



Availability.
Accessibility.
Affordability.
Analysability.

How Caplin Point is
addressing the 4As of the
global pharmaceutical sector

Caplin Point Laboratories Limited
Annual Report 2016-17

STRATEGIC REPORT

Forward-looking information

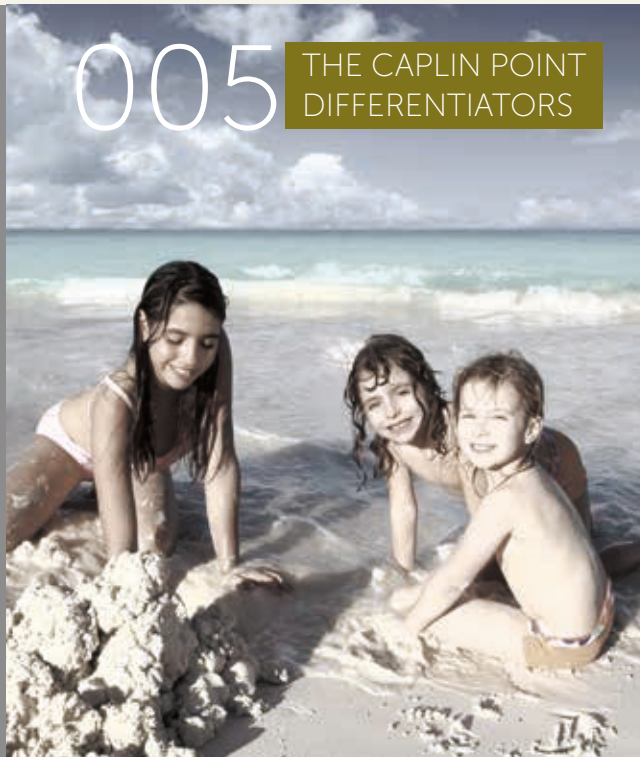
In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and estimates taken as assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

The financials reported by the company for 2016-17 is for a period from 1 April 2016 to 31 March 2017. To facilitate a faithful comparison with the performance of the previous financial of 2015-16 (9 months), the company has selected to annualise the numbers of 2015-16 wherever applicable.

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THE CAPLIN POINT DIFFERENTIATORS



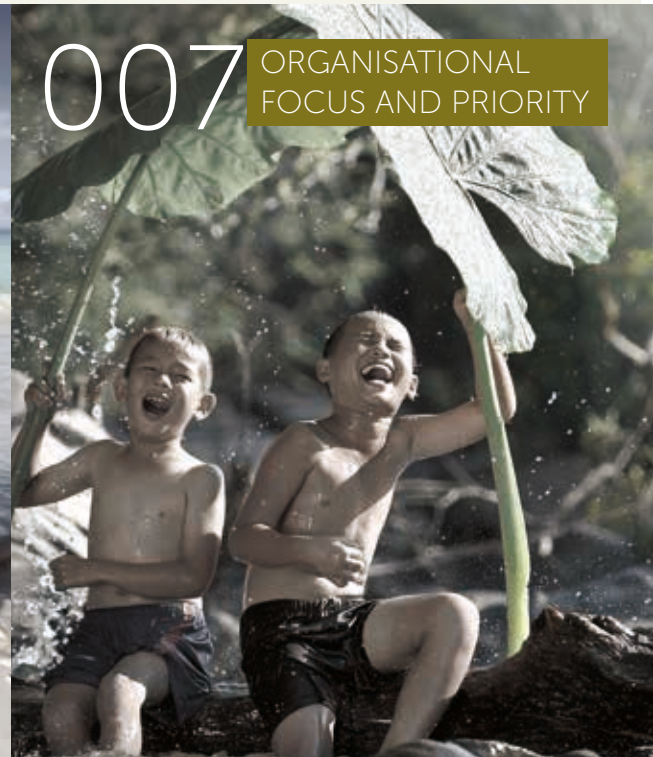
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AT CAPLIN POINT, WE BELIEVED THAT IF WE DID THE USUAL THINGS, WE WOULD CREATE A USUAL, ROUTINE AND MUNDANE COMPANY.

This annual report is not as much about our revenues, margins and profits of today.

As much about how we have invested proactively to provide comprehensive trade, patient and doctor solutions for patients tomorrow.

This report is not as much about where we stand today as much about how we are positioned for tomorrow through a state of the art FDA-approved plant that will provide a product range most in shortage (injectables) to address the growing needs of the largest pharmaceutical market in the world.

This report is not about how we are addressing the apex of the product pyramid as much about how our strategy will make it possible to provide an anytime availability of affordable medicines most proximately for the largest number of patients through an analysis of who purchased what, when and where, making us a futuristic company.

This then is not a review document of the past; it is really an insight into how we are building the Caplin Point of the future.



THE CAPLIN POINT DIFFERENTIATORS

01

Most pharmaceutical companies focused on manufacturing products.

We focused (until now) on getting medicines to patients in the shortest time at the lowest cost instead.

02

Most companies focused on marketing products to generate the highest realisations.

We focused on marketing pharmaceutical products where they were most needed.

03

Most pharmaceutical companies focused on the most popular markets.

We focused (until now) on entering markets largely overlooked.

04

Most pharmaceutical companies stayed with a successful strategy.

We graduated from emerging markets to a strategy that addresses the most advanced pharmaceutical market of the world. (USA).

05

Most pharmaceutical companies addressed opportunities corresponding to their size and standing.

We punched above our weight to address the niche injectables segment in USA, a space generally addressed by larger players.

06

Most pharmaceutical companies focused on markets with existing robust offtake.

We focused on markets where we would play the role of demand catalyst.

07

Most pharmaceutical companies focused either on affordability, availability or accessibility.

We focused on each of these – plus analyzability, resulting in an informed understanding of disease trends.

FOR DECADES, GLOBAL RETAIL PHARMACEUTICAL MARKETS WERE DRIVEN BY THE 3AS OF BUSINESS. AVAILABILITY. ACCESSIBILITY. AFFORDABILITY.

If you made products that were available off the shelf, if you provided these products proximate to population clusters and if you made them affordable, you could potentially be successful for years.

A FOURTH DISRUPTIVE FACTOR HAS EMERGED. ANALYSABILITY.

Suddenly, the 3As of business success are not enough. There is a growing premium being paid for the knowledge of who bought what, when, where and how often. There is a growing feeling that companies that possess this knowledge (in addition to the 3As) will emerge as the enduringly profitable companies of tomorrow.





CAPLIN POINT
AND THE

4As

OF THE
PHARMACEUTICAL
SECTOR

Reality: The European Union, North America and Eastern Europe/ Central Asia enjoy a GDP per capita two-and-a-half to five times the global average.

Sub-Saharan Africa and South Asia have a GDP per capita equivalent to just an eighth of the global average.

Affordability: Caplin Point is leveraging its established cost leadership to provide affordable medicines widening the market and its corresponding share.

Reality: Total health expenditures in USA accounts for 17.1% of GDP.

In a country like Equatorial Guinea, it accounts for just 3.8% of GDP.

Availability: Caplin Point is working closely with pharmacists and trade intermediaries in the regions of its presence to ensure that medicines that are prescribed by physicians are in stock just when consumers need them.

Reality: In affluent countries, 6.8 out of 1,000 children die before their fifth birthday.

In low-income countries, this number is 76.1 out of 1,000 children.

Accessibility: Caplin Point is working with trade partners to ensure that medicines are available proximate to patients.

Reality: Life expectancy is around 81 years in high-income countries.

Life expectancy is around 61 years in low-income countries.

Analysability: Caplin Point is investing in cutting-edge technologies to address the last frontier – an understanding of patient and offtake trends leading to informed marketing that makes it possible to enhance life expectancy.

Source: World Bank, 2016

A S N A P S H O T

CAPLIN POINT IS ONE OF THE MOST EXCITING COMPANIES TO HAVE COME OUT OF THE INDIAN PHARMACEUTICAL INDUSTRY.

The sector grew 15 per cent in 2016-17; Caplin Point grew revenues 30 per cent.

The sector is competitive; Caplin Point reported higher-than-average margins.

The sector is challenging; Caplin Point delivered free cash in 2016-17.

Vision

Caplin Point aims to create new niches in the markets of our presence to ensure our current foothold remains strong and our product portfolio, innovative. Looking ahead, we envisage implementing our unique business model across the globe to ensure everyone has access to quality medicines at affordable prices.

Mission

Innovate constantly to change the rules of the game and not merely compete in the game because it is innovation that distinguishes a leader from a follower.

History

Caplin Point was established in

1990 to manufacture a range of ointments, creams and other external applications. The company got listed in 1994; its IPO proceeds were deployed in a manufacturing facility in Pondicherry. The Company ventured into the emerging markets of Africa, Latin America and The Caribbean.

Management

Caplin Point is headed by Mr. C. C. Paarhipan (Chairman), Dr. Sridhar Ganesan (Managing Director) and Dr. Philip Ashok Karunakaran (Head – Technical), who, in turn, are supported by a competent managerial team.

Certifications

Caplin Point is a quality-driven producer. The company's CP4

facility has been certified by USFDA, ANVISA (Brazil) and EU-GMP (European Union).

Presence

The Company's products enjoy a strong presence in the Latin American and Caribbean nations of Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua and Venezuela.

The Company is also consolidating and expanding its presence in the African nations of Angola, Benin, Democratic Republic of Congo, Burkina Faso, Guinea, Ivory Coast, Mali, Senegal and Togo.

Dosage forms

The Company caters to the entire spectrum of pharmaceutical formulations, covering the following dosage forms:

- Tablets
- Capsules
- Injections – powder, liquid and lyophilized
- Soft gel capsules
- Ophthalmic
- Inhalers
- Suppositories and ovules
- Liquid and dry syrups
- Topicals