




Hold the vision.
Trust the process.




Cautionary statement

The report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking-statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

Alembic Pharmaceuticals Limited
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The background is a light beige color with several white-outlined triangles of various sizes scattered across it. In the bottom right corner, there is a cluster of solid-colored triangles in shades of green, teal, blue, and grey. Overlaid on these solid triangles is a black and white photograph of a laboratory setting, showing a person's hand holding a pipette and dispensing liquid into a small vial. The vial has some text on it, including 'C4.3' and 'C4.2'.

At Alembic, success is not only derived from strategic clarity; it is also derived from consistent process discipline.

At Alembic, success is derived from not just doing few things better; it is derived from a passion to raise every single organisational benchmark.

The result is in our numbers. The Company grew revenues by 23%, profit after tax by 43% and return on employed capital by 827 bps in FY14.

Alembic's combination of vision clarity and process excellence.

At Alembic, a combination of vision, clarity and process excellence means a number of things. Creating differentiated products. Marketing products in the right geographies. Increasing output. Strengthening processes. Shrinking the mind-to-market cycle. Getting regulatory approvals for manufacturing facilities. Launching products on schedule. Reconciling profitability with growth.

At Alembic, our institutionalised process competence has translated into superior performance.

EBIDTA margin

16.79%

2012-13

19.34%

2013-14

Return on Equity (%)

33.30%

2012-13

35.60%

2013-14

Proportion of revenues from **International market** (%)

35%

2012-13

44%

2013-14

Alembic Pharmaceuticals Limited, **the corporate.**

Headquartered in Vadodara, India, Alembic Pharmaceuticals Limited is the 21st largest formulations player in India. The Company's state of art R & D and manufacturing facilities are approved by leading regulatory authorities all over the world including the US FDA. The Company's business portfolio comprises three segments - International Generics, Branded Formulations and APIs.

► **Vision:** To become a knowledge-driven global pharmaceutical company with the highest level of operational excellence in all spheres.

► **Mission:** To provide access to the best healthcare products at affordable prices to everyone present anywhere in the world.

International Generics and API

All our operating facilities have received approvals from the regulatory authorities of major developed markets (USFDA, EU EDQM, UK MHRA, AUS-TGA, BRAZIL-ANVISA, among others).



1 formulation plant.
(5 billion capacity)



3 API plants.



Well-developed R&D and
F&D facilities.



State-of-the-art
Bio Equivalence Centre.



Robust product basket
with 31 ANDA/NDA approvals
(61 filings-including 1 NDA)
and Para IV filing.



Partnerships with leading
generic players in the US,
Canada, Europe, Australia
and South Africa.



Sales of ₹46,837 lacs
in 2013-14 in the regulatory
generics market.



66 DMFs filed.

Branded Formulations



Well-equipped
formulations plant in Baddi.
(Himachal Pradesh)



Robust basket of 170 brands.
(2 feature in the Top 100)



Ranked 21st in the
Indian formulations market.
(market share 1.73%)



Ranked 19th in
the doctors' prescription
universe.



Strong presence in the
anti-infective, pain
management, cough and
cold segments.



Thrust on Cardiology,
Gynaecology, GI, Diabetes,
Orthopaedics, Rheumatology,
Ophthalmology, Dermatology,
Respiratory and CVS segments.



Revenues of ₹97,135 lacs
from India, 2013-14.



Exports of ₹7,360 lacs
of International Branded
Formulations, 2013-14.

International Generics

process excellence. extending vision to implementation.

At Alembic, we believe that sustainable success is not necessarily derived from an eagle perspective of what we need to do; it is also derived from the ability to translate that vision into ground realities.

We discontinued the manufacture of low-margin formulations in 2012-13, compensated by the production of high-value formulations for the US.

We resolved to expand our Formulation unit and getting our incremental products faster to desired markets.

We embarked on a phased commissioning of this new unit; the Phase-I was commissioned in the first quarter of 2013 and Phase II in October 2013. This phased implementation will accelerate our payback over an alternative strategy where we could have commissioned the entire unit in a consolidated manner.

We invested in high-speed automatic lines with in-built quality control equipment across the manufacturing and packaging lines to ensure that every batch matched stringent regulatory standards.

We reinforced US customer confidence through adequate product availability; we provided 6 products from Phase I operations and another 6 through Phase II; one of our products capitalised on a significant market opportunity leading to robust volumes.

We plan to expand our Formulation unit to 7 billion tablets /capsules per annum in 2014-15.

The cumulative impact of this differentiated strategy is evident in some attractive numbers:

The Company's International Generics business grew 99% over 2012-13; business from the US grew by 104% to ₹31,220 lacs in 2013-14, a critical size that is expected to accelerate.

Business from the EU and other regulated markets grew 89% over 2012-13.



Faster product launches

process excellence. finding a quicker way of doing things.

At Alembic, we believe that competitive advantage is not necessarily derived only from a selection of the right products but also the ability to bring them to the market with speed.

Alembic's faster product development

Prioritised formulation development of niche products with accurate time-lines to achieve early filing and timely approvals.

Created a product development road map for the next few years backed by strategic resource planning, infrastructure creation and vendor development.

Embarked on the creation of a dedicated facility to manufacture exhibit batches (product samples to be sent for regulatory approvals) to facilitate quicker filings.

Embarked on the mobilisation of additional resources – equipment and people – to catalyse product development.

Alembic's improved filing quality

Maintained a library of observations from retrospective filings to serve as a ready reckoner in proactive issue resolution.

Institutionalised key learning from earlier filings in the dossier development process.

Monitored regulatory aspects across the product development cycle, enhancing dossier strengths.

Added resources to undertake filings in other geographies; key resources helped accelerate filings in important markets (regulated and pharmerging).

Alembic's quicker scale-up

Created a robust pipeline (mix of early and late expiry products) providing sufficient time to grow from pilot to commercial scale.

Demonstrated the necessary skill and experience in efficient product scale-up from lab scale to pilot scale and plant levels.

Quick adoption of technology transfer from R&D to plant.

6


Product launches in the US, 2013-14.

Domestic Branded Formulations

process excellence. the ability to **grow sustainably.**

At Alembic, we have progressively invested in capacities and capabilities to increase production and market responsiveness.





We increased supplies to the marketplace, which enhanced customer confidence and gradually translated into attractive cross-sale.

We reconfigured our product basket in line with our core strengths and market opportunities; we broad-based our leading speciality brand across 10 divisions leading to focused marketing.

We reduced the number of products marketed by each representative; we rationalised our field force to market fast-moving brands; we restructured incentives to encourage focused brands.

We instituted talent management workshops for screening the best available intellectual capital.

We grew people from within and in this way gave them an incentive to

grow, thereby augmenting their on-field productivity.

We trained our marketing representatives more intensively, creating a team of knowledge workers; we recalibrated the targets of our marketing representatives (MR) from focusing on broad monthly sales to product mix-wise monthly sales.

These differentiated initiatives were reflected in the following achievements: sustained revenue growth across 16 quarters, four-year revenues growing at a CAGR of 12%; the Company's branded Formulations business grew 14% over 2012-13, despite a steep price reduction in key molecules; market shares in all specialty therapeutic segments increased in 2013-14; speciality business contributed 54% of domestic revenues.



25

Number of new products planned for launch in 2014-15



Active Pharmaceutical Ingredients

process excellence. a culture of enduring vigilance.

At Alembic, we believe that market responsiveness reconciles prudent product selection with timely product exit, making the portfolio profitably market-relevant at all times.

The API business

We undertook a detailed study of our products based on their size, share and profitability as the first step towards portfolio rationalisation.

We reallocated our vacated capacities to increase the production of speciality APIs.

We strengthened our marketing in regulated markets and enhanced the in-house consumption of APIs

manufactured by us. The former generated higher realisations while the latter enhanced value-addition.

This realignment translated into the following results: The API sales volume altered from a 50:20:30 (regulated markets: in-house consumption: other markets) in 2010-11 to 60:30:10 in 2013-14, strengthening growth in revenues and profitability.

