Management Discussion

Candice Pereira - Dolat Capital Market Pvt. Ltd.
Thank you, Atarva. Good evening, everyone. I, Candice Pereira, on behalf of Dollar 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. C.C. Parthiban, Chairman, Mr. Vivek Parthiban, Vice Chairman, Mr. Ashok Parthiban, Vice Chairman, Dr. Sridhar Ganeshan, Managing Director, and Mr. D. Muralidharan, CFO. I would like to now hand over the call to the management for their opening remarks. Over to you, sir.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Thank you, Candice, and thank you to Dollop Capital. Welcome everyone to our earnings call to discuss the results of Q1 FY27. Please note that a copy of all our disclosures are available on the investor section of our website as well as on the stock exchanges. And do know that anything said on this call which reflects our outlook for the future or which 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 the exchanges.

Do note that this conference call is copyright material of CAPLIN POINT LABORATORIES LTD and cannot be copied, rebroadcasted, or attributed in press or media with a specific written consent of the company. With that, I would like to hand over the floor to our chairman for his opening remarks.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Thank you. Good evening all. Welcome to investors call for the quarter ended June 2026. When everyone said CAPLIN was no more, we proved that we are now here. You know, ours is a turnaround story. Today we are neither a parrot that talks too much but can't fly, nor an eagle which has the power to touch the sky. However, CAPLIN is a Jonathan Seagull which aims to fly like an eagle and eventually makes it also. Now let me present you the operating architecture of our manufacturing and marketing, and my colleagues will present you about the various factories that are being built and built for the regulated markets.

Further, our registration in smaller and larger geographies created the compounding effect to our company. The proof of the competitive market is the free cash flow stands at-- free cash reserves stands at INR1,500 crore, and the total liquid asset is in the region of INR2,875 crore. Our assets in the form of actually factories and others will become the engine of growth in the years to come. And now we encourage actually women empowerment in our shop floors. They are more obedient and disciplined. That has really brought actually productivity also in the shop floors compared to actually the earlier days.

Now most of our machines are totally automated. Either they are imported from Germany or Italy for our future facilities and also for the expansion in the current facilities. And we digitized the entire factory. In fact, CSL, we have completed it to 80 to 90%, and in the next actually 6 months it will become paperless. We will try to replicate the same in all our facilities so that the digitalization will be completed and the factories will become paperless. In addition to that, we also-- we are introducing the video masters for visual learning.

Which will help the individual actually from the individual memory to the institutional memory. And also that will give us the institutional intelligence. Video Masters will help us actually to capture the

entire qualifications so that what will happen, even if the person who actually involved in the qualification leaves the company, the knowledge will remain in the video in the company. And we also further introduce the AI cameras and then We are planning to go for digital twins maybe in 1 or 2 years from now, which will help us to do the remote monitoring, which alone can help us actually to understand the transparency in the facilities also.

Ours is also vertically integrated infrastructure with intermediate APIs, unfinished drugs for the regulated market. And most of the APIs that we want to manufacture will be for the consumptions. And the commodity APIs, we will not go for our own manufacturing. We will rather buy either from India and China for our regulated market business. Now, marketing-- today products may get commoditized, but the business model, if it is unique, it will never get commoditized. That's the reason, no, our cash flow and profit continue to be actually growing in spite of actually the presence in the smaller geographies of Latin America.

We have created the compounding effect to our business, as I told you before. Now that we are entering into the bigger geographies where we currently have a mix of tender and private market business, however, we'll focus more on 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 our job easier to understand the product selection and customer identification. Our current challenge is not in the form of depth of orders but lack of capacities in our two major factories, which is CP1 in Pondicherry and the CSL in Gummidipoondi.

Hence, we are expanding to new factories. It's a question of time before we complete these factories. Once we complete this factory Although it may take 1-2 years or 2 and a half years, we are sure of increasing our business manyfold. Our profits and cash flow will continue to be there because of our business model. And most of the time, our business, as I told you, continue to be flourishing because 20% of our products, the fast-moving products, always stay in the warehouses which is next to the customer.

And the goods, 20% which I say, is always for 6 months of goods in the warehouses. It helps the customer, and it has created actually a fan club for CAPLIN POINT LABORATORIES LTD. Products. Once we complete our all regulated market factories with all kinds of pharmaceutical formulation in 2 to 2 and a half years from now, we, as I told you, we are sure to reach to greater heights. The compounding effect will build our business, and the strategic redundancies will-- that is created in our factories will protect our business.

We are moving from a manufacturer to customer towards a customer proximity inventory model by planning to buy registration in the bigger geographies too. The proximity plus strategic redundancy plus compounding effect model of CAPLIN will continue to actually flourish in the future too. Also, the manufacturer far away, that is either India or China, with inventory close to demand and intelligence even closer to demand, with data dominance facilities, are going to be our operating philosophy for CAPLIPOINT LABORATORIES LTD.

We define our business. Our business is not defined by others. Let me end with a nice narrative. The flame of the candle also does not create the dark. It defines us. It defines it. We are sure of creating a great transition from good to great. Thank you. Thank you. To give his presentation.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Thank you, thank you, gentlemen. Uh, once again, welcome, uh, to everyone for joining us on this call. Um, we have always believed the real strength of CAPLIN is not just in any individual product or

geography or any particular quarter. It is the consistency of the underlying business model, our ability to grow across existing markets and new markets while at the same time generate healthy cash flow, profitability, and grow our top line as well. Meticulously reinvest 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 two, two decades by CAPLIN POINT LABORATORIES LTD. 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 virtually across all the existing markets, which goes to show you how that CAPLIN POINT'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 expand the addressable opportunity through new areas such as oncology segment, branded generics, and also new markets such as Chile and Mexico. Coming to Mexico, we have a substantial pipeline of our internally developed products and also in-licensed products planned for filing. Chile and Central America continuing to see good traction in tender and private market business. Coming to U.S., we continue to see robust growth in cash flow, bottom line, and top line, which are the three most watched parameters for us in that particular order.

We have spent several years building the capabilities to participate meaningfully in the US sterile injectable 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, also supplemented by a growing ophthalmic products portfolio. Going forward, we will also see products with a lot more complexity coming out of CSN, which should add to our bottom line. The important point for us is that this is no longer about only supplying products into the US.

We are gradually building a much more integrated platform from R&D and manufacturing to regulatory capabilities, and 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 on our supply chain, which is a critical area in the space. CAPLIN POINT LABORATORIES LTD. 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 the large and small IDNs in addition to the big wholesalers in the US.

We believe this gives us greater control over the commercial side of the business, longevity on products, and over time it should allow us to capture more of the value we are creating. And this brings me to the most important part of our strategy. We are investing ahead of our growth. As Chairman was saying about the CapEx we are putting in, the next phase of CAPLIN POINT LABORATORIES LTD 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 also. Soon enough, we are also planning to build manufacturing capabilities closer to the market in Mexico. We are investing also into expansion in our, uh, Ameris Clinical for 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 throw more light on our balance sheet strength. So when we talk about being future ready, this is what we mean.

And we, as we look ahead, our ambition is not just to become a larger pharmaceutical company. We want to build more into a platform with a strong presence across geographies, a broader portfolio, and greater vertical integration and strength across manufacturing and R&D capabilities. And 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. So we try and identify what patterns have worked for us in the past and try to repeat those patterns for our growth in future as well. With that, I hand it over to our CFO to take us through the financial performance for this quarter, and we'll be opening up the floor for questions after that. Thank you.

D. Muralidharan - Chief Financial Officer, Caplin Point Laboratories Ltd

Thank you, thank you, Mr. Vivek. Good afternoon, ladies and gentlemen. So let's take this opportunity to thank everyone for taking time off to be participating 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. So we have well begun this quarter with a few of the highlights which I would like to throw Overall revenue grew by 20%, 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, uh, one in El Salvador and supplied mostly the last quarter. US revenue growth predominantly driven by the US subsidiary, which is a big dimension. Where revenues increased from INR14.4 crores in the previous year to INR43.1 crores, which is about 3 times-- threefold increase. Absolute growth of INR30 crores over a base of INR14.4 crores. The business is well positioned to make a significant contribution to PSL and the group's overall growth going forward.

Gross margin spread 59.8%, which is in line with our targeted expected, and we expect to remain at similar levels through the year. US contributed approximately INR25 crores of the total INR50 crores increase in the gross profit. This shows how CSL is coming into party, and then they will be a more significant player in the future growth of the company. Operating expenses increased in absolute terms from INR137 crores to INR151 crores. However, As a percentage of revenue, they declined from 23.7% to 23.6%.

This improvement in operating efficiency more than offset the movement in gross margin, resulting in an increase in EBITDA margin from 37.1% to 38.4%. The depreciation increased by INR5.3 crore, primarily due to the capitalization of line fixing PSL and the oncology project, injectable project in Kaukulu. And Vaisakh gave me a plant from addition for and above what we initially purchased. PBT grew by 22.1%, increasing from INR184.5 to INR228.2 crores. The effective tax rate stood at 20.5%, in line with target of 20%.

So PAT stood at INR1,079 crores, representing a 19% increase over the previous year. Cash flow from operations is expected to improve from the current 90-day gross reported for the quarter. This is primarily due to on-chain's recent increased warehouse stock from 439 crores in March to 505 crores, an increase of about 76 crores, which in terms of scale will be at least 200x. To shield against potential supply disruption and ensure supply chain continuity amid the ongoing geopolitical situation. Additionally, to shield against potential increases in raw material prices arising from escalation oil fluctuation, we have increased our RM/PM inventory by INR15 crores, right?

So these are the two factors. And apart from that, the receivables also have gone up by about INR46 crores as compared to March, primarily due to supplies to government in the quarter. And then these are all expected to be received by 2-3 of. So these are the primary reasons why you would see a

separate moderation in the PFO as compared to our conventional increase. So these instances are not likely to repeat. The same quantum is going forward in the Q2 onwards. So it is the entire profit will flow into the PFO.

Cash and cash equivalents, as Mr. CAPLIN POINT LABORATORIES LTD put it, increased by INR266 crores. We were at INR1,307 crores, INR1,231 crores as of last June, and we are at INR1,500 crores as of June 26th. Liquid assets increased by 30%, that is INR668 crores from INR2,207 crores to INR2,837 crores, primarily consists of cash, receivables, and inventory. Shareholders' funds or net worth increased by 25% from the last one year are 762 crores. From 3,013 crores, it has increased to 3,776 crores in June 2026. So we will have to be modest in saying that when we compare our peers in terms of ratio like 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'll be able to answer any questions from the participants. Over to you, Mr. Vivek.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Thank you, Mr. Murli. We can open up the floor for questions now, please.

Questions & Answers

Operator
Thank you very much. [Operator Instructions] The first question comes from the line of Abhi Jain from AJ Capital. Please go ahead.

Abhi Jain - Analyst, AJ Capital
Hi, good afternoon.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Uh, yes, please.

Abhi Jain - Analyst, AJ Capital
Uh, first of all, congratulations on a great set of numbers. Uh, good to see. Thank you. And, uh, you're on track to achieving your long-term goals, so congratulations on that. I had two questions. Uh, first, I wanted to discuss the rest of the world profitability on the PBT level. Uh, if I look at the numbers year on year, you know, in Q1 of FY26 and that was at 37.5%, the PBT profitability for rest of the world. That came down to 34.6%, 7% in Q4 or FY26. This quarter is just down again to about 33-odd percent.

So I just want to understand that, uh, what do you see this holding up to? Will you be able-- can you guide us in terms of what this level would be, uh, for FY27 and future purposes? Because this seen that quarter on quarter, you know, it's like inching down by 1 to 2 percentage points in the last 12 months. Can you guide us on that?

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Yes, okay, you have one more question to complete, or, uh, is it okay?

Abhi Jain - Analyst, AJ Capital
Yeah, the second question is on, uh, capital allocation. So I cannot-- once you've answered this, we can get on to that.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Okay, see, that 1.5% which you are talking, yeah, is actually true, but again, I would request you to look at actually the free cash reserves and the total liquid assets. See, it's quite normal actually for any company there is a possibility of 1 or 1.5% decrease because when the business actually, especially the generic business, is in a position to actually generate cash and generate profitability which is substantial compared to our peers, I think it's fairly okay. But now focus also In addition to this market, we are moving to other markets also.

And then the second most important thing is our expenses are also slightly increasing in these places because the products that we have been marketing, you know, is more of generic. And the second level of marketing, you know, it takes that, of course, increase the expenses also. So that 1% or half percent is not going to be like, you know, reduced, getting reduced every year on year basis or every quarter on quarter basis. It might even improve. I'm sure it will improve actually after a point of time when we are planning to go for actually more and more of products which will actually create value to our generic business also.

The reason being, it is-- this is not only a-- this is not a commodity kind of a business where no generics gives you this kind of a properties because of the business model differentiation. Yes, please, please go ahead.

D. Muralidharan - Chief Financial Officer, Caplin Point Laboratories Ltd
Can I, can I get the permission? One more, one more point. Actually, if you recollect what you set as a target or committed is about 15% of the contribution margin. Okay, we are way ahead. We have performed better. And then if you compare with the 55 what we have committed and 59.8%, there is nothing to worry about. And this is, as Chairman rightly put it, it's a quarter-on-quarter. We can't say because you have to see as a year as a whole, depends on what product you sell, which market you sell in particular quarter, and what contributions they yield.

So please, we have given a-- we have said that in my remarks also, 59.8% is what we actually stay put around that, about 60% is what. So though 55% and 25% is the PAT we committed, they are ahead in both the parameters.

Abhi Jain - Analyst, AJ Capital
No, I understand that. So, uh, you are obviously maintaining and achieving your overall numbers. Just wanted to get into, you know, the details of it, wanted to understand the business a bit better. So just wanted to understand what is a steady state level of, you know, profitability in your studio that you can That was my question. So coming on the second part of the question, actually you answered that the cash can result in a bit of a drag. I wanted to understand your capital allocation. Now I see that you have this INR1,000 crore of cash in hand and most of them is invested in debentures and bonds, etc.

Any thoughts around improving the yield by investing in index funds? I mean, if you look at Nifty 50, Nifty 500, right, these have a steady compounding of 9-10%. Give and take any 4-year, 5-year horizon you see. So any plans to invest part of it in index funds? These are relatively safe, you know, they provide a yield of 100 to 200 bps higher than the corporate bonds. So just wanted to, you know, keep it on the table if you could put it into consideration. It will help improve the profitability also, annual profitability, by 100 to 200 bps, looking at the INR1,000 crore of cash reserves that you have.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Yeah, so this -- no, thank you, and valid suggestion. In fact, this was discussed during our, uh, you know, recent board meeting also. We've gone from a state of being ultra-conservative and having everything and only FDs to slowly moving up the, uh, you know, risk chain, if you want to call it that, you know. But, uh, your points are well taken. In fact, one of our directors also suggested that, uh, you know, we can be slightly, you know, I wouldn't call it adventurous, but we don't have to be right at the bottom in terms of the risk appetite when it comes to investing our reserves.

I think slowly, slowly we'll be moving up. Already I think we are into credit funds and debt funds and things like that. I think index funds could be the next in line for us to evaluate. Maybe what we can do is over a period of time work on having an investment policy per se, you know, for excess funds. But Again, we always want to make sure that capital protection is more important than, uh, than, than the returns. But, uh, once again, point well taken. I think 1 or 2, uh, percentage points, and with this kind of a quantum, will certainly be a large number, and we should not be ignorant to that.

Abhi Jain - Analyst, AJ Capital
Yeah, yeah, sir. Yes, sir.

D. Muralidharan - Chief Financial Officer, Caplin Point Laboratories Ltd
One more point. So in terms of the long-term investment, actually, then As we have been discussing in every meeting, that we are also keeping our eyes and ears open on inorganic opportunities as well. So we would like to have the cash at our disposal at any point of time where-- yeah, so

Abhi Jain - Analyst, AJ Capital
Also, but a part of the portfolio, a part of that INR1,000 crore.

D. Muralidharan - Chief Financial Officer, Caplin Point Laboratories Ltd
We'll make a small, small beginning. Point well taken, we'll do that. And, uh, capital production --

Abhi Jain - Analyst, AJ Capital
That's the biggest investor, Warren Buffett. Uses his cash reserves investing in index fund, investing in, you know, safe equities. So obviously, I mean, we shouldn't be so scared about it. And Indian equities, especially the index funds, that, you know, long track record of over the 4 to 5 period horizon giving at least 9 to 10% return. So I think we can be a bit more open about it. It helps improve our profitability by 1 to 2 percentage points every year. So why not do that? That was its only suggestion. We can start in maybe 200-300 crore, 20-30% of the portfolio, and 70% you can use it for, you know, inorganics and acquisitions, etc.

But just thinking that if Mr. Warren Buffett can do it, certainly we can do it at our scale. Thank you.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Thank you.

D. Muralidharan - Chief Financial Officer, Caplin Point Laboratories Ltd
Thank you.

Operator
Thank you. Thank you. [Operator Instructions] The next question comes from the line of Prakshul Sakarya from Sakarya Investments. Please go ahead.

Prakshal Sakaria - Analyst, Sakaria Investments
Um, hello, hi, am I audible?

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Yes, yes, please.

Prakshal Sakaria - Analyst, Sakaria Investments
Um, I have 3 questions. Um, the first question is that I think Mr. Vivek mentioned that they are looking at a distribution company in Mexico. So have we narrowed down to any right now?

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Yes, I am the one who told that one.

Prakshal Sakaria - Analyst, Sakaria Investment
Oh, okay.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
There are opportunities, like, you know, 3 to 4 companies. Uh, the white chef and other company, Ashok participant, has looked at it, and of course is going to collect the details and send it to us. After that, you know, let's do the due diligence and take a call.

Prakshal Sakaria - Analyst, Sakaria Investments
Okay, so we can expect an acquisition soon, maybe?

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
If it is a meaningful acquisition, as I told you, the idea of going for a distribution company is to understand actually the products, the select-- for mainly for selection of products and selection of customers. And this will also give you an opportunity about the entire reach of the distributor. If distributor covers the entire country, that's a major opportunity so that you will understand which are the pharmacies, which are the small chains, which are the smaller hospitals, which are the private hospitals the distributor is covering.

Then accordingly, let's take a call, so let's take a decision.

Prakshal Sakaria - Analyst, Sakaria Investments
Okay.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Those details are very crucial. If he's actually selling only multinational products, it doesn't make a difference to us. If he is selling the local company products, will be very keen. We would like to actually buy even at a little higher cost. But if it's only selling multinational products, you know very well multinational products have been sold in this kind of-- any market for that matter, say 100 years or 60, 70 years and above. Local companies means it will not be more than actually 20, 30, 35 years. So that also makes a lot of difference.

Multinational products, most of them are actually, you know, patents, and they get expired and that became actually a generics. Local companies, they only, you know, manufacture the patent-expired products. So something similar to our model, generic business.

Prakshal Sakaria - Analyst, Sakaria Investments
Okay, okay, understood. And, um, my, my second question is to Mr. Vivek. Um, I think if we are right now running 5-terawatt lines and, um, moving towards 17-terawatt lines, which will be one of the biggest in the country, So I mean, what gives us the confidence about the healthy utilization of those 17 lines? Because 17 lines is like huge. So are we expecting that much demand from us? Are we-- do we have-- are we getting a lot of queries right now?

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Yeah, can I get into it first and then I will actually ask this?

Prakshal Sakaria - Analyst, Sakaria Investments
Yes, yes. So any-- I mean, anyone can answer. I mean, I, I want to--

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Currently last 4 years I've been sitting in the factory, so I'd like to actually give a a bit of, no, uh, this thing, no, the right question to you also. See, now out of 7 lines that we have here today, we find it very difficult to handle actually the orders that are coming to us. Uh, one main reason is when we were smaller, when we didn't know much of actually the technology, we didn't balance it properly. Most of our, like, you know, 3 of our lines is a mix of TS and aesthetic. And then whenever we expanded, we expanded in such a way that, you know, it was not very actually correct also.

So it leads to a lot of actually complications in the sense, you know, it is not a major issue in the form of quality issues or integrity issue or a safety issue, but it leads to breakdowns. The first phase of our actually injectables, it took 10-12 years already. We got our first USFDA inspection in 2016. Then the second phase, they're all new lines actually, like line 4, 5, 6. So when we go for actually the phase 3, we will not go for all the 7 lines. We will start with 3 lines and move all the aseptic to the aseptic actually, this thing line where it will be with isolator, which means The aseptic practices will be totally eliminated because isolated lines doesn't require aseptic practices.

Then when we go for actually ophthalmic products, ophthalmic machine which we are going to import from Germany, this one also is a very sophisticated line and then it involves lesser human intervention. Then the third one is, you know, as I told you, we are not only, you know, getting into the automated machines, we are also getting into digitization. Once you complete the digitization, especially the LIMS and QC and micro, and then the entire digitized in the form of e-log, e-DMR, e-DPR, it becomes paperless.

But the third one, as I told you, actually the visual intelligence, people will learn everything through video because seeing is believing. People can learn by, you know, if someone teaches, there is a possibility of forgetting. That if someone happens to see and do the work, it becomes easy also for them. So with all these additional advantages you mentioned to me, cameras and all, when we go to the customer, we'll be one of the few companies of our size who has actually the wherewithal. So I'm sure that we'll be in a position to get actually, you know, good business going forward because of, A, the entire actually state-of-the-art actually model that we have told you in terms of mission, in terms of actually digitization, in terms of video way of doing things in the form of the entire qualifications.

Most of the time it was done by people, and people when they leave, that memory, you know, and the intelligence both leave. But now that it will live actually in the video library. So not necessarily you will have to worry about the people, you will have to bother more about the system. But too, if

the system is integrated with AI cameras,, then the, uh, MIS also comes to us easier, and it's easier to manage also. And then someone who is actually in U.S., if they want to see whether we have taken up the products for production, they can as well see from U.S.

Also when the production is actually in the nights here. You know, actually the night here is day there. You know, injectable is one thing now which goes 24/7. So like that, I can tell you there are a lot of advantages every customer will have. And the CMOs, most of the CMOs of our size may not have this type of actually advantages. And on top of it, we also have R&D, both for API and formulation. We'll be in a position to also do something actually for the R&D and the other things in the form of, you know, tech transfers, everything.

These are a few advantages which we have. So I am sure, you know, we are very confident we'll be in a position to increase our business. Now I'll invite actually the Vice Chairman to say a few words about it also.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Yeah, so from the commercial side, if you see, we are actually booked out till almost February of next year, you know. So we've been, you know, just about barely able to keep up with demand, and we know that expansion of capacity is extremely crucial for us to kind of keep up with the growing demand. Number 2, out of the 60-odd ANDAs that we have, only 39 have been launched. We have to continue working on launching the remaining products as well. Number 3 is we have another 40+ products in the pipeline, and both pre-filled syringes, you know, ophthalmic suspensions and all of that, that needs to also come into play.

And in the new facility, we're also getting into very niche areas such as blow-fill-seal products, inhalation products and potentially also getting into other sterile dosage forms, all put together will be close to 15+ lines, you know. So, um, and I'm not even taking into account any of the capacity requirements that we will need when we get into full-scale operations in Brazil and Mexico and stuff. So by no means we think, uh, this is overexpansion or anything like that. In fact, we are expanding a little bit ahead of time Finally, the last one is we've always had an eye on getting into early-stage biosimilars, especially with, uh, with a partnership with large Chinese companies that we're already in touch with over the last couple of decades from our presence in China.

So all of these put together, uh, we feel that, uh, with all the automation that Chairman has been talking about, we feel very confident that, uh, that sterile space is going to be an important space for us to expand

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
And the most important point I forgot to mention, it's not debt actually driven. It's all from the internal cash flow, which means, you know, suppose if it's slightly delayed also, we don't have to much worry about it, of course, which will not happen. However, this is not actually a debt-driven actually infrastructure that we have created.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Just to draw a parallel without mentioning names, the largest capacity of injectables in India has close to 30 lines, like 29 or 30 lines, you know. And that company also continues to invest into more, just to draw a parallel.

Prakshal Sakaria - Analyst, Sakaria Investments
Okay, okay. Thank you so much for such a, you know, thank you. And I just have one last question,

is that I am tracking the company since past 5 years, and thank you. And I, I have this, um, you know, I really look up to you, but I just want to know one thing that As a visionary, what do you see the company in the next 3 to 4 years, maybe by 2031, 32? You always say that we will be a big company, big company. How do you define big and how do you see the company in the next 3, 4 years?

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Okay, this is actually something what you are asking is actually, you know, like Pharma's help to future self. So what is that? See, it's not that how much you have grown, what kind of a company are we becoming. So if I want you to actually tell me the size, more than the size, look at actually the kind of infrastructure we are building, be it injectable, be it tablet and capsule, be it ointments, be it any area. We know all the facilities which will be in line with actually international standards so that we can get into the regulated markets worldwide.

It could be a global dossier in future. Second important thing in addition to that We also have plans to go for markets like-- sorry, countries like Mexico to start our factory where we have already bought the land. The advantage is if you set up a factory there, 16% of price advantage for getting into the tenders. Then the business that we do, we are not only interested in doing business with-- in tenders, we are also interested in doing business more in private market which of course is not easily replicable by companies of our size.

And the big companies are not very keen to get into the private market. You can even verify, maybe few products they import, advise, and sells it to the local people. And even if they have an office there, they will sell to actually the top distributors, whereas we will go to the length and breadth of these countries. Because my son, who is the vice chairman of the company, he has been there in the-- this part of the world for the last 22 years. Our maximum actually focus will be there in Mexico and Brazil by Ashok and US by Vivek.

So even in US, 70% may be controlled by actually, you know, 3 top companies, but there is 30%. You look at the 30%, if you could do at least 10-15% of 30%, that itself is a huge market. So once you create the infrastructure, once you digitalize it and modernize everything, Once they understand this is going-- these 4 pillars in the form of integrity, quality, safety is ensured, the productivity will not-- productivity will not be an issue, I'm sure. So if you ask me to quantify it, see, I would prefer to be one among the top 20 companies of the country.

Prakshal Sakaria - Analyst, Sakaria Investments
Okay, okay, okay, okay, got it, got it. Thank you, thank you so much for the answers. Thank you. Thank you. Good luck. Good luck.

Operator
Thank you. [Operator Instructions] The next question comes from the line of Abhishek Jain from AJ Capital. Please go ahead.

Abhi Jain - Analyst, AJ Capital
So just one follow-up question on capital allocation. Uh, do you foresee an increase in dividend payout going ahead, or do you think that, you know, you can deploy the capital better in acquisitions and investment by yourself? Is there some clarity around that?

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
It is difficult to answer to this question because if you find a very good opportunity, definitely we would like to put our money actually in acquisition if it is a meaningful opportunity.

Abhi Jain - Analyst, AJ Capital
Yeah.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Otherwise, you know, we would like to share actually this thing in the form of dividend also. I'm sure, you know, we'll be able to continue this way. That's not going to dent our actual cash flow.

Abhi Jain - Analyst, AJ Capital
Right. All right. No, obviously you should prioritize acquisitions and increase in your capital base for sure. Uh, but if in any year you see that you don't have that opportunity, then probably a special dividend or an interim dividend, you know, can be a better use. That is up to you.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Correct.

Operator
Hello, thank you. The next question comes from the line of Prakshul Sakarya from Sakarya Investments. Please go ahead.

Prakshal Sakaria - Analyst, Sakaria Investments
Hi, um, just a follow-up question. Um, we are-- when are we expecting all the 17 lines to be running, um, you know, completely? And when can we start expecting numbers from those 17 lines?

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Yeah, it will start from one and a half year to 3 years. Like, you know, in another 6 to 7 months we will start our line 7, and then, you know, in one and a half year actually we will start. See, at the end of the day, when we say we start, the commercials will start, but again, the restation of the products, even if you have extra actually, and yes, it has to be transferred to the other facility, which is totally a different company. It's not actually a part of CSL. It's a subsidiary of CAPLIPOINT LABORATORIES LTD, but it's not part of CSL.

So that registration and other-- sorry, the change in dose, how to change the dose here, all these things, of course, Vivek will be in a position to tell you. Please go ahead, Vivek, and tell you.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Yeah, so right now we have 6 lines at the facility, and the 7th one is coming up. And then if you look at our oncology facility, we have a line over there as well. So at this point, you're talking about, uh, 8 lines already. In the next, uh, year, this time next year, we should have 5 more lines in the new facility. That is what we call as Phase 3. And then finally, we have provision for, uh, 3, 4 more lines which we will activate potentially by '29 and beyond only. So I would say we have a complete visibility on when 13 lines are going to be around.

Including the oncology side. But the, the provision for the revenue line, uh, will be the provision for the last 3-4 lines. I think we will have to take a call closer to commercializing of the existing one. Revenue-wise, see, uh, when you're talking about moving a product from a current line to a new line, especially in the US market, you're looking at at least around 9 to 10 months for that to start,

because there is a-- there is something called the post-approval supplement where you need to run batches put them in stability for 3 months and then file it.

That takes 6 months to get approved and all of that. So any product that gets, uh, converted from, uh, current facility to a new one will take about 9 to 10 months for it to start getting commercially operational from there.

Prakshal Sakaria - Analyst, Sakaria Investments
Okay, okay, okay, okay, got it. Thank you. Thanks.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Thank you.

Vivek Partheeban - Vice Chairman, Caplin Point Laboratories Ltd
Thanks.

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

Ajay - Analyst, Individual Investor
Hello, hello, am I audible?

Vivek Partheeban - Vice Chairman, Caplin Point Laboratories Ltd
Yes, yes.

Ajay - Analyst, Individual Investor
Yeah, so I had a couple of questions. The first one, I think last quarter you mentioned that we had a funky tender, and I think it was in the Ecuadorian market. So I just wanted to know what would the spillover from that tender be in this quarter, and What can we expect next quarter onwards? Like, is that then tender completely done?

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Yeah, I think this is El Salvador, uh, not, uh,

Ajay - Analyst, Individual Investor
yeah.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
And our CFO can throw some light on it. It might not be completely accurate, please, because, uh, these are, you know, you continue to have, you know, get replenishment tenders and all of that. So we can give you a basic picture. Go ahead. About you.

D. Muralidharan - Chief Financial Officer, Caplin Point Laboratories Ltd
Yeah, thank you, sir. The original tender has been all completely supplied, and then there are supplementary tenders which you have been getting in, though not in the original volume, say 10 to 15% of original volume. We expect that repeat. So we have obviously-- we have participated, and then we are expecting that to be decided in a couple of months. Hopefully you should get it also, but we are not committing anything as of now, but supplementary tenders will keep coming. Whatever product is supplied, additional quantities keep coming.

Of course.

Ajay - Analyst, Individual Investor
Okay, understood. And, uh, technically, if you could throw some light on MRS Clinical and its contribution to a company right now, as well as how do you see it contributing, you know, 2-3 years down the line?

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Yes, so Ameris will be by and large a backward integration for us. We used to have some commercial operations out there with third-party companies, but right now with the existing 70 beds and our increase up to 120 beds in the near future will be largely to cater to our internal bio studies. Just to give you an idea, if we did bio studies at an external BE center, If something costs us around, let's say, $100,000 per study, at Emeris it will cost around 50% of that. So the value addition will be indirect, not directly in terms of numbers.

Ajay - Analyst, Individual Investor
And in the future, do you expect it to be internal, or would you be willing to offer services

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
In future as well. At least, you know, next couple of years we expect this to be because we have a a significant number of products that we are doing from our oncology side, from our soft gel side, and also in future if we get into the inhalation space, this is something that we envision doing internally as well, the bio studies of it, you know. So we expect next couple of years for it to be catering only to CAPLIN POINT LABORATORIES LTD.' Thank you. Thank you.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
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 - Analyst, Individual Investor
Hi, is my line audible?

Vivek Partheeban - Vice Chairman, Caplin Point Laboratories Ltd
Yeah.

Ashish Srivastava - Analyst, Individual Investor
Uh, first of all, congratulations on a great set of numbers. Uh, you have been very consistent on every quarter-on-quarter, great set of numbers. Uh, my question, question is around, uh, in the last Q4 result, uh, we mentioned about GLP-1 products approval, uh, for Central American region we were pursuing. I did not saw any update for the same in this current quarter presentation.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Yeah, so it's a work in progress, the GLP-1 products. They are under registration. Uh, we, we don't have any commercial, uh, business out of that products yet. As and when we, uh, have some updates on that, we will let you know. They continue to be under registration at the moment.

Ashish Srivastava - Analyst, Individual Investor
Okay, thank you, sir. That's my question.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Thank you, thank you very much.

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

Ketan Chheda - Analyst, Individual Investor
Yeah, hi, thanks for the opportunity. I really don't have any questions. I just want to convey my compliments for the wonderful performance you keep delivering quarter on quarter. So, uh, wish you Godspeed. Thank you so much.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Thank you, thank you so much. Thank you so much.

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

Ajay - Analyst, Individual Investor
Yeah, so hello.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Yeah, can you speak a little louder please? We are not fully audible.

Ajay - Analyst, Individual Investor
Uh, what about now? Hello?

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Yes, yes, yes, much better.

Ajay - Analyst, Individual Investor
So, uh, I just had a follow-up on like our organic growth strategy. Are we also looking at some, uh, opportunities in the Indian market in distribution or Otherwise, like normal generation,

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
we are not looking for any distribution company in India, but if there is an opportunity for us to go for a meaningful acquisition in the Indian market, we will also look at it, but not a distribution company, because generics in India, you don't make money in generics, only in brand marketing, which of course you are also aware. And we always prefer to go for actually a distributor in Latin America mainly, or maybe in US. That of course, no, Vivek will be in a position to decide. He has been taking care of that area.

And coming to Latin America, we know that will add value to our entire business, in the entire business that we are doing currently, you know, that will add some value to it. That can help us to increase our base from one level to the next level. Because the countries currently we are into in the form of Mexico, Chile, and later actually in Colombia and Brazil and all, these are all huge countries. And once you get this distribution company, you'll be in a position to understand the entire client list.

That's why we are interested in a distribution in Latin America.

Ajay - Analyst, Individual Investor
So, uh, should I take it as it's not in our main plans to enter the Indian market, but if there is an opportunity, then we might?

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Indian market, uh, to be very honest, you know, we don't have that kind of expertise actually to take care of some brand marketing in India. And moreover, you also will agree with us, it's better to focus on our core competence. We have been doing well in Latin America. The pattern, of course, you know, which you have seen also, we continue to grow well. So we will focus more on that one actually. That's what we are planning to do. And we will do more actually in US too. So it will be more of North and South America will be-- which will be our focus in future.

Ajay - Analyst, Individual Investor
Okay. And just a last question on the new tariffs that have been announced on pharma companies. By the Trump administration 2 years down the line. How do we look at it?

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
I could not hear it properly. Please, please tell.

Ajay - Analyst, Individual Investor
So recently American administration announced the wave of tariffs on generics, right, which will come in 2 years later. So I know it's,

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
uh, you must be knowing also He has been announcing lot of tariffs and of course we will cross the bridge when we reach there. And every country, of course, every country will go for-- they have to protect their own industries. That's how, you know, they will defend because the deglobalized world. Definitely there will be opportunities when we go for our own factories in various bigger geographies. Phase, but we'll have to see whether it's the ideal time to go. Probably it will take some more time because starting a generic factory in US will not be, you know, cost effective.

And maybe when the machine learning in the form of, you know, everything, what you call, seeing robots, when the robots come into manufacturing of generics, yes, every country, even if you manufacture in US or in any other country where The cost of production is high also, will be one of the same like India. So we should wait and watch, should wait and watch.

Ajay - Analyst, Individual Investor
Thank you.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Thank you very much.

Operator
Thank you. [Operator Instructions] 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.

Sridhar Ganesan - Managing Director, Caplin Point Laboratories Ltd
Yeah, thank you. Thanks once again to everybody that participated in the investors' call. We also

appreciate Dolat Capital for hosting it, and we look forward to more interactions in the near future with all of you. Thank you.

C.C. Paarthipan - Founder and Chairman, Caplin Point Laboratories Ltd
Thanks to all of you. Thank you, thank you very much.

Operator
[Operator Closing Remarks]