioned by the leading competitor that we have.
- Om Prakash Garg:** Yes. Let us divide this topic into two different categories. As far as male condoms are concerned, there are about 25 manufacturing facilities all over the world, mostly in China, Thailand, Malaysia and India. And although, the demand is higher for male condoms, but so is the competition. And some of the larger manufacturers, they have capacity of 1.5 billion to 2 billion pieces or more per year. So I would say that in terms of male condoms, the supply is available but because of the competition, the margins are not that great, it is 10% to 15% EBITDA, in some special situation maybe maximum 20%. Now, in terms of female condoms, like I mentioned, there are only three manufacturers who have been approved by WHO. So the competition is limited. But in case of female condoms, the Female Health Company who have had the monopoly since 1993 until Cupid came on the scene in July 2012. So they are still our competitor, I would say that the scope in female condom, both top and bottom line is far greater. And we are trying to develop some new models, new prototypes so that we can continue to have a good chunk of the worldwide orders available to Cupid.
- Ayush Mittal:** Any new competitors that you have seen on the female condom side.
- Om Prakash Garg:** Not really. Usually the WHO they would make announcements and they asked for comments from interested parties. But we have not seen any new manufacturer on the horizon. In fact, one of the Chinese manufacturers have shut down their shop, because their production cost was higher than what they could sell it for, in the market.
- Ayush Mittal:** Okay. So there is a bit surprising also because when we read about the U. S.-leading company which has been into this space, they have been giving away the order when they complain about lower pricing and they are not making profit. Now, you are also saying that the Chinese



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company is also not making profit and they have shut down the operation and while we are making kind of 30% - 40% margin. So this is something kind of strange, at the same time really good for us. What could be the key reason for this starting difference?

Om Prakash Garg: The main reason is that first of all, our design of the female condom is very unique. It is much different than the Female Health Company, who are the pioneer in the field and our cost of production is more attractive than the competition including the Female Health Company. So that is why we have a wider margin.

Ayush Mittal: Okay. So with our kind of model, have others tried to replicate the same kind of model and save costs and get it approved?

Om Prakash Garg: It is years process. By the time you come up with a new model, you make it you test it, you send it for clinical trial, you get all the technical evaluation. It takes 2.5 years to 3 years.

Ayush Mittal: Got it. But nothing as of now that you see that others are trying to do something similar or are getting approved?

Om Prakash Garg: Not that we know of, but you never know there are a lot of researchers working on these type of projects around the world.

Moderator: Thank you. The next question is from the line of Gaurav Shah from Kotak Mahindra Bank. Please go ahead.

Gaurav Shah: Yes, my question is very clear. It is on the basis of the ability to expand and scale the business in terms of your own brand, which you mentioned that you just had taken back the project or idea. How do you foresee in the next 15 years - 20 years that coming up?

Om Prakash Garg: It is hard to predict what the scenario would look like 15 years to 20 years down the line, both in terms of what the demand of the product, the designs and utility would be like. And also, the amount of R&D expenditure it takes and the commitment, I do not think any of the existing manufacturers have thought of or planned on that long range level. Like, we look at normally up to 5 years. But going beyond 10 years to 15 years is really difficult to predict.

Moderator: Thank you. The next question from the line of Siddharth Mehta an Individual Investor. Please go ahead.

Siddharth Mehta: I had two questions, one related to the expansion people were talking about that. But I think the conversation never completed. Do you have any immediate expansion plans in capacity? We have been lucky in collecting or not properly and more or less on time. Do you have any ECGC cover or insurance cover have you looked at it from time-to-time? And is it worth spending that 1% or whatever they charge to secure our receivables there? And the last two



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question, actually it is a to a question, just a comment. I think some people have asked about having a CEO and all that. Okay, so the last point was relating to CEO. You have been looking for a CEO. But I have always been of your opinion that it is better that you continue with it, because I think you are very good grip on it, you have very good sense of practicality and vision on this, which your professional CEO may or may not have. So I would be happy if you continued with this company. And the last thought is on an acquisition, can we get any acquisition where the company has an established brand where they have already spent money to establish their brand, but for whatever reason, the company is not doing well or are unable to make money in this business that is kind of an acquisition might be very interesting for us.

Om Prakash Garg: Yes, so let me comment on your last question first. We are indeed looking for such a situation you have just described. But unfortunately, we have not been able to locate a proposition along those lines. In terms of the expansion plan, we just completed a 40% increase in production at the end of March 2019 and depending on how the demand scenario shapes up, right now for at least one year, we do not have any plans to expand further. However, if the market situation changes, we would certainly consider going for a second expansion so that we can serve our customers.

Siddharth Mehta: Alright, and on the ECGC cover, have you considered that? Or do you already take that?

Om Prakash Garg: We have not taken that. However, we have a product liability insurance. And also, in terms of our receivables in answer to one of the earlier questions, we really have not had any bad debts.

Siddharth Mehta: All right, okay. But do keep this at the back of your mind, I think the government ECGC company charges, I think 1% or something like that. And they are set up only to help exporters and make sure that there is never any unforeseen event. If the order is large that might be a hit for the company, that is why I was suggesting it.

Om Prakash Garg: No. I think it is an excellent suggestion and we will certainly consider for a big size order, 1% to 2% is worth it to have that insurance cover.

Siddharth Mehta: Yes. And they are a Government your organization just set up only for this. They are not sort of money minded or anything like that to make money organization. And the last question is, please do continue till you are continuing. We have 100% full faith in the company.

Om Prakash Garg: Thank you. Thank you so much.

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

Dhiral Shah: Sir, you just said there are three companies, which are been approved by WHO for female condoms. So how big in the size, sir?



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- Om Prakash Garg:** I am sorry.
- Dhiral Shah:** You said there were three companies, which are been approved by WHO with respect to the female condom. So, how big are in the size?
- Om Prakash Garg:** Three companies are: number one Female Health Company with their plant in Malaysia, a U. S. company. Second one is Cupid. And third one is Hindustan Latex, a Government of India company based in Kerala.
- Dhiral Shah:** Okay. And sir, what would be the overall market size of female condom?
- Om Prakash Garg:** Overall market is about 80 to 100 million pieces per year. Again, depending on the funding availability.
- Dhiral Shah:** Okay. And this three companies, together what would be the capacity of these three companies? Just want to know the demand and supply scenario.
- Om Prakash Garg:** Yes. Female Health Company, they claim that they have capacity up to 100 million. Cupid currently has 52 million per year capacity. And if we do receive the orders, we could expand that by reducing our male condom capacity and converting it into female. And our natural capacity I am not sure, but I think they could be around 20 million pieces for sure per year.
- Dhiral Shah:** Okay. And sir, when it comes to the Brazil part so what would be the overall budget size for this condom?
- Om Prakash Garg:** Actually each year it varies. Last year, the male condoms, they had the 700 a million pieces of order for the male condoms. And for female, they had 34 million pieces, out of which Cupid got 29 and Female Health Company got the remaining 5 million pieces.
- Dhiral Shah:** Okay. So our share of business with respect to South Africa would be 50% and in Brazil also it would be more than 50%.
- Om Prakash Garg:** Yes. Based on last year, the results we were actually 75% in Brazil for female condoms and in South Africa, we are about 35% of the market and based on last year result.
- Dhiral Shah:** And for male, sir, male?
- Om Prakash Garg:** Actually both, mostly female. For male condom, we got about 114 million pieces order out of 1 billion, but the actual supply was only 500 million out of 1 billion required. And we delivered all the quantity, entire 114 million on time. So 114 million out of 500 delivered, we were about 20% of the male condom business there.



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- Dhiral Shah:** Okay. And sir, lastly, what would be the gross margin for male condoms and for female, separately?
- Om Prakash Garg:** Male condom is about 15% to 20% and a female condom is between 45% to 50%, high margin.
- Dhiral Shah:** Okay. So now with our current order book of Rs. 160 crore, out of which let us say 50 - 50 is male and female. So do you expect these margins to again move up?
- Om Prakash Garg:** It depends on the competition. I would say the female condom margins would continue to remain between 45% and 50%. And male condom margins may come under some pressure.
- Dhiral Shah:** This is gross margin, right? Or EBITDA margin, sir?
- Om Prakash Garg:** EBITDA.
- Dhiral Shah:** EBITDA margin. And why you feel no pressure in male condoms particularly?
- Om Prakash Garg:** The reason for that is that some companies especially in China and Malaysia, they have expanded their production capacity tremendously and they are very eager to dump the goods in the open market even if they have to lower their selling price.
- Dhiral Shah:** Okay. So lastly, in terms of let us say volume wise. How big is this market male condom, sir, globally?
- Om Prakash Garg:** You mean around the world or in India?
- Dhiral Shah:** Around the world, sir and how much capacity?
- Om Prakash Garg:** Around the world, it is about, I would say 30 billion to 35 billion pieces per year including all the donor funded condoms, all the tenders, government procurements, and in the private sector.
- Dhiral Shah:** Okay. And how much China and Malaysia have expanded off late?
- Om Prakash Garg:** There are two factories. One has expanded to over 100% in 2019 and Malaysian also has expanded over 60% to 70% of their capacity.
- Dhiral Shah:** And in terms of PCs, if you can quantify, sir?
- Om Prakash Garg:** Yes. The Malaysian factory now came, they can produce 4 billion pieces per year. And Chinese, they are claiming about 2 billion.
- Dhiral Shah:** Expanded capacity, sir?



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- Om Prakash Garg:** Right.
- Moderator:** Thank you. The next question is from the line of Aakriti Kamdar from Sameeksha Capital. Please go ahead.
- Aakriti Kamdar:** Sir, just wanted to cross check one thing, you mentioned earlier that you were expecting a growth of 15% over and above what we will do in FY 2020, which will be around Rs. 160 crores. And given the mix that we have, the peak quarterly revenue run rate will be about Rs. 40 crores. Now, the mix Rs. 160 crores order books is about 50 - 50 for female condoms and male condoms. And what we had in the nine months of our FY 2020 was somewhere skewed towards female condoms, which was about 50% - 56%. So, I would just say to understand, from where the delta of 15% revenue growth will come because we are not adding capacity. We are already operating at 99% capacity utilization. So from which area, do you expect the 15% growth to come in?
- Om Prakash Garg:** Okay. The growth will come from switching the male condom capacity into female condom capacity. And like I mentioned earlier, if we get a higher quantity of female condom orders, our both top and bottom line would improve.
- Aakriti Kamdar:** So, sir, however, right now the Rs. 160 crores, which we have with us already 50 - 50, the split between female condoms and male condoms. So...
- Om Prakash Garg:** I am sorry. That is the size of the order book. We have 50 - 50 order book. Now, how much of actual orders we receive and we are able to dispatch that will determine the relative percentage between male and female condoms.
- Aakriti Kamdar:** Okay. So sir, can you give us split of context Rs. 160 crores between Brazil and South Africa?
- Om Prakash Garg:** Yes. The Brazil order is about Rs. 62 crores. And South Africa is about right now 30 billion remaining because the new orders have not yet been announced. So that would increase by say February end.
- Aakriti Kamdar:** And what would be the split between the Brazil and the South African order between male and female condoms, if you are aware of that?
- Om Prakash Garg:** Yes. In Brazil, it is almost 100% female condoms because we have not entered into the male condom market last year. However, this year we are planning to bid for the male condom tender. And in South Africa, female condom is about 20% of the total budgetary allocation for all condoms, mostly male condom.
- Aakriti Kamdar:** All right. And what is the total size of South African order, sir?



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- Om Prakash Garg:** Theoretically it is 100 billion pieces and then the female condom is about 40 million pieces.
- Aakriti Kamdar:** Per year?
- Om Prakash Garg:** Sorry.
- Aakriti Kamdar:** And sir, one more thing since we have a good chunk of order from Brazil and we had already seen that the receivable days had spiked in the Q2 because the Brazilian payment term are a little unfavorable. So do you expect that we will close the year at a higher receivable days as it then September end, which was around 130 days?
- Om Prakash Garg:** No, I think the third quarter receivable seems the higher because they were closed for one month from December 15th to January 15th. So they could not process the payment.
- Aakriti Kamdar:** No, sir. The 133 days which I am mentioning is the September quarter receivable days.
- Om Prakash Garg:** For Brazil?
- Aakriti Kamdar:** No, the overall receivable days that we had for the company was around 133 days in the end of quarter two FY 2020.
- Om Prakash Garg:** That sounds quite a bit higher. I would say it should be closer to 90 days, not under 133 days. I have not seen that number at all.
- Aakriti Kamdar:** Okay, sir. Sir, we will take this offline later, but the receivable days were quite high and the explanation that you had given at the end of Q2 was, it was the cause of the Brazilian orders. So I wanted to understand, whether that trend will continue at the end of the quarter too, because of working capital would become quite stretched.
- Om Prakash Garg:** No. Actually the second quarter were dispatches we did in Brazil, we did receive the payment in October and November. What is outstanding right now is what we dispatched in October, November and December.
- Moderator:** Thank you. The next question is from the line of Ajinkya Mulay an Individual Investor. Please go ahead.
- Ajinkya Mulay:** Sir I have few questions regarding the business that we are into. So I will start with the FOREX risk involved at any. And in which currency do we receive the payment? Is it the U. S. dollar?
- Om Prakash Garg:** Yes. 100% of our export billing is done in U. S. dollars and we are getting all those payments also in U. S. dollars. Except that the currency depreciation, rupee being depreciated in general gives us a slight advantage. We do report some currency exchange gains.



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- Ajinkya Mulay:** Okay. And so majority it is in U. S. dollars, so that the favorable situation for now, right?
- Om Prakash Garg:** Correct.
- Ajinkya Mulay:** Okay. And if I am correct, sir, between the years 2014 to 2016, if I am correct, we had seen a great growth in the company and also it was appreciated by the market participants. And then, there was underperformance for several years. Any highlights of the growth then, sir, can you point out that?
- Om Prakash Garg:** Well, back in FY 2013 - 14, we had launched then recently approved female condom by WHO. So based on that we had three good years, I think 2014, 2015, and 2016 then we slackened in 2017 and 2018 because of the market situation, the financing was not adequate to support the higher procurement. And now we are seeing the reverse trend whereby funding is available and more demand is expected accordingly.
- Ajinkya Mulay:** Okay. So yes, that was about WHO approvals that we have received and that were the orders, r? And the momentum back now? The same momentum?
- Om Prakash Garg:** Yes, this year the momentum seems to be back.
- Ajinkya Mulay:** Okay, that is good news. Sir, also about the advertising front, can we not do advertisement like other players in India? Can we not brand our product India?
- Om Prakash Garg:** In an earlier question, I mentioned that the cost of advertising is much higher than the extra margin we get in selling the branded male condoms in India.
- Ajinkya Mulay:** Okay. And just to know, do we have a tie-up with Amazon or any of the E-commerce site for female condoms, if I am correct?
- Om Prakash Garg:** Yes, we do. We have strong ties with Amazon and Flipkart. And we have started to pick-up our online female condom sales.
- Ajinkya Mulay:** Okay. And does it contribute to the major sale, how does it work out for the business?
- Om Prakash Garg:** Right now the total volume on the online sales is in lakhs only. So it is still a small segment of our overall revenue.
- Ajinkya Mulay:** All right. And sir, I just read, I am not sure if this is correct. We have a U. S. FDA 510(K) Certificate. Is that correct?
- Om Prakash Garg:** Yes. For male condom we do and for female condom, it is under process.
- Ajinkya Mulay:** Okay. And apart from that, what are the approvals do we have?



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- Om Prakash Garg:** Well, we have the WHO approval and we have the registration and approvals from several countries like South Africa we have, Brazil we have, Kenya we do, India we have approvals. So each time we see a prospect in any of the countries, we try to get our products registered.
- Moderator:** Thank you. The next question is from the line of Omkar Kulkarni an Individual Investor. Please go ahead.
- Omkar Kulkarni:** Whatever you have spoken, it seems that you are very much bullish on the future. But I wanted to know about, how is the growth happening in female versus male, how is the trajectory for the male contribution and female contributions say from 3 years to 5 years from now? How is the market size and what is the on ground situation? Is it more demand happening to female? Yes, it can be seen through the numbers, but what is the ground reality?
- Om Prakash Garg:** Okay. The ground reality is that 80% to 85% of the demand is for male condoms, where the margins are limited to say 15% or so. And in terms of female condoms, the demand is improving, but as compared to male condoms, the volumes are still quite limited although the profitability is much higher. So, what I see over the next 3 years to 5 years is that in terms of the top line, the contribution from female condoms should improve and with that, the bottom line should also improve. However, the big uncertainty is the level of international funding from the worldwide institutions and from the national government budgetary allocation. If the funding is there, I think the demand for product is coming out because to prevent the unintended pregnancies and also to prevent the spread of sexually transmitted infections, including HIV and especially from the low income countries, there is a huge unmet demand for condoms.
- Omkar Kulkarni:** Okay. So from the last five years trend, what has been a realization for female condoms? I mean, how it has moved up or like it has been staying stagnant. What is the situation?
- Om Prakash Garg:** No. I think the demand for female condom has moved up 10% to 15% over the last 5 years.
- Omkar Kulkarni:** Sir, I am talking about the realization part.
- Om Prakash Garg:** The realization actually has improved per piece in spite of the competition because the two major players, they have a different model of female condoms and each is pricing according to their cost of production.
- Omkar Kulkarni:** Okay. And as the earlier participant said, why do not you hire an investor like Investor Relations department, who can advise on, what can be done to increase the awareness about the Company and how more institutional investor can be boarded on Cupid's journey and how you can get a better visibility in the market and how better you can have the Price?
- Om Prakash Garg:** Yes. I think that is an excellent suggestion and we should start to do some of that immediately.



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- Omkar Kulkarni:** I mean, that would be great for the shareholders as well as promoters in their own capacity as well.
- Om Prakash Garg:** I agree. I agree, certainly.
- Moderator:** That is from the line of Keshav Garg from Counter Cyclical Investments. Please go ahead.
- Keshav Garg:** Sir, I wanted to understand that looking at our great performance and since we are the second largest female condom company and you mentioned that there are only two or three in the world. So have you found any investor interest like a strategy investor who wants to purchase you out or wants to do a joint venture or wants to become the Co-promoter on those lines. Have you found any interest?
- Om Prakash Garg:** We have not specifically looked at that way. But certainly it would be a good idea to pursue this possibility.
- Keshav Garg:** Sir, so maybe offline we can talk about this.
- Om Prakash Garg:** We would be interested. So please yes, contact me and we will take some practical steps to achieve that.
- Keshav Garg:** Okay, sir. And sir, lastly, sir, please remember about share buybacks, it is the best option for us.
- Om Prakash Garg:** In what way?
- Keshav Garg:** Sir, I am saying instead of giving dividend, if you do a share buyback then our share price will perform much more.
- Om Prakash Garg:** Yes, like one other investor earlier had suggested the same.
- Keshav Garg:** Yes, sir.
- Om Prakash Garg:** Now, that is certainly under our radar.
- Moderator:** Thank you. The next question is from the line of Ajinkya Mulay from Cupid Limited. Please go ahead.
- Ajinkya Mulay:** Earlier I was speaking to you, sir about the U. S. dollar and about the certification, sir. And the line got dropped.
- Om Prakash Garg:** Yes.



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- Ajinkya Mulay:** So just to confirm, sir about the certification. Do you operated in Europe?
- Om Prakash Garg:** We have some sales, but all the invoices are done in dollars.
- Ajinkya Mulay:** Okay. And about the certification, sir, so we have the WHO approval, we have the ISO certification, and we have the U. S. FDA 510(K) certificate for male condoms, is that correct?
- Om Prakash Garg:** Correct. And in addition, we also have the CE mark for the European countries.
- Ajinkya Mulay:** Okay. Okay. Sir, just a question, do we have any plans for it Ethiopia because that is the fastest growing country in Africa as of now?
- Om Prakash Garg:** Yes. As a matter of fact, they are floating a tender pretty soon for male condoms. And we are in a negotiation with a local partner and hopefully, we would be participating in that tender.
- Ajinkya Mulay:** Okay, okay. And as the continent, is it Africa for now or any other countries or continent are under any continent, I want to know majorly we have our focus?
- Om Prakash Garg:** The demand for female condom due to HIV serious problems is mostly in Sub-Saharan Africa. There are about 18 countries, all the way from Kenya and Nigeria through Mozambique and through Congo into Botswana and South Africa. There is no market as big as the Sub-Saharan Africa. But there are some individual countries, who have additional demand for female condoms. Of course for male condoms, the market is fairly evenly distributed. Almost all the countries they need to procure male condoms.
- Ajinkya Mulay:** Okay. So sir, any plans to set up production facilities or any tie-up for Africa?
- Om Prakash Garg:** Yes. We have a plan to set up a joint venture facility in South Africa, initially to start producing the female condoms there.
- Ajinkya Mulay:** Okay, any timeline, sir with regards to this expansion as of now?
- Om Prakash Garg:** We are in the process of discussing our technical and financial proposal with the Department of Treasury and Department of Health in South Africa and we hope to get some feedback by April 2020. And then, it will take about one year to get the equipment going there and start manufacturing and realizing the revenues.
- Ajinkya Mulay:** Okay. So that is a great news for the expansion with regards to South Africa. Sir, just few questions, just last two questions from my end. With regards to the product line, now, I was just listening and we are talking only about male and male condoms. Is there any other product because I was going through the research, it says that we had some water-based lubricant and



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we had some Pro. So just wanted to know what contribution does other products gave to the revenues of the Company.

- Om Prakash Garg:** That is about 3% water-based lubricant jelly and the hand sanitizer.
- Ajinkya Mulay:** Okay. Okay. And so any plans for diversification of line of business like are there any plans to get into chemicals or into real estate like or we are focused only towards health care and condoms and female condoms to be very specific for now.
- Om Prakash Garg:** Right now, we are concentrating on women's health and wellness areas, mostly related to contraceptives.
- Moderator:** Thank you. The next question is from the line of Dhiral Shah from Phillip Capital. Please go ahead.
- Dhiral Shah:** Sir, any plan for raising stake in the Company because our promoter holding is almost 45%. So any plan to raise it further?
- Om Prakash Garg:** Not immediately, but we are always looking out for the possibility to improve on that percentage.
- Dhiral Shah:** Because of the last three years if I see sir, our holding has come down by almost 3.5%
- Om Prakash Garg:** Who does?
- Dhiral Shah:** In last three years a promoter holding has come down by almost 3.5%, that is why.
- Om Prakash Garg:** Yes. In the last 15 years, since we are headed up these years, there are only one sale of about 4 lakh shares. I believe that was in 2016. But other than that, we have not sold any shares.
- Dhiral Shah:** Okay. And sir, how big is the U. S. market for us?
- Om Prakash Garg:** We really do not have an estimate for that. But based on the figures reported by our competitor Female Health Company, they are doing about \$20 million to \$25 million U. S. dollars. Of course, they have been well established there for many years. So, we have to start with may be \$2 million to \$5 million revenue in the first 12 months after we launch our product in 2021.
- Dhiral Shah:** Okay. And sir, you just spoke about your JV facility in Africa. So what would be the CAPEX requirement for that?
- Om Prakash Garg:** That is about Rs. 5 crores.
- Dhiral Shah:** Okay. Only Rs. 5 crores?



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Om Prakash Garg: Yes, initially.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for their closing comments.

Om Prakash Garg: I would like to thank all of our employees, customers, and most of all our shareholders, who have shown faith in the management to carry out the business of Cupid Limited. We are always looking out for the interest of shareholders as a part of our long term strategy and we hope that we can count on all your support going forward.

I would like to thank everyone involved in organizing this conference call and good luck.

Moderator: Thank you. Ladies and gentlemen, on behalf of Cupid Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.