

6th June, 2023

To,
The Manager - Corporate Relationship
Dept.
BSE Limited
P. J. Towers, Dalal Street
Fort, Mumbai - 400 001

To,
The Manager - Corporate Compliance
National Stock Exchange of India Limited
Exchange Plaza, Plot No.C-1,
G Block, BKC, Bandra (E),
Mumbai 400 051

BSE Scrip Code: - 524500

NSE SYMBOL: - KILITCH

Sub: Q4 FY 23 Earnings Call Transcript

Dear Sir,

Please find enclosed herewith a copy of the transcript of the Company's Q4 FY23 earnings conference call dated 2nd June, 2023.

Request you to take note of the same and acknowledge the receipt.

Thanking you,

Yours' Faithfully,

For **Kilitch Drugs (India) Limited**

Mukund Mehta
Managing Director
DIN: 00147876





“Kilitch Drugs (India) Limited
Q4 and FY’23 Results Conference Call”

June 02, 2023



MANAGEMENT: **MR. MUKUND MEHTA – MANAGING DIRECTOR – KILITCH DRUGS (INDIA) LIMITED**
MR. BHAVIN MEHTA – WHOLE-TIME DIRECTOR – KILITCH DRUGS (INDIA) LIMITED
MR. V. S. RAJAN – INDEPENDENT DIRECTOR – KILITCH DRUGS (INDIA) LIMITED
MR. SUNIL JAIN – CHIEF FINANCIAL OFFICER – KILITCH DRUGS (INDIA) LIMITED
MS. PUSHPA NYOUPANE – COMPANY SECRETARY – KILITCH DRUGS (INDIA) LIMITED

MODERATOR: **MR. GOPAL CHANDAK – KIRIN ADVISORS**



Moderator: Ladies and gentlemen, good day and welcome to the Kilitch Drugs India Limited Q4 FY '23 Earnings Conference Call hosted by Kirin Advisors. As a reminder, all participants' 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 a conference call, please signal an operator by pressing star and zero on your touchtone phone. Please note this conference call is being recorded. I now hand the conference over to Mr. Gopal Chandak from Kirin Advisors. Thank you and over to you, sir.

Gopal Chandak: Thank you. Good afternoon, everyone. Thanks for joining the conference call of Kilitch Drugs India Limited. I would like to welcome Mr. Mukund Mehta, Managing Director, Mr. Bhavin Mehta, Whole-Time Director, Mr. V. S. Rajan, Independent Director, Mr. Sunil Jain, Chief Financial Officer and Ms. Pushpa Nyoupane, Company Secretary of Kilitch Drugs India Limited. Pushpa ma'am, over to you.

Pushpa Nyoupane: Thank you. Good afternoon, everyone. On behalf of Kilitch Drugs India Limited, I, Pushpa Nyoupane, Company Secretary and Investor Relations Team of Kilitch Drugs (India) Limited, welcome you all to the fourth quarter and financial year 2023 earnings call of Kilitch Drugs India Limited. Today, the team will discuss financial performance for the quarter, business overview and answer to the questions you may have. For ease of discussion, we will look at stand-alone financials.

The call recording and call transcript will also be posted on the website of the company shortly. We are requested to ask not more than two questions in the initial round and if you have more questions, you are requested to rejoin the queue. If any questions remain unanswered during this call, you are requested to write them us, we will reply as the earliest. Now I hand over the call to Mr. Mukund Mehta sir, Managing Director of the company. Sir, over to you.

Mukund Mehta: Thank you, Pushpa. Ladies and gentlemen, a very warm greeting to each and every one of you. It gives a great pleasure to welcome you to the first earnings conference call of Kilitch Drugs India Limited in this year. Before we delve into the financials, let us have an overview of the operations of the company. The company is engaged in operations ranging from manufacturing to marketing a host of formulations in all dosage forms, solid, liquid and parenteral, with more than three decades of successful pharmaceutical solutions with a strong presence in Africa and Asia Pacific.

We have established ourselves as a key player in 26 African countries, offering a portfolio of 350 products. Our manufacturing plant in Mumbai is equipped with a dedicated dry powder section, as well as the capacity to produce small volume liquid parenterals ampoules and vials. Our manufacturing plants are certified by WHO, WHO GMP, ISO 9001 and ISO 13845, and a host of other countries of Africa and Asia. After commencement of the Cephalosporin facility in Ethiopia and a positive growth, the company proposes to set up a new Greenfield pharmaceutical project at Khopoli, Maharashtra, India. The project aims for the development and manufacturing of various pharmaceutical product dosage forms, with the requirement of the World Health Organization, EU standard guidelines, US FDA, GMP and other regulatory requirements.



By expanding our own manufacturing capabilities, we aim to ensure the production of high-quality products, establish a robust supply chain and reduce our dependence on outsourcing. This move will enable us to make a greater impact in both domestic and international markets. With a favorable outlook for the pharmaceutical industry, the company is well positioned to benefit from upcoming trends. Presently, we have registered over 600 products across the world, with an additional 450 plus products currently under registration process.

Our product range encompasses gastroenterology, anti-inflammatory, anti-malarial, diagnostic aids, autoimmune formulation and veterinary medicine in the form of ampoules and vials. We have a diverse, robust product portfolio that covers a wide range of therapeutic areas and product forms. Our products include parental and nasal products, oral formulation, effervescent tablets, nutritional products, medical devices, cosmetic and herbal products.

Furthermore, we have developed a comprehensive line of oral formulations, including tablets, capsules, dry syrups and oral powders. These formulations are highly effective in areas such as antibiotics, anti-diabetic, cardiovascular health and more. Our extensive research efforts have led to the development of a wide range of effervescent tablets and powders. These products offer an advantage of delivering a large doses of ingredients in a single serving, enhancing convenience and efficacy. To name a few, our Indian manufacturers, whom we are working with is Intas, Mankind, Indoco and many more others, reputed name in pharmaceuticals.

Now let's shift our focus to the financial progress made during Q4 FY '23 and FY 23. We have reached the highest ever quarterly growth in Q4 FY '23 as compared to Q4 FY '22. Q4 highlights for standalone price detail below. Operating revenue amounted INR 43.28 crores representing a growth of 35.12%. EBITDA stood at INR8.12 crores with an impressive growth of 71.31%. EBITDA margin improved to INR18.76 crores from INR14.11 crores.

PAT reached INR 5.13 crore demonstrating a remarkable growth of INR 69.87 crores. EPS rose to INR 3.29 per share from INR1.94 per share. For the whole year of FY '23, the financial results read as under. Operations revenue stood at INR117.78 crores reflecting an increase of 12%. EBITDA reached INR 21.74 crore exhibiting a significant growth of 39.91%. EBITDA margin improved to 18.8% from 14.80%. PAT amounted to INR 15.72 crore showing a growth of 49.29%. EPS rose to INR 10.09 per share from INR 6.76 per share. Thank you to all our stakeholders, owners, in this journey towards growth.

With this, I would like to leave the floor open for question and answer session. Thank you.

Moderator: Thank you very much, sir. We take a first question from the line of Keval Ashar from DSP Mutual Fund. Please go ahead.

Keval Ashar: Good morning and congratulations sir, for good numbers in FY '23. A few questions from my side. First is that sir, what is the reason of setting up a manufacturing unit in Ethiopia out of all the African countries? What were the advantages that we get in terms of tax benefit or government support etcetera?

Mukund Mehta: See, particularly myself started a career from Africa only. That was not the reason only. But this government, Ethiopian government is very stable government except this last 1.5 year, where



the internal fighting was there. Otherwise, they were robust economy plus a good governance also. And we Indians are very much respected because so many, around 30,000 Indian teachers are working there at present also. So, my idea was that, we should have a foot in the market, where we are operating. And that was the reason and plus, we got a very good distributor, who also invested along with us. So, we got a joint venture as you know, 67%-33%.

And moreover, Cephalosporin plant which, we have put in there, their own requirement is 25 million vials per year. And we have put a capacity of around 16-17 million vials. But due to some exchange shortage and other things, it is not working at a full speed. But as this particular government of Ethiopia has decided, they will allot a lot of foreign exchange for importing the material. So we are hoping that, this particular year, 2023-2024 will be the robust year for Ethiopia factory. Okay. Yes. Hope I answered your question.

Keval Ashar:

Yes, sir. Yes, definitely. So, sir, I was coming to the same thing. So, if we see in our Ethiopia business, we are hardly doing any revenues in FY '23, at least. And we are also posting losses. So what is the reason behind that? Since you mentioned that, demand is \$25 million or 25 million vials per annum, but we are not doing any revenues and posting losses. So what is the reason behind that?

Mukund Mehta:

First, there was internal fighting going on for 1.5 year, which has settled just two months before. Internal fighting. So, everything was disturbed. Even people are worried, what will happen to our people there and something like that. But everything settled down. And from 1.5 month, everything is working now. So, this particular demand is there, always there. And they have floated the tender for the same also in, before just for 15 days- 20 days. But we have stopped, government for announcing the tender because we need a foreign exchange for that. We have to send all the material from here. So we need a foreign exchange. That government has agreed in principle to give the foreign exchange to us. So now, I hope this particular year, will be the robust and the next year will be the much robust for Ethiopia. Okay.

Keval Ashar:

Okay, sir. Got it. So, sir, so now in Ethiopia, so do we plan to also export from the Ethiopian plant? And if yes, then which countries do we plan to export from Ethiopia?

Mukund Mehta:

Yes, we are planning to export. First of all, in our line, inspection happens. So just before 15 days- 20 days, WHO Geneva has been triggered for inspection because they buy a lot of medicine for Africa and Cephalosporin, is one of that. We have triggered a mock audit for that and we have successfully completed. Well, we have submitted the files in the nearby countries, that is Sudan, Uganda, Kenya, Tanzania, these four-five countries and Nigeria. So these four-five countries, we have triggered an inspection because in our line, first they inspect the plant and then, they register the product. So it will happen. It will happen at its own speed. We cannot do anything because it's a queue and the other things are there. But in a short while, means in a year or two years, it will get registered in the seven-eight countries, which we are looking. Okay. Thank you.

Keval Ashar:

Okay, sir. Got it. Sir, now coming to the Indian plant. So, what is the revenue potential from India business, from the Indian factory? How much revenue can we do from the Indian plant?



- Mukund Mehta:** See, we are doing very good. I don't want to commit any figures for the same. And it has been a very nice year, last year also. So this year also, we would like to do, we will be doing much more better and better because of our effervescent division is working very good. Plus all other things are going at par. So the growth will come on its own.
- Keval Ashar:** Okay, sir. Got it. So if I see from our Indian plants, we export to many European countries like France as well. So, how are the contracts with those, in those countries? So is it long term contracts?
- Mukund Mehta:** Keval, what is happening is that, Francophone countries, what I mean Francophone, that Ivory Coast, Benin, Ghana and -- the coastline, West Coast line countries, where a French is dominated and they were ruling for this 200 years, like we were ruled by British. So still there is a system that goods has to go to France and France will supply to them. It is, you will get a Peugeot car there, which you won't get anywhere else in the world. So it is much more dominated by French people. So we have to send the goods to France and France will say, so our money is secured and everything is secured because we are dealing with France. Of course, we are marketing in Benin or Ivory Coast or Ghana and other countries.
- Keval Ashar:** Okay, sir. I got it. Sir, so now coming to the margin profile. So what is the margin profile generally, we can expect in African business and Indian business?
- Mukund Mehta:** This is, we have proved it now. Already, they are now in the Q4. The same pattern will go.
- Keval Ashar:** Sir, we have got from Indian business, but African business is still posting losses. But under the normal cases, how much margins can we expect in Ethiopia business?
- Mukund Mehta:** African business come again, you are saying are in losses. Ethiopia, we have the preliminary expenses were there, no? And factories remain closed for nine months. So losses has to happen, but everything is covered now. Don't worry. We will show a robust growth for Ethiopia this year.
- Keval Ashar:** Yes, sir. So on the normalized basis, since now our plant has started, we started getting forex reserves as well. So how much margins can we do in Ethiopia now, on normalized basis?
- Mukund Mehta:** There is no question of margin as we are the only manufacturer and government is supporting in all the ways. So I don't see, I don't say, no question of margin arises. You have goods, you sell at any cost, no one is saying.
- Keval Ashar:** Okay. So can I assume that, it would be higher than the Indian business?
- Mukund Mehta:** Of course.
- Keval Ashar:** Okay, sir. Got it. Sir, the...
- Mukund Mehta:** Now my son will answer your question. Go ahead, Keval.
- Keval Ashar:** No, sir. Please. I'll ask later.



Mukund Mehta: Okay.

Moderator: Thank you. We take a next question from the line of Yashwant D from Kojin Finvest. Please go ahead.

Yashwant D: Sir, can you please share your insight on the injectable business? What is the market size and what is our presence in it?

Bhavin Mehta: Yes, ma'am. Can you come again?

Yashwant D: Yes. I just wanted to understand, please share your insight on your injectable business?

Bhavin Mehta: I didn't get your question, ma'am.

Yashwant D: Injectable business. I want your insight on the injectable business?

Bhavin Mehta: Insight on the injectable business?

Yashwant D: Yes.

Bhavin Mehta: Okay. So for injectable business, we are doing contract manufacturing in India and we are doing exports in the African market. So what insight is required from your end?

Yashwant D: Like, what is the capacity and how is the margin and for whom, we are doing the contract manufacturing and what is the market size of injectable business?

Bhavin Mehta: Ok. The margin is the ma'am, is reflected on the results that we have given, for the contract manufacturing, we are working with most of the Indian pharma companies like Intas, Indoco, you name them and most of the injections are made at our facility and going for, looking forward, we feel that next one year, 1.5 year or maximum two years, we'll be in, requiring additional capacity. So because of which, the Khopoli project has been conceptualized by which, we can produce from there itself and serve the market as for the domestic as well as for the export market.

Yashwant D: Okay, sir. And what is the capacity of the Khopoli plant?

Bhavin Mehta: Ma'am. Right now, I don't have it at front, but I'll come back to you on this.

Yashwant D: Okay. Sir, and any incentive you are getting from the government for having a plant in Khopoli?

Bhavin Mehta: Ma'am, it's at present, that Khopoli zone has been de-notified from D zone. So at present, there is no government incentive from there itself.

Yashwant D: Okay. And what was the capex used for the Khopoli plant?

Mukund Mehta: More than INR 100 crores.

Yashwant D: More than INR 100 crore. Sir, it is started operating?



- Mukund Mehta:** What you are saying?
- Yashwant D:** Has it started operating?
- Mukund Mehta:** No, we have got a land and NA has been done, boundary has been set, planning has been done. Now we are waiting. After the rainy season, we will just push it on that particular project.
- Yashwant D:** So, probably from the second of, second quarter, we can see some happening over there, right?
- Mukund Mehta:** No, factory will take two years, madam. Down the line, two years. I mean, '25 March, March onwards, it will start producing.
- Yashwant D:** Okay. So what is our current injectable size? What is our capacity in injectable? And what will be after the Khopoli plant come into regulation?
- Bhavin Mehta:** Yes, so consolidated both, because we have many dosage forms, ma'am. So we have ampules, vials, dry powder injectables. So we consolidate everything and we will come back to you on this.
- Yashwant D:** Okay. That's it for my side, right now. I'll come back in a queue.
- Bhavin Mehta:** Thank you so much. Thank you, ma'am.
- Moderator:** Thank you. We take the next question from the line of Kashish from Sushil Finance. Please go ahead.
- Kashish:** Hello. Good afternoon, sir. Firstly, congratulations for the good set of numbers.
- Bhavin Mehta:** Thank you so much.
- Kashish:** I have a couple of questions regarding export market first and then the domestic one. So first, we just wanted to understand the currency issue in Ethiopia is settled or it's still there slightly?
- Bhavin Mehta:** See, as far as what we understand, government is going to open up the economy because the food inflation and everything is an issue over there. So if you are aware that Ethiopia being a closed economy, there are no foreign banks and being allowed to be set up. But last year, they have allowed two Kenyan banks to start operating. And with this, there is a sea of change happening over there.
- And with this, we understand that, in this financial year, because their year ends in June, so we are expecting some announcement to be made in July, August, whereby there will be some opening up of the economy, whereby this forex issue will be resolved. As you are aware that, in India, the forex is not an issue because we are an open economy. The same we are expecting to happen this year, so that the underutilization of the capacity can be taken care of and we can work at the maximum capacity, whereas the sales can be taken care of.
- Kashish:** Right, okay, understood. Secondly, what is our production target for Ethiopian plant for this year and next year?



Bhavin Mehta: See, right, production target, all that, all depends on the forex that we get from the government. So we are working with them because we have put a proposal through the local association over there, whereby, we have said that the tenders, which have been won for the government. The amount which is being given in Birr, instead of that being given in Birr, that be given in US dollars, so that, we can import with that and we can ensure that, the local supplies, which at present the government is importing from China or India wherever is being taken care of.

And the government has well understood the issues because they also understand that, in order to promote pharmaceutical industry and the COVID has opened up the eyes of all the African nations saying that, they want to become the self-sufficient countries.

So they also recognize this since there are companies operating in Ethiopia, they wish to support this and hopefully, in this year, the proposal in very few months, I think, we will get go ahead and we will be able to get a good sales out of it.

Kashish: So we should expect some ramp up of capacity this year?

Bhavin Mehta: Very much.

Kashish: Okay, all right. Secondly, what is our break up of sales? So for example, for Q4, what was our market direct sales and tender business for the Ethiopian market?

Bhavin Mehta: So you are talking about Ethiopia business, right?

Kashish: Currently, yes, Ethiopia only.

Bhavin Mehta: Yes, so whatever sales you see in the Ethiopian business is the private business. So as I told you, the government, if we are supplying to the government, then they will give you the local currency and by which the local currency, if we take the local currency, then there are issues, challenges in order to get the US dollars. So, plus the prices at which the demand is there, is not suitable to operate unless and until, they provide the forex. So this is the proposal that is being given to government and they have accepted that, yes, we will look into it and move forward. So whatever sales that you see, is for the private market.

Kashish: Private market, right. Okay. And what was the realization this year per vial, average?

Bhavin Mehta: I'll have to check. I'll come back to you on this. Sure.

Kashish: No problem. Yes. So last question on the export market. What is our vision for next couple of years? Where do we see the export, Ethiopian market going?

Bhavin Mehta: Right. So what we are doing is, since we are in Ethiopia and now most of the countries are looking there, that they have self-sufficiency and moreover, if you have heard and if you have read, most of the UN agencies or any of the foundations, they wish to procure from Africa for Africa. So that is why, we are figuring both of inspections at the factory, so that, we are approved by first of all is WHO Geneva, either EU approval by which, the whole gamut of UN agencies is opened up for us. See at present, they are buying a lot of antibiotics for the African market, but those are being procured either from India, China or whatever is their approved agencies.



So this concept of their buying from outside Africa, we wish to change. Since, we are one of the biggest capacities in terms of setup in Ethiopia and we are in Africa. So the concept is well bought by all the UN agencies and we are following the pathway by which, we produce in Africa and where we sell in Africa. So, we started this process, hopefully a year or two year, this will fructify.

Kashish: All right, okay. Sir, there is one more, one P&L entry of INR5.4 crores, which is export commission. So what was that?

Mukund Mehta: Sunil will answer, our CFO will answer.

Sunil Jain: Your question about is product registration and commission, correct?

Kashish: Yes, export commission and registration INR5.4 crores.

Sunil Jain: Yes, so basically, it includes our country manager's commissions and travelling expenses and their commission only.

Kashish: So, we should expect this going ahead to increase?

Sunil Jain: Basically their commission is depending upon the sale part. So if sale is increasing, then commission also increases.

Kashish: So what is certain percentage of sales, what is the average percentage?

Sunil Jain: It depending, it is basically 8% to 15%, between 8% to 15% and depending upon the market.

Kashish: Okay, all right. Okay sir. Fine. Sir, my next couple of questions would be on the domestic market. So on a domestic front, what is the scope of growth going ahead?

Bhavin Mehta: Domestic front, we are doing contract manufacturing for the sites. I already answered to the lady who had, so we are doing lot many products for these companies and looking forward, we hope that government is going to increase the GDP spent on the healthcare. So we hope that, once that happens as such, the pharma market is doing a double digit growth. So the same will percolate down the line and we also might be able to see the same looking forward.

Kashish: So, we should expect double digit growth going ahead for year-on-year basis?

Bhavin Mehta: Exactly. As far as the GDP spent by the government is maintained or increased, because if you see the GDP spent done by the Indian government to any other government is very less compared to any developed countries.

Kashish: Right. And any scope of improvement on the margin front from EBITDA front?

Bhavin Mehta: We are striving on that and hopefully, coming quarters, we plan to do our best. So let's keep our fingers crossed.



- Kashish:** Right sir. Sir, one question on the capex front. Just wanted to confirm that, the revenues will start showing from March '25 onwards, right?
- Bhavin Mehta:** Right.
- Kashish:** Okay. And any offtake agreement that you have already signed for the additional capacity?
- Bhavin Mehta:** No. So what happens is the customers whom we are dealing currently, we foresee that, there will be a demand supply gap means, what they as usually the trend is between 8% to 12% growth year-on-year, that is the usual, right now pharma market trend is there. Based on that trend, we expect that, the products that, they are off taking, we might fall in short of capacity. So based on that, we are doing it and moreover, if you know our profile, we've been contract manufacturing for more than 35 years, so we know, who's and who in the industry. So getting work for the unit will not be a daunting task for us.
- Kashish:** All right, sir. So last question on the non-core asset front, any plans to monetize anytime soon?
- Bhavin Mehta:** On which assets?
- Kashish:** Non-core assets. We have a land in Bhiwandi. So are we planning to...?
- Mukund Mehta:** At the right moment, we will do it.
- Bhavin Mehta:** At present, we are focused more on pharma. So we will be because as you rightly said that, the numbers matter. So we are also working on these numbers, so that we are more focused towards the pharma market.
- Kashish:** All right, sir. That is from my side and all the best, sir.
- Bhavin Mehta:** Thank you.
- Moderator:** Thank you. We'll take our next question from the line of Chinmayi from Moneybee Investment Advisors. Please go ahead.
- Chinmayi:** Hello, sir. Thank you for the opportunity. So, sir, I think the past participant has already addressed a few of my questions. With regards to the land parcel you have, in Bhiwandi, do you have any plan to monetize this thing going forward?
- Bhavin Mehta:** So I think so. We've already clarified that, at the right opportunity, we'll plan to do that. So at present, ma'am, we are fully focused on the capex that, we wish to do and ensuring that, we have a sustained growth looking forward. So that is what the plan is at present.
- Chinmayi:** Okay. And sir, with the new capacity that you have coming up in Khopoli, is there -- can you give us a number on the size of the capacity that will be coming up?
- Bhavin Mehta:** We'll do that. I think one more lady has asked for that. So we'll consolidate the figures and give it to you, what is the current and the additional capacities that, we'll be having.



- Chinmayi:** Okay. And with regards to the factory in Ethiopia, so is it currently... on how many shifts is it running currently?
- Bhavin Mehta:** One shift, ma'am.
- Chinmayi:** But do you plan to take it forward to multiple shifts, say two or three?
- Bhavin Mehta:** The gentleman just asked that, how do you plan to do. So, I answered that, when the government contract kicks in, means what we are discussing with the government in order for them to buy locally rather than importing, we'll have to run minimum two shifts. That is what the plan is. And in order to sustain the private market, because right now, whatever sales you are seeing is in the private market, we might have to go for the third shift. So that is what the plan is.
- Chinmayi:** Okay. That takes care of all my questions. Thank you so much for your time.
- Bhavin Mehta:** Pleasure, ma'am. Thank you so much.
- Chinmayi:** Okay.
- Moderator:** Thank you. We'll take the next question from the line of Sanjeev Kumar from SKD Consultancy. Please go ahead.
- Sanjeev Damani:** Namaskar, ji. I am Sanjeev Damani and I really pay my respect and appreciation for the management for bringing up this company to this stage. So if I'm audible, I begin my question.
- Mukund Mehta:** Yes, thank you. Come on.
- Sanjeev Damani:** Sir, one question which emerged from the discussion itself is, if you can kindly indicate the value of land that company possesses and which can be disposed of, approximate value, not necessarily precise value.
- Bhavin Mehta:** Fine. We'll come back to you on this.
- Sanjeev Damani:** Okay. Now coming to one more fact that, the registration fees and commission have risen to more than double, but the sales have not risen in that proportion. So it is merely commission that, have risen or some registration renewal pieces for product registration in various countries that, this expense reflects. Can I get a confirmation from you, sir?
- Mukund Mehta:** Right. I'll ask my CFO to just answer your query.
- Sunil Jain:** Yes, sir. If you see our result part, our sale also increased by 30% to 35% compared to last year. So if you see the...
- Sanjeev Damani:** On annualized basis, sir?
- Sunil Jain:** On annualized basis.
- Sanjeev Damani:** It is more than double, sir. The amount is INR548 for previous year. This year it is INR11.42 crores.



- Sunil Jain:** Correct.
- Sanjeev Damani:** So, site export product registration, then, I would presume that, you really need to renew certain registrations in various countries for various products or you might be going for more registration elsewhere or in the same country for more products. So kindly confirm.
- Sunil Jain:** Yes, sir. Basically, this expenses include two parts, registration and commission. So I think registration and commission, if you see the figure, then commission part is more than the registration charges. So this figure is showing almost INR4 crores higher to last year. So reason for this, basically, we have the country manager in all the respective countries and their fixed expenses, commissions, traveling expenses also increase in this year. So overall, if you see the expenses, it increased compared to last year.
- Sanjeev Damani:** Okay, sir. So, sir, one more question I want a confirmation is regarding are we only manufacturing formulations and ready to use drugs or do we also make certain APIs necessary to make these drugs?
- Bhavin Mehta:** We do only formulations.
- Sanjeev Damani:** We do only formulations. Okay. Now, what is the estimated capital expenditure for the new Khopoli project that we are selling, sir?
- Mukund Mehta:** More than 100 crores.
- Sanjeev Damani:** More than 100 crores. Okay. Okay. Okay. Thank you very much and all the best to you, sir. And if I need, I can contact in the office regarding those questions.
- Mukund Mehta:** Yeah, you can contact Pushpa.
- Sanjeev Damani:** Okay. Thank you. Thank you.
- Mukund Mehta:** Thank you so much. Thank you so much.
- Management:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Keval Ashar from DSP Mutual Fund. Please go ahead.
- Keval Ashar:** Thanks for taking my question. So, sir, two questions. First is, do we get any tax benefit in the Ethiopia manufacturing unit?
- Bhavin Mehta:** Yes, very much. There is four years income tax benefit.
- Keval Ashar:** And sir, when does it start from? So, was it when we established the plant or when it commenced? So, when is this due till?
- Bhavin Mehta:** Yes, it started from 21 July, '21.
- Keval Ashar:** Okay. So, it's till July 25.



Bhavin Mehta: Yeah.

Keval Ashar: Got it, sir. And the last question from my side is that, what are the average realizations for Cephalosporin in like in the tender based contract?

Bhavin Mehta: Okay. So, we have yet not supplied in the tender. You are asking specifically for Ethiopia, right?

Keval Ashar: Yeah, sir. Ethiopia.

Bhavin Mehta: Yeah. So, we have yet not supplied in government because we were of the opinion that government has to provide us the forex. So, now the government has understood our issues and they are ready to sit to the means. They have agreed that they will provide the forex. So, I think so this year, I think I will be able to come back to you that what is the realization then because whatever sales you are seeing is from the private market.

Keval Ashar: Sure, sir. In the private market, what would be the realization for Cephalosporin in Ethiopia?

Bhavin Mehta: In terms of ?

Keval Ashar: So, realization, average realization for Cephalosporin which we sell in private market.

Bhavin Mehta: Yeah, but it is in terms of bps. So, it is around 30 bps to 35 bps.

Keval Ashar: Okay. 30 bps to 35 bps. Okay. Got it, sir. Thanks and all the best for coming here.

Management: Pleasure.

Management: Thank you.

Moderator: Thank you. We take the next question from the line of Girish Shanbhag. Investor, please go ahead.

Girish Shanbhag: Hello. Good afternoon. This is regarding your Khopoli plant expansion. How are you planning to fund that expansion?

Bhavin Mehta: So, we are talking almost we have got the sanctions from the banks to fund the project.

Girish Shanbhag: Okay. So, mostly it will be external loan. We are not planning to. Okay. That is all. That is all from my side. Thank you and all the best.

Management: Thank you. Thank you.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of the question-and-answer-session. I now hand the conference over to Mr. Gopal Chandak from Kirin Advisors for closing comments. Over to you, sir.

Gopal Chandak: Thanks everyone for joining the conference call of Kilitch Drugs India Limited. If you have any query, you can write us at research@kirinadvisors.com. And once more, thank you everyone for joining the conference call.



Management:

Thank you so much.

Mukund Mehta:

Thank you. Thank you everybody for asking question and we hope that we have answered to your satisfaction. Thank you. Good day. Stay safe.

Moderator:

Thank you very much, sir. Thank you members of the management. Ladies and gentlemen, on behalf of Kirin Advisors, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.