



Alembic 

Redefining

Redefine is to re-examine or re-evaluate, especially with a view to change.

Change in composition or structure; change in character or condition.

A paradigm is a model or set of accepted rules about how things are.

Paradigms



Redefining Markets
Redefining Specialty
Redefining Marketing
Redefining Targets
Redefining Value
Redefining Quest

Founded in 1907, Alembic is fast approaching its centenary year. In these 99 years, Alembic evolved from a tincture manufacturer to one of the largest indigenous pharmaceutical companies in India with a leadership position in macrolides (Anti-infective) and anti-microbials (Animal health). Alembic is today, the largest producer of erythromycin in the private sector and holds the distinction of being the first Indian company and second in the world to manufacture roxithromycin (Anti-infective).

Alembic has long integrated with the global economy and its markets include mature regulated markets like the Americas and Europe, plus fast growing promising markets like BRIC, Myanmar, South Africa, etc.

Last year, we unveiled our new logo to keep our identity in consonance with the outlook and ambitions of the organization in this new dynamic global economy. Maintaining the momentum of evolution and translating the new constructs for on-ground execution, this year, a host of paradigms were redefined at Alembic. These included concepts like market segmentation, marketing, positioning and manufacturing. The driving philosophy was to synergize new learnings and investments with inherent strengths to capture emerging segments and propel growth.

Board of Directors

Mr. Chirayu R. Amin
Chairman & Managing Director

Mrs. Malika C. Amin
Whole-time Director

Mr. Rajkumar Baheti
Director, President- Fin. & CS

Mr. Ranjitbhai R. Patel

Dr. Babubhai R. Patel

Mr. Pranav N. Parikh

Mr. K. G. Ramanathan

Mr. Ramanlal M. Kapadia

Statutory Auditors

K. S. Aiyar & Co.
Chartered Accountants
Laxmi Estate No. F - 07/08
Shakti Mills Lane
Off Dr. E. Moses Road
Mahalaxmi, Mumbai - 400 011

Bankers

ABN-AMRO Bank N.V.
Bank of Baroda
ICICI Bank Limited
IDBI Bank Limited
State Bank of India
UTI Bank Limited

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Registered Office

Alembic Road, Vadodara - 390 003

Manufacturing Facilities

Alembic Road, Vadodara - 390 003
Panelav, Tal. Halol,
Dist. Panchmahal - 389 350. Gujarat
Plot No. 21, 22, EPIP - Phase I
Jharmajri, Baddi, Tehsil - Nalagarh
Dist. Solan, Himachal Pradesh

Registrar & Transfer Agents

M/s. Intime Spectrum Registry Ltd.
1st Floor, 308, Jaldhara Complex,
Opp. Manisha Society,
Off Old Padra Road, Vasna Road,
Vadodara - 390015
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Safe Harbour Statement

This 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 realized. 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.



“ This year at Alembic we strategically restructured our product portfolios, operational procedures, organizational processes, and market orientation to harness these abundant opportunities. ”

Dear Shareholder,

Paradigms are fast changing in the pharmaceutical and healthcare industry.

The introduction of product patents in January 2005 has ushered in a new paradigm for new products in the domestic market.

Key patents on many blockbuster drugs expire in the next few years and India's strength in high quality generics is ideally poised to be leveraged.

The world is graying and the population of the elderly rising, giving birth to new market spaces.

International drug makers are actively pursuing outsourcing of their R&D and clinical trial activities to India.

With a strong economy, stable currency and affluent consumers, domestic pharmaceutical markets are in a robust growth phase.

Cost containment due to increasing healthcare costs, as well as insurance and reimbursement are issues that are being scrutinized.

This year at Alembic we strategically restructured our product portfolios, operational procedures, organizational processes, and market orientation to harness these abundant opportunities.

We merged our API Division and Generic Alliances in May 2005 and now offer services across the entire pharma value chain.

Specia, our specialty division was reorganized to focus on Geriatric Healthcare. This makes Alembic the first pharma major in the country to have a whole division dedicated to this emerging field of healthcare.

Our consumer healthcare division adopted the FMCG approach of operation. Our brand Zero and its line extension 'Zero Cook 'n' Bake', which was launched this year received very good visibility and trial.

CHAIRMAN'S MESSAGE



Our Formulations Marketing division relocated to Mumbai to attract the best talent for speedier access to the world.

Due to a global meltdown in the prices we exited from the Penicillin business and are repurposing the fermentation facility for backward integration of macrolides.

In the previous year, we operationalized our new manufacturing facility at Baddi and this year we are already reaping the benefits of lower manufacturing costs.



By all measures, this was a year of significant progress for Alembic. The numbers too, tell a similar story. Profits grew by 50% to Rs. 78.52 crores in 2005-06 from Rs. 52.04 crores in 2004-05 and revenues too increased by 16% to Rs. 666 crores in 2005-06 from Rs. 572 crores in 2004-05.

The future is exciting and while we have a lot of work ahead, we are highly motivated and look forward to addressing the challenges and opportunities that lie ahead. I am very pleased to report that we continue to execute on the critical value drivers for our business and we look forward to delivering continued success in 2006-07.



On behalf of the Alembic Board of Directors, Management Team and Employees, I wish to thank our Stockholders, Corporate partners and Friends for their continued support.



Yours sincerely,

Chirayu R. Amin

Vadodara, 26th April, 2006

Redefining markets

From OTC to FMCG and disease segmentation to patient-centric segmentation, from acute disease management to high-growth lifestyle products, Alembic embraced a host of new initiatives.