

Gearing for the future

Alembic Pharmaceuticals Limited | Annual Report 2015-16

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FY2015-16
represented a
milestone in
our existence.

We added revenues of over

₹10bn

on the back of our International
Formulation business.

Our EBIDTA margin stood at

32%

– the highest in our history.

Our International Formulation
business neared the

₹15bn-mark

in terms of revenues, is larger than our
domestic business and within only
nine years of our first ANDA filing.

Our EBIDTA and Net Profit
grew by more than

2x

over the previous year.

The question
that most of our
stakeholders
may ask has got
to do with our
cash allocation
strategy.

What will we do with the surplus cash on our books?

How will we reinvest?

What will we develop and bring to markets?

How will our robust fundamentals enhance business sustainability?





We have given these questions considerable attention.

We are deploying these gains towards augmenting our research capabilities and expanding our product development pipeline.

We are channeling our cash flows across different dosage forms to shrink filing timelines.

We are creating capacities that can address prospective demand (as and when our products receive regulatory approval) as well as fill gaps in our current manufacturing infrastructure – in the oncology (oral solids and injectables), general injectables and dermatology areas.

The bottomline is that we intend to extend this upside into enduring shareholder value.



Reinvesting in research

At Alembic, we recognise that research is the single potent factor that enables sustainable advantage. In line with our conviction, we made a conscious decision to strengthen our R&D capability during the year under review.

We fully operationalised our R&D centre of excellence at Alexandria Knowledge Park, Hyderabad.

We increased our internal R&D team strength from 400 to 500.

We invested aggressively in expanding the breadth of our development programmes for multi dosage formulations; the number of research projects under various stages of development quadrupled to 240 in 2015-16.

We forged strategic alliances to build a differentiated product portfolio in the non-oral dosage formulations segment, in order to reduce development timelines and enhance value.

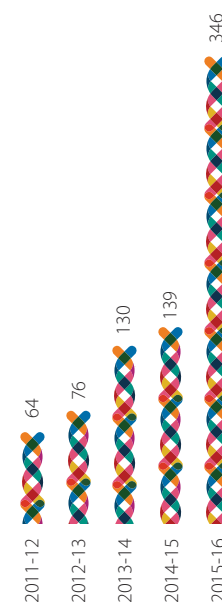
We invested in dedicated pilot plants for API and formulations development, shrinking the product development cycle.

We invested in cutting-edge technologies, facilitating the development of complex products.

We invested in a capacity expansion at our bio-equivalence unit by 50%, reinforcing product development.

These initiatives are expected to enhance product registration filings and widen our product basket in the key markets of our presence.

R&D investment
(₹ in crore)



240
Number of R&D projects, 2015-16

60
Number of R&D projects, 2014-15

76
Cumulative ANDA filings, 2015-16

81
Cumulative DMF filings, 2015-16

Creating the enabling infrastructure

At Alembic, we recognise that the ability to put a larger number of successful products in the marketplace needs to be complemented with a corresponding growth in manufacturing capacities.

Consequently, we invested extensively in greenfield and brownfield capacities to accelerate launches, a critical competitive requirement in a challenging global landscape.

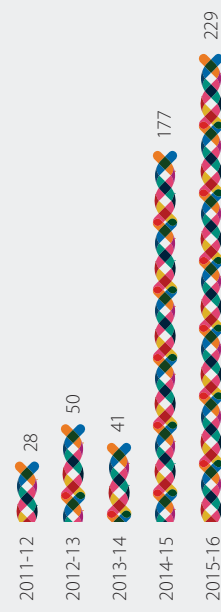
We are creating capacities that can fill gaps in our current manufacturing infrastructure – in the oncology (oral solids and injectables), general injectables and dermatology areas.

We are investing in building oncology API facilities.

We strengthened our API submission batch capacities by creating dedicated blocks.

The commercialisation of these capacities in a phased manner will optimise our product mix and plug portfolio gaps, strengthening revenues. Simultaneously the Company is actively acquiring talent to man these projects.

Investment in fixed assets (₹ in crore)



₹1,000 cr

Planned investment (addition) in fixed assets over the next 24-30 months





Creating the front-end

At Alembic, our growth aspirations can only be addressed by extending our presence into large and complex marketplaces that provide profitable opportunities. As a means to this end, we have focused on creating a presence in the US, the world's largest pharmaceuticals marketplace.

During the year, we established a front-end marketing in the US by opening an office in Bridgewater, New Jersey. We recruited a team comprising talented marketing and sales professionals to start our US operations. This marked the beginning of Alembic's journey in marketing products under its own label. We expect this will allow us to look at the US market more strategically and enable us to capitalise on emerging opportunities. We are happy to report that we have successfully launched 11 products under our own label in the US.

The commencement of full-fledged operations at the New Jersey office in 2016-17 is expected to contribute to business growth and profitability over the near-term.



Products successfully
launched under our own
label in the US



Corporate snapshot

Alembic Pharmaceuticals Limited is a pharmaceutical company with a young organisational spirit and rich operational experience spanning over the decades.

The Company is one of India's fastest growing pharmaceutical companies comprising five manufacturing facilities and two well-equipped R&D centres (Vadodara and Hyderabad).

Spearheaded by Chairman Mr. Chirayu Amin, the Company's integrated operations comprise the manufacture of International Formulation, Branded Formulation and APIs.

The Company enjoys a visible domestic presence and is now growing its US footprint. Its portfolio comprises a number of brands that figure among India's top-300 healthcare brands.



Mission: Improve healthcare through innovation, commitment and trust.

74%

Promoters' holding

13%

Institutional holding

₹11,000+ cr

Market capitalisation

8,000+

Team size

* As on March 31, 2016