

Committed to widening our reach, improving product portfolio



Dear Shareholders,

I am happy to share that in the year gone by your Company reported stable growth in line with expectations. The global pharma industry witnessed headwinds due to increased pricing pressure and customer consolidation, while closer home some Government policies acted as impediments to growth. However, Alembic has stayed its course and is on its way to achieve its long-term growth objectives.

Historically, India's healthcare expenditure has been 1.5% of GDP on public healthcare and 4.5% overall. In comparison, other BRIC countries have been spending around 3-7% of their GDP. This has led to increasing pressure on India from the global health community to invest more in healthcare, especially when one is being projected as an 'economic powerhouse'. In step with these concerns, Finance Minister Arun Jaitley announced a National Health Protection Scheme (NHPS) to provide insurance cover to an estimated 50 Crores individuals from nearly 10 Crores poor and vulnerable families. This we believe is a positive move, but require enhanced execution, institutional infrastructure, strong network of health practitioners and accountability and responsibility between state governments and the Centre.

This landmark initiative of the Government reinforces our commitment to ensure that no patient will be denied access to high-quality affordable medicine and medical support. For over 100 years we made medicines accessible and affordable to a large number of patients, both in India and globally.

"We have invested to create the best manufacturing facilities, both finished dosage forms & API and will continue to upgrade and preserve our tradition of the highest quality standards."

One of the major factors for your Company to stay ahead and maintain suitable growth, despite a highly competitive environment, is our investment in R&D. This year the figure has reached 13% of our total revenue. With a combined R&D strength of over 900 employees and we are strengthening our product innovation capability. This year we filed 26 Abbreviated New Drug Applications (ANDAs) in the US, which takes our cumulative filings to 132 ANDAs.

We have been on a steady path of expanding our capabilities and are in the course of creating major facilities of ₹1,100 Crores. Our upcoming manufacturing units for general injectables and oncology injectables are on track and should be ready for exhibit batches by H1 2019.

We have successfully integrated Aleor, our joint venture for dermatology products, into our global mainstream operations and the business has started filing ANDAs.

Coupled with a US front-end in place and a diversified product portfolio for the Indian market, your Company is well on its way to becoming a strong pharma player with a long-term growth vision both in the international and domestic market.

At the same time, work on our new oral solid dosage facility at Jarod is on track and will be completed by H2 2019.

This year we also completed the acquisition of Orit Laboratories based in the US, which will further strengthen our product basket for the US market.

Your Company is committed to using technology and innovation to deliver medicines of outstanding quality, for which we have an excellent reputation within India and abroad.

I firmly believe that with our steady capability and capacity expansion and increased focus on R&D, your Company is on the anvil of undergoing a transformation for the better and for bigger impact. This will certainly translate in improved and sustained value creation for all our stakeholders. I wish to convey my gratitude to all of you for your continued support over the years.

Your Directors and management are committed to ensure that Alembic remains a leading institution that we all believe in.

Best regards,

Chirayu Amin,
Chairman