Alembic
Touching Lives over 100 years

Alembic Pharmaceuticals Limited
Annual Report 2021-22

PATIENCE & PERSEVERANCE

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We reside in tomorrow.

Everything we do today, is about arriving at a tomorrow.

This is particularly true for the pharmaceutical space. Because the tomorrow in this business space is not 5 days later or 5 months hence. It is about 5 years into the horizon - whether be it for setting up and commercialising a facility or developing and launching a new product or introducing some new technology or even for entering a new market.

It's an arduous journey that tests patience and perseverance in equal measure. Patience to navigate obstacles while trusting the process. Perseverance in doing what needs to be done for as long as it takes.

At Alembic, ours was no different. Having held on to our vision and trusted our process for more than half a decade, we have inched closer to our envisioned tomorrow.

This Annual Report is a brief narration of this exhilarating journey.

Patience & Perseverance delivers

11.1%
Revenue
(5-yr CAGR)

22.5%
Net worth
(5-yr CAGR)

8.6%
EBITDA
(5-yr CAGR)

5.3%
Net Profit
(5-yr CAGR)

Patience & Perseverance builds

131
ANDA pipeline as on March 31, 2022

149
Filings across the globe (RoW) as on March 31, 2022

9
Manufacturing facilities as on March 31, 2022

12,216
Team size as on March 31, 2022

From some product marketing by partners in 2015 to

...our front-end marketing of a large and diversified basket comprising 100+ products and 300+ different SKUs.

Our journey in the US market exemplifies immeasurable patience and unflinching perseverance because we remained singularly focused on long-term sustainability as opposed to short-term success.

The question is... Why is the US market so important to the pharmaceutical world? A simple answer. It provides opportunities like no other.

The US market is the world's largest pharmaceutical market which continues to grow year-on-year owing to an ageing population, improving healthcare facilities and favourable government policies. Being one of the most stringent in the world, a presence in this market amplifies the reputation of any pharma player.

The US market is considered as the gateway to the global pharmaceutical world. If an enterprise gains a toehold in the US, it definitely will establish a strong foothold in numerous other large and growing pharma markets globally.

But the US market is quite difficult to enter and even more daunting to grow.

1) It mandates niche products.

2) It decrees 24x7x365 monitoring of prospects to cherry-pick opportunities with relatively lesser competition.

3) It entails making the product cost-effective to be able to withstand immense competitive pressures.

4) It requires operating infrastructure and systems and processes to match their stringent standards.

5) And last but not the least, you need to sustain this each day.

Easier said than done. Because a single slip could push the enterprise back for months, if not years.

At Alembic, we nurtured the dream of establishing a strong presence in the US market in 2015. We pivoted our presence on a single philosophy 'Commitment to Deliver'. This is owing to an important reality that in the US market timely delivery of products to the customer (also known as filling rate) is a critical parameter to securing business and sustaining relations.

This simple approach re-defined the contours of our business. It meant operating in India with a US mindset. It meant realigning our systems and processes. It meant training our people – technically and behaviourally. It meant having a Plan A, Plan B, ... Plan Z... to ensure that deliveries reached on time. Always!

Additionally, we institutionalised practices that were lateral by design because the US market is such.

1) We cherry-picked to work with customers with a long-term intent and purpose.

This helped us service them better. Our planning, manufacturing and supply chain teams became more aligned to customer timelines. Our India and US teams worked closely – following schedules meticulously, by the day. Our filling rates bettered every month. Our customers' reliability on our commitment scaled higher. Steadily our volumes with customers upped.

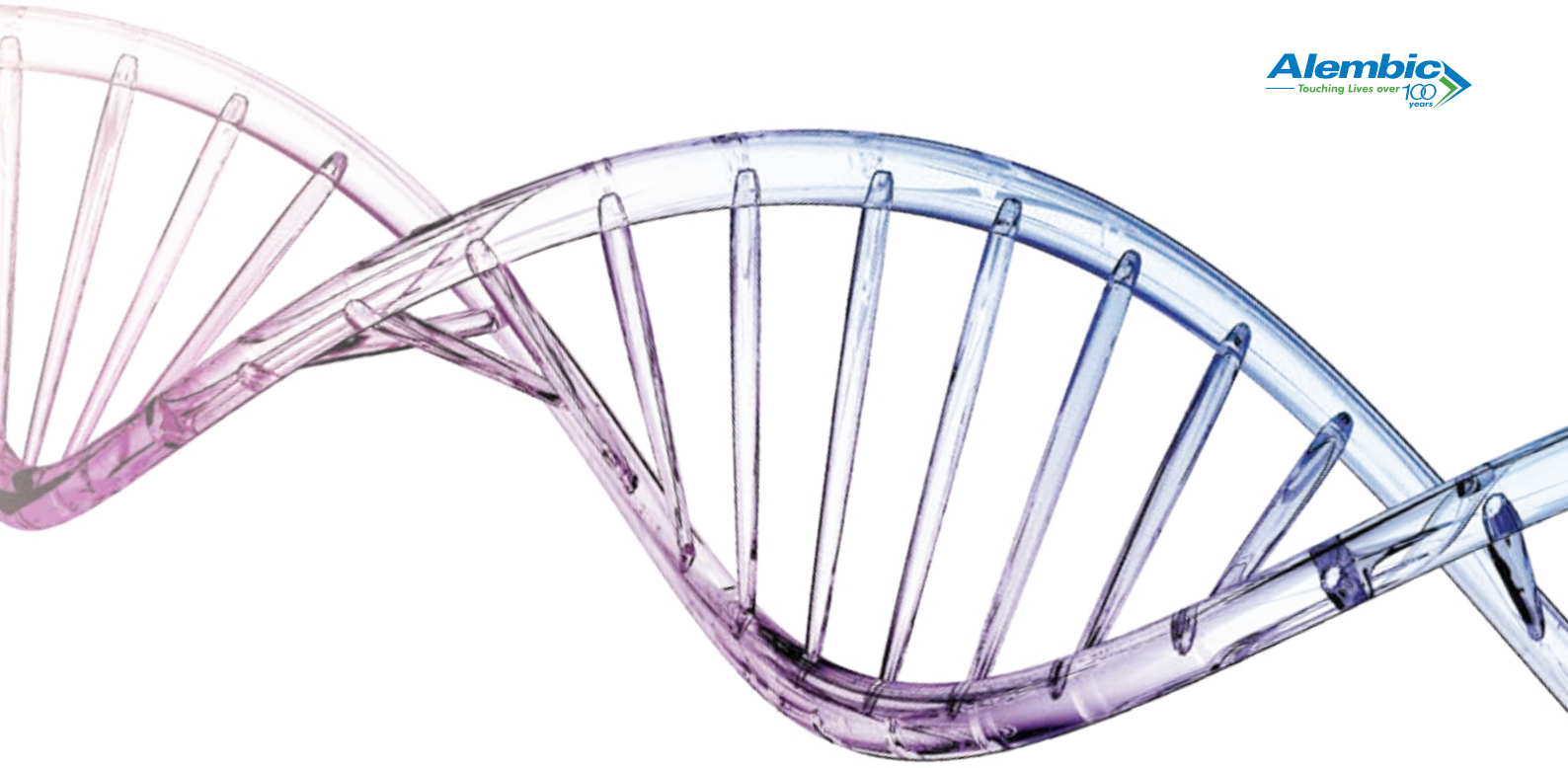
In the last three years, we sustained a filling rate between 97-98%.

2) We told customers 'NO'.

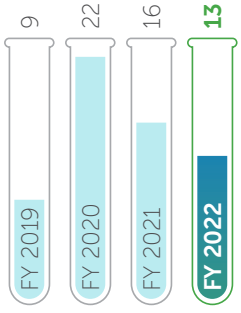
Customers added up fast. We had to tell some customers 'No'. Because our back end (manufacturing & supply chain) was full. And even when they had a small window of 3-6 months, we politely refused prospective customers. This was a painful strategic stand, at a time when growing business was so essential. Interestingly, we realised customers appreciated an Honest No; their trust in Alembic grew. They realised that they were in good hands. They lined up first at the next opportunity.

3) We built our product portfolio and capacity.

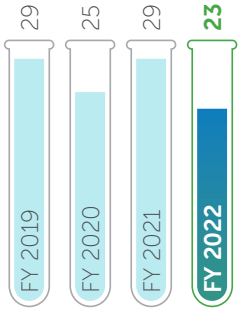
Customers asked for products across more volume and therapies. On the one hand, our R&D teams worked round-the-clock to create the pipeline – product and filing. On the other hand, our projects team burnt the midnight oil to execute our ₹3,000+ crore capex plan over the last five years. The Alembic team remained charged. The brilliantly curated playground created by our front-end team over the initial 2-3 years helped launch products at a steady pace. Our product basket grew. Our volumes increased. Our ANDA pipeline swelled.



Product launches



ANDA filed



Today, we may not be a large company in the US market. Yet, we are high performing mid-tier company with the firm belief that for us... the sky is the limit!

Numbers that matter

98%

Supply and service level during the pandemic

When most others slipped owing to supply-chain disruptions

13%

5-Year Revenue CAGR

It's one thing to swim with the tide...

It's quite the other to go against it.