



Caplin Point Laboratories is an Indian producer of over-the-counter medicines, founded in Chennai in 1990. Unusually, it does most of its business in Latin America. In the early 2000s the business decided to skip the crowded regional export markets of South Asia to focus its efforts on less competitive environments in the Dominican Republic and Guatemala. Caplin's founder, C.C. Paarthipan, braved drug lords and unhappy competitors to set up a base in the region, but early challenges no longer exist. Today, Caplin Point has 2,000 products licenced across the globe and operates in 11 Latin American countries (along with various parts of Africa).

CHALLENGE

Caplin Point is still headquartered in Chennai, even though its main business involves supplying nearly 4,000 pharmacies in Latin America. To achieve that, it maintains a substantial distribution operation in the region, called Neoethicals. Neoethicals distributes Caplin Point medicines to wholesalers and retailers in Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Ecuador, Chile, Venezuela, Paraguay and the Dominican Republic. It employs approximately 300 people and bills between USD 60m and USD 80m per year.

This large and diverse operation requires a considerable amount of cross-border cooperation, not least from outsourced professional service providers. Neoethicals is based in Guatemala and UHY's involvement is coordinated by René Pérez Ordóñez, director at UHY Pérez & Co, Guatemala City. As Neoethicals spread across Latin America, work was referred to other UHY member firms, the first of which was UHY in Honduras (UHY Auditores y Consultores, S.A).

More recently, member firms in El Salvador (UHY Asesores Y Consultores,

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S.A De CV), Honduras (UHY Auditores y Consultores, S.A) and the Dominican Republic (UHY Canahuate Calderon & Asociados) have contributed to the successful expansion of Neoethicals and the wide infiltration of Caplin Point products into Latin American markets.

SOLUTION

The extensive UHY member firm network in the region collaborates on the company's financial and fiscal accounts and uses its wide local knowledge to offer authoritative legal and financial advice. UHY member firms provide information on matters of importance to Neoethicals' business model, like extended payment terms. The strength of the UHY network in the region was a key consideration for Neoethicals.

Mr Hector Valdez, general manager of Neoethicals, says, "We work with UHY because of their professionalism and coverage in the region. We have a wide distribution network across several countries with their own fiscal and legal requirements, so it is good to work with a business with local expertise in each of our markets."

Neoethicals considered a Big Four accountancy firm, but felt they needed more personal attention as they expanded, particularly as the Latin American pharmaceutical market is less stringently regulated than elsewhere.

RESULT

In just 13 years Neoethicals has gone from being a new entrant in the Latin

American market to a leading supplier of consumer pharmaceuticals. Its expanding product list in the region includes vitamins, antibiotics and cardiovascular medicines. Caplin Point plans to move further into South America and north into the US in coming years.

UHY member firms have supported that expansion and helped to smooth the integration of new wholesalers and pharmacies. "We need an accountancy firm to help us minimise risks and comply with different tax regulations and policies – UHY member firms have been of great assistance here," says Mr Valdez.

Thanks to UHY Pérez & Co UHY colleagues from the other countries of operation, Neoethicals now benefits from reclassified accounts and an improved presentation of financial statements. Despite sometimes challenging markets, Caplin Point has a better understanding of its reach and impact across Latin America.

"With UHY member firms, we have achieved good management of fiscal, legal and statistical controls," says Mr Valdez. "It is reassuring to know that, if and when we target new markets in the region, a UHY member will be able to supply us with the local information we need to progress."

UHY IN THE PHARMACEUTICAL SECTOR

UHY member firms offer financial and legal advice, and traditional accountancy services, to a wide range of large and small companies in the pharmaceutical sector. We are expert in the stringent regulations that govern the sale of many pharmaceutical products, and have experience in the intricacies of pharmaceutical exports, supply chain management and generic/brand considerations.