"Caplin Point Laboratories Q4 FY26 Earnings Conference Call"

May 14, 2026

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MR. ASHOK PARTHEEBAN – VICE-CHAIRMAN
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MR. M. SATHYA NARAYANAN – DEPUTY CHIEF FINANCIAL OFFICER

MODERATOR: **MS. JULIE MEHTA – 360 ONE CAPITAL MARKET PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Caplin Point Laboratories Q4 FY26 Earnings Conference Call hosted by 360 ONE Capital Market Private Limited.

As a reminder, all participant lines will be in listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during this conference, please signal for an operator by pressing star and then zero on your touchtone telephone. Please note that this conference call is being recorded.

I now hand the conference over to Ms. Julie Mehta from 360 ONE Capital Market Private Limited. Thank you and over to you ma'am.

Julie Mehta: Thank you Farah, and good afternoon, everyone. On behalf of 360 ONE Capital, we would like to welcome you all to the Q4 FY26 Conference Call of Caplin Point Laboratories Limited.

Today, we have with us Senior Management of the company represented by Mr. C.C. Paarthipan – Chairman; Mr. Vivek Partheeban –Vice-Chairman; Mr. Ashok Partheeban – Vice-Chairman; Dr. Sridhar Ganesan – Managing Director, Mr. D. Muralidharan – CFO and Mr. M Sathya Narayanan – Deputy Chief Financial Officer.

I would now like to hand the conference over to Caplin Point Management for the Opening Remarks. Over to you, sir.

Vivek Partheeban: Thank you, Julie. Thank you, everyone, for joining and welcome to our Q4 & FY26 Results & Earnings Call.

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 also do note 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.

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I would like to now hand over the floor to Chairman for his Opening Remarks.

C.C. Paarthipan: Thank you. Good evening and Welcome to our Investors Call.

Let me first list out the differentiation that we have created in the last five years:

Revenue doubles from INR 1,085 crores to INR 2,300 crores in FY25-26. Liquid assets tripled from INR 928 crores to INR 2,726 crores. Free cash reserves tripled from INR 470 crores to INR 1,471 crores. EBITDA, PBT and PAT increased by 2.5x. Investment in capex stands at INR 900 crores in the last five years. The gross contribution improved due to operational efficiency.

Currently, we are building new factories for injectables. All the machines for the new factories are imported mostly from Germany and Italy. In the next two-to-three years, we will have 17 injectable lines for USA and other regulated markets of the world.

Our factories will be digitalized. Every machine that enters the factory, will have Video Master to make the qualifications easier and also for operational efficiency.

Our Video SOP, for which we filed the patent has some unique features. It is visual before verbal. We do not depend on one QA or one QC or one production or one engineer. The knowledge will be stored in the video library.

Our Visual SOP ecosystem is both kinetic and non-kinetic. The kinetic side involves cameras, screen, voiceover, online monitoring, and dashboard.

And on non-kinetic side, visual intelligence, behavioral discipline, institutional learning and memory, compliance consciousness, operator confidence, and quality mindset. For example, China's rise is a kinetic and a non-kinetic story.

The present world affects the following APIs, solvents, freight, and lead time to destination, currency swings, energy unpredictability. However, our model of keeping the goods next to the customer in the last 20-years has produced these compounding effects. Hence, we always keep the goods in our subsidiary warehouses for a minimum of six-months stock in the form of stock in the warehouse, stock-in transit, and work-in progress. This anti-fragile model has really helped us for the best fundamentals even in ROW markets of lead time in the last five years.

Now, that we have substantial ANDAs, in addition to that, we also buy for our business. In the next three years, we will have maximum products registered in the highly regulated markets such as USA, Mexico, South Africa, Brazil, Chile, and Colombia.

Further, we have increased the number of women employees in our shop floor, which ensured the discipline. The discipline that resulted due to women empowerment also guaranteed the integrity and quality, which are very, very essential for regulatory inspection. The financial freedom for the rural women made them comfortable at their home and also in our shop floors. We always arranged to pick them up from their houses for all the shifts, which ensures their safety too.

During volatile periods, the cash becomes the strategic oxygen. Our cash flow helps us to build new factories, and we are also buying, as I told you before, more and more ANDAs for the U.S. market, and we have been trying to buy a distribution company either in Chile, Mexico, or Brazil, and we are sure that we will be able to reach the maximum products in this region. That way, it will help our distribution company in case if we buy, that will actually take us to the nook-and-corner of the private markets of these countries.

This one is not the mainstay for big companies, hence the focus of our business will be more on private markets in addition to the tender businesses.

We will also focus more on R&D for hormone injection and inhaler areas, which are unique in the regulated markets.

Further, we are also on the lookout for a meaningful acquisition of a facility as we have enough cash resource in our system.

Let me also convey that I read actually in (BS) Business Standard 1000 of March 2026. They mentioned that we, Caplin, stand at 673 among the 1,000 listed companies of India, which comprises of all segments in addition to pharmaceuticals. They also mentioned that we stand at 42nd position among the pharmaceutical companies. When I looked into the details, I have found that 16 companies above us had lower profits than us. The statistics is based on the top line, not on bottom line or cash flow.

Finally, when our revenue doubled and the liquid cash and liquid assets tripled, we never had the extraordinary fundamentals that we are creating now. We only have one USFDA factory with three-old lines and two-new lines. Now that we are going for a massive infrastructure expansion, as I told you that we would have 17-lines of injectable in the next two-to-three years.

And we would also have automation, digitization, and visual SOPs.

More ANDAs and more registration in the regulated markets of LATAM, entering in countries like Brazil and South Africa also, will increase the prospects of our business.

The variety of injectables in the form of liquid injections, ophthalmic, PFS, BAGS, BFS, Fill-Finish, LYO, Onco injectable, hormone injectable, will be there in the next two to three years' time, and will also take us to the next orbit, which is for sure.

Finally, as you all know well, business in the formative years is the puddle of unknown, unknowns.

When you develop the credence for your business over a period of time and you establish the KPIs through video SOPs, then it is simply going above and beyond. That is the deliberate growth. Thank you very much.

Vivek Partheeban: Thank you, Chairman. Now I request Ashok to give us a few comments.

Ashok Partheeban: Thank you, all, and welcome to our Investor Call.

I will be talking about our Latin American facts and a few points about how we have been growing in Latin America:

I would like to start with Chile, which is our newest market. We have 135-products to the tune of $10 million for the next 18 months to be supplied. We have also received 135-registrations in Chile so far. We have submitted around 40 more products.

Our private market is the most important in all the countries where we are. So, as Chairman mentioned, we have two candidates that we are looking to offer to buy. There are two solid distribution companies that reach nook and corners of the country in Chile.

We have these two candidates because they actually have their own sales team, they have their own logistics team also. So, we are currently doing bio-studies for more than 40-different products that are of very good margins and have a very few players in Chile.

I would like to move on to Central America where we have been present since 2002. So, a peculiar thing about Central America and what happened during COVID was that a lot of independent pharmacies started growing a lot. And during COVID, what they basically did was they just started opening pharmacies wherever they could find a space because a lot of people were going out of jobs and they put their savings into the businesses. So, we made sure that all these individual pharmacies survived. And if we did a recent enquiry into it, we found out that the shelf space for Caplin products are 41% in these individual pharmacies.

So, while we were talking about this with the board, we want to start a liquid manufacturing facility. And the reason for this is once we register all these liquids, our shelf space in these independent pharmacies will go from 41% to 57%.

We are also getting into Brand Marketing in Dominican Republic, Guatemala, and Nicaragua. We chose the central nervous system line where we already have bio-equivalence for more than 12-products, and we will be starting with that in September of this year.

Going forward to Mexico, our biggest market in Latin America so far, we have received 25-registrations so far. We participated in eight different products for a two-year tender, which we won all of them.

We also participated in an Oncology tender with a partner of ours from China who gave us four different products and we won those products too. We plan to do a sale of around $4 million in the coming two quarters in Mexico.

As you all know, we already purchased the land in Mexico to build our first-factory in Mexico also, because we get a 16% advantage over price when you participate in the tenders in Mexico.

We will be having liquid ovules, suppositories, and blister packing facility for tablets and capsules. This is the update from my side, and I would like to pass it on to Vivek. Thank you.

Vivek Partheeban: Thanks, Ashok.

I will just take a few minutes to very quickly brief everyone on our progress in the US, which is continuing to be one of the most important pillars of our growth and long-term strategy.

As many of you would have seen from the results, FY26 has been a very strong and meaningful year with progress on almost the all parameters. From a few years ago, we were a cash-burn EBITDA negative company. Today, we completed around INR 470 crores with EBITDA that sort of mirrors or comes very close to the parent company's numbers, which have been benchmarked amongst the companies of our size. So, we're very happy and proud to report that.

On the product front, this has been a standout year for us. We have received approvals for 10-ANDAs in the last four quarters, and we have also acquired another 15 ANDAs with five in Caplin one in May, taking our total tally as on date to 60-ANDAs as of this morning.

Importantly, this expansion is not just in numbers, it is also in depth because we cover the entire gamut of sterile products. We have products which is in vials, in pre-filled syringes, in IV bags, in three-piece dropper bottles for ophthalmic, we are now getting into cartridges, we are also getting into blow-filled seals.

Not only are we showing good progress with the products that we have been doing, we are getting into uncharted territory for Caplin Point as we get into some of these complex technologies.

In addition to the US, we will start seeing some meaningful revenue out of non-US markets in the coming few years as well because we have already filed 54-products globally in non-US markets such as Canada, Europe, Australia, South Africa, etc., we will start to see some progress there.

From a capacity standpoint, as the Chairman said, we are building Phase-III. It is at a very advanced stage and we are also expanding capacities internally in Phase-I and II with the expansion of our IV bag line to 3x the capacity. It is a very niche area where we have multiple products already approved. As we get into the slightly more complex platforms, this opens up new opportunities for us when we put up our retail arm of the company shortly. So, this, I think, would be a good time to touch upon Caplin's own label in the US.

A lot of people are very skeptical about Caplin launching our own label because our B2B business was doing so well, people were a little bit skeptical saying that this might distract our partners and this might probably show some degrowth. But very happy to say that in our first full year of operations, we have nearly touched INR 100 crores in revenue. We were about 11 million plus in revenue with our own label, and we have done this with no degrowth whatsoever in the B2B business as well. We had launched 30-products under our own label in the last year, and another 15 products are going to be launched in the coming year. We have weekly ordering from the four largest wholesalers in the US and pretty much most of the large IDMs that do business in injectables are our customers right now as we move from strength to strength.

I would say that in summary, our US business is transitioning from a phase of foundation building to one that is scaling and growing in depth. So, with a very strong pipeline, expansion of capacities, entry into complex technologies, etc., we are very well positioned for sustained and profitable growth in the years ahead.

I would like to request our CFO to throw some light on the numbers before we open up for the questions.

D. Muralidharan: Thank you, Mr. Vivek. Good afternoon to all who have taken time off to take part in these investors call post FY26 Results.

The results have been highly gratifying, and we are pleased that we have done well in all these across all parameters. Numbers are already there with you for a couple of hours now and we would be glad to clarify your queries on the results.

Instead of going over the numbers again, I would like to present distinct financial points of Considerations:

- One, there is an exceptional balance sheet compounding effect has happened in this year. Our net worth expanded by about INR 745 crores during the year to INR 3,331 crores from INR 2,886 crores in the previous year. This is 26% in one year. That is a signal for intrinsic value creation by the company.
- Massive forex translation reserve uplift is a written value that has accrued to us in the form of net worth also. So, forex asset is INR 177 crores against liability of INR 22.2 crores. So,

as you all know that we are 100% export-oriented company and assets outnumber the liability. So, this has resulted in FCTR movement of about INR 141 crores which has gone directly into the reserve of the company.

- And then third point will be, as already Chairman put it, Cash-Rich and Zero Leverage. We are continuing to strengthen our balance sheet with INR 1,471 crores in cash and INR 2,726 crores in liquid assets. This strength provides us significant strategic flexibility as Chairman also put it that we are on the lookout for meaningful acquisition.

Earnings Quality and Cash Conversion:

CFO remained strong at INR 523 crores, representing 80% of the cash conversion of PAT. This shows profits are real cash, not only in goods. Profit growth of 20% ahead of revenue growth of 13%. Profitability grew materially ahead of revenue growth, reflecting operating leverage and improving business mix.

Before capex, I would like to inform the investors that our capex R&D spend this year has been at almost 5% of our turnover. And this is the first time we have crossed INR 100 crores in R&D spend. And capex peak rate for the last year was INR 248 crores.

And just a summary of the ongoing project, out of the INR 1,000 crores what we have envisaged, we have capitalized INR 154 crores. CWIP was INR 144 crores primarily representing what is our oncology injection plant, which incidentally has been capitalized in the month of April post our MOH approvals.

And advances what we have faced, we have talked about the enhancing of the line capacities. We have already paid an advance of INR 109 crores for various imported equipment. And the balance about INR 500 crores will be incurred in the next 18-to-24-months from out of our own cash generation.

Then fixed assets turnover ratio, people were asking it last time. So, glad to inform this is about 3.91x.

And the inventory held in market and WIP, which has a potential of raising about INR 900 crores in terms of sales. So, our strategy to keep the inventory closer to the customer and then is paying high dividends. This is exclusive of course inventory in the US factory and the warehouse there.

In summary, FY26 was not only a growth year, but also a year of strong balance sheet compounding. Net worth increased by INR 745 crores. Operating cash flow above INR 500 crores. Liquidity pool strengthened to INR 2,726 crores by remaining virtually debt-free.

This is all from me for the first instance. We will be more than glad to take any questions.

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Aman Soni from Seven Alpha. Please go ahead.

Aman Soni: Yes. Hi. Thanks for the opportunity and good evening and congrats for a good set of numbers. The question is on the growing cash generation. How does management is going to prioritize between the inorganic opportunities and the incremental capex and the higher shareholder payouts?

C.C. Paarthipan: As I told you before, the inorganic opportunity, in fact, we are waiting in the wings. It can be in the form of actually buying the ANDAs, which, of course, we have been doing actually. We are waiting for more and more opportunity on that aspect. And as I told you, the distribution company will also open up a bigger opportunity for us for the private market, especially in Latin America. And see, going for the sake of acquisition, I would not advise us to go for actually acquisition without going for a meaningful acquisition. That will be a vanity. I do not think it is advisable. And as I told you, what is important today, especially in the OCA world, we are going for the completion of the facilities. And we will be completing most of the facilities that are injectable, there are hardly three or four companies who would have 16 or 17-lines of injectable actually in India. When we complete all these injectables, we are aiming to go for US and the other major markets. That means that is a great opportunity, which will open up in the form of not only for our own products to be sold in US, but also in the form of CMO. Second one is we are concentrating more on R&D for complex products. This is one of the things which is very important as you know well. And the third one, we are increasing the registration in many of the larger geographies. These are a few things which are very important.

Aman Soni: Got it, sir. Secondly, on the receivables part, receivables have grown materially ahead of the revenue or revenue growth. So, is this timing-related thing or any other reason for that, sir?

D. Muralidharan: Yes, as we have mentioned in the press release also, while the assets results, which I talked about improving my net worth, that also increased my receivables. So, out of 136-days, what we reported, 11-days is attributable to this FCTR, which is non-interest receivable, but it is not shown to me in the P&L. So, but for this, my receivables would have been 125 days. We have been prompting on 120-days. As rightly said, timing also is one of the factors. Last quarter, we have won a big tender in Salvador, and a lot of supplies have gone into that thing, which are in the process of being received in the market, and the receivables will be collected by end of Q2. So, this is a big tender, and most of the supplies have gone during February, March, and then we are in the process of receipt today. So, this is one of the factors that also contributed to the increasing receivables.

C.C. Paarthipan: I would like to add one more. The currency in El Salvador is US dollar. And when I was working in this Latin American market, I used to see Colombians giving a lot of credit in Ecuador, where the currency is dollar. The currency of Colombia used to get weakened, and actually deliberately, they used to give credit more so that their earnings also more because of the depreciation of their own currency. Here, of course, we do not want to do that way. Even if the delay that happens from El

Salvador is going to contribute to actually in the form of increased profit for our company, as you know well, the dollar actually is getting strengthened and the rupee is getting weaker. In no way, this is going to affect our bottom line also.

Aman Soni: Understood. And just last question on the outlook for FY27, in terms of the top line and specifically on the kind of margins, these are very exceptional margins we are doing. So, how much structural are these margins are going at?

D. Muralidharan: We will continue to do well. As I told you in the course of my speech, the best is yet to come, maybe the best will come after two to three years. If you look at actually the past, in the last five years, I do not want to repeat again actually what all tripled, what all doubled and all you have seen. So, the next three to five years is going to be the best period for Caplin Point. And of course, we will do well actually, but it is difficult to tell anything on a quarter-on-quarter basis or on a yearly basis. Whatever we say, everything actually is happening in the form of building the factories or whatever it is, because you do not see many companies of our size building so many factories without a debt. And after having invested in the capex, still we have enough cash flow that will also help us to go for inorganic growth, as you mentioned. But we are waiting for actually that kind of opportunity. It will happen. When it happens, whatever you expect in the form of the growth can come even in actually six months or one year also, if you go for an inorganic actually opportunity. But again, we do not want to simply grab anything and everything, but rather we would prefer to wait and actually go for something which is meaningful.

Aman Soni: Yes, got my answer, sir. Thank you very much and all the very best.

Moderator: The next question is from the line of Ahmed Madha from Unifi Capital. Please go ahead.

Ahmed Madha: Thanks for the opportunity. I have a few questions. Firstly, the revenue growth in the LATAM Africa business, I mean ex-US has been pretty strong, and in the last few quarters, we had it close to high-single-digit, mid-single-digit growth, and this quarter is relatively exceptional. So, can you give some sense what has led to high growth in the specific geography?

C.C. Paarthipan: See, sometimes markets fluctuate. And whether it is B2B or B2C, generic business is based on supply and demand. We know we have an advantage of keeping the goods actually in the warehouse. If the profitability is not there in our sales, we will not sell. Selling for the sake of selling does not make any difference to the company. Sometimes you wait and actually do it. Sometimes, of course, we bundle it and sell also. At that point of time, there is a possibility that profit may come in single-digit also. But overall, if you look at it, as you rightly said, the overall profitability for the year 2025-26, I think it is fairly good. Am I right?

Ahmed Madha: My question was from the front of revenue growth. If I look at the revenue growth of non-US piece of the company, that revenue growth percentage was in single-digits for the last few quarters, and we have spoken on the call that it will take a couple of years for us to jump up, and you have been doing a lot of initiatives on Chile, Mexico, and the other markets. So, the question was that this growth is higher in this quarter. Is there any specific factor which explains it?

C.C. Paarthipan: I can even highlight. See, today we do not have a dearth of order. The facilities we have is running actually at the optimum capacity. If you look at actually our business, you will see at least 40% to 50% of it is in the form of actually outsourcing for the LATAM market. Especially when we go for outsourcing, it is not easy to get a good facility where you can do the outsourcing very effectively. That is also one of the reasons for us to actually limit the top line. But at the end of the day, what is important, whether it is a Latin American growth or US growth, overall only you will have to look at it. The Latin American growth will start flourishing actually after we complete the registrations, mainly in the markets like Mexico. Now that, as Ashok told, the business of Chile will start from this year, and it will start actually increasing manifolds over a period of time.

D. Muralidharan: What you are referring to is the growth from INR 432 crores to INR 470 crores this quarter, especially. Just as I was answering the previous question on the debtors. It has a bearing on this as well. So, we did supply a lot of material close to about INR 50-55 crores in the quarter to the Salvador. The tender was valued at about 16 million, and most of the parts have gone from India. That is the reason this growth in Latin America is showing a better than normal growth, and the US has grown about 20%. Mix is slightly distorted, but this is the reason.

C.C. Paarthipan: Yes, tender business, of course, we had to rush and then export everything. Probably that is the reason why you are telling. Okay. I did not get it properly.

Ahmed Madha: Okay. Fair. And on the US side, this year, I mean, we have done exceptionally well in terms of growing the business and having our own labels. From here on with whatever ANDAs we have acquired and organic approvals, we have got about 10 of them, is it fair to assume the growth rate of 20%, 25% that sort of a run rate in the US shall continue till we reach a larger number?

Vivek Partheeban: Yes, we are very confident that current numbers can be sustained. In fact, we are confident that it can grow from here even further. Again, the most important thing, as what Chairman was saying, is we are not seeing a dearth of orders. In fact, we have an order book that is full for another six months almost. And to an extent where some of these lower margins, very high-volume products, we are not even taking them onboard. So, I think we are certainly on track to see a very strong next year for CSL, in fact, very strong next few years for CSL with all the capacity coming through. When it comes to our own label, the target we have set for ourselves is to double what we did last year. And I am fairly confident that we should be in a position to achieve that.

Ahmed Madha: Would you like to sort of give a range of number, what sort of growth we can achieve, at least for the next year? I know you do not give guidance.

Vivek Partheeban: So, when it comes to what current growth was, I think it was close to 30%. I think we can see another 25% to 30% next year on the overall Caplin Steriles business. When it comes to our own label, we did close to INR 100 crores. So, the idea is to touch or go very close to INR 200 crores for the coming year.

Ahmed Madha: You have spoken about considering an acquisition even last quarter and similar this quarter, and you spoke about obviously buying ANDAs and that sort of profile, but considering the amount of cash balance we have, what profile of acquisition we will consider apart from buying ANDAs, which I am assuming would not be a large ticket size, so if you can give some sense of the profile of a company we are looking for?

Vivek Partheeban: When it comes to acquisitions, there are many things. See, of course, being a listed company, all of our reserves, surplus, everything is in public domain and for everyone to see. So, you would not be surprised when I tell you that almost on a weekly basis, we receive a few opportunities, right, there are some opportunities that come in the US, there are some that come in Latin America, one or two, in fact, come for the domestic market as well. So, the ones that we will be targeting is, similar to what Chairman was saying, is good distribution entities, especially in the countries where we are very early or we are very new, or in the countries like the US where it makes meaningful sense in terms of the knowledge that we gather. And when it comes to ANDAs, I am looking at it personally, we will be very opportunistic in terms of what we can acquire because we need to sort of strike the right balance between making sure that we launch all our approvals on time, and at the same time not run into any sort of dearth in the pipeline. Because typically for most companies, including ours, the R&D outstrips the capacity, right? So, in injectable, an area of high criticality in terms of compliance and manufacturing, scaling up is not as easy as it is in oral solids. So, taking that into account, we will be very opportunistic in terms of acquiring some ANDAs in place of doing exhibit batches for the new products and stuff like that. That is what we have done in the last year. We are actively working on another one right now. Hopefully, that should get over the line in the coming weeks.

Ahmed Madha: Sure. Thank you so much and all the best.

Moderator: The next question is from the line of Chirag from MS Capital. Please go ahead.

Chirag: Hi, good afternoon. Thank you for the opportunity and congratulations Chairman sir for a strong set of numbers. I just wanted to first ask a question on the Central American, Latin American operations, and we have a chance to hear from Ashok ji right now also. So, if you can just elaborate a little bit on the operations in that region? A couple of annual reports ago, we heard that you have almost 14,000 daily touch points. How much has that grown to? We also believe that there is a split between smaller wholesalers around 60%, direct pharmacy 20%. Could you just overall give us a view of the operations in the Central American market, if that is possible?

Ashok Partheeban: Every time we open a new country, obviously, the number of points that we touch actually increases. So, we opened Chile this year in a very big way. And obviously, so there are four big chain pharmacies in Chile. And on top of that, 30% of the pharmacies are also independent. So, we obviously do not reach all the independent pharmacies right now through our own sales team, but we reach them through distributors that we sell to. And I cannot give you an exact number on how many points we have grown by, but what we are doing is, as I said, our shelf space in these individual pharmacies that we sell to Latin America is about 41%. What we are trying to do is strengthen our shelf space to get to 50%, 55% where we are completely indispensable to these pharmacies. Does that answer your question?

Chirag: Yes, that was helpful. And Ashok ji, if you can also give us a little bit of understanding on what proportion of our customers would be still distributors or middlemen? What proportion would come from pharmacies, institutions, or smaller wholesalers?

Ashok Partheeban: Okay. So, in the whole of Central America, the business that we do, about 18% to 20% is institutional, which is government, the rest is completely private market. So, what we do have to do in Central America, in these countries, is you have to have two co-distributors at least so that they reach to those pharmacies that cannot fill in the everyday ticket sale, which is, let us say, we only do around about 300-products, a pharmacy that does, let us say, a sale of $150 per day cannot buy all the 300-products, though they have to buy through our co-distributors. So, in each of these countries, we have two or three strong co-distributors, they sell around about 10% to 12% of our sales, and the rest of it all is us going directly to the pharmacies.

Chirag: Understood. Just to clarify, you said 10% to 12% through those distributors?

Ashok Partheeban: Yes, 10% to 12% of our sales is through the co-distributors, 20% is through the government, and the rest is all directly to the pharmacies. And when I say the rest, it all includes the chain pharmacies also.

Chirag: Understood. Very helpful. Thank you. The second question is just doubling down on a previous participant's question on the receivable days. I understand, Chairman sir mentioned that a part of that is just FX change between the time the sale was booked and, I guess, the closing of the books. And that still brings us down to 125-days, which is at least 25 days higher than what we have seen in the past. Is this how we think the new normal would be? And is this a strategic call, or how do we understand that?

Vivek Partheeban: Yes. So, Chirag, in the past as well, we have been giving the messaging out that we are comfortable with somewhere around the 100 to 120-days range. Now, we are still within that range pretty much, but as CFO and Chairman were saying before, we have entered into a tender in one of our Central American markets, a very highly profitable tender by the way, where we needed to make sure that the supplies were done within 60-days. And it was a fairly large tender as well. So, those numbers sort of moved it up by five, six days. But typically, I think we are happy to be anywhere between the 100, 110, 120-days, and that is a sweet spot for us. But the larger picture that I want everybody to really see is we have been consistently able to invest hundreds of crores into our own capex, our own distributions. And despite all of that, we are still increasing our reserves and surplus by a considerable number every year. So, you can imagine that even if we do see another five days or 10-days increase in the future, we are going to be okay with it, because when that money comes in, more often than not, it comes in at a higher exchange rate compared to what it was previously, right? So, the cash flow, I would say that we are benchmarked amongst peers. We are probably among the most other companies in the same segment. So, we are not worried about that. Anywhere between, like I said, 100 to 130-days even is probably still okay for us going forward.

C.C. Paarthipan: Just to add to what Mr. Vivek said, our history of writing-off debts have been virtually negligible and close to zero. We have not had any bad debts in the past which we did not recover. There was only a delay, but not writing off. And most of these receivables now attributing to a higher number is from government. So, for sure, we will receive, give or take a few weeks here and there.

Chirag: Chairman, thank you.

Moderator: The next question is from the line of Richa from Equity Masters. Please go ahead.

Richa: Thank you for the opportunity. Sir, my question was on what is happening around the world, the Middle East tension? I know that is not your core market, and being closer to the customer helps to overcome the short-term disruption. But how do you think, if at all, this could impact the business or margin or prices, or maybe because of economic slowdown in the end geography, if it could have any impact on your business and any vulnerabilities that you may want to highlight?

C.C. Paarthipan: Yes. I would like to actually give you an answer on this. In fact, if you look at our past business, in fact, we increased the business, our profitability and everything actually went up only after COVID and during COVID. So, what is happening today, as our Prime Minister said, is something closer to COVID. So, we all have to actually follow the frugal ways and he started advising, he is very, very correct. But, as a businessman, we should not allow the crisis to go waste. And how we are managing it, as I told you before, for the next six months, we do not have to produce any products that we have to sell in the market in Latin America. And the same way, even in our U.S. market, the goods are already available there in the U.S. warehouse. In addition to these six months, we have also bought raw materials. Yes, there is some increase in the prices, but it is not going to impact us. The reason being, when the prices go up, if you have already agreed actually to a price to a customer in the form of a B2B business or an LC, then of course, what happens is, you will have to honor the commitment, and then that is how you lose money. In our case, we are selling actually through our own subsidiaries, through our own warehouses. So, that is not going to create any major impact to our business. On the contrary, this will open up the opportunity. The reason being, a), these smaller geographies where we are today in Latin America, the big players are only into brand marketing. I am talking of multinationals. Second, small companies, they do not have anything in the form of actually stock-and-sale. They all actually sell it to some importer. So, they will be very worried if they supply to the importer, they may or may not pay. The reason being, most of the transactions today happens on credit. Nobody actually pays cash for a generic. But if you have your own warehouse, if you have people like, we have more than 700 people working in the whole of actually Latin America. So, it helps us to collect the money. We are there for the last 20, 22-years. And coming to currency crisis also, Guatemala is very stable. There is nothing in the form of no fluctuation in the currency. And coming to Nicaragua and Honduras, maybe slight fluctuation in the form of 3% to 4%. The rest of the markets are like El Salvador and then Panama, Ecuador, the currency is dollar. So, it is not going to create any issue. Costa Rican currency also stable. Chile also for the last four, five years, the currency is stable.

Richa: Yes, thank you so much and all the best.

Moderator: The next question is from the line of Prince from Family Office. Please go ahead.

Prince: Thank you for taking my question. So, going forward, can the company maintain around double-digit revenue growth rate in pharma and the PAT margin between 25% to 29% during the year FY27, FY28 and FY29?

Vivek Partheeban: So, as I have explained previously, we remain very confident that the business will continue to do well. We need to be patient for the next 12-to-18 months, actually, because there is a period of stabilization in pharmaceuticals. So, with all the things, when it comes to pharmaceuticals, especially in the regulated market, things take a lot more time because your product development to approval itself takes around two years-plus. So, as we enter into the larger markets of Latin America and the US, things are going to take a little bit longer. But once it starts fructifying, I think it will be a very sticky business. 18 months and beyond, we feel that these numbers are going to get back to what they were before. I am talking about Latin America. So, what we are seeing today in terms of the bottom line is, please take into account that we have certain segments of our facilities that are not breaking even yet. If you are talking about our API unit, and if you are talking about Amaris Clinical, which is basically completely backward integration. So, despite all these drags on our bottom line, we are still looking at 27%, 28% PAT and 38%, 39% EBITDA, which in my opinion, at least from whatever I have seen in our size segment, nobody else has these numbers. So, with all these drag, if we can continue to maintain these numbers, you can imagine that 18, 24-months beyond, these are going to be definitely maintained at the same level or potentially even inch up a little bit. So, I hope we have answered that.

Prince: Thank you very much. All the best.

Moderator: The next question is from the line of Ahmed Madha from Unifi Capital. Please go ahead.

Ahmed Madha: Yes, thanks for the opportunity again. Just one question on forex gains. Can you quantify what was the gain on foreign exchange booked in Q4 as well as for financial year, if CFO sir can help?

D. Muralidharan: We have had about INR 20 - 21 crores of realized gain over the year. The remaining about INR 40-50 crores will be unrealized gain, which is reflecting in the receivables.

Ahmed Madha: Out of INR 116 crores other income, what number will be roughly forex gains for the full year, if you can give just one number?

Vivek Partheeban: We can even write that to you, Ahmed, so that we do not take everybody's time.

Ahmed Madha: Yes, no problem. Just another question, considering your answer on the volatility part, but considering the volatility and RM costs in general, obviously a lot of forex volatility. And assuming we are net beneficiary of the INR depreciation, but overall, considering everything, are we able to manage the current supply chain, raw material volatility, or has there been any issues considering we have a fair amount of dependency on China, how would you judge the current situation, if you can give some remarks on that?

C.C. Paarthipan: Our business in the form of outsourcing is much lesser compared to actually what we used to do in China and all. There was a time it was more of a natural hedging. Now that, of course, I think it is in the region of 20%-30%. And coming to the volatility, see, the global economy is drowning in debt rather than water. That will happen. But coming to us, what is happening to the big companies need not happen actually the same way to a company where the fundamentals are unique or the business model is unique. If you try and do something which is unique, then, of course, you will not allow this crisis to go waste. That is what I told before also. Prices are going up. No doubt. Definitely it is going to go up also. When it happens, it is the model that makes actually you to make money or lose money. The moment we understand that the price of a material which we bought is higher, we also actually design the price at which we have to sell the product in the market. That is why we do not face any major issues, to be honest with you.

Vivek Partheeban: And just to quantify, obviously, with regards to input materials like glass and plastics and all of those things, we keep getting increases from the suppliers. Of course, we fight all of them back and then try to rationalize it to the lowest amount possible. But just to give you an idea, the highest impact product for us that we have been doing, especially for the US, is less than 1.5% to 2%. The COGS I am talking about, that has gone up by. So, we have not yet seen any major negative impact in the form of input materials going up significantly.

Ahmed Madha: That is it. Thank you so much.

Moderator: The next question is from the line of Pavan Kumar from RT Capital. Please go ahead.

Pavan Kumar: Sir, can you comment on the capex that is expected in FY27 and FY28 and what would that we spent on?

Vivek Partheeban: When it comes to capex, the residual capex that we have is the phase-III of our injectable plant. We call it internally as POL-2. And also, two other ones, which is we are constructing a much larger capacity oral solids and derma facility in Pondicherry next to what we call our CP-1 plant, our existing plant. And thirdly, we also will be completing our oncology API plant. In addition to this, we are drawing up plans for our building in Mexico, it will start by Q3 or Q4. When it comes to exact numbers, CFO, any numbers you can shed some light on?

D. Muralidharan: Yes. As I mentioned during my opening remarks, also, although we would envisage the capex plan of close to INR 1,000 crores, INR 510 crores remain to be spent, the rest have been spent, they are raised in the form of CWIP, the capitalization is INR 150 crores and INR 143 crores is WIP, and we paid advances to the extent of INR 109 crores for various lines that are being imported. This yields about INR 510 crores. It can vary. This INR 510 crores will be spent over the next 18 to 24 months. This is the plan as of now. And we expect this does not contemplate the inorganic growth, it does not contemplate Mexico, it does not contemplate Chile, warehouses, and the quality control lab, which we are planning right now. These are all not even a point for the drawing table right now. So, once we get some clarity, probably we will update in the next quarter. So, INR 510 crores for sure will be the amount that is already identified and will be spent in the next 18 to 24 months.

Pavan Kumar: Okay, sir. Thanks.

Moderator: The next question is from the line of Julie Mehta from 360 ONE Capital. Please go ahead, ma'am.

Julie Mehta: Thank you for the opportunity. Firstly, congratulations on a great set of numbers to the entire team at Caplin. So, my question basically caters to the US business. So, the US business has now picked up decent scale and size. So, if we want to understand the growth breakup, how much of that would be organic and how much do we still have to account for through the new launches, be it the ones coming in or the pipeline or the ANDAs that we are yet to acquire? And if you could also share the EBITDA margins for CSL for Q4 and FY26?

Vivek Partheeban: So, on the breakup in revenue, I would say that more than 90% of the revenue has come from the older products that were already in the market. So, the 10- ANDAs that were approved over the period of the last 12-months, we have launched a couple of them, but the majority of it, especially the larger ones, are in the process of getting launched in the next few weeks. In addition to that, I would also suggest that the 15-ANDAs that we acquired from outside, we are in the process of launching them, which will only happen this year. So, you can assume that, like I said, around 90% of all the growth that you have seen is from the products that were already launched in the market. This is actually a good statistic as well, because when most other companies, I think are somewhere in the region of their average earnings per ANDA, I believe, if I am not wrong, is somewhere around

800, 1,000 to a million, whereas ours is more than 50% higher itself. And of all the products that we have approvals for, we were just discussing about this yesterday, literally just one product is the one that we have technically taken off the market, because there were no sales. Every other product continues to show good sales, and we continue to receive repeat orders. And when it comes to the EBITDA margin for CSL, I request CFO to answer this thing.

M. Sathya Narayanan: Sure, thanks, Vivek. Thanks for your question. The EBITDA of CSL for the financial year 2025-26 is INR 142 crores, which is 30%, as compared to INR 102 crores last year, which is 27.9%.

Julie Mehta: Okay. Sir, for the Q4, if we could get a specific number?

M. Sathya Narayanan: Yes, it is 33%.

Julie Mehta: Okay, that is helpful. Also, since you are almost on a last leg of capex now, so do we have any plans for capex going forward in the next two to three years, or will that largely be maintenance and nothing that major?

Vivek Partheeban: As we just discussed, we have taken on close to INR 1,100 crores of capex, of which 50% is done, and then the other 50% will be completed in the next 18-24-months. This does not take into account the ones that we are going to be planning in Mexico, Chile, etc., So, yes, there is still certain amount of residual capex that needs to be completed. In addition to that, I will just give you some statistics. Last year, we were able to add close to INR 400 crores to our surplus, right? That is over and above what was spent in terms of capex. So, if you were to do some numbers over the next 18-24-months, you can assume that despite the capex that we will be putting up, the likelihood is that our reserves and surplus will continue to rise even further.

Julie Mehta: Okay, that is really helpful. Thank you.

Moderator: Ladies and gentlemen, that was the last question. I now hand the floor over to the Management for closing comments.

Vivek Partheeban: Yes, thank you to 360 ONE Capital Market and Rohit and Julie for conducting and thanks to everybody took time out to attend our call and we hope to stay in touch with in the future as well. Thank you.

C.C. Paarthipan: Thank you very much.

Moderator: On behalf of 360 ONE Capital Market Private Limited, that concludes this conference call. Thank you all for joining us and you may now disconnect your lines.