



Alembic Limited
Annual Report 2007-08



Strong
and
growing

Alembic 



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Alembic's rich heritage



Blend of old and new

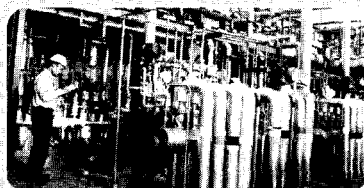
Alembic Limited is one of India's respected pharmaceutical company. Alembic enjoys a rich 97-year old tradition in the manufacture and marketing of trusted remedies across a variety of ailments. The company is headquartered in Vadodara (Gujarat). It is managed by Mr. Chirayu R Amin and a team of professional managers.

Early years

In the early years, the Company manufactured various kinds of chemicals. From the 1950s onwards, it commenced the manufacture of pharmaceuticals. Alembic is credited with the pioneering development of indigenous know-how in the manufacture of Penicillin and Erythromycin TIOC from the basic stage through the complex fermentation process.

Presence

Alembic has grown into an expansive presence in anti-biotics, anti-infectives, pain management as well as cough and cold therapeutic groups. It has extended into the value-added formulations in the lifestyle segments of cardiovasculars and diabetes. In APIs, the Company manufactures penicillin, intermediates and a range of anti-biotics, graduating towards value-added segments. Its animal healthcare division manufactures anti-biotic formulations largely for cattle and poultry applications.



Plants

Alembic's formulation and API facilities are based in Vadodara, Panelav (both in Gujarat) and Daman. The Panelav plants, meeting USFDA standards, are dedicated to the manufacture of formulations and APIs. The Company is also in the midst of

setting up a new state-of-art formulations facility in Baddi (Himachal Pradesh).



Proactive research

Alembic has accelerated its research and development initiative through BioArc, a new SBU, based in Vadodara. BioArc is engaged in research like contract research and cutting-edge NDDS platforms.

Quality certifications

Alembic has been certified for quality-enhancing consistency as per ISO 9002 and environmental compliance as per ISO 14001.

Performance

Alembic registered a 8.38 per cent increase in revenues to Rs 613.82 cr and a 0.83 per cent fall in its profit after tax to Rs 31.26 cr in 2003-04

Alembic stands for trust & change.

Over the decades, the trust inspired by Alembic translated into a top-of-the mind recall among doctors, patients and customers.

This recall was inspired by dependable product efficacy, affordable pricing and convenient reach.

In line with the demands of a

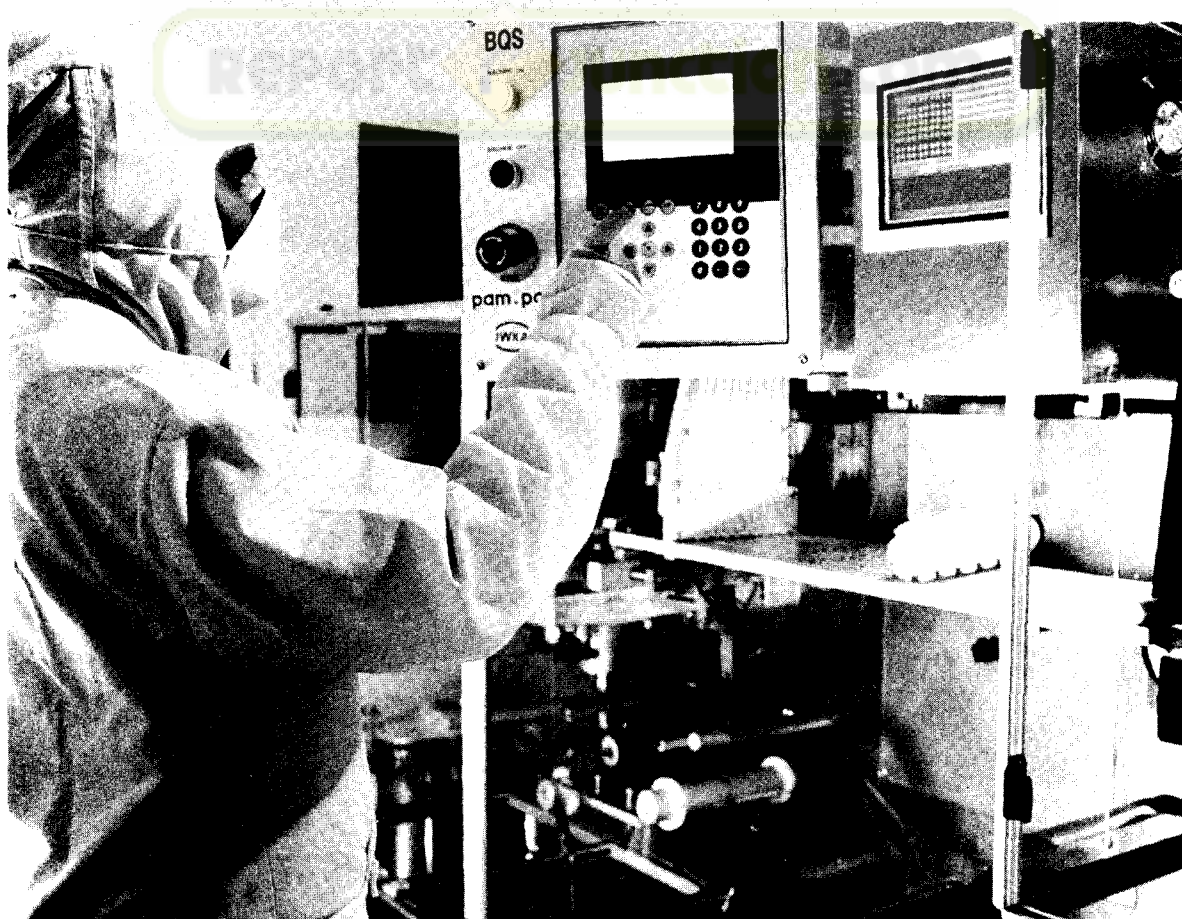
dynamic industry environment, Alembic has now proactively embarked on the following recall-strengthening initiatives:

- To enter new value-added therapeutic groups.
- To strengthen its brands.
- To establish state-of-the-art facilities.

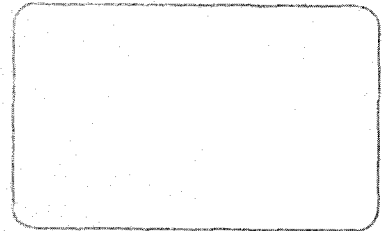
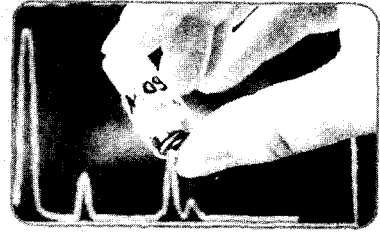
- To enter new and regulated geographies.

- To obtain global quality certifications.

These initiatives are expected to translate into a business model that is de-risked, sustainable and future-focused.



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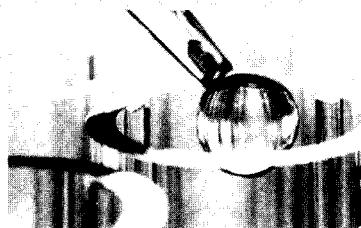
Our mission

To become a knowledge-driven Global Pharmaceutical Company with the highest levels of excellence in all spheres of operations.

Our values

We shall establish a meritocracy that values integrity, innovation and fairness to leverage the true potential of our human capital.

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Competitive business model

As business gets increasingly demanding, a Company's business model needs to be future-focused in a sustainable way.

This is precisely what Alembic has done over the last couple of years. It has strengthened its business model in proactive preparation for an emerging competitive industry environment with the following initiatives:

Research-driven: Alembic established BioArc, a new R&D Centre, to focus on cutting-edge research.

Integration: Alembic's businesses

encompass the manufacture of branded formulations, APIs as well as research.

Brand-driven: Thanks to a longstanding investment in brands, six of the Company's products figured in India's top 300 formulation brands (as on 31st March 2004).

Therapeutic evolution: It has graduated to relevant and growing lifestyle therapies (cardiovascular and diabetes).

Competitive: Its fermentation technology used in the manufacture of APIs has been

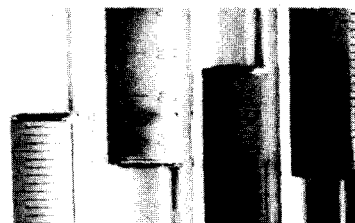
demonstrated as globally competitive.

Global markets: Alembic has consistently enhanced its global presence with the help of its wide therapeutic basket. The Company is taking its important brands to the global markets and creating a sustainable presence.

This business model is expected to strengthen Alembic's place in a dynamic global industry environment following India's decision to respect product patents post 2005.



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Relevant therapeutic mix

As the evolution in lifestyle influences the incidence of ailments and diseases, a company needs to address these emerging needs with a continuously evolving product portfolio.

This is what Alembic has achieved over the last number of years.

As a result, its long standing formulation presence in India is now marked by a range of anti-biotics and anti-infectives, analgesics, anti-inflammatory, cough and cold products and nutritional supplements, among others.

This strength is evident in Alembic's market position: A market share of 5.5 per cent with a sixth rank in the entire anti-infective market.

This strength is exemplified with Glycodin, which, despite 55 years in existence in the face of increasing competition, continues to register growth.

Result: almost 70 per cent of Indian doctors prescribe Alembic's brands (source: C MARC).

To strengthen its presence in the future, Alembic is now extending its therapeutic coverage to the more critical lifestyle ailments

(cardiovascular, diabetes, CNS and other related ailments) and the replacement of older molecules with new therapies.

This is a prudent strategic response: These therapeutic segments will be relevant in the domestic and international markets. They are expected to grow over the long-term and offer attractive branding opportunities.

Alembic's presence in this segment is still in its nascent stages. As a result, its evolving therapeutic mix will translate into sustainable revenues across the foreseeable future.



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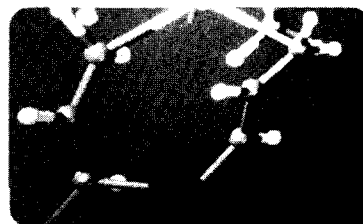
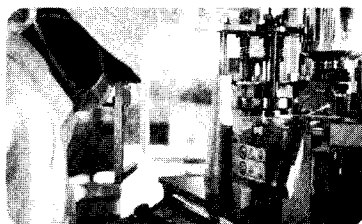
LOYAL

"A week long infection on my hand
disappeared in a few hours following
treatment with Alembic's Azithral "

Smriti Agarwal, 6

Azithral contains Azithromycin, a unique antibiotic used in the treatment of infections affecting the lungs and other respiratory tract areas. It is also used to treat gynaecological and dermatological infections.

Azithral's uniqueness lies in the fact that it can cure infections with a convenient once-a-day dosage across three days. No wonder then that Azithral, a pioneer and leader in the Azithromycin market, is a trusted antibiotic of first recall among thousands of doctors in India.



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Brand-led growth

As the product population increases in the pharmaceutical industry, companies need to create brands that cut the clutter, inspire a strong recall and stand out in the mind of doctors and patients alike.

Alembic possesses a rich tradition in the creation and management of brands for long-term success.

This reflected in the following:

- A presence of six of the Company's formulation brands in India's top 300.
- A number seven ranking of

Althrocin among all brands in India.

- An improvement of the 55 year-old Glycodin from 296 to 244 (March 2003 to March 2004).
- An improved performance of the Company's other brands - Roxid (29), Azithral (137), Wikoryl (188) and Zeet (276) in the hierarchy of India's most popular pharmaceutical brands.

Alembic has progressively strengthened its field force, marketing strategy and distribution network.

The result: domestic formulations increased from 61 per cent of total turnover in 2002-03 to 65 per cent in 2003-04. Further, income from the brands launched in the preceding three years increased from 8.5 per cent of revenue in 2002-03 to 10.2 per cent in 2003-04.

As this branding initiative accelerates and expertise grows, the Company is expected to report larger revenues and higher margins with a greater sustainability.