

Caplin Point Labs.

12 August 2026

Operator: Ladies and gentlemen, good day and welcome to Caplin Point Laboratories Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Candice Pereira. Thank you, and over to you, ma'am.

Candice Pereira – Dolat Capital: Thank you, Atharva. Good evening, everyone. I, Candice Pereira, on behalf of Dolat Capital, welcome you all to the Q1 FY27 earnings call of Caplin Point Laboratories Ltd. Today, from the management team, we have with us Mr. CC Parthiban, Chairman; Mr. Vivek Parthiban, Vice Chairman; Mr. Ashok Parthiban, Vice Chairman; Dr. Sridhar Ganesan, Managing Director; and Mr. D Muralidharan, CFO. I would now like to hand over the call to the management for their opening remarks. Over to you, sir.

Vivek Parthiban – Vice Chairman: Thank you, Candice, and thank you to Dolat Capital. Welcome, everyone, to our earnings call to discuss the results of Q1 FY27. Please note that a copy of all our disclosures is available in the investor section of our website as well as on the stock exchanges. Anything said on this call that reflects our outlook for the future or that could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces. The conference call is being recorded, and the transcript, along with the audio, will be made available on the company's website as well as on the exchanges. Please note that this conference call is copyright material of Caplin Point and cannot be copied, rebroadcast, or attributed in the press or media without the specific written consent of the company. With that, I would like to hand over the floor to our Chairman for his opening remarks.

CC Parthiban – Chairman: Thank you. Good evening, all. Welcome to our investors' call for the quarter ended June 2026. When everyone said Caplin was no more, we proved that we are still here. Ours is a turnaround story. Today, we are neither a parrot that talks too much but cannot fly, nor an eagle that has the power to touch the sky. However, Caplin is a Jonathan Seagull that aims to fly like an eagle and eventually achieves it as well.

Now let me present the operating architecture of our manufacturing and marketing. My colleagues will present the various factories that are being built and unbuilt for the regulated markets. Further, our registrations in smaller and larger geographies have created a compounding effect for our company. The proof of our competitive moat is that our free cash reserves stand at 1,500 crore, and our total liquid assets are in the region of 2,875 crore. Our assets, in the form of factories and other assets, will become the engine of growth in the years to come. We now encourage women's empowerment on our shop floors. They are more obedient and disciplined, and that has also brought productivity to the shop floors compared with the earlier days.

Most of our machines are now totally automated. They are either imported from Germany or Italy for our future facilities and for the expansion of our current facilities. We have digitized the entire factories. In fact, at CSL, we have completed 80% to 90% of the digitization, and in the next 6 months it will become paperless. We will try to replicate the same across all our facilities so that digitization will be completed and the factories will become paperless.

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In addition to that, we are introducing Video Masters for visual learning. This will help convert individual memory into institutional memory and will also give us institutional intelligence. Video Masters will help us capture the entire qualification process so that, even if the person involved in the qualification leaves the company, the knowledge will remain in the company's video library.

We are also introducing AI cameras, and we are planning to implement digital twins, perhaps in 1 or 2 years from now. This will help us with remote monitoring, which alone can help us understand transparency in the facilities as well. We have vertically integrated infrastructure comprising intermediates, APIs, FDs, and finished drugs for the regulated markets. Most of the APIs that we plan to manufacture will be for captive consumption. We will not manufacture commodity APIs ourselves; rather, we will buy them from either India or China for our regulated-market business.

Now, coming to marketing. Products may become commoditized, but if the business model is unique, it will never become commoditized. That is the reason our cash flow and profit continue to grow despite our presence in the smaller geographies of Latin America. We have created a compounding effect for our business, as I told you before. Now that we are entering larger geographies, where we currently have a mix of tender and private-market business, we will focus more on the private market, where there is less competition for generics from India and China. We now plan to buy a distribution company in Mexico, which will make it easier for us to understand product selection and identify customers.

Our current challenge is not a dearth of orders but a lack of capacity in our 2 major factories, CPI in Pondicherry and CSL in Gummidipoondi. Hence, we are expanding into new factories. It is only a question of time before we complete these factories. Once we complete them, although it may take 1-2 years or 2.5 years, we are confident of increasing our business manyfold.

Our profits and cash flow will continue because of our business model. Most of the time, our business continues to flourish because 20% of our products, the fast-moving products, always remain in warehouses located next to the customer. The goods representing that 20% are always stocked in the warehouses for 6 months. This helps the customer and has created a fan club for Caplin products. Once we complete all our regulated-market factories, with all kinds of pharmaceutical formulations, in 2 to 2.5 years from now, we are confident that we will reach even greater heights.

The compounding effect will build our business, and the strategic redundancies created in our factories will protect our business. We are moving from a manufacturer-to-customer model toward a customer-proximity inventory model by planning to obtain registrations in larger geographies as well. The proximity-plus-strategic-redundancy-plus-compounding-effect model of Caplin will continue to flourish in the future. Manufacturing far away, in either India or China, with inventory close to demand and intelligence even closer to demand, supported by data dominance of our facilities, is going to be our operating philosophy for Caplin Point. We design our business; our business is not defined by others.

Let me end with a nice narrative. The flame of a candle does not fear the dark; it defines it. We are confident of creating a great transition from good to great. Thank you.

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Vivek Parthiban – Vice Chairman: Thank you, Chairman. Once again, welcome to everyone joining us on this call. We have always believed that the real strength of Caplin is not just in any individual product, geography, or particular quarter. It is the consistency of the underlying business model, our ability to grow across existing and new markets while generating healthy cash flow and profitability, growing our top line, and meticulously reinvesting in capabilities that will support our next phase of growth. I think Q1 is another good reflection of that.

Our emerging-market business continues to be a very dependable growth engine for us. Latin America has been built over 2 decades by Caplin through a combination of a strong distribution network, supply-chain consistency, and, more importantly, a deep understanding of the markets in which we operate. We continue to see opportunities across virtually all our existing markets, which shows how Caplin's existing markets continue to grow. What is particularly encouraging is that we are not just trying to extract more growth from existing businesses; we are expanding the addressable opportunity through new areas such as the oncology segment and branded generics, as well as new markets such as Chile and Mexico.

Coming to Mexico, we have a substantial pipeline of internally developed products and in-licensed products planned for filing. Chile and Central America continue to see good traction in tender and private-market business. Coming to the US, we continue to see robust growth in cash flow, bottom line, and top line, which are the 3 most closely watched parameters for us, in that particular order. We have spent several years building the capabilities to participate meaningfully in the US sterile-injectables space, and we are slowly starting to see the results of that now. We have a very good blend of critical-care injectable products that are used in every health system in the US and other markets, supplemented by a growing ophthalmic-products portfolio. Going forward, we will also see products with much greater complexity coming out of CSL, which should add to our bottom line.

The important point for us is that this is no longer only about supplying products to the US. We are gradually building a much more integrated platform, from R&D and manufacturing to regulatory capabilities, while also having our own label for commercial operations and direct relationships with customers. This will shortly be augmented by our own API, which will also give us very good control over our supply chain, a critical area in this space. Caplin Steriles US is an important part of our evolution. We have already launched a meaningful number of products under our own label, and we are increasingly developing direct relationships with large and small IDNs, in addition to the large wholesalers in the US. We believe this gives us greater control over the commercial side of the business and greater longevity for our products. Over time, it should allow us to capture more of the value we are creating.

This brings me to the most important part of our strategy. We are investing ahead—

Vivek: —of our growth, as the Chairman was saying, through the capex we are putting in. The next phase of Caplin is going to be very different from simply adding more products to our existing platform. We are building capabilities across the entire value chain. We are increasing our sterile manufacturing capacity. We have already expanded into oncology, we are developing API capabilities to increase backward integration, and we are expanding our oral-solids and dermatology capabilities as well. Soon enough, we are also planning to build manufacturing

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capabilities closer to the market in Mexico. We are also investing in the expansion of Amaris Clinical for a larger number of BE studies for our growing portfolio of products, and, importantly, we are doing this from a position of financial strength.

We have not taken a single dollar from outside in the form of a bank loan. Our CFO will provide more detail on our balance-sheet strength. So, when we talk about being future-ready, this is what we mean. As we look ahead, our ambition is not just to become a larger pharmaceutical company. We want to build more of a platform with a strong presence across geographies, a broader portfolio, greater vertical integration, and strength across manufacturing and R&D capabilities. The first phase of Caplin was about building a successful business model. The next phase is about scaling that model and building capabilities around it. We try to identify which patterns have worked for us in the past and repeat those patterns for our future growth as well. With that, I hand it over to our CFO to take us through the financial performance for this quarter, and we will open the floor for questions after that. Thank you.

Murli – CFO: Thank you. Thank you, Mr. Vivek. Good afternoon, ladies and gentlemen. I would like to take this opportunity to thank everyone for taking the time to participate in this call. I am pleased to reiterate what I said during our Q1 investors' call for FY26: what is well begun is half done. We have begun this quarter well, with some of the highlights that I would like to present.

Overall revenue grew by 26%, supported by 18% growth in our conventional market and, more importantly, 26% growth in the US market. The LATAM business recorded strong growth, supported by a major tender won in El Salvador and supplied mostly in the last quarter. US revenue growth was predominantly driven by the US subsidiary that Vivek mentioned, where revenue increased from 14.4 crores in the previous year to 43.1 crores, which is about a 3-times, threefold increase. This represents absolute growth of almost 30 crores over a base of 14.4 crores. The business is well positioned to make a significant contribution to PSL and the group's overall growth going forward.

Gross margins stood at 59.8%, which is in line with our target and expectations, and we expect them to remain at a similar level through the year. The US contributed approximately 25 crores of the total 50 crores increase in gross profit. This shows how CSL is reaching parity and will become a more significant player in the future growth of the company.

Operating expenses increased in absolute terms from 137 crores to 151 crores. However, as a percentage of revenue, they declined from 25.7% to 23.6%. This improvement in operating efficiency more than offset the movement in gross margin, resulting in an increase in EBITDA margin from 37.7% to 38.4%.

Depreciation increased by 5.3 crores, primarily due to the capitalization of Line 6 in PSL, the oncology injectable project in Karkala, the Vizag API plant, and additions over and above what we initially anticipated. PBT grew by 22.1%, increasing from 184.5 crores to 225.2 crores. The effective tax rate stood at 20.5%, in line with the target of 20%. PAT stood at 179 crores, representing a 19% increase over the previous year.

Cash flow from operations is expected to improve from the current 95 crores reported for the quarter. This is primarily due to the conscious decision to increase warehouse stock from 429 crores in March to 505 crores, an increase of about 76 crores, which, in terms of sales, will be at

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least 2.5 times, to protect against potential supply disruptions and ensure supply-chain continuity amid the ongoing geopolitical situation. Additionally, to protect against potential increases in raw-material prices arising from escalation and oil-price fluctuations, we have increased our RM-PM inventory by 15 crores.

These are the 2 factors. Apart from that, receivables have also gone up by about 46 crores compared with March, primarily due to supplies to the government during the quarter. These receivables are all expected to be received by Q3 FY27. These are the primary reasons why you would see moderation in CFO compared with our conventional increase. These increases are not likely to repeat in the same quantum going forward from Q2 onwards, so the entire profit will flow into CFO.

Cash and cash equivalents, as the Chairman put it, increased by 266 crores. We were at 1,307 crores, 1,237 crores as of last June, and we are at 1,508 crores as of June 2026. Liquid assets increased by 30%, or 668 crores, from 2,207 crores to 2,875 crores, primarily consisting of cash, receivables, and inventory. Shareholders' funds, or net worth, increased by 25% in the last 1 year, or by 762 crores. From 3,013 crores, it increased to 3,776 crores in June 2026.

We have to be modest in saying that, when we compare ourselves with our peers in terms of ratios such as EBITDA, PBT, and PAT, we are way ahead—way ahead—of our comparable peers in the market. With these opening remarks, I would like to conclude, and we will be able to answer any questions from the participants. Over to you, Mr. Vivek.

Vivek: Thank you, Mr. Murli. We can open the floor for questions now, please.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Abhi Jain from AJ Capital. Please go ahead.

Abhi Jain – AJ Capital: Hi, good afternoon, management team.

Vivek: Yes, please.

Abhi Jain – AJ Capital: First of all, congratulations, sir, on a great set of numbers. It is good to see that the growth rate is being maintained and that you are on track to achieving your long-term goal. Congratulations on that.

I had 2 questions. First, I wanted to discuss rest-of-the-world profitability at the PBT level. If I look at the numbers year-on-year, in Q1 FY26, the PBT profitability for the rest of the world was at 37.5%. That came down to 34.6%–7% in Q4 FY26. This quarter, it is down again to about 33-odd percent. I want to understand where you see this holding up. Will you be able to guide us on what this level would be for FY27 and beyond? We have seen that, quarter-on-quarter, it has been declining by 1-2 percentage points over the last 12 months. Can you guide us on that?

Murli – CFO: You have one more question to complete, or is it okay to answer this one?

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Abhi Jain – AJ Capital: Yes. The second question is on capital allocation. I can ask it once you have answered this, and then we can move on to that.

Murli – CFO: The 1% and half-percent decline you are talking about is true, but I would request you to look at the free cash reserves and the total liquid assets. It is quite normal for any company to see a possible decrease of 1% or 1.5%. When the business, especially the generic business, is in a position to generate substantial cash and profitability compared with our peers, I think it is fairly acceptable.

In addition to these markets, our focus is now also moving toward other markets. The second most important thing is that our expenses are also increasing slightly in these places because the products we have been marketing are more generic, and the second level of marketing also increases expenses. Therefore, that 1% or half-percent decline is not going to continue reducing every year-on-year or quarter-on-quarter. It might even improve. I am sure it will improve after a point in time, when we plan to introduce more and more products that will create value for our generic business as well.

The reason is that this is not merely a commodity-type business where generics give you these kinds of properties, because of the differentiation in our business model. Yes, please go ahead.

Vivek: May I request our Director of Finance to provide one more point for additional information?

Director of Finance: If you recall, the target we had set or committed to was approximately 55% contribution margin. We are way ahead; we have performed much better. When you compare the 55% we committed to with the 59.8% we achieved, there is nothing to worry about.

As the Chairman rightly said, we cannot assess this quarter-on-quarter because you have to look at the full year. It depends on which products we sell, which market we sell in during a particular quarter, and what contribution those products and markets yield. Please rest assured. We had stated this, and I also mentioned it in my opening remarks: we achieved 59.8% and expect to remain around that level, or approximately 60%. Although we committed to 55% and 25% PAT, we are way ahead on both parameters.

Abhi Jain – AJ Capital: No, I understand that, sir. You are obviously maintaining and achieving your overall numbers. I just wanted to understand the details and the steady-state profitability level in the rest of the world that we can expect. That was my question.

Coming to the second part of the question, you answered that cash can result in some drag. I wanted to understand your capital allocation. I see that you have 1,000-odd crores of cash in hand, most of which is invested in debentures and bonds. Do you have any thoughts on improving the yield by investing in index funds? If you look at the Nifty 50 or Nifty 500, these have delivered steady compounding of 9% to 10%, give or take, over any 4-5-year horizon. Do you have any plans to invest part of it in index funds?

These are relatively safe and provide a yield that is 100 to 200 bps higher than corporate bonds. I wanted to put this on the table for your consideration. It could help improve annual profitability by 100 to 200 bps, considering the 1,000 crores of cash reserves that you have. That is my question.

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Vivek: Thank you. That is a valid suggestion. In fact, this was discussed during our recent board meeting as well. We have moved from a position of being ultra-conservative, with everything invested only in FDs, to gradually moving up the risk chain, if you want to call it that. Your points are well taken.

One of our directors also suggested that we can be slightly more open to risk. I would not call it adventurous, but we do not have to remain at the very bottom in terms of risk appetite when it comes to investing our reserves. I think we will gradually move up. We are already invested in credit funds, debt funds, and similar instruments. I think index funds could be the next option for us to evaluate.

Perhaps, over a period of time, we can work on having an investment policy for excess funds. However, we always want to ensure that capital protection is more important than returns. Once again, your point is well taken. An additional 1 or 2 percentage points on this kind of quantum would certainly be a large number, and we should not ignore that.

Murli – CFO: Sir, just to add one more point, in terms of long-term investments, as we have been discussing in every meeting, we are also keeping our eyes and ears open for inorganic opportunities. We would like to have the cash at our disposal whenever it is required.

Vivek: As part of the portfolio, a portion of that 1,000 crore can go into high-yield instruments to make a small beginning. Point well taken. We will do that.

Abhi Jain – AJ Capital: Yes, sir. The biggest investor on the board—

Management {? Vivek ?}: —and capital protection is probably the biggest investor that Warren Buffett uses. He uses his cash flow for investing in index funds and investing in safe equity. Obviously, we should not be so scared of it. Indian equities, especially index funds, have a long track record of providing at least 9% to 10% returns over a 4–5-year horizon. I think we can be more open about it. It helps improve our profitability by 1 to 2 percentage points every year. So why not do that? That was just a suggestion.

We can start with perhaps 200–300-odd crores, or 20% to 25% of the portfolio. You can use 70% for inorganic opportunities and acquisitions. I was just thinking that if Warren Buffett can do it, certainly we can do it ourselves here. That is all.

Operator: Thank you. Point taken. Thank you. Thank you. Ladies and gentlemen, to ask a question, please press star and one. The next question comes from the line of Prakshal Sakariya from Sakariya Investments. Please go ahead.

Prakshal Sakariya – Sakariya Investments: Hello, hi. Am I audible?

Management: Yes, yes, please.

Prakshal Sakariya – Sakariya Investments: I have 3 questions. The first question is that I think Mr. Vivek mentioned that you are looking at a distribution company in Mexico. Have you narrowed down to any company yet?

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Management: Yes, I was the one who mentioned that. There are 3 to 4 such opportunities. The Vice Chairman and another company representative, {? Ashok Parthiban ?}, have looked at them and will collect the details and send them to us. After that, we will have to conduct due diligence and take a call.

Prakshal Sakariya – Sakariya Investments: So we can expect an acquisition soon, perhaps?

Management: It must be a meaningful acquisition, as I told you. The idea behind acquiring a distribution company is to understand the products and select products and customers. This will also give us an opportunity to understand the distributor's entire reach. If the distributor covers the entire country, that is a major opportunity.

We will then understand which pharmacies, small chains, smaller hospitals, and private hospitals the distributor covers. Accordingly, we will have to take a call and make a decision. Those details are very crucial. If the distributor is selling only multinational products, it does not make a difference to us. If it is selling products of local companies, we will be very keen and would even like to buy it at a slightly higher cost.

If it is selling only multinational products, you know very well that multinational products have been sold in such markets for 60–70 years, or even 100 years, and more. Local companies have generally been present for no more than 20, 30, or 35 years. That also makes a lot of difference. Most multinational products are patented products whose patents have expired and which have subsequently become generics. Local companies manufacture only products whose patents have expired. That is similar to our model and our generic business.

Prakshal Sakariya – Sakariya Investments: Understood. My second question is for Mr. Vivek. I think we are currently running 5 sterile lines and moving toward 17 sterile lines, which would be one of the largest capacities in the country. What gives us confidence about the healthy utilization of those 17 lines? Seventeen lines is a huge number. Are we expecting that much demand from the US? Are we receiving a lot of inquiries currently?

Management: May I address this first, and then I will ask Mr. Vivek to add to it? Anyone can answer; I just want to provide the answer.

For the last 4 years, I have been sitting in the factory, so I would like to provide some perspective and give you the right answer to the question as well. Out of the 7 lines that we have here today, we find it very difficult to handle the orders coming to us.

One main reason is that, when we were smaller and did not know much about the technology, we did not balance it properly. Three of our lines are a mix of terminal and aseptic operations. Whenever we expanded, we expanded in a way that was not entirely correct. This leads to many complications. It is not a major issue in terms of quality, integrity, or safety, but it leads to breakdowns.

The first phase of our injectables business took 10–12 years. We received our first USFDA inspection in 2016. The second phase comprises all new lines, such as Lines 4, 5, and 6. When we move to Phase 3, we will not use all 7 lines; we will start with 3 lines. We will move all the aseptic operations

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to an aseptic line with an isolator. This means that aseptic practices will be totally eliminated because isolator lines do not require aseptic practices.

When we move into ophthalmics, the ophthalmic machine that we are going to import from Germany will also be a very sophisticated line and will involve less human intervention. The third point is that, as I told you, we are not only moving toward automated machines; we are also moving toward digitization.

Once digitization is completed, especially for LIMS, QC, microbiology, e-log, e-BMR, and e-BPR, the entire process will become paperless. The third point, as I told you, is visual intelligence. People will learn everything through video because seeing is believing. People can learn when someone teaches them, but there is a possibility that they may forget. If someone sees and performs the work, it becomes easier for them as well.

With all these additional advantages, in addition to AI cameras, when we approach customers, we will be one of the few companies of our size with this kind of capability. I am sure we will be in a position to obtain good business going forward because of the state-of-the-art model I described, in terms of machinery, digitization, and the video-based way of doing things.

The entire qualification process was generally conducted by people, and when those people left, both the memory and the intelligence left with them. Now, that knowledge will remain in the video library. Therefore, you will not necessarily have to worry as much about people; you will have to focus more on the system. If the system is integrated with AI cameras, the MIS will also come to us more easily, and it will be easier to manage.

Someone in the US who wants to see whether we have taken up products for production can also see it from the US while production is taking place here at night. The night here is the day there. Injectable manufacturing operates 24/7. So, there are many advantages that every customer will have.

Most CMOs of our size may not have these advantages. On top of that, we also have R&D for both APIs and formulations. We will be in a position to undertake R&D and other activities in the form of tech transfers as well. These are some of the advantages we have. I am sure we will be in a position to increase our business. I now invite the Vice Chairman to say a few words about this as well.

Ashok Parthiban – Vice Chairman: From the commercial side, if you see, we are booked out until almost February of next year. We have been barely able to keep up with demand, and the expansion of capacity is extremely crucial for us to keep up with growing demand.

Number 2, out of the 60-odd ANDAs that we have, only 39 have been launched. We also have to continue working on launching the remaining products.

Number 3, we have another 40-plus products in the pipeline, including pre-filled syringes, ophthalmic suspensions, and other products, which also need to be brought into the portfolio.

In the new facility, we are also entering very niche areas such as blow-fill-seal products and inhalation products, and potentially other sterile dosage forms as well. All of this together will be close to 15-plus lines. I am not even taking into account any capacity requirements that we will have

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when we enter full-scale operations in Brazil, Mexico, and other markets.

Therefore, by no means do we think this is overexpansion or anything of that kind. In fact, we are expanding slightly ahead of time. Finally, we have always had an eye on entering early-stage biosimilars, especially through partnerships with large Chinese companies that we have already been in touch with for the last couple of decades because of our presence in China.

All of this together gives us confidence that, with all the automation the Chairman has been discussing, the sterile space will be an important area for us to expand into.

Management: The most important point I forgot to mention is that this is not debt-driven. It is all being funded through internal cash flow. If the project is slightly delayed, we do not have to worry too much about it, although that will not happen. This is not debt-driven infrastructure that we have created.

Ashok Parthiban – Vice Chairman: Just to draw a parallel without mentioning names, the largest injectable capacity in India has close to {? 29 or 30 lines ?}. That company also continues to invest in additional capacity. This is just to draw a parallel.

Prakshal Sakariya – Sakariya Investments: Thank you so much for such a detailed answer. I have just one last question. I have been tracking the company for the past 5 years, and I really look up to you. I want to know one thing: as a visionary, what do you see the company becoming over the next 3 to 4 years, perhaps by 2031-32? You always say that we will become a big company. How do you define “big,” and how do you see the company over the next 3 to 4 years?

Management: What you are asking is essentially about the transition from the former self to the future self. It is not about how much we have grown; it is about what kind of company we are becoming.

If I have to describe the size, more than the size, look at the kind of infrastructure we are building. Whether it is injectables, tablets and capsules, ointments, or any other area, we will have facilities that are in line with international standards, so that we can enter regulated markets worldwide. It could become a global dossier in the future.

The second important point is that we also plan to enter countries such as Mexico and start a factory there, where we have already purchased the land. The advantage is that, if you set up a factory there, you get a 16% price advantage when participating in tenders.

In the business we conduct, we are not only interested in tenders. We are also interested in doing more business in the private market, which is not easily replicable by companies of our size. The large companies are not very keen to enter the private market. You can verify this. In some cases, the importer buys a few products and sells them to local people. Even if large companies have an office there, they sell to the top distributors.

We will go to the length and breadth of these countries. My son, who is the Vice Chairman of the company, has been in this part of the world for the last 22 years. Our maximum focus will be on Mexico and Brazil through Ashok, and on the US through Vivek.

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Even in the US, 70% may be controlled by 3 top companies, but 30% is still available. If you capture 10% to 15% of that 30%, it is itself a huge market.

Once you create the infrastructure, digitize it, and modernize everything, and once customers understand that the 4 pillars—integrity, quality, safety, and productivity—are ensured, productivity will not be an issue. Productivity will not be an issue. I am sure of that.

If you ask me to quantify it, I would prefer us to be among the top 3 companies in the country.

Prakshal Sakariya – Sakariya Investments: Okay, understood. Thank you so much for answering, and good luck.

Management: Thank you. Thank you.

Operator: Thank you. A reminder to all participants: to ask a question, please press star and one. Ladies and gentlemen, to ask a question, please press star and one. The next question comes from the line of Abhi Jain from AJ Capital. Please go ahead.

Abhi Jain – AJ Capital: I have one follow-up question on capital allocation. Do you foresee an increase in dividend payout going forward, or do you think you can deploy the capital more effectively through acquisitions and investments? I would appreciate some clarity on that.

Management: It is difficult to answer this question because, if we find a very good opportunity, we would definitely like to deploy our money in an acquisition, provided it is a meaningful acquisition, as I told you. Otherwise, we would also like to share it in the form of dividends.

Abhi Jain – AJ Capital: I am sure we will be able to continue this way. That is not going to affect our cash flow.

Management: Right. All right.

Abhi Jain – AJ Capital: Obviously, you should prioritize acquisitions and increasing your capital base. However, if in any year you do not have such an opportunity, a special dividend or an interim dividend could probably be a better use of the funds. That is up to you and the board. It is just a suggestion.

Management: Correct. Correct.

Operator: Thank you. The next question comes from the line of Prahal Sakariya from Sakariya Investment. Please go ahead.

Prahal Sakariya – Sakariya Investment: Hi, I have a follow-up question. When do we expect all 17 lines to be running completely? When can we start expecting numbers from those 17 lines?

Management: It will take between 1.5 years and 3 years. In another 6 to 7 months, we will start Line 7. Then, in 1.5 years, we will start the next phase.

At the end of the day, when we say we are starting, commercial operations will start, but registration of the products is also required. Even if you have additional ANDAs, they have to be

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transferred to the other facility, which is a completely different company. It is not part of CSL; it is a subsidiary of Caplin Point, but it is not part of CSL.

Therefore, the registration and other changes—sorry, the change in the dossier—all these things, of course, Vivek will be in a position to explain. Please go ahead, Vivek, and explain this.

Vivek: We currently have 6 lines at the facility, and the seventh one is coming up. If you look at our oncology facility, we also have a line there. At this point, we are talking about 8 lines already.

By this time next year, we should have 5 more lines at the new facility, which is what we call Phase 3. Finally, we have provision for 3 to 4 more lines, which we will potentially activate by 2029 and beyond. I would say we have complete visibility on when 13 lines will be operational, including the oncology side. However, regarding the provision for the last 3 to 4 lines, we will have to take a call closer to the commissioning of the existing lines.

From a revenue perspective, when you are talking about moving a product from a current line to a new line, especially in the US market, you are looking at at least 9 to 10 months before it starts. There is something called a post-approval supplement, under which you need to run batches, place them on stability for 3 months, and then file the application. It takes 6 months to obtain approval and complete the other related processes.

Therefore, any product that is transferred from the current facility to a new facility will take approximately 9 to 10 months before it starts becoming commercially operational there.

Prahal Sakariya – Sakariya Investment: Understood. Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Ajay, an individual investor. Please go ahead.

Ajay – Individual Investor: Hello? Hello, am I audible?

Vivek: Yes. Yes.

Ajay – Individual Investor: I had a couple of questions. First, I think in the last call you mentioned that we had a tender in the Ecuadorian market. I wanted to know what the spillover from that tender would be in this quarter and what we can expect from next quarter onward. Is that tender completely finished?

Vivek: I think this was El Salvador, not Ecuador. Our CFO can provide some information on it. It may not be completely accurate because we continue to receive replenishment tenders and similar orders. We can give you a basic picture. Go ahead, Mr. Parthiban.

Parthiban – CFO: Thank you, Vivek. The original tender has been mostly, or almost completely, supplied. We have also been receiving supplementary tenders, although not at the original volume—perhaps 10% to 15% of the original volume. We expect this to repeat. We have participated, and we expect the decision in a couple of months. Hopefully, we should receive it as well, but we are not committing to anything as of now. Supplementary tenders will continue to come in, and for

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whatever product is supplied, additional quantities will continue to come quarter-on-quarter.

Ajay – Individual Investor: Understood. Secondly, could you provide some information on Amaris Clinical and its contribution to the company currently, as well as how you see its contribution to CSL developing over time?

Vivek: Amaris will, by and large, serve as backward integration for us. We used to have some commercial operations there with third-party companies, but now, with the existing 70 beds and the planned increase to 120 beds in the near future, it will largely cater to our internal bio-studies.

To give you an idea, if we conducted bio-studies at an external BE center, and a study cost us approximately \$100,000, at Amaris it would cost around 50% of that. Therefore, the value addition will be indirect rather than directly reflected in the numbers.

Ajay – Individual Investor: In the future, do you expect it to remain internal, or would we be willing to offer its services to third parties?

Vivek: At least for the next couple of years, we expect it to remain internal. We have a significant number of products that we are developing through our oncology business and our softgel business. If we enter the inhalation space in the future, we also envision conducting the bio-studies for those products internally. Therefore, we expect Amaris to cater only to Caplin's requirements for the next couple of years.

Ajay – Individual Investor: Understood. Thank you. That is all from my side.

Vivek: Thank you. Thank you.

Management: Thank you. Thank you.

Operator: Thank you. The next question comes from the line of Ashish Srivastava, an individual investor. Please go ahead.

Ashish Srivastava – Individual Investor: Hi, is my line audible?

Management: Yes.

Ashish Srivastava – Individual Investor: First of all, congratulations on a great set of numbers. You have been very consistent quarter-on-quarter, delivering a great set of numbers. My question is regarding the GLP-1 product approvals for the Central American region that we were pursuing. I did not see any update on this in the current quarter's presentation.

Management: The GLP-1 products are a work in progress. They are currently under registration. We do not have any commercial business from those products yet. As and when we have an update, we will let you know. They continue to be under registration at the moment.

Ashish Srivastava – Individual Investor: Thank you, sir. That is all from my side.

Management: Thank you. Thank you very much.

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Operator: Thank you. The next question comes from the line of Ketan Chheda, an individual investor. Please go ahead.

Ketan Chheda – Individual Investor: Thank you for the opportunity. I do not really have any questions. I just want to convey my compliments for a wonderful performance. You keep delivering quarter after quarter, so I wish you good luck. Thank you so much.

Management: Thank you. Thank you so much. Thank you.

Operator: Thank you. The next question comes from the line of Ajay, an individual investor. Please go ahead.

Ajay – Individual Investor: Hello?

Vivek: Yes, can you speak a little louder, please? You are not fully audible.

Ajay – Individual Investor: What about now? Hello?

Vivek: Yes. Yes. Much better.

Ajay – Individual Investor: I had a follow-up question regarding our organic growth strategy. Are we also looking at opportunities in the Indian market, including distribution or regular generics?

Management: No, we are not looking for a distribution company in India. However, if there is an opportunity for us to undertake a meaningful acquisition in the Indian market, we will also consider it, but not a distribution company.

With generics in India, you do not make money through generics; you make money through brand marketing, which you are also aware of. We always prefer to look for a distributor in Latin America mainly, or perhaps in the US. Vivek will be in a position to decide that, as he has been taking care of that area.

Coming to Latin America, we know that this would add value to our entire business and to the business we are currently conducting. It could help us increase our base from one level to the next. The countries we are currently entering, such as Mexico and Chile, and later Colombia and Brazil, are all large countries.

Once we acquire a distribution company, we will be in a position to understand the entire customer list. That is why we are interested in distribution in Latin America.

Ajay – Individual Investor: Should I take it that entering the Indian market is not part of our immediate plans, but that we might consider it if an opportunity arises?

Management: To be very honest, in the Indian market we do not have the necessary expertise to manage brand marketing in India. Moreover, you would also agree that it is better to focus on our core competence.

We have been doing well in Latin America. As you have also seen, the model continues to grow well. Therefore, we will focus more on that. That is what we are planning to do, and we will also do more

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in the US. North and South America will be our primary focus in the future.

Ajay – Individual Investor: Understood. One last question regarding the new tariffs announced on pharmaceutical companies by the Trump administration, which are expected to come into effect 2 years from now. How do we view this, and how are we preparing?

Management: I could not hear the tariff question properly. Please repeat it.

Ajay – Individual Investor: The American administration recently announced a wave of tariffs on generics, which will come into effect 2 years from now. I know it is 2 years down the line—

Management: You must also be aware that he has been announcing many tariffs. We will cross that bridge when we reach it. Every country will protect its own industries. That is how countries will defend themselves in a de-globalized world.

There will definitely be opportunities when we establish our own factories in various larger geographies, but we will have to see whether this is the ideal time to do so. It will probably take some more time because starting a generic factory in the US will not be cost-effective.

Perhaps, when machine learning takes the form of robots that can see and perform manufacturing, robots will enter the manufacturing of generics. Then, even if production takes place in the US or another country where the cost of production is high, the cost could become similar to that in India. Therefore, we should wait and watch. We should wait and watch.

Ajay – Individual Investor: Understood. Thank you.

Management: Thank you. Thank you.

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

Vivek: Thank you. Thanks once again to everybody who participated in the investors' call. We also appreciate Dolat Capital for hosting it. We look forward to more interactions with all of you in the near future. Thank you.

Management: Thanks to all of you. Thank you. Thank you very much.

Operator: Thank you. On behalf of Dolat Capital Markets Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.