

06.08.2018

BSE Limited  
Department of Corporate Relationship  
1<sup>st</sup> Floor, New Trade Ring, Rotunda Building  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai- 400001  
Scrip Code : 524742  
By BSE Listing

National Stock Exchange of India Ltd.,  
Department of Corporate Services  
Exchange Plaza, 5<sup>th</sup> Floor,  
C-1, Block G, Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051  
*Scrip Code : CAPLIPOINT.*  
By NEAPS

Dear Sirs,

**SUB: COMPLIANCE UNDER REGULATION 30 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015- PRESS RELEASE.**

Please find the enclosed copy of press release regarding setting up of step down subsidiary in El Salvador, Latin America.

Thanking You,

Yours Faithfully,  
For Caplin Point Laboratories Limited



Company Secretary  
Enclosure : As above

**PRESS RELEASE**  
**6<sup>TH</sup> AUGUST 2018**

### **SETTING UP OF STEP DOWN SUBSIDIARY IN EL SALVADOR, LATIN AMERICA**

The Board of Directors at their meeting held on 6<sup>th</sup> August 2018 has approved an investment in a step down subsidiary at El Salvador upto a limit of USD 7 Million in Ordinary Shares and/ or Debt by its Wholly Owned Subsidiary (i.e) Caplin Point Far East Limited.

It is informed that the company is currently selling its Generic and Branded Generic products through channel partners in most countries in Latin America. Caplin as a brand has been established well in the region for over 15 years and is well received by the Consumers. It would be useful to note that all of the Product Licenses/Registrations/IPs are held in the Company name, with an exclusive license currently handed to the channel partner(s).

The company's current strategy is to establish better control over the Supply Chain and increase the share of Branded Generics in the revenue stream and reach the end consumer directly. The implementation of this strategy would require higher spend in terms of promotional activities, working capital for higher inventory and longer receivable cycle. The current Channel partners may not be able to invest to support the above.

Hence, it is planned to acquire the businesses from the channel partner(s) in this region progressively, create and invest in distribution subsidiaries based out of Latin America and bring them into the fold of Caplin Point Laboratories Limited. This would enable the Company to potentially increase contribution margins and achieve its overall vision of reaching the end consumer directly, thereby deriving maximum benefits to the Company and its stakeholders.



As a first step towards this endeavour, in order to acquire the business which inter-alia includes inventory of the channel partner at El Salvador, it has now been decided to invest in Ordinary Capital and/ or Debt of FARMA AMERICA S.A de C.V, a Company incorporated in El Salvador, through Wholly Owned Subsidiary Caplin Point Far East Limited, Hong Kong, such that the entire shareholding is held by Caplin Point Far East Limited. The name of the company will be changed to Caplin El Salvador S.A.de C.V upon making the investment, subject to regulatory approvals at El Salvador.

In this connection, the Board at its meeting held on 6<sup>th</sup> August 2018 has approved an investment in a step down subsidiary at El Salvador upto a limit of USD 7 Million in Ordinary Shares and/ or Debt by its Wholly Owned Subsidiary (i.e) Caplin Point Far East Limited.

The process is likely to be completed within three months, during which time it has also been agreed to avail the transition services from the channel partner so that the business is not hampered during the switch-over.

