"Caplin Point Laboratories Limited

Q2 FY '23 Earnings Conference Call"

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Moderator: Good day, ladies and gentlemen, and welcome to the Q2 FY '23 Earnings Conference Call of Caplin Point Laboratories hosted by Mirae Asset Capital Markets Limited. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance, during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Harshal Patil from Mirae Asset Capital Markets. And over to you, sir.

Harshal Patil: Okay. Good afternoon, all. On behalf of Mirae Asset Capital Markets, I would welcome you all to Q2 FY '23 earnings conference call of Caplin Point Laboratories Limited. The management would be represented by Mr. C.C. Paarthipan, the Chairman; Mr. Vivek Partheeban, the Chief Operating Officer.; Dr. Sridhar Ganesan, the Managing Director; Dr. D. Muralidharan, the Chief Financial Officer; Mr. D. Sathyanarayanan, Deputy Chief Financial Officer.

I would hand over to Vivek now for the opening remarks. Over to you, Vivek.

Vivek Partheeban: Thank you, Harshal. Hello, and good afternoon, everyone. I'm pleased to welcome you all to our earnings call to discuss our Q2 and first half results. Please note that a copy of all our disclosures are available on the Investors section of our website as well as on stock exchanges. And also note that anything said on this call, which reflects our outlook for the future or which could be construed as a forward-looking statement might be reviewed in conjunction with the risks that the company faces.

I now hand over the call to our Chairman for his opening remarks, please.

C. C. Paarthipan: Thank you. Good afternoon, ladies and gentlemen. After me, the MD of our company will present you the fact sheets, with facts and figures. Then the COO will detail the developments of Caplin Steriles Limited. Now I will highlight a few things that I think is very pertinent to our business. Number one, our pipeline is the key to our success. The pipeline profits stayed in the form of liquid assets, which is at INR 1,440 crores, whereas our payables are around INR 100 crores only. We are sure of creating a deposit of INR 250 crores to INR 300 crores in the current financial year, too. Further our work in progress is the indicator of the future. Regarding the projects, now that we are in the process of creating a vertical integration of various process of our all pharmaceutical formulations right from research and development and also manufacturing of key starting materials, intermediates, API, formulation and also front-end presence in small, medium and larger geographies.

Our transit goods to our subsidiaries prevent short supply in our main markets of Latin America. The sustainability of cash flow and profits are guaranteed in the last 10 years due to our unique business model in LatAm. The next three key pillars for sustainability to scalability are: number one, people first; number two, technology; number three, business model differentiation. As you know well, we're people first because of the talent that is not static, either it grows or depreciates, or deteriorates if the attitude towards work is not adaptable. We attract the talent with attractive results, which are our offering at par value of INR 2 for the share that's quoting somewhere around 730 to 740. We also understand the employee engagement and the importance of operational excellence. Hence, we appointed new training managers, for our freshers, to handle the attrition.

As we are in the process of creating many projects, I have moved my residence from the city next to Caplin's Steriles Limited. I also hail from a nearby village, and I am also confident of not only monitoring these projects effectively, but also create the cultural fit, which is the need of the hour. The system, as you know well, culture make progress cumulative. Coming to technology, our new people are from the best of best pharma companies who handle the technology for complex products. And the entire new machineries for our new projects are either imported from Germany or Italy.

Now, the markets and models. Our immediate focus will be more on US, Mexico and Russia. We are also filing dossiers in Brazil, Europe, China and South Africa. But then we are also concentrating in the smaller geographies of CIS and Southeast Asia. We are in the process of doing everything like any other company, which has already grown. It's a question of 3 to 5 years before we also become part of the fast-moving companies.

It will take 2 to 3 years to complete the facilities and the registrations, and especially the registration of products in the bigger geographies. Once it is done, we will be in the road well-traveled from the road less traveled that of our past.

Thank you. Now I invite the MD to give his presentation. Thank you. Thank you very much.

Sridhar Ganesan: Yes. Thank you, Chairman. I would like to highlight some of the happenings in the last few months. To begin with, the US market revenue crosses INR 100 crores mark in the first six months of FY22-23. And our overall order pipeline is at INR 175 crores and from that we will touch the breakeven point for the first time for our Caplin Steriles. The total revenue of the half year FY22-23 grew by about 18.4% Y-o-Y to INR 736 crores.

The profit after tax increased by 20.2% to INR 178.34 crore in H1 FY22-23 against INR 148.38 crores in H1 FY21-22. The cash and cash surplus is at INR 778 crores as on September '22. Free cash flow from operations, FCFO, stood at INR 88 crores in H1 FY22-23. The receivables have been stable at around 95 days as of September '22. The inventories are at INR 296 crore, which includes the in-transit inventory.

Our Chairman as he has been often telling, that if we have good inventory very close to the customer, we will be fast growing in our business, especially in this disturbed world circumstances. Company's liquid assets, that is cash, inventory and receivables, is at INR 1,444 crores.

Caplin has won two institutional tenders at El Salvador for USD 6.2 million and in Ecuador, USD 14.5 million, which we have already started sending the materials. Company has acquired an API plant in Vizag, a backward integration initiative. Again, as Chairman has pointed out, we have 2 R&D APIs, 1 in Hyderabad and 1 in Perungudi. These have already developed about

50 products, and many of them will see the scale-up in this API plant in Vizag. We will be refurbishing the plants, which may take about three to four months, after which, it will go live. Caplin Steriles completes two complex injectable products and on track to complete 3 more in the next 3 or 4 months.

Company's CRO wing, Amaris Clinical, receives approval from Chile and in addition to the U.S. FDA EIR. There's an expansion of soft gelatin division in Pondicherry to double the capacity. There has been good response from the market. And right now, there's a shortage. Therefore, we are doubling the capacity. The capacity was about 2 crores. It will become 4 crores capsules per month. We are entering into new geographies as market expansion in Turkmenistan, Uzbekistan, Vietnam, Cambodia, Mexico, Iraq and Russia.

With that, I hand over the mic to our COO for his presentation for Caplin Steriles Limited. Thank you.

Vivek Partheeban: Thank you, Doctor. So I'll give a very quick introduction especially a brief into Caplin Steriles, which is our regulated market business into injectables and ophthalmics. So we are seeing good progress on the revenue front where we have almost caught up with last year's full year revenue within the first 6 months itself. This is a healthy mix of product revenue, which is around 70%, 72%, and the milestone on profit share revenue, which is the remaining 28% to 30%. Going forward, as well, since we have a hybrid model of filing our own products and licensing them and also taking on CMO work, we expect to see this split up continue into the future as well.

We have about 13 ANDAs approved in Caplin Steriles name, and another 4 approved in partner's names, all but one have been launched the US. And the last one should be launched in the next 3 to 4 months. We are occupying a reasonably good market share on most of the products that we have launched so far. And by and large, the pricing has remained stable. We have 7 ANDAs under review with the US FDA, and we also have 4 more products to be filed in the next few weeks, and about 2 to 3 more within March '23. In addition to US, we've also filed several products in Canada, Mexico, a couple of them in South Africa, Australia and one in China through a partner.

Coming to capacity expansion. We have what we call as Phase II, which will have two additional lines. And one of those lines, have already been received, this is a high-speed vial filling line from Bosch, now called as Syntegon, which is ready for installation at our site right now. In the next 4 months, we hope to transfer maximum number of, what we call as terminally sterilized products on to this line because the turnaround time and also larger batch sizes is going to be possible out of this new expansion, which will free up space for some of our additional projects to get completed, they're what we call, as exhibit batches. We complete these exhibit batches before filing the ANDA.

We will also have a pre-fill syringe line that will be installed in the next couple of months. This is a new drug delivery form that we have not had previously and is also a little niche in the sense that there is only a shortage of capacity around the world for pre-fill syringes, so we hope to leverage on that as well.

The company is certainly looking at additional CMO orders now that our capacities are being expanded significantly. And especially from existing customers who have worked with us well in the past, they know how well we work together once the project has been finalized. So there is no dearth of repeat inquiries coming in.

We also will start to scout out for more in the coming few months. As part of our overall move towards digitalization, we have gone almost paperless at our quality control department, stability department, the microbiology department, etcetera. Now with the SAP also completing implementation, we will be very close to full-scale digitalization at our plant, which gives further more transparency and integrity into our systems and additional comfort level internally and externally as well.

We continue to remain bullish on our earlier target that we've given, which is to go as close as possible to 200 crores, where we will be achieving a comfortable breakeven. And this is despite our in-house spending on the filing fees for ANDA, GDUFA fees for the US, the facility fees, et cetera. So I think 2023 and '24 will have similar kind of growth, at least that is what we expect. And we hope for a larger revenue potential from the new capacities that we are installing as well.

Finally, there is also a Phase III of our plant that we are fast tracking right now, which will have high Lyophilization capacity, another area where there is significant shortages worldwide. And they will also be provisions to add 5 more filling lines in that Phase III plant. Once everything is completed, of course, we don't have a definitive time line on when the additional 5 lines will be completed, but once all that goes through, Caplin Steriles would be considered one of the large standalone injectable facilities catering to the regulated markets.

With that, we complete our presentation, and we hand over the floor for the question and answer, please.

Moderator: We have the first question from the line of Anika Mittal from Nvest Research.

Anika Mittal: Sir, my question is from the side of these new projects coming online. Some of them are coming in December this year and some of them will be next year, quarter 1, quarter 2. So what will be the incremental revenue potential from these upcoming projects?

C. C. Paarthipan: Can you please repeat again? I've not been able to hear, please?

Anika Mittal: Yes, sir. I was asking your new projects are coming online. Some of them are coming this year. And some of them are next year, quarter one, quarter two. So my question is from the revenue front. I mean, how much do you expect the incremental revenue from these projects?

C. C. Paarthipan: Okay. We will put it this way. As far as the revenue is concerned, it should be in the region of actually 15% to 20% as a whole. But what is important to us, as I have been telling actually from the start, is the cash flow and profit. We are sure of maintaining the cash flow and profit. That's the reason I mentioned in the course of my speech, that we would be in a position to actually create a deposit of INR 250 crores to INR 300 crores this year. This will continue, that is for sure. At this juncture, when the whole world is going through a recession and inflation, giving numbers will not be that feasible. And we are very sure of our business model. Hence, we don't face any major challenges in business.

Anika Mittal: And sir, what is that deficit you were talking about, sir? I'm not actually, that was not clear. What you were talking about the INR 250 deficit?

C. C. Paarthipan: Yes. INR 250 crores this year, we are very confident of creating a deposit of INR 250 crores to INR 300 crores. That's what I told in the course of my speech. Are you able to hear now?

Vivek Partheeban: Yes. It is a cash deposit. Basically, we are increasing our surplus to the tune of INR 250 crores compared to last year. It's not a deficit. Its a deposit.

Anika Mittal: Okay. Understood, sir.

C. C. Paarthipan: Deposit, not deficit. Deposit.

Anika Mittal: Right, right, right. Understood, sir. Understood. And you're talking this will be the 15% to 20% of whole -- overall revenue rate. So how much do you expect from the...

C. C. Paarthipan: 15% to 20%, so it's better to under promise and overachieve.

Anika Mittal: And how much do you expect on the bottom line side, sir, of the overall bottom line?

C. C. Paarthipan: More or less, we will maintain the same.

Anika Mittal: 15% or 20%, incremental, sorry, of the overall.

C. C. Paarthipan: Not Incremental. Whatever is happening now, we'll continue to maintain there -- maintain that, especially the bottom line and profits -- sorry, bottom line and cash flow.

Anika Mittal: That is the CAGR you're talking about, right, 15% to 20%.

C. C. Paarthipan: Yes, more or less the same.

Anika Mittal: And our overall target to get double in every three years, I think….

C. C. Paarthipan: Not every three years. I think five years more. I don't want to give you something. This will happen even every three years, after three years.

Anika Mittal: Actually, that was written in your annual report. I was going through your annual report and it was written there. Your top line will become your bottom line every six years, so that's where I calculated this.

C. C. Paarthipan: That's correct, not in three years, but after six years.

Moderator: We have the next question from the line of Girish Bakhru from OrbiMed.

Girish Bakhru: Congrats on good quarter. Did I hear you correctly saying that you were expecting similar growth in Steriles to continue for '23, '24?

Vivek Partheeban: Yes. So as we are obviously starting from a smaller base, the numbers do look like they're entering the high double digits. 2023, '24, when I'm talking about calendar year. So our order book looks very healthy and some of the products that we have launched recently will start to show up in the repeat orders coming in the next six to nine months. 2024 is a year that we are very, very confident about. 2023, we can still show growth because some of our products are still under review. But if I have to really stick my neck out and give you a projection, I think 2024 will be certainly a much better year for us.

Girish Bakhru: And I mean, on the overall -- this 3x expansion that you've talked about, I was under impression that you already have like a PFS line, which I know Sir mentioned is a new form for you. Could you comment on like from, let's say, this 140 million units that you have in liquid vials and PFS of 16 million, is it the expanded capacity number or this is going to get expanded basically?

Vivek Partheeban: So we have a prefilled syringe line at ourROWplant. That is catering to the existing market. So the new prefilled syringe line that we are adding is in our Caplin Steriles plant, which is going to be mostly catering towards our regulated market plants. So the expanded capacities have not yet been declared. I think that will happen in the next press release once we have some information to show.

Girish Bakhru: Okay. On the API plant, can you give some more details? Like what kind of plant, I mean, of course, you are spending some more capex on this. So what kind of capabilities and backward integration that you see coming out in, let's say, a year or two? So any color on when will we see the benefits of backward integration playing out?

C. C. Paarthipan: Yes. I mean, Vivek, please go ahead.

Vivek Partheeban: Yes. So we are trying to achieve a couple of things over here. Number one is when it comes to our general category, injectable products, which we are filing in the US and other larger regulated markets, we want to make sure that we have a control over the continuity of supply, which is something that is going to be very, very crucial for any generic manufacturer going forward. Because as it stands, the price erosion that has happened in the market even in injectables, I would say, has largely bottomed out, especially generic injectables.

So what makes company A different from company B is how good a track record of compliance and continuity of supply is going to matter. So typically, what happens is API is something in regulated markets, you can't really change the source that quickly. If you want to change your source, you need six months of data and another 6 months of what we call as the filing of the PAS. This might take up to 15 months for you to change the plans. And if you don't have products supplied from your primary source, then you're stuck about 1.5 years.

So this is where we feel that our API piece will really come into play. How we are looking at it now is we are going to start with the primary source for most of the products where we have already developed like our MD said, there are over 50 products that we have already developed at a large scale. We need to scale that up and then start filing for most of that. That's number one.

Number two is we also have a new OSD plant that is going to come up very close to Caplin Steriles. Now this is also going to be aimed at the larger markets of Latin America and also US and EU eventually. And we want to be backward integrated on the APIs for this. Now here, not just continue to supply.

I think cost control is also going to be achieved with our own API. And when it comes to oncology, we want to be directly backward integrated from day one. And even if it takes a little bit longer for us to start up, we will continue along this route. And basically, we acquired around four buildings around 2.5 years or more, of which the first two buildings have already been converted into the formulation part of the oncology division. And then the next two buildings, we're in the process of changing them into our oncology API section.

Girish Bakhru: And with this plant, how much did you acquire it for?

Vivek Partheeban: I will let CFO add some color on this one.

D. Muralidharan: The API facility is an asset purchase, so the unit, we paid a consideration of INR 25 crores for the land and building, and the plant and machinery, as they are today. So as you can see and also, we have elaborated in the press release, we'll have to evaluate the current status of the plant and machinery and re-estimate their additional capex that is required to cap it early, that we are in the process of working out. It will take a while. And the next four months to five months, it will all be operational.

Vivek Partheeban: Yes. So internally, we feel that it might require a capex of around INR 35 crores to INR 45 crores for us to bring it to regulated market compliant plant, and this could take anywhere between four to five months from our side. The good thing is most of the R&D work for the products have already been completed. It's been completed for the last 1.5 years or more. So that part of it, we don't see any delays or anything like that. So as long as the facility is up and running, I think we can very quickly start looking at our first filing.

Girish Bakhru: And just on the -- this overall margin this quarter, I mean, gross margins have been trending down. Any particular reason? Or is that the Q2 had a very high base in itself?

C. C. Paarthipan: Can I ask the CFO to answer, please?

D. Muralidharan: Yes, sir. Actually, as we have been telling in the past also, the gross margin will average around 54% to 55%. And then the product mix also plays a role, and then the customers whom we have dispatched, play a role here. Some of the orders, which are tender based will not have the same margin as the normal products. There are various reasons. As the year ends, we'll come back to about 55% average for the year as a whole. That's what we could probably do.

C. C. Paarthipan: Let me add one more thing. It's true, actually, in some of the products, the margins are lower. However, we are very keen actually to make sure that it will be a cash and carry transaction. We don't entertain anything in the form of credit. When the things actually are normal, you don't know what is happening worldwide. Yes, it's true -- let me repeat. It's true that there are some, to a certain extent, I think profitability is low. That is because of the fact, actually, worldwide, there are issues, which you are aware. However, what we do is we make sure that our transaction is cash and carry. We don't entertain any credit for the products where the margins are slightly lower. Anything else would you like to ask please?

Girish Bakhru: Yes. And so I mean, when you actually blend all this together, I know there is, of course, investment phase going on. '23 calendar year here, eventually, there are still some more investment and cost pressure. And the API scale up is happening. So should we assume that '23, you will not see major change in the margins, but '24, there can be substantial improvement?

C. C. Paarthipan: You know about the business, there are entry barriers when we get into bigger geographies. But I hope you would agree with me, the most important factor for us we still a debt free company with a deposit of INR 700-plus crores. Second, as I told actually that we will be building our deposits every year to the tune of INR 250 crores, at least minimum. So the process that we create in the form of actually the vertical integration, which is very similar to any big companies, which is already doing well, it may be one year this way or that -- which we are not in the position to assure you at this juncture, but we are assured to do well in the future.

Girish Bakhru: And just last one, if I can squeeze. There was 1/12 approved for review in China market. And probably, you have hands full with limited capacity. So is China something that is in horizon in the next two, three years? And if you could talk about what is the process in which you will enter the market.

C. C. Paarthipan: Yes. Definitely, China is one country where we have been exporting our products from China to South America. Now our next level of actually business will be totally differentiated. Some of them, I don't want to disclose at this juncture because disclosing it would lead to self-victimisation. We'll definitely do it, but it cannot be that faster as it happened before. Because the regulated market, anything in the form of regulated market, whether it is China, US or other country, it takes its own time. But we have plans, and we're not able to continue because of the fact, which you know two years of COVID. And subsequently, we have not been able to travel also because of quarantines that's happening in China.

Girish Bakhru: So this JV that you had was -- and that got liquidated also. Was it created before COVID?

C. C. Paarthipan: That's created before COVID, and the JV is liquidated. However, actually, they are, in fact, in a smaller way, they are taking some intermediates from India through us. But we will definitely associate again, and we're talking to each other. But of course, we'll let you know when it happens.

Moderator: We have the next question from the line of Chirag from RatnaTraya Capital.

Chirag: Congratulations on great traction in such a difficult environment, which is across the board. Just had three questions, sir. One, can you share the H1 EBITDA number for Sterile on just an approximate basis? I know at the year-end, we always get to see it. but could you just share a ballpark number of the EBITDA quantum that Steriles has generated in H1?

C. C. Paarthipan: Yes. Of course, the CFO to speak

D. Muralidharan: Yes, H1 CSL EBITDA is around INR 17 crores.

Chirag: INR 17 crores, got it. So that would imply that core business EBITDA is INR 191 crores, which would be around the 32% margin. I just wanted to take an input. Is that something that we think is a sustainable margin from here onwards for the core business? Or are there some pressures because of all the things that are happening in the world, that once we get relieved, this will inch up? What is your opinion about that number, sir?

Vivek Partheeban: So I'll just make one comment. Because we are still in investment phase when it comes to regulated markets. Because we don't really capitalize any of our R&D or filings or anything like that. We charge-off all of them as expenses. So until we complete or we get close to completion of our investments into R&D and filing, we can't really compare like-for-like to the parent company. Parent company is obviously a more mature business. But going forward, I would say two years hence we would probably say that it would be closer to the parent company in terms of overall EBITDA.

Chirag: Actually, my question was for the parent company only. So if I back into the core business margin that for the first half come down to be around 32 odd percent for the core Sterile -- the LatAm and Central America business, there is what I'm sort of looking for a guidance. Where do you think sustainable margins for the core parent business is? Sterile, I understand, we are investment grade. But for the core parent business, those margins have been in 35%, 36% range over the years. The core business, where do you think they will be in the future?

Vivek Partheeban: Yes. So that question had been already answered in the previous question. We expect our EBITDA margins to remain sustainable at the same level going forward. I mean, of course, one quarter here or there, if it goes up by a couple of points, you can't really compare on a quarter-on-quarter basis. But by and large, we feel that the EBITDA that we are reporting right now is very much sustainable.

Chirag: So the current EBITDA is what you think is a sustainable rate going forward, right, that's what you're saying.

Vivek Partheeban: Yes. Again, as a matter us being very conservative about, of course you can always come back to the -- it's less than saying that Caplin Steriles system and investment trades once it comes out and it breaks even, then obviously, they should go up. And that is for sure what is going to happen. But we would like to be conservative on this and then maintain the current -- I think, as current level itself, I think we have very good EBITDA numbers for a company that's mostly to generic products.

Chirag: Right. I understand, sir. Understand. So that's very helpful. Just on the growth rate part also for the core business, last two quarters have been slightly lower than the kind of execution that we've all gotten used to for the core business. Is this something that is -- that we are working on actively? Or do you think that given the large base now, incrementally, again, that number also has to be sort of moderated down for the growth of the core business?

Vivek Partheeban: Yes. Request Chairman to take this.

C. C. Paarthipan: Let me give an answer to this, please. What is happening today is there will be like -- sometimes it may go up, sometimes, it may go down because we have not been in the position to travel and take care of the marketing. And then we are focusing more on new markets. At the end of the day, what is important is we want to achieve one quarter -- what is important is actually the indicators and in fact, the process that we are creating, the pipelines that we are creating in the form of projects, in the form of R&D, in the form of actually creating a vertically integrated business model. So ultimately, in the short run, it may be a few percentage lesser. But in the long run, maybe two years from now, we will continue to do the way we have been doing in the past, and we may actually do better than before also.

Moderator: We have the next question from the line of Shivam Agarwal from Mirae Asset Capital Markets.

Shivam Agarwal: So sir, I have a question. Can you talk a bit on the cost front and how should we look at the margins spanning out for over the next 2 to 3 years? And what are the factors determining as the US business, the Caplin Steriles business could pick up?

C. C. Paarthipan: Gentleman actually, I think most of the questions are actually in line with oneand the same. However, the most important, as you all will agree with me, as we told you before, first is debt free and year-on-year, we will be in a position to create a deposit of INR 250 crores, which is not actually a small sum. And we are bringing something in the form of process, not in the form of pipeline, in the form of work in progress. Everything leads to growth. It may or may not happen in this year or next year, it's going to happen in future in a big way. If you look at any company, which is in the process of growing, they are actually right from key starting material, intermediates, API to formulation front.

We are there in some of the markets, and we are going to be there in all the biggest geography also in the future. That's why we are building facilities, we are also going for people by offering ESOP, we're offering them at INR 2, attractive ESOPs. So the things that we do today, whether it is in the form of attracting people or going for the technology, best of the best of products and going for the business model differentiation in the regulated markets, we are sure of doing well. The reason being, we have been catering to the bottom of the pyramid.

The only thing which is permanent in the world is change, as people say, the one more thing which is permanent also is poverty. When we address to that one, poverty is one thing which is there everywhere. If you take the one in US, even in US, you have uninsured and underinsured to the extent of 33%. But it takes time because of entry barriers. There is no way we can compress the entry barriers because the registration takes its own time, the facilities and the SOPs and the way in which we'll have to do things, we cannot compromise with the integrity, quality or safety in pharmaceutical business.

That's why when we graduate from one level to the next level, it takes time. And you also know it's not actually a commodity business. Even if there's a commodity business and pharmaceutical it is gone into the regulations, we have to stick to the regulations. Hence, the profitability on quarter-on-quarter basis sometimes its maybe for eventually, it will make it big, that is for sure. It's a question of time before we really make it.

Moderator: We have the next question from the line of Anupam Agarwal from Lucky Investment Managers Private Limited.

Anupam Agarwal: My question is on the US business. Sir, if you can highlight to us the 55 ANDAs, which are under development with the market has a $5 billion. The competitive dynamics of that overall market in terms of the number of players were fight for those products. Also the current INR 100 crores half yearly run rate, what kind of market share have you been able to gain, the product have already in the market?

Vivek Partheeban: Yes. So when it comes to competitive dynamics, I think most, it's a well-known information that is available. Typically, in injectables, there are always, for most generic injectables, there are always five to six players in the market, and these are all very large companies, the kind of companies that have 100, 150 over ANDAs in their names. So we are very niche in the sense that we are a small to mid-sized company, especially in the US, that has the unique proposition of having our own assets to our name. And also we are doing CMO business as well. So I would say that we are very well positioned going forward in the longer run. When it comes to market share, it differs from product-to-product. There are products where we have high double-digit market share.

There are ones where we are in single digits as well. So it also is probably not the right time to look at market share right now because people are just coming out of COVID. And this year might not be the best indicator of market share because what happens is outpatient services, especially at hospitals, which is where most of our injectable products go to, was not open until about seven, eight months ago. So the view that you will take from any sort of market share credits would be a little distorted. So I think 12 months from here might be a good place for us to look at what kind of market share that each of our products are taking.

Anupam Agarwal: If I am not wrong, do we have around 10, 12 products in the market already? Or...

Vivek Partheeban: In Caplin's own name, we have 13 products in the market. And with partners, we have another four.

Anupam Agarwal: Another four, okay. Can you, sir, highlight to what is the kind of filing targets do we have planned?

Vivek Partheeban: Okay. So we have seven products under review, of which three of them are at late stage reviews, where we expect approval in the next two to three months. And four more have been filed in the last couple of months. So we expect that to come by FY '24. When it comes to filing targets, we actually are ready to file about four ophthalmic products ready, that will happen in the next few weeks. And before the end of this financial year, we expect to file another at least two products of which one of them will be a complex emulsion.

Moderator: As that was the last question for today, I would now like to hand the conference over to the management for closing comments.

C. C. Paarthipan: Thank you. Thank you, everyone that has participated with our earnings call for today. And also thanks to Mirae Asset and Harshal for taking all this initiative and we expect to be in touch with you quite soon. Thank you, everyone.

Sridhar Ganesan: Thanks to all of you. Thank you. Thank you very much.

Vivek Partheeban: Thank you.

Moderator: On behalf of Mirae Asset Capital Markets, that concludes this conference. Thank you for joining us and you may now disconnect your lines.