



Caplin Point
Laboratories Limited

Investor Presentation September, 2020

Proving Remedies
BRINGING SMILES to People

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Headquarter, Chennai

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2 Understanding Caplin

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CP-I plant at Suthukeny, Puducherry

1

Financial Highlights

- ▶ Consolidated Total Revenue at INR 516 Cr for H1FY21, up 19.8% YoY, as compared to INR 431 Cr in H1FY20
- ▶ Q2FY21 Revenue at Rs. 270 Cr, up 15.3% YoY, as compared to Rs. 234 Cr in Q2FY20
- ▶ Cash and Cash Equivalent at INR 443 Cr as on 30th September 2020 against INR 284 Cr on 31st March 2020
- ▶ Cash flow From Operations (CFO) at INR 193 Cr in H1FY21 as against INR 45 Cr for the whole year in FY20
- ▶ Inventory stood at INR 180 Cr for H1FY21 as against INR 238 Cr in March 2020
- ▶ Receivables stable at 94 days in H1FY21

2

LATAM Business Highlights

- ▶ Company targets FY21 closing Cash Reserves to be around INR 350 ~ 400 Cr. These reserves to be deployed in different projects near our Chennai Facility and we have already acquired land for the same
- ▶ API project (near Chennai) construction to start immediately, expected to be completed by end-2021. Over 26 APIs already developed at Lab scale
- ▶ Company's e-commerce platform 'QuetenX', part of 10X Healthcare portal, shows continued traction, catering to 900+ unique customers with 440 SKUs being sold currently, in Guatemala and Nicaragua. On track to launch the platform in Dominican Republic and Ecuador within next 2 Quarters
- ▶ Land procurement completed for construction of a Centralized Warehouse in Latin America, to prevent stock out situations of key products
- ▶ Good progress seen in R&D of 150 new formulations, specifically targeting various therapeutic areas – viz. Injectables, Psychiatric and Neuropsychiatric products for Brand Marketing, Anti-Cancer products, Hormones and Penems

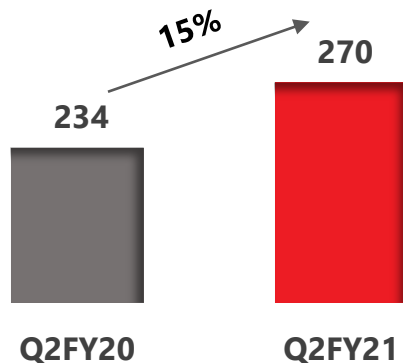
3

US Business Highlights

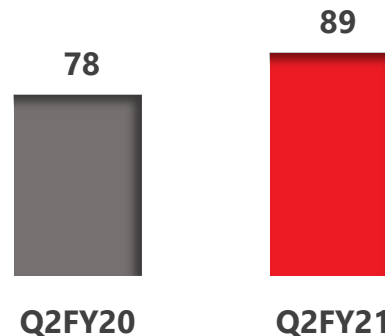
- ▶ Company launched 2 products in US in the last quarter. As on date, 7 out of 9 approved ANDAs have been launched, with remaining 2 to be launched in next 3 months. Market share occupied by the launched products stable in the range of 8-12%
- ▶ Expecting 7 ANDA approvals in the next 2 Quarters, and launch planning activity ongoing for swift launch of all 7 products
- ▶ Company has signed CMO partnerships for 3 complex products (Injectables: 2; Ophthalmic: 1), to be filed in the US and worldwide within 18 months
- ▶ 12 API DMF filings to be completed through CMO partnership, within next 12-15 months, as both Primary and Secondary source APIs, for Caplin's ANDAs
- ▶ Company has taken on additional in-house R&D projects, specifically in lucrative Pre-Mix Bag formulations. Company is currently working on an overall pipeline of 40 ANDAs to be filed within the next 36 months, with addressable market size of US\$ 2.8 Billion.

Robust quarterly revenue growth coupled with stable margins

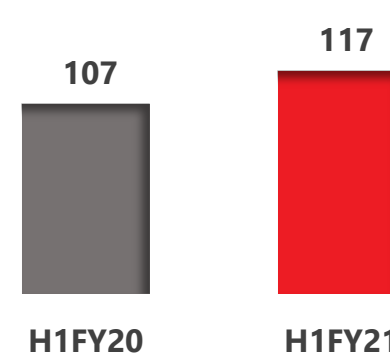
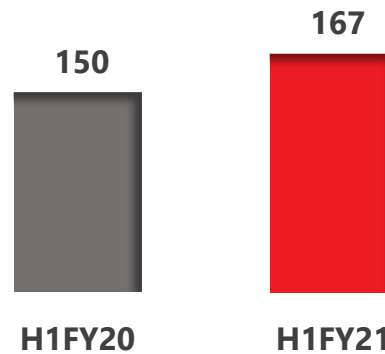
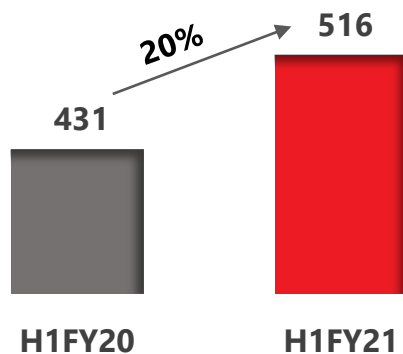
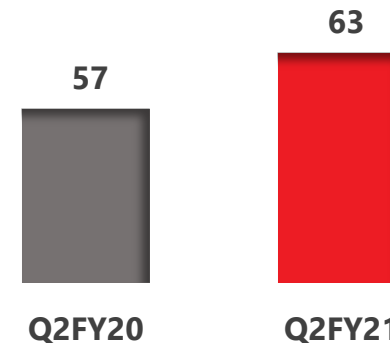
Total Revenue (INR Cr)



EBITDA (INR Cr)



PAT (INR Cr)



Revenue continues its strong momentum despite the uncertain environment with margins coming back to their pre-covid levels as we see the impact of lower margin inventory which came on caplin's book due to acquisition of channel partner wear away slowly

P&L for the Quarter and Half year – Consolidated

Value (INR Cr)	Q2 FY21	Q2 FY20	YoY (%)	Q1 FY21	QoQ (%)	H1 FY21	H1 FY20	YoY (%)
Revenue from Operation	268.12	227.20	18.0%	240.08	11.7%	508.19	419.76	21.1%
Other Income	1.76	6.89		6.49		8.26	11.36	
Total Revenue	269.88	234.09	15.3%	246.57	9.5%	516.45	431.12	19.8%
Cost of Goods sold	120.36	109.43	10.0%	108.80	10.6%	229.16	194.61	17.8%
Gross Profit	147.76	117.77	25.5%	131.28	12.6%	279.03	225.15	23.9%
<i>Gross Profit Margin (on Rev from Ope)</i>	55.1%	51.8%		54.7%		54.9%	53.6%	
Employee Benefit Expenses	25.27	15.96	58.4%	25.87	-2.3%	51.15	31.55	62.1%
Research and Development expenses	13.98	12.19	14.7%	11.22	24.6%	25.20	21.44	17.6%
Other operating expenses	21.08	18.51	13.9%	22.59	-6.7%	43.67	33.66	29.7%
Total expenditure	60.33	46.66	29.3%	59.68	1.1%	120.03	86.65	38.5%
EBITDA	89.19	78.00	14.3%	78.09	14.2%	167.27	149.86	11.6%
<i>EBITDA Margin</i>	33.0%	33.3%		31.7%		32.4%	34.8%	
Depreciation and Amortisation	8.88	7.41	19.9%	8.96	-0.8%	17.84	14.79	20.6%
EBIT	80.31	70.59	13.8%	69.13	16.2%	149.43	135.07	10.6%
<i>EBIT Margin</i>	29.8%	30.2%		28.0%		28.9%	31.3%	
Finance Cost	0.48	0.08		0.51		0.99	0.09	
Profit Before Tax	79.83	70.51	13.2%	68.62	16.3%	148.44	134.98	10.0%
<i>PBT Margin</i>	29.6%	30.1%		27.8%		28.7%	31.3%	
Tax	17.00	13.25		14.07	20.8%	31.07	27.64	12.41%
Profit after Tax	62.83	57.26	9.7%	54.55	15.2%	117.37	107.34	9.3%
<i>PAT Margin</i>	23.3%	24.5%		22.1%		22.7%	24.9%	

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2 Understanding Caplin

- 2.1 Transformation across the decades
- 2.2 Caplin's core business
- 2.3 Diversified Product Portfolio with a balanced product mix
- 2.4 Smart mix of manufacturing and outsourcing; Product capacities
- 2.5 Building Research & Development Capabilities
- 2.6 Delivered Robust Profitable Growth & Returns over the decade

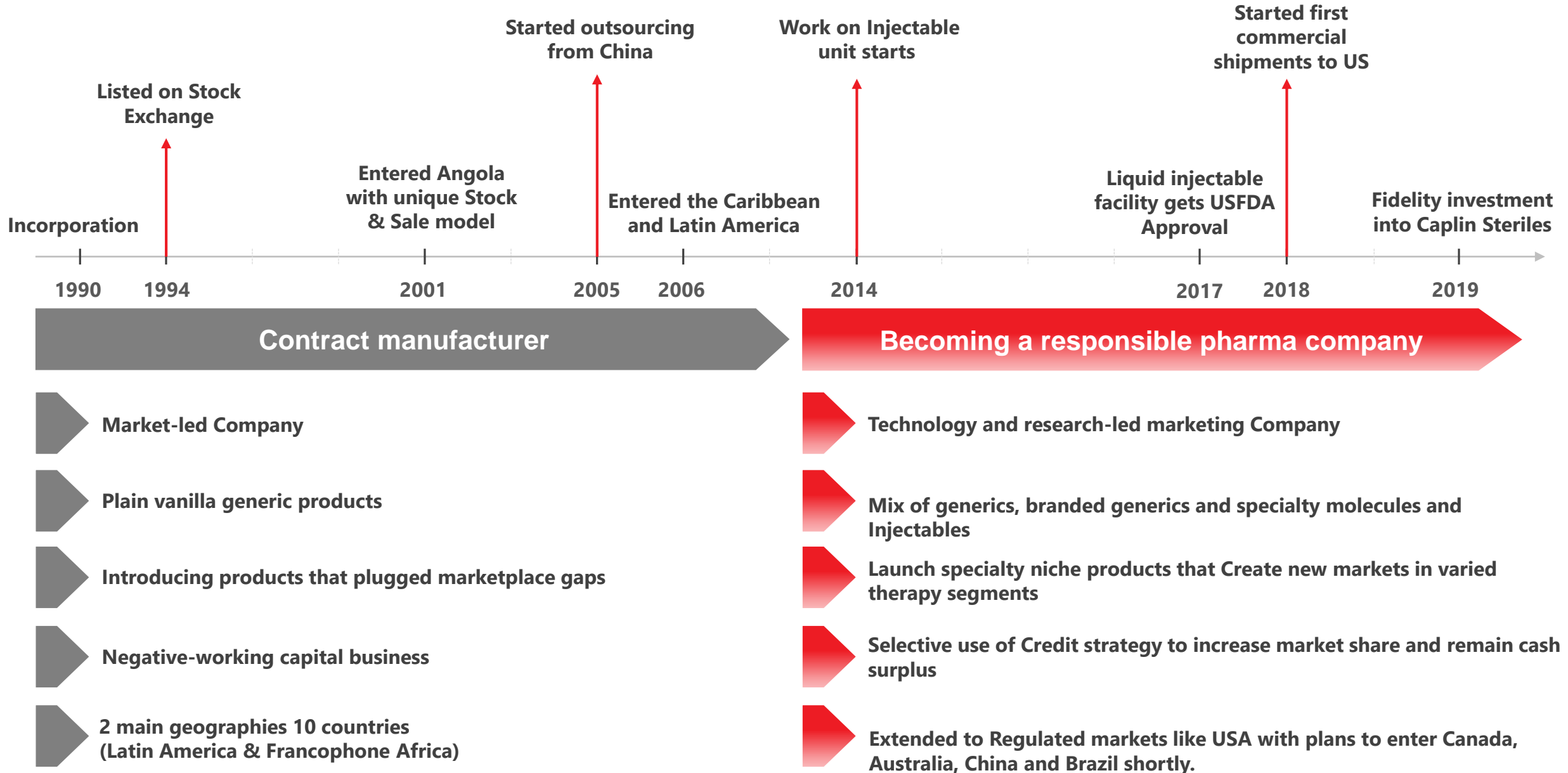
3 Growth engines of Caplin

4 More about Caplin

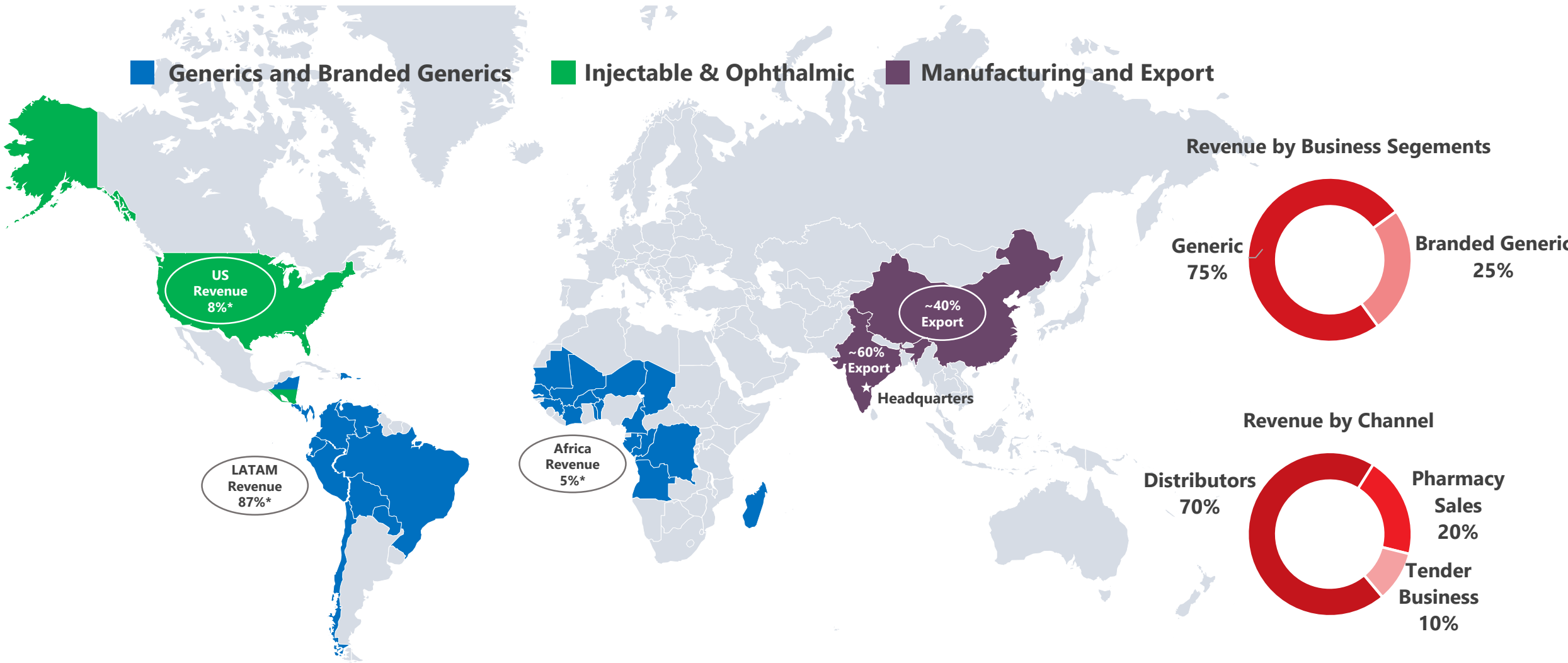


CP-IV plant at Gummidipoondi, Chennai

Transformation across the decades



Our core business – Tapping the untapped markets



Caplin covers wide spectrum of pharmaceutical formulations and Therapeutic Segments across the 23 countries with a net revenue of INR 905 Cr in FY20

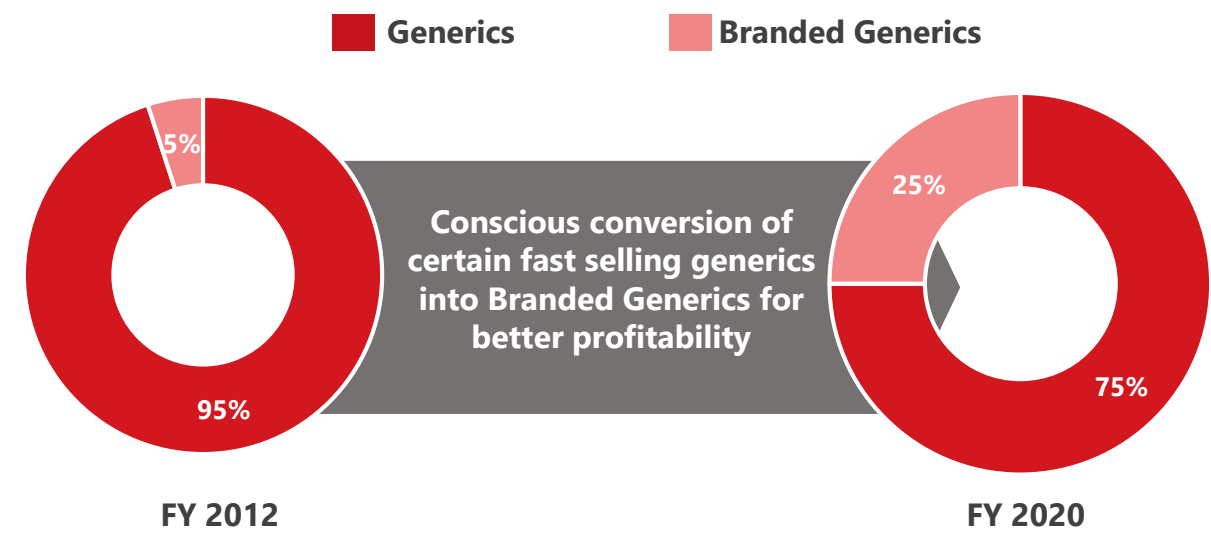
* Region wise net revenue split for FY20.

Diversified Product Portfolio with a changing product mix

Diversified Product Portfolio with zero reliance on single product / Therapy



Changing product mix



Our Products

- ✓ Tablets
- ✓ capsules
- ✓ Injections (liquid & lyophilised, pre-filled syringes)
- ✓ Ophthalmics
- ✓ Liquid Orals
- ✓ Softgel Capsules
- ✓ Ointments, Creams & Gels
- ✓ Powder for injections
- ✓ Suppositories & Ovules
- ✓ Dermocosmetics
- ✓ Surgicals & Disposables
- ✓ Pre-Mix Bag Formulations
- ✓ Inhalers & Sprays
- ✓ IV infusion

Smart mix of manufacturing, outsourcing; product capacities

40% of the products produced inhouse

60% of the products are outsourced from quality conscious partners in India and China

Exports

India
60%

China
40%



CP I plant:
Generics and Branded Generics

- Liquid injections in Vials, Ampoules and Pre-Filled Syringes.
- Tablets
- Capsules
- Liquid Orals (Syrup & Suspension)
- Soft Gelatin Capsules
- Suppositories and Ovules

INVIMA and WHO-GMP

Suthukeny, Puducherry



CP IV Plant (Part of Caplin Steriles Limited):
Injectables and Ophthalmic

- Vials
- Lyophilized Vials
- Ophthalmics
- Pre-Mixed Bags

US FDA, EU-GMP, and INVIMA

Gummidipoondi, Chennai

Total Annual Product Capacity

1,500 Mn
Tablets

400 Mn
Capsules

12 Mn
Pre-Mix Bags

20 Mn
Liquid Injection in
Ampoules

65 Mn
Liquid Injections
in Vials

6 Mn
Bottles of Liquids

1 Mn
Bottles of Dry
Syrups

12 Mn
Pre-Filled
Syringes

12 Mn
Ophthalmic units

220 Mn
Soft Gels

30 Mn
Suppositories

1.2 Mn
Lyophilized Vials

Caplin's smart strategy of balanced manufacturing and outsourcing makes it possible to be a lean organisation as well as de-risk against cost escalations, currency fluctuations and other headwinds

Building Research & Development Capabilities

5 Dedicated Facilities

Caplin has 5 dedicated R&D setups (3 – DSIR approved and 2 under approval)

INR 1.6 bn Capex

Continuous capex investment of over INR 1.6 bn over last 5 years towards enhanced manufacturing and R&D capabilities

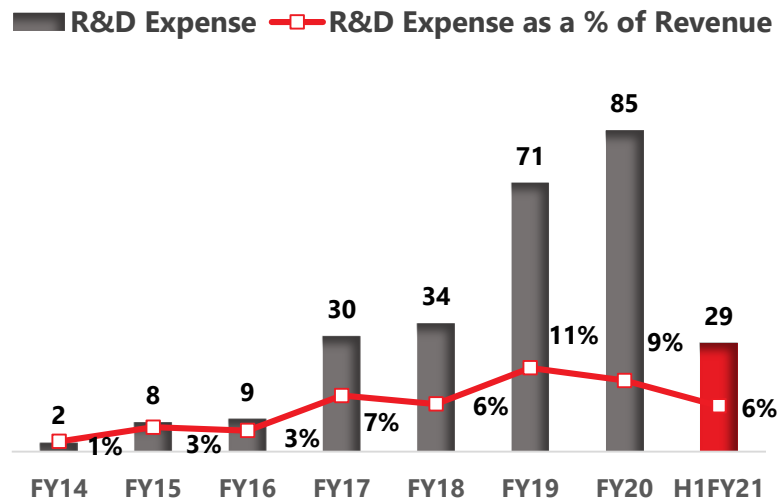
Expensing R&D

Caplin expenses all R&D expenditure. Total R&D Spends (Capex + Opex) is 40% of FY20 PAT

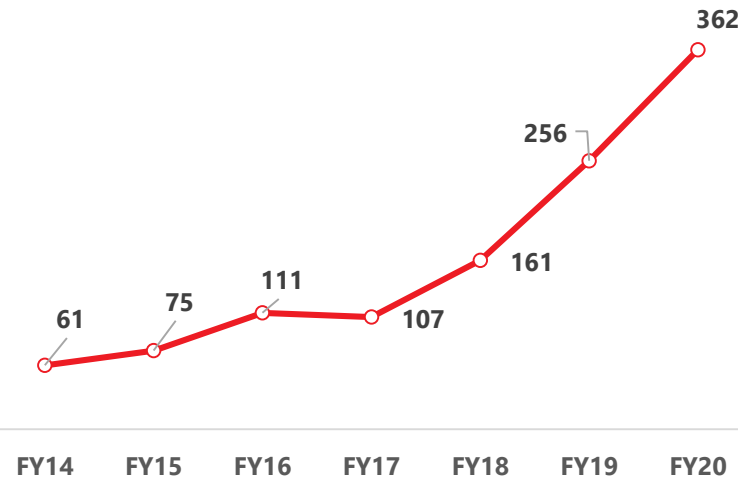
Kilo Lab

Kilo Lab for Commercial manufacturing of API for US market under construction in Chennai.

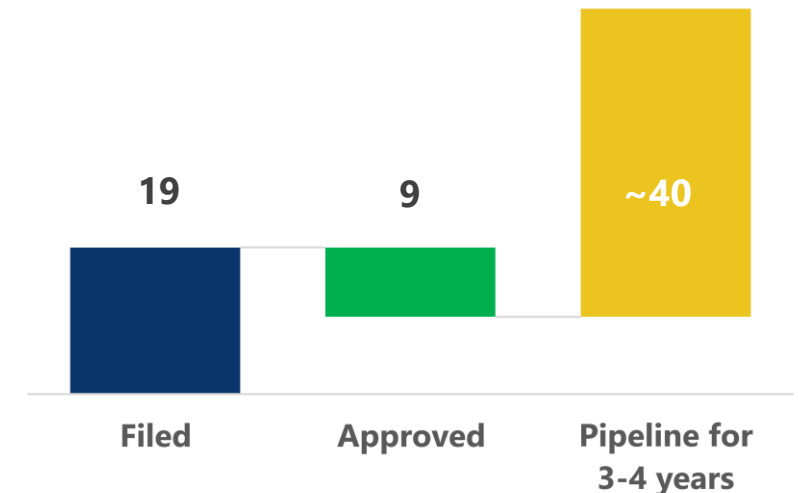
R&D expense – Capex + Opex (INR cr)



R&D Team at Caplin (Nos)

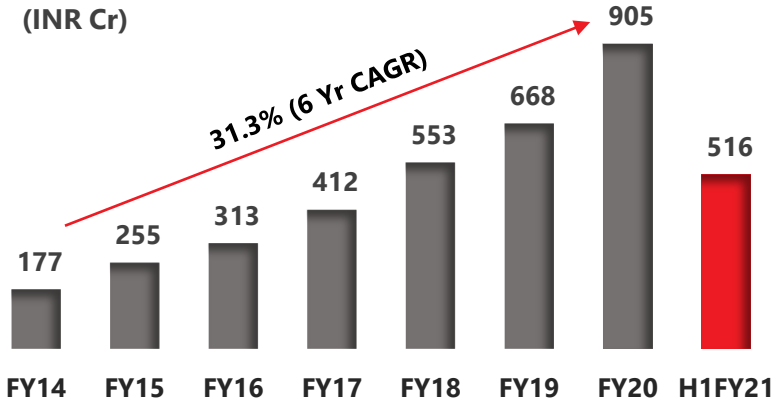


ANDA Pipeline

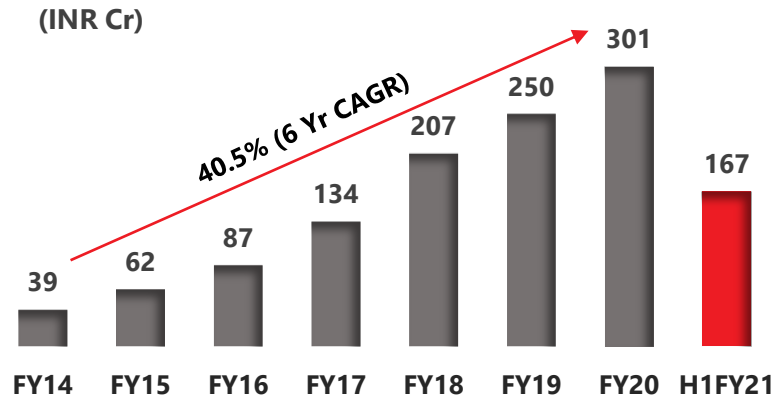


Delivered Robust Profitable Growth & Returns over the years

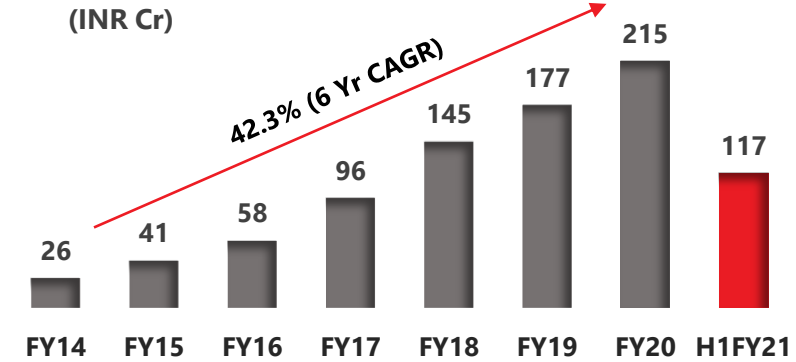
Total Revenue



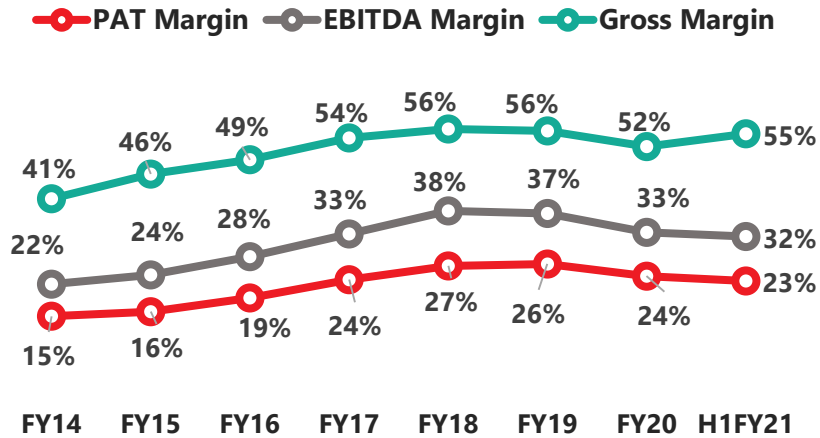
EBITDA



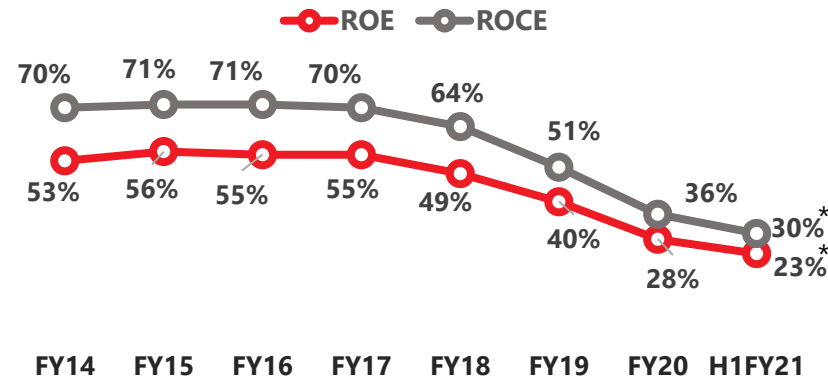
PAT



Robust Margins

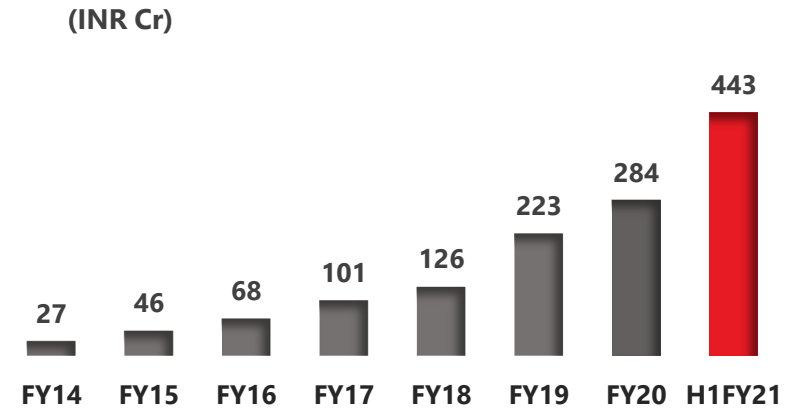


Consistently delivered strong return ratios



*Annualized basis
Avg RoE and RoCE in 2020 are on a higher base of Rs. 756 Cr (> Rs. 310 Cr over 2019)

Cash and Cash Equivalent



Target
achieved

FY14 top line is now FY19
bottom line

New
Target

To convert Top Line of FY16 into the
Bottom Line of FY22

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2.2 Core business

2.3 US Business

2.4 Scaling up the value chain

2.5 Strong balance sheet

2.6 Entering China

4 Appendix



Amaris Clinical - CRO Clinic, Chennai



01

Core business to grow at historical pace...

Caplin's core business which is focused on Latin America and Francophone Africa is expected to grow at above industry-average pace with margins expected to improve with increased branded generics business

02

... with US Business to boost the growth...

Aspirations to have exceptional compliance record and focus on niche products which continues to be in shortage in US market, Caplin believes US business to be one of it's primary engines that will drive growth

03

... backed by enhanced value chain...

Backward and forward integration to help save cost, capture more market and control supply chain which is expected to boost earnings

04

... Strong balance sheet and...

Caplin's DNA of remaining debt-free and self-sustenance is highlighted by increasing cash surplus over the years. Strong Balance sheet of Caplin acts as an anchor for our long term vision

05

... Expansion into other geographies

Caplin plans to enter more regulated markets such as Canada, Mexico and Australia in the near to medium term horizon

01 | Core business to grow at historical pace...

Overview

LATAM

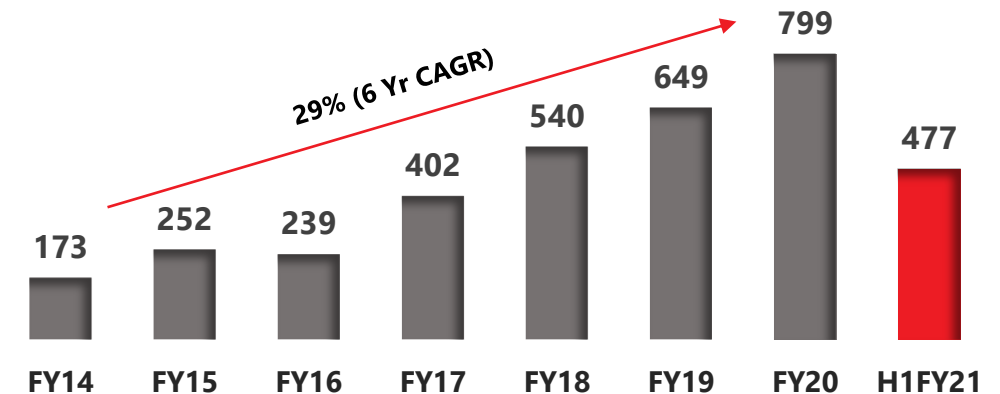
- **No. 1 Indian player in Central America**
- Increased its LATAM footprint from **two countries to 12 countries within a decade**
- Entry into Pharmacy sales through **Healthcare portal**, for higher margins and offtake

Africa

- **One of the first few Indian pharmaceutical companies to extend to West Africa** with Brand Marketing
- **High Recognition** of CPL's brands across Francophone and Portuguese Africa

Performance

Revenue from LATAM + Africa (INR Cr)



Expansion

- ✓ Increasing focus to larger Latin American countries such as Chile, Colombia and expansion in Mexico and Bolivia
- ✓ Working on additional 150 formulations specifically targeting 3 expansion areas – Hospital Injectables, Neuropsychiatric products in Brand Marketing and Anti-Cancer products.

Pharmacy automation

- ✓ To increase profitability and augment strong capabilities in the Supply Chain.
- ✓ 'QuetenX', part of 10X Healthcare portal, continues to show strong traction, reaching 900+ unique B2B customers in Latin America

Strategy

End to end business model

- ✓ Acquisition of distributors in LATAM region to Create a end to end business model with total control over export, import and distribution

Bottom of the Pyramid

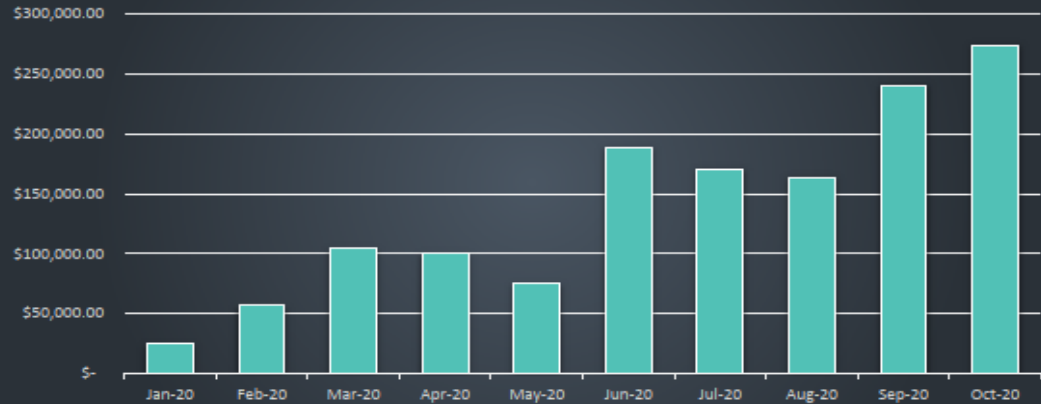
- ✓ Continued focus on the Bottom of the Pyramid, Creating a stickiness factor for Caplin's products

Quéténx

B2B E-Commerce Sales

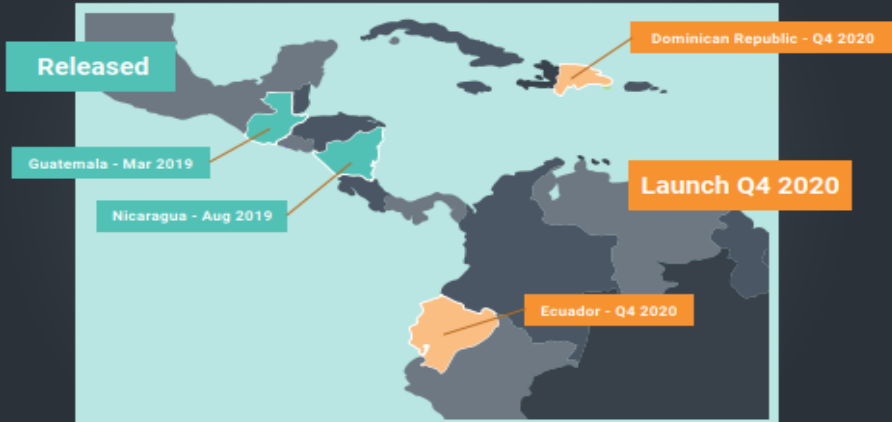
JANUARY - OCTOBER 2020

Total Sales QTX USD YTD

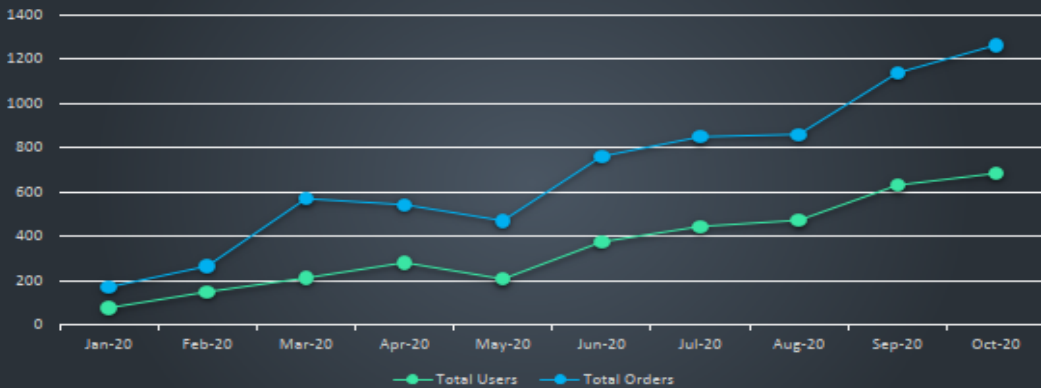


Quéténx is the first B2B Marketplace in Central America for Online Pharmacy Purchases

E-Commerce Pipeline - LATIN AMERICA



Active Users vs Total Orders YTD



Highlights JAN-OCT 2020

USD
1.4MM
Driven Sales through digital channel YTD

6.8k
Orders through digital channel

900+
Unique Customers

440+
SKUs Sold through digital channel

Overview

- Invested ~Rs.450 Crore in Capex and Opex in the last 5 years through internal accruals to enter the US and Regulated markets
- Entered US Market in 2017-18 with launch of Ketorolac Inj, currently owned by Baxter
- Launched **7 products in total in the US, through partners such as Fresenius Kabi, Baxter and Meitheal.**
- Signed new Distribution deal with Xellia Pharmaceuticals to launch 5 more products in the short to medium term in US.

Injectable plant Inspection history

Plant has undergone 3 US FDA and 2 EU GMP audits successfully since 2016

Date	Authority	Observations/ 483 / Warning letter
June 2019	USFDA	2 observations of procedural nature
October 2018	USFDA	No observations
October 2016	USFDA	2 observations of procedural nature
May 2015	EU GMP	No Critical observations
Sep 2018	EU GMP	No Critical observations

Creating the brand Caplin in US market

- ✓ Strengthening the US Credentials by entering niche high value Injectable and Ophthalmic segment
- ✓ Filing a mix of Simple and Complex injectables in US in our own name
- ✓ Planning to have front end presence in the US market to launch own label & expand. Likely to be completed before end 2022.

Focused on a niche segment

- ✓ The Company believes in focusing on this niche segment as there's a chronic gap between demand and supply in Injectables in the US market, resulting in frequent shortages. Also this segment has seen lesser price erosion comparatively due to these shortages.

Strategy

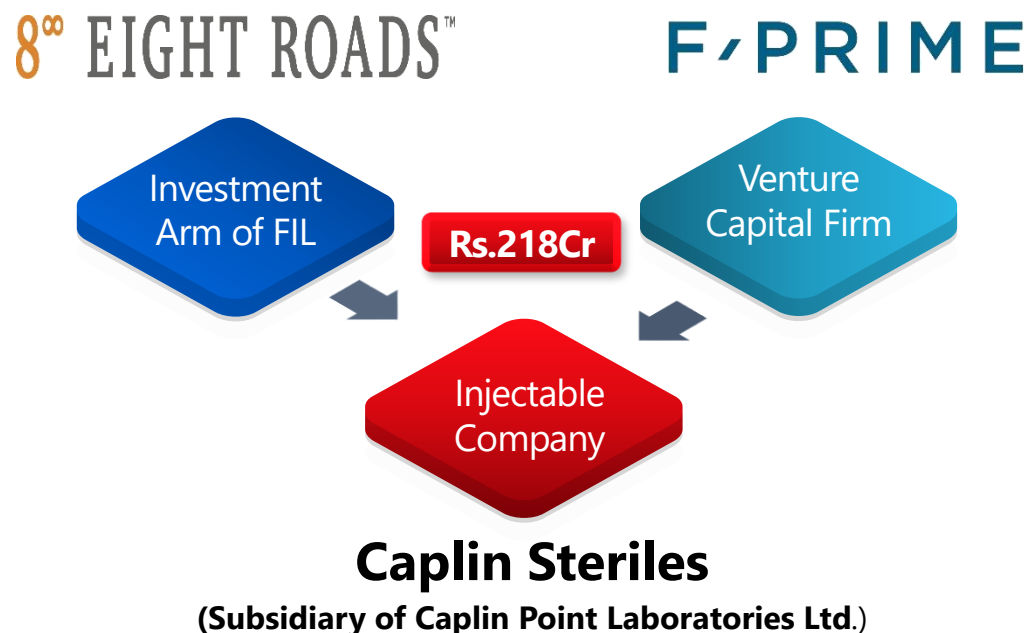
Strategic Partner

- ✓ Fidelity invested INR 218 Cr. in Caplin Steriles (Caplin's US business) for minority stake.
- ✓ Fidelity is known to be a long term knowledge partner with over 50% of worldwide private investments into Healthcare. This helps bringing us access to a powerful investment platform spanning Asia, Europe and the US.

Capacity expansion

- ✓ 3x Capacity expansion completed at Caplin Steriles Plant – CP-4
- ✓ API Backward integration plan for US business is on track and expected to be completed by Q4FY22

Transaction Structure



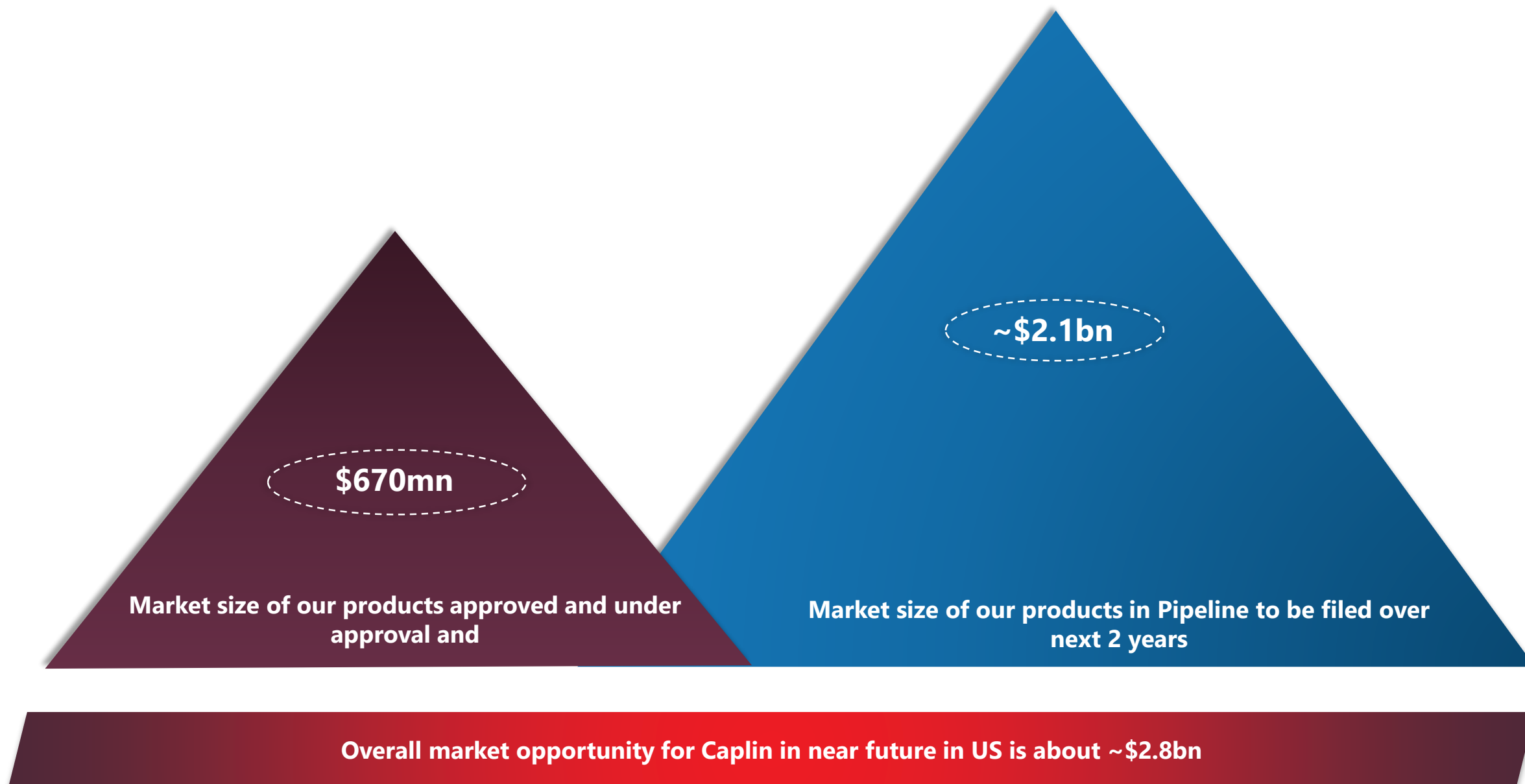
Transaction Details

Objective

- Increase R&D capabilities to include Complex Injectable and Ophthalmic products portfolio and enhance capacities at Plant.
- **Eight Roads and F-Prime Capital – Fidelity** together bring access to a powerful investment platform spanning **Asia, Europe and the US**.

Key Transaction Highlights

- Caplin Steriles Ltd, subsidiary of Caplin Point Laboratories Ltd. will cater to the rapidly growing demand for **injectable products** in the regulated markets, especially the **US and other Regulated Markets**.
- **Eight Roads Ventures and F-Prime Capital** invests **INR 218Cr for Minority** stake, with cash infusion coming into Caplin Steriles Ltd.
- **Fidelity** known to be a long term knowledge partner with over 50% of worldwide private investments into Healthcare.
- The subsidiary has already filed **19 ANDAs** on its own and through partners with the **US FDA**, with **9 approvals till date**.



Our strategic decisions which will help us in scaling up value chain

Plant to Portal

- Proposed extension from product manufacture to retail interface through Healthcare portal automating pharmacies, clinics and diagnostic labs.
- This deployment of healthcare portal would generate big data for generics, for better product positioning

1

Direct approach

- Direct marketing to pharmacies and wholesalers; circumventing trade channels. Currently 20% revenue is generated from direct sales.

Widen interface

- With 12,000 pharmacies to address bottom-of-the-pyramid customers and engage with doctors

2

Forward integration

- Caplin moves further up the Value Chain with acquisition of its Channel partners at Latin America.
- Thereby controlling manufacturing, export, import, distribution with direct access to retailers and wholesalers.

3

Backward integration

- **API for US business:** Backward integration into API for complex injectable products
- **API of Core Business:** Manufacturing our own API in CMO at Vizag with targeted cost reduction of 10-15%. Targeting self-sufficiency for 5 critically important APIs by end of fiscal year

4

Setting up of CRO

- CRO wing of Caplin Point will cover BE/BA studies for captive consumption, before scaling up as a commercial CRO
- Target markets are China, US, EU and LATAM
- Global approvals like FDA, EU, ANVISA targeted for 2020/21

5

These strategic decisions which will help caplin to have a better cost advantage in future, gather better intel on the market it operates in, better understand the market trends and changing customer needs as well as better access to some of its markets

Amaris Clinical – Highlights

Commenced
operations in
December, 2019

Capex of INR
29 Cr. internally
acCrued

Approved
by DGCI

Cost savings
of ~50%

Total staff
strength is 55

72-bed state of
the art facility

Captive and
commercial BA/BE
studies

High level of data
integrity compliance
through end to end
automation

Technologically advanced
volunteer tracking and
management system to
ensure compliance

Regulatory clearance targeted



State of the Art Technology

Andrew Alliance - Auto Pipetting System



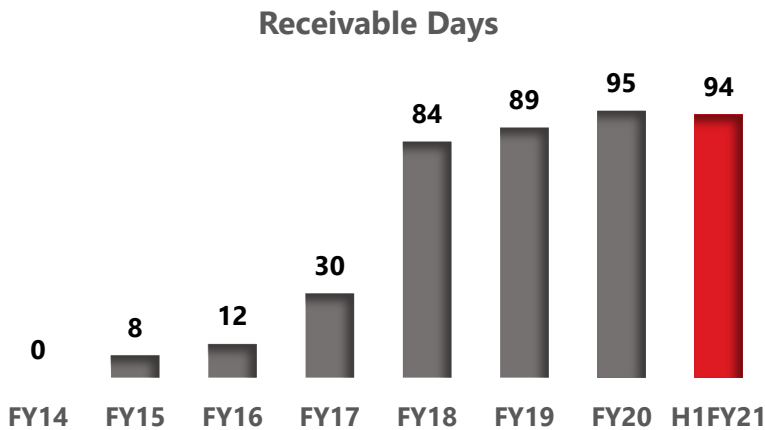
The pipetting robot. This liquid handling robot ensures fully traceable and reproducible experiments by automation of complete laboratory workflows – using conventional pipettes and labware

Hamilton Automated Sample Access Manager (Sam HD)

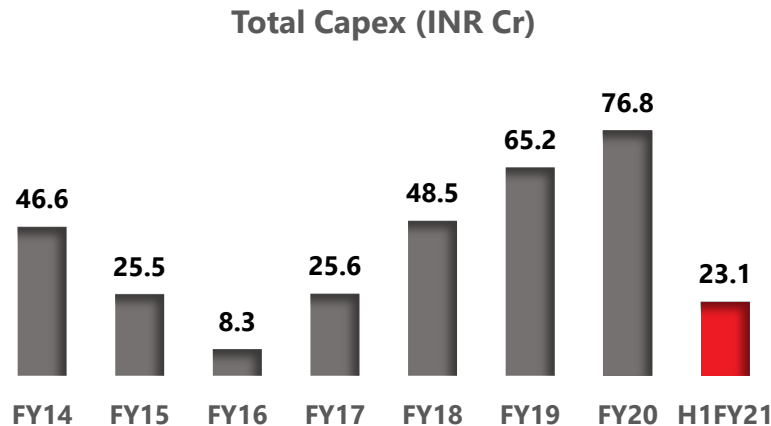


- ✓ A first of its kind in India, SAM HD is a completely automated sample management system ensuring high integrity and speed of processing
- ✓ Amaris Clinical is the first CRO in India to have this Automated Storage System

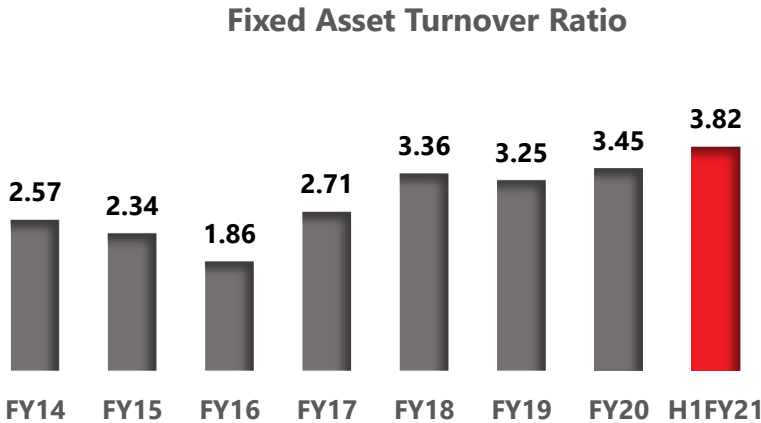
Caplin’s strong balance sheet acts as a anchor for it’s vision of perceiving an ‘Invisible opportunity’



Stable Receivables over the recent period



Caplin has incurred strong capex in recent years to enable future growth for next 5 years



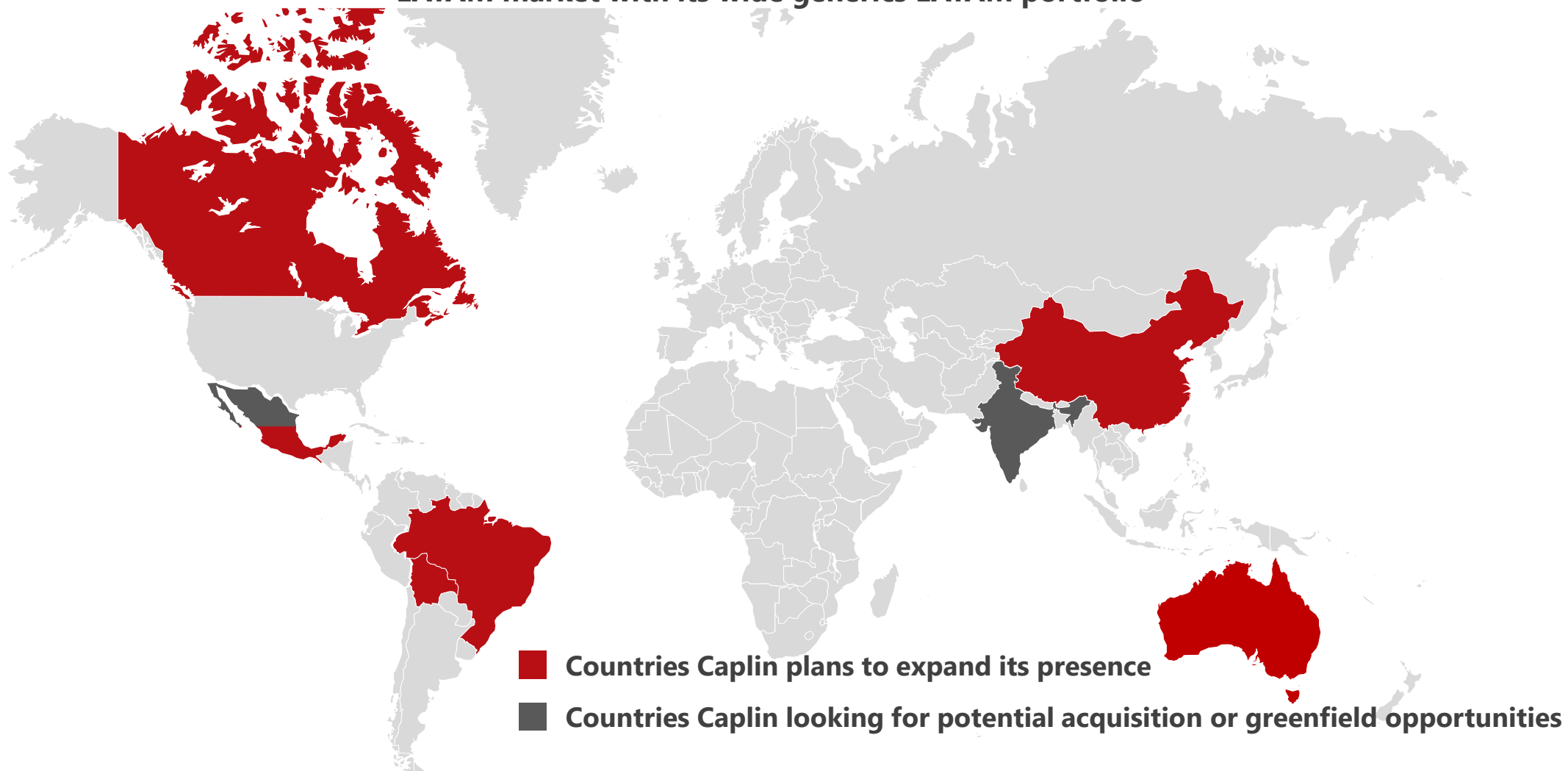
Company has maintained optimal asset turnover ratio over the years

Caplin has acquired its Channel Partners in Nicaragua, Honduras, Ecuador & Guatemala in FY 20

Caplin is a net debt free company

05 | ... Expansion into other geographies

Caplin has made a strategic decision to enter lucrative developed markets with its US portfolio and other countries in LATAM market with its wide generics LATAM portfolio



Caplin is also building up a war chest of Cash Surplus for potential acquisition or greenfield opportunities

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- 4.1 Experienced and Visionary Board of Directors
- 4.2 Shareholder Information



R&D centre

Experienced and Visionary Board of Directors



Mr. C.C. Paarthipan
Chairman

- ✓ 30+ Years of experience in the pharmaceutical industry
- ✓ Spearheading the group in its multi-pronged growth approach
- ✓ First Gen Entrepreneur with a focus towards bottom of the pyramid



Dr. Sridhar Ganesan
Managing Director

- ✓ 35+ Years experience in Pharmaceutical Industry
- ✓ Previously, held leadership positions in several international assignments
- ✓ The Government of India's Pharmaceutical Export Promotion Council of India has designated him as an "Honorary Expert"
- ✓ Has been a Faculty in BITS



Mr. D.P. Mishra
Director

- ✓ 30+ years experience in the area of Medicines and formulations
- ✓ Post Graduate in Chemistry



Dr. K.C. John
Independent Director

- ✓ 30+ years experience in spheres of technology & entrepreneurship
- ✓ Holds Ph.D from IIM Ahmedabad
- ✓ Visiting Professor at Great Lakes Institute
- ✓ Associated with the global digital communication leader Qualcomm [Fortune 500]

Experienced and Visionary Board of Directors (cont'd)



Dr R Ravichandran
Independent Director

- ✓ Management and Finance professional, having rich experience of 38+ years in manufacturing and services



D Sathyanarayanan
Independent Director

- ✓ 30+ years experience in application dev. & implementation
- ✓ MS from Stanford University and bachelors from IIT-Madras



Dr. C K Gariyali, IAS
Independent Director

- ✓ Retired IAS Officer and holds a Doctorate in Women Studies
- ✓ Was Principal Secretary to the Governor of Tamil Nadu from 2005-08
- ✓ Was Secretary to Hon'ble CM of Tamil Nadu
- ✓ Worked with various International Agencies like World Bank etc.



Mr V Thirumalai
Independent Director

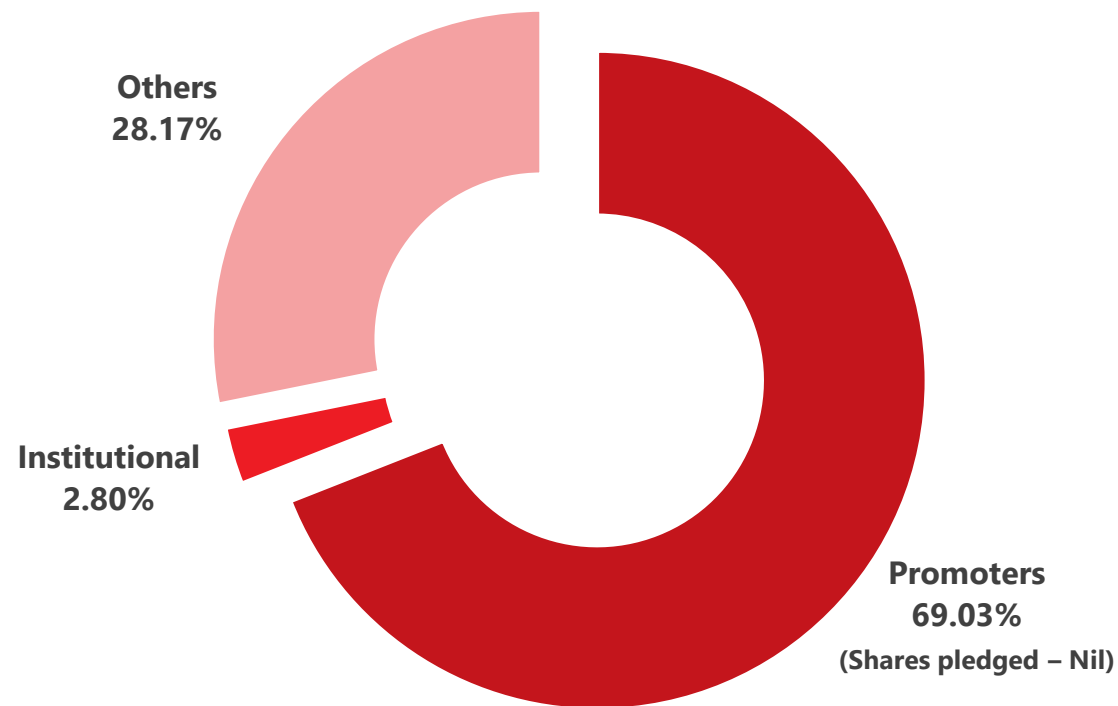
- ✓ 50+ years experience in the field of finance, HR, management & industrial relations
- ✓ Post Graduate in Commerce



R Viswanathan
Independent Director

- ✓ Retired ambassador of India to Argentina, Uruguay & Paraguay – 2007 to 2012
- ✓ Latin American expert, widely renowned for his initiatives bringing Latin America closer to India.

Caplin Shareholding as on 30th September 2020

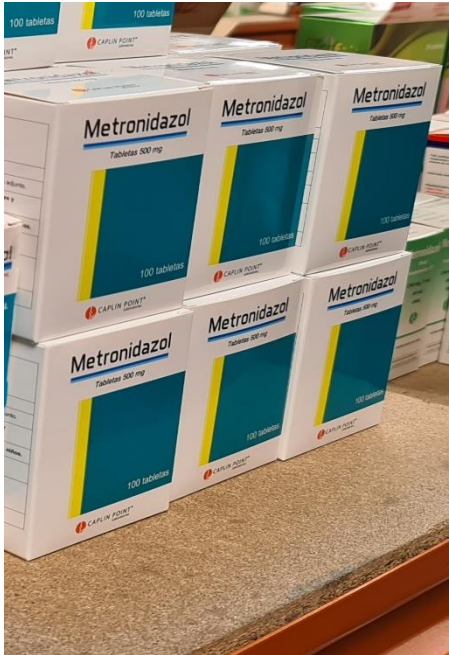


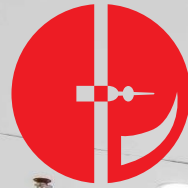
Share Information (as on 30th September 2020)

NSE Ticker	CAPLIPOINT
BSE Ticker	524742
Market Cap (INR Cr)	4,188
% free-float	30.97%
Free-float market cap (INR Cr)	1,297
Total Debt (INR Cr)	20
Cash & Cash Equivalents (INR Cr)	443
Shares Outstanding	7,56,42,750
3M ADTV (Shares)*	7,49,357
3M ADTV (INR cr)*	38.03
Industry	Pharmaceuticals

*Source: NSE

Our Products





Caplin Point Laboratories Limited

Investor Relations at Caplin

Vinod Kumar

+91 44 24968119

investors@caplinpoint.net

BSE

524742

NSE

CAPLIPOINT

REUTERS

CAPL.NS

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