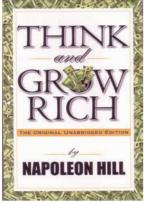
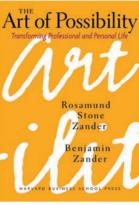
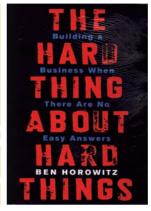
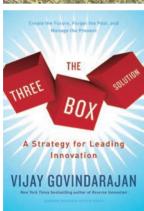
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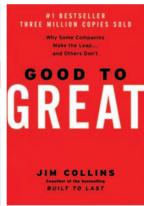


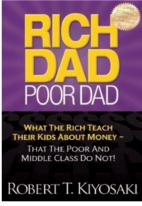


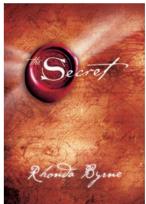


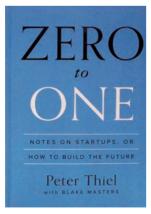


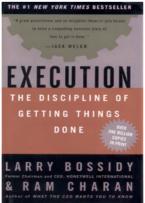


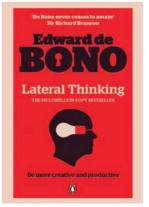


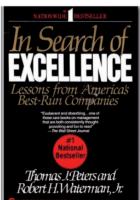












Caplin Point Laboratories Limited | Annual Report 2015-16

IF CAPLIN POINT LABORATORIES LIMITED HAS EMERGED
AS ONE OF THE FASTEST GROWING SMALL-CAP INDIAN
PHARMACEUTICAL COMPANIES IN THE LAST FEW YEARS, IT IS
BECAUSE WE HAVE STOOD ON THE SHOULDERS OF GIANTS.

#### Forbes Asia's 200 Best Under A Billion

Forbes Asia recognition for the third successive year – a rare distinction for Caplin Point Laboratories

Market capitalisation as of August 2016: \$237 Million

#### Contents

Corporate identity 12 | Chairman's overview 18 | Management review 22 | Management discussion and analysis 26 | Our financial model 30 | Risk Management 32 | Directors' report 34 | Corporate governance report 59 | Financial section 71 | Notice of the Annual General Meeting 125

25 inspired years 1990-2015

THANK YOU NAPOLEON HILL. THANK YOU ROSAMUND STONE AND BENJAMIN ZANDER. THANK YOU BEN HOROWITZ. THANK YOU ROBERT KIYOSAKI. THANK YOU RHONDA BYRNE. THANK YOU RAM CHARAN AND LARRY BOSSIDY. THANK YOU PETER THEIL AND BLAKE MASTERS. THANK YOU JIM COLLINS. THANK YOU GARY KELLER AND JAYA PAPASAN. THANK YOU VIJAY GOVINDARAJAN. THANK YOU TOM PETERS AND RICHARD WATERMAN.

Think and Grow Rich By Napoleon Hill. The Art of Possibility: Transforming Professional and Personal Life by Rosamund Stone Zander (Author), Benjamin Zander (Author). The Hard Thing About Hard Things by Ben Horowitz. Rich Dad Poor Dad:

What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not! by Robert T. Kiyosaki.

The Secret by Rhonda Byrne. Execution by Ram Charan and Larry Bossidy. Zero to One: Note on Start Ups, or How to Build the Future by Peter Thiel and Blake Masters. Good to Great by Jim Collins. The One Thing by Gary Keller and Jay Papasan.

The Three Box Solution: A Strategy for Leading Innovation by Vijay Govindarajan. In Search of Excellence by Tom Peters and Richard Waterman

## THESE ARE SOME OF THE THINGS WE LEARNT FROM THESE BEST SELLING BOOKS

"In the measurement world, you set a goal and strive for it. In the universe of possibility, you set the context and let life unfold."

Benjamin Zander, The Art of Possibility: Transforming Professional and Personal Life "More gold had been mined from the mind of men than the earth itself"

Napoleon Hill, Think and Grow Rich

"The only limitation is that which one sets up in one's own mind"

Napoleon Hill, Think and Grow Rich

"Remember that it is not the lawyer who knows the most law, but the one who best prepares his case, who wins."

Napoleon Hill, Think and Grow Rich



"Remember, too, that all who succeed in life get off to a bad start, and pass through many heartbreaking struggles before they 'arrive'. The turning point in the lives of those who succeed usually comes at some moment of crisis, through which they are introduced to their 'other selves'."

Napoleon Hill, Think and Grow Rich



"We don't think ourselves into a new way of acting, we act ourselves into a new way of thinking."

Larry Bossidy, Execution: The Discipline of Getting Things Done



"If a strategy does not address the hows, it is a candidate for failure."

Larry Bossidy, Execution: The Discipline of Getting Things Done



"Note to self: It's a good idea to ask, "What am I not doing?"

Ben Horowitz, The Hard Thing About Hard Things: Building a Business When There Are No Easy Answers



"Execution is a systematic process of rigorously discussing hows and whats. tenaciously following through, and ensuring accountability."

Larry Bossidy and Ram Charan in Execution



"I'd rather welcome change than cling to the past"

Robert T. Kiyosaki, Rich Dad, Poor Dad



"There are those who make things happen, there are those who watch things happen and there are those who say 'What happened?"

Robert T. Kiyosaki, Rich Dad, Poor Dad

And this is how the wisdom of the masters has been distilled into our business model, vision and goal.

# We intend to transform what is our topline of today into our bottomline six years from now.

We have done this once (2010 to 2016) and we have embarked on initiatives to do so again (2016 to 2022).

This strategy translated into attractive market outperformance and wealth creation; an investment in the Caplin stock five years ago would have yielded a 3700% return today.

THE WAY WE DO BUSINESS

At Caplin Point, the priority is to run a quality business over a quantity approach.

#### Purpose

At Caplin Point, we are in business to manufacture medicines that alleviate human suffering – quickest, fullest, cheapest and in the most convenient manner. we do not just meet consumer needs, we make healthcare affordable, accessible.

01

#### Sustainable growth

At Caplin Point, we focus on 20-25 percent annual topline growth and a net margin of around 20 percent by leaving adequate value on the table for all our stakeholders -vendors, customers, employees, government and shareholders.

02

#### Long-term

At Caplin Point, we are driven by the long-term, showcased in our decision to invest in an injectables manufacturing capacity (CPIV) that is approved by EU-GMP and ANVISA, and now awaiting the coveted USFDA approval.

03

#### Geographies

Caplin Point focused on geographies in Latin America marked by an under-penetration of remedies, rising regulatory standards and growing disposable incomes. Besides, these geographies are too small for the large pharmaceutical players and too large for small companies. Going ahead, the company intends to market injectables in US.

04

#### Complex spaces

Caplin Point has selected to focus on complex downstream spaces of niche products manufacture - soft gels, penems, dermo-cosmetics and suppositories for the emerging markets.

05



Personality

At Caplin Point, We invested in a last mile logistical solutions to help our alliance partners focus on downstream activities of selling to retailers directly.

Ca ou

Value chain

Caplin Point's asset-light approach has selected to outsource several formulations manufacture to large, respected and quality-driven formulation manufacturers in China and India.

08

Liquidity

Caplin Point has selected to grow to the extent that can be supported by a quality Balance Sheet (low debt, receivables and bad debts). Receivables were a mere 12 days of turnover equivalent; payables at 90 days of turnover equivalent. The Company remained debt-free; working capital cycle was virtually negative.

07

Service

Caplin Point enabled distributors to commission warehouses and address pharmacies directly, shrinking the order-to-fulfillment cycle. This translated into quicker inventory turns (even as the company's revenues increased). The company's inventory turns of 8x were nearly twice the prevailing pharmaceutical industry average.

06

Product mix

Caplin Point has selected to market products on the WHO essential drugs list. Nearly 90% of revenues were derived from generic products - antibiotic, NSAIDS, ophthalmic, pain management and anti-ulcers.

