



“Alembic Pharmaceuticals Limited Q2 FY17 Results Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Alembic Pharmaceuticals Limited Q2 FY17 Results Conference Call. As a reminder, all participants will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. I now hand the conference over to Mr. R. K. Baheti – Director (Finance) and CFO, thank you and over to you sir.

R. K. Baheti: Thank you. Good evening everyone. Thank you all for joining the second Quarter/H1 results conference call. Most of you would have received the results by now; however, let me briefly take you through the numbers for the Quarter/ Half Year ended 30th of September 2016.

You are aware that number of this Quarter and Half Year are strictly not comparable with last year's corresponding numbers as there is significant price erosion in Aripiprazole as was expected post entry of many new players.

During the quarter, the total revenue degrew by 14% to Rs.879 crores, EBITDA at 178 crores is 20.5% of sales and the net profit after tax went down by 59% to 119 crores.

EPS for the quarter is 6.36 per share versus 15.30 for the previous corresponding quarter.

During the Half Year, the total revenues were flat at Rs. 1615 crores, EBITDA at 335 crores is 21% of sales, the net profit after tax went down by 38% to 221 crores.

EPS for half year is Rs. 11.86 per share versus Rs. 19.11 in the previous half year.

You are also aware we are working on multiple projects to enhance our manufacturing capacities to enable us to prepare ourselves for the future.

CAPEX for the Half Year including the capital advances are Rs. 222 crores.

The total CAPEX outlay for the year is expected to be about 600 crores.

The gross borrowing in the consolidated Balance Sheet is about 145 crores, however, we continue to be **debt free on net basis**.

I will now hand over the discussion to Pranav for his discussions on International Business.

Pranav Amin: Thank you, Mr. Baheti. As mentioned in the past, R&D continues to be an area where we will be investing aggressively for future growth. We expect an expenditure of over Rs. 400 crores in FY17. For the second quarter, we have spent Rs. 115 crores in R&D as compared to Rs. 78 crores last year.

We have filed 4 ANDAs during the quarter and 6 ANDAs for H1. We expect the ANDA filing to pick up in H2 as well as in FY18.

The internal as well as external R&D projects are both progressing quite well.

As regarding the CAPEX programs, we have a large CAPEX outlay as Mr. Baheti mentioned. The oncology oral solid dosage and oncology injectable facility is expected to be completed by end of FY17. The General Injectable and Derma facilities are expected to be completed by H2 FY18. We will also be starting work on a new oral solid dosage facility in FY18.

During the Quarter, we have received the EIR for the Formulation facility located at Panelav. This was inspected by the USFDA in March 2016. With this, all our facilities are in compliance with USFDA.

The company has received only 2 tentative approvals during the quarter and no final approvals. With this, the cumulative approvals stand at 49 which include 6 tentative approvals.

The company did not launch any new products in Q2 whereas for the year as I have mentioned earlier, we should launch 6 to 8 new products in FY17.

The Alembic US team is well on track. They have launched 23 products already in the market. There are 9 people on board and the initial response has been quite good.

The International Formulations revenue for the second quarter was at 350 crores as compared to 571 crores last year. US sales of 267 crores, about 75% of international generic sales. The API business grew by 20% to 164 crores.

As we have mentioned in the past, sales through partners is reported on with one quarter lag. So, the current quarter essentially reflects sales of Aripiprazole and other partner products which were booked in June 2016.

As Mr. Baheti mentioned, Aripiprazole continues to face increasing competition, hence facing a lot of pricing pressure. I expected H2 will be softer than H1 as far as this product is concerned. At this moment, I may not be in a position to share any further details on this.

I will now hand over to Shaunak for his briefing on the Branded Formulations business.

Shaunak Amin:

Very briefly, Q2 growth has picked up and branded formulations has grown by 19% for the quarter. This time, the acute saw a fairly robust market and it grew by 22%. Speciality business has grown by 16% and we continue to do better than the IPM.

I will open the floor for Q&A now please.

Moderator: Sure, thank you very much. We will now begin the question and answer session. We have the first question from the line of Anmol Ganju from JM Financial. Please go ahead.

Anmol Ganju: My first question is that given that you have not been able to launch any products this quarter and also the fact that Abilify saw increased competition, what would consequently attribute to such strong base business growth?

Pranav Amin: Thanks Anmol! Yes, we have not launched new products. What has happened though is we have done some re-launches from our partner to Alembic label where there have been some opportunities, hence we have seen a growth in the base business.

Anmol Ganju: And this is a dynamic you expect to continue in the coming quarters?

Pranav Amin: It really depends on the market situation, going forward. As you know we have gone to 23 products and some picked up good market share, for some there is shortage, so we have been able to capture opportunities. Gradually, we will try consolidating these and as I mentioned, for the year, we expect about 6 to 8 launches. So hopefully, we should see more launches in H2 of the year.

Anmol Ganju: And if just stretch it so, this quarter base business number should be new base or fairly representative of what business would look like in steady state?

Pranav Amin: In this quarter, there is still a component of Aripiprazole, quite a decent component because this is what happened in Q1. After there have been subsequently 2 more approvals, that had happened in Aripiprazole.

Anmol Ganju: And my second question is to Shaunak. Shaunak, we know that this quarter has historically been fairly strong in terms of acute growth but the corresponding quarter last year was particularly weak and this 19% number is very healthy, so how much of growth this quarter would you attribute to a low base in the corresponding quarter last year and how much what do you think is sustainable?

Shaunak Amin: On the acute business, I would say about at a base number we should be looking at 14%-15% should be our growth and the rest should be about 6%-7% attributed due to last year's low base. That means this quarter was with good monsoon, there was a good offtake on the antibiotics as well as the Cough and Cold which generally grows at mid-single digit range if I take average numbers off.

Moderator: Thank you very much. We have the next question from the line of Mr. Prakash Agarwal from Axis Capital. Please go ahead.

Prakash Agarwal: Sir, first question on the gross margin side. If you see despite such competition, you are talking about, we have seen healthy gross margins even today, so is this holding up or particularly this

quarter holding up due to better India business or since you said Abilify for this quarter was still good that is the reason? If you could help us understanding this quarter and sustainability of this please?

R. K. Baheti: So Prakash, Yes, the two things you mentioned i.e. the better domestic business growth, Ari sales contributed to the margin. The third also is which we have discussed in the past, when you move to the direct marketing, you increase your topline and your COGS percentage goes down, but you will see some increase in the selling and marketing and other expenditure. Earlier what used to come as profit share to us, now we are capturing the total revenue and the total SGA in our books.

Prakash Agarwal: So, what I picked up is Abilify something which is not as sustainable going forward, otherwise India business, I think the front end is quite sustainable, is that good understanding right?

R. K. Baheti: Yes.

Prakash Agarwal: And so the other expenses if you see there is a big spike Q-on-Q, so the one that you mentioned of adding front end and the expenses coming, so would that be the prime reason or there are other reasons to it?

R. K. Baheti: If you compare with Q-on-Q second quarter for most pharma companies typically always would be higher because as the growth rate is also the highest because of some of the seasonal issues and more promo activities take place during this quarter. That would be the one reason and other reason is of course the US business which was not getting accounted in our books as direct cost, it is now getting accounted as direct cost in our books.

Prakash Agarwal: That would be the case in Q1 as well sir, right?

R. K. Baheti: That would be the case in Q1 also, Yes, I agree.

Prakash Agarwal: So this substantial change is largely India promotional right?

R. K. Baheti: Yes.

Prakash Agarwal: And sir the third question is in terms of the launches that sir talk about 6-7, these are new launches, these are not re-launches in our label, is that right understanding?

Pranav Amin: Yes, absolutely correct. I think I have said in the calls that in last year, this year and the following year, we would have between 6 to 8 new product launches.

Prakash Agarwal: And lastly one clarity on the filings, I understand these blocks are still under construction but the current filings, would any of these would be into dermatology or oncology which we already done or plan to do this year with the CRO?

- Pranav Amin:** No, I think right now we are talking only about the existing capabilities that we have.
- Prakash Agarwal:** And when do we expect these complex ones to start getting filed?
- Pranav Amin:** As I mentioned, 2 of the facilities are get ready by end of FY17. Subsequently, we will start doing the validations and then obviously the filings will start.
- Prakash Agarwal:** So in that case, we are not using any CMO or outsourcing activities?
- Pranav Amin:** We are pursuing some CMO opportunities but it is still early to say right now.
- R. K. Baheti:** Just to respond to Prakash, when he said that Q1 also the US costs were there, the fixed costs were there but variable cost would always change with the variable sales number. So some variable costs also would get accounted in this Q2 which were probably not there in Q1.
- Moderator:** Thank you very much. We have the next question from the line of Nimesh Mehta from Research Delta Advisors. Please go ahead.
- Nimesh Mehta:** If you can just let us know the sequential growth in US sales that could help us?
- R. K. Baheti:** The sequential growth numbers are already there in the results. You want any specific details?
- Nimesh Mehta:** No, US sales, I do not know whether I missed it or not but we know the international generic sales but US sales I think for the first time you have broken down. US sales this quarter was 270 crores. What is that in Q1, if you can just tell us?
- R. K. Baheti:** 220 crores.
- Nimesh Mehta:** Second, I also wanted to know whether the front end benefits that are reflected in topline as margins are now fully reflected in the quarter or you think that there are as we would launch many other products, it might still increase?
- Pranav Amin:** No, it is fully reflected.
- Nimesh Mehta:** So the follow-up on that is that 220 crores obviously would have much higher Abilify sales versus 270 crores?
- R. K. Baheti:** No, actually in June quarter and we clarified also there was a dip in market share for us in the previous quarter again there is one quarter lag. Our market share has gone down to about 4.5%-5% in December quarter as per the published reports which we re-gained in March quarter. So June quarter, Abilify was lower.
- Nimesh Mehta:** So bulk of the sequential growth would be Abilify, fair to assume like that?

- Pranav Amin:** Yes.
- Nimesh Mehta:** And finally just on the acute business growth, we have seen robust results, have you been able to outpace the IPM growth, for the representative segment?
- Shaunak Amin:** For the quarter?
- Nimesh Mehta:** For the quarter right.
- Shaunak Amin:** Or YTD?
- Nimesh Mehta:** No, for the quarter.
- R. K. Baheti:** For the quarter, a lot of therapies, we have outgrown the market, we have grown faster than the market. Couple of therapies, of course we have not grown as well. So IPM growth was 14%; we did 19. In Cardiac, Gynec, Cough & Cold, we did much better than the market.
- Shaunak Amin:** 22% was the acute curve, so that is more representative of our growth numbers than IMS. You can take the market growth for IMS and you can use our internal numbers on that.
- Nimesh Mehta:** Finally, just a guidance on how many new launches will be made in the Indian market for FY17 and how many you would have done in the last 6 months?
- R. K. Baheti:** So we do about 20-25 products typically in a year which includes line extension.
- Shaunak Amin:** But, this year I think numbers have been little higher than historically, I think we will get back to you with the exact number of launches in the last 12 months.
- Moderator:** Thank you very much. We have the next question from the line of Mr. Kumar Sourabh from Motilal Oswal Securities. Please go ahead.
- Kumar Sourabh:** Sir I have a follow-up question. Sir when you said that, first to get the clarity, we booked the sales on 3 months lag, not on 6 months lag?
- Pranav Amin:** 3 months lag.
- Kumar Sourabh:** Sir from when we look at from March quarter to June quarter, you have seen a big improvement in market share that is what you were saying because I believe it was from December to March?
- R. K. Baheti:** December to March which got reported in March quarter and June quarter respectively.

- Kumar Sourabh:** So when we say the 220 crores revenue grew to 270 crores and largely this is because of Abilify because between the March quarter and June quarter, our market share numbers have not changed much, correct me if I am wrong. So then sir, this ramp up in market share logic should have reflected in a bigger way in the last quarter compared to this quarter?
- R. K. Baheti:** Which it got, if you look at from March quarter to June quarter, sales went up and there will be probably some spill-over effect in September quarter also.
- Kumar Sourabh:** And sir secondly, our other expenses, what does constitute of that other expenses, that has been growing as an absolute number. I am talking about consistently, from a very low base of 75 to 100 crores during the last year quarterly average, now this quarter I think we have reached from 70-80 crores kind of, which has reached to around 150 crores now?
- R. K. Baheti:** So other expenses are other than employee cost and R&D cost, all others are clubbed into other expenses which would be all manufacturing expenses, all selling, promotional, marketing, field, travelling, corporate everything. Last year also, I think the run rate was about 150 crores a quarter and this year also, first quarter was 180 crores it has gone up, I explained the reasons, to 227 crores. So I do not see anything alarming, I think it is in line with the growth of the business.
- Moderator:** Thank you very much. We have the next question from the line of Damyanti Keria from HSBC Securities. Please go ahead.
- Damyanti Keria:** Sir coming back to the presentation on therapies growth which is as per the IMS growth. So as you said, some therapies have done well and some have not done well like Gastro, Derma and all. So, what has attributed to that or we have some kind of change in strategies there?
- Shaunak Amin:** Specifically the ones that have not done well, we are having some out of product, operational challenges but it is very transient in nature. So from that point of view, the growth should start coming back in the next 2 quarters for both these segments, Derma and Gastro specifically.
- Damyanti Keria:** It is momentary right and it should come back to the market level or better than market?
- Shaunak Amin:** That will be okay.
- Damyanti Keria:** And what kind of pricing impact or FDC impact, what kind of impact we have seen during the quarter?
- Shaunak Amin:** All impact related to pricing have been factored in for the quarter. So as of now from what we see, I think there is no further impact unless something newer to come out in the subsequent quarters by the government.

- Moderator:** Thank you very much. We have the next question from the line of Gaurav Singh from Natwarlal & Sons. Please go ahead.
- Gaurav Singh:** My question is pertaining to the approval you got for Lacosamide, so like what is the update on it and what is the future for it?
- Pranav Amin:** Yes, Lacosamide, what you might know which is in public domain is that the District Court already ruled against the generic company. So that is where it stands, I think the matter will go into appeal and depending on the appeal decision, actions will be taken.
- Gaurav Singh:** Any approximate idea by when you are expecting?
- Pranav Amin:** No, it is very tough to say.
- Moderator:** Thank you very much. We have the next question from the line of Anand Bhavnani from Samiksha Capital. Please go ahead.
- Anand Bhavnani:** Sir, can you throw some light on the revenue potential for new product launches that are slated for US and Indian market?
- Pranav Amin:** Sorry, for US we do not give any guidance or projection for new product launches. All I can say is that we will be launching about 6 to 8 new products in the US.
- Anand Bhavnani:** And sir in terms of the ANDA approvals, the presentation mentions that we have 49 approvals, so how do you see those approvals leading to product launches over the next few years, I mean, what are the generally number of approvals that get into actionable launches?
- Pranav Amin:** Pretty much we do launch most products it is tough to say because there could be some approvals which are tentative approvals which may have either patent or expiry date. So you would not launch it right away. What you would look at is the 6 to 8 launches per year.
- Anand Bhavnani:** So let us say net-to-net basis over a 3-year period, currently you have 23 products, 3 years down the line it could be around 40-45 products that we have in the US, would that be the right way to think about it?
- Pranav Amin:** There are 2 things. One is as I said, what I would take is for the 2 years this year FY17, FY18 we look at a total of about anywhere between 12 to 16 new product launches. Because it is not on our hands, depends how fast FDA gives approvals and coming back to your first questions in terms of new launches also, we do expect H2 will be softer than H1 in terms of growth going forward.
- Anand Bhavnani:** Sir, you mentioned about the facilities that will be coming up at the end of FY17 for Onco and H2 FY18 for Derma, these facilities you said you might explore CMO, how likely is that we

doing so, is it in early stages or are we already sort of negotiating with somebody, how is the status?

Pranav Amin: I do not understand the question but the facilities as I mentioned, 2 of them are going to be ready by the end of FY17.

Anand Bhavnani: So, my question on the CMO front, is the idea being considered or is the idea already in negotiation phases with the companies?

Pranav Amin: So what we are doing, in certain cases we did want the development work to continue which has started. So hence some products we are pursuing at CMO, while our facility gets ready.

Anand Bhavnani: And sir, kind request you mentioned about the Indian market you will be coming back to one of the fellow participants, can you just share those details, the Indian market product launches in the past with me as well, I will coordinate with the Company Secretary?

R. K. Baheti: Yes sure, so I will share those details.

Moderator: Thank you very much. We have the next question from the line of Purvi Shah from Sharekhan. Please go ahead.

Purvi Shah: Sir, one is in the opening remarks you stated that most of the plants are now FDA approved, so all these inspections have been done in the last 12 months?

Pranav Amin: The formulations were done this year, two of the API facilities were done this year and one API facility was done I believe in last year.

Purvi Shah: So, basically in the last 12 to 15 months most of them have been inspected and there has been no 483s is what I am asking?

Pranav Amin: No. As I said they all got the EIR, there were some plants having 483, but it is all cleared and we got EIR which is the Establishment Inspection Report from the FDA.

Purvi Shah: Sir, what I mean is that they are all resolved now, right?

Pranav Amin: Exactly.

Purvi Shah: And the second was on the Indian front, usually Q2 and Q3 are strong, but what I am trying to gauge is that with Supreme Court backing the NPPA right now, so do we see this whatever price control that have been asked by most of the companies to be taken are these all absorbed by in our numbers?

- R. K. Baheti:** We are not marketing any products which are above the price fix. So we do not expect any demands on account of the Supreme Court ruling. We are within the NPPA price control band.
- Purvi Shah:** And something annual, in the annual report, in the contingent liabilities that is not provided for, the amount seems to be for one of the line item letter of credit guarantees gone up significantly, so if you could just highlight the reason?
- R. K. Baheti:** You are aware that we have now overseas subsidiaries and they raise their own money but at times you need to give corporate guarantees, so those are non-funded facilities which we use from banks.
- Purvi Shah:** As of now we have, whatever am trying to understand, from what I am reading from the notes that is we have not anything that is remaining for the NPPA litigation, right?
- Shaunak Amin:** Just to clarify, I think as of now we have no provisions that we have taken for NPPA neither do we have anything, any outstanding amounts which NPPA has raised on us. So I think from that point of view, we are completely compliant with NPPA as of now.
- Moderator:** Thank you very much. We have the next question from the line of Nitin Agarwal from IDFC. Please go ahead.
- Nitin Agarwal:** On the CAPEX, you mentioned like the CAPEX plan for the year about 600 odd crores, so will they take care of the whole CAPEX phase that we are going through or will have some material expenditure even for the next year?
- R. K. Baheti:** Like we said in the beginning of the year, 600 crores is for this financial year and about 300 to 400 crores will get spent in next year. So 2 year plan was for 1000 crores.
- Nitin Agarwal:** And that should take care of probably next few years of growth for us with this current phase ?
- R. K. Baheti:** Growth is ever continuing process. I am not saying that. This is the plan as of now.
- Nitin Agarwal:** And secondly on the US business, Pranav mentioned about some opportunities and all are arising because of shortages in stuff. Is there any change in the way some of these opportunities are playing themselves out in terms of pricing opportunities that has been in the past?
- Pranav Amin:** I think the one bigger change is that now that we have our own front end in the market. We have molecules, in fact, we can pick up opportunities, we can decide which ones you want to go for, where our supply chain is more nimble, where we can supply. So having own front end, definitely we can utilise more of these opportunities.

- Nitin Agarwal:** And sir, just reconfirm you said that the Q-o-Q growth in the US was entirely on account of Abilify?
- R. K. Baheti:** Not entirely. The base business has also grown and Abilify is also contributed is what I said.
- Nitin Agarwal:** And I guess, it is fair to assume that in H2 the contribution of at least Abilify would be relatively lower than what has been in H1?
- Pranav Amin:** Absolutely.
- Moderator:** Thank you very much. We have the next question from Nimesh Mehta from Research Delta Advisors. Please go ahead.
- Nimesh Mehta:** Just one small question of the 6 to 8 total launches that you are looking at, do we expect any niche launches or low competition launches there?
- Pranav Amin:** I do not know. It is tough to say, I think we do not project on the complexity of launches, so I really cannot comment on that.
- Nimesh Mehta:** Just asking because now we are only talking about 6 months, may be competitive landscape might be clearer, otherwise it is difficult to guess, that is the only reason I am asking?
- Pranav Amin:** No, I am sorry, to be honest, I really do not know what is happening in terms of approvals with the FDA who gets, who does not get. So it is very tough to say how much, how many competitors we will have until the launch actually happens and until we get approval.
- Nimesh Mehta:** All the launches that we are expecting, how many of them will be Day-1 launches, any idea?
- Pranav Amin:** So, in terms of our pending approvals, I think we have about 33 pending approvals, roughly about 40% of those are either a P4 or an FTF.
- Nimesh Mehta:** I was trying to be more specific to FY17 if you can help me that will be great.
- Pranav Amin:** FY17, how many Day-1 launches?
- Nimesh Mehta:** Yes.
- Pranav Amin:** I think we have disclosed that data. Let me work it out, if needs to be disposed, I will send it to you.
- Moderator:** Thank you very much. We have the next question from the line of Kunal Randeliya from JM Financial. Please go ahead.

- Kunal Randeliya:** Is it fair to assume that Benecol launch would now be in April or middle of next year and what sort of competition do you expect?
- Pranav Amin:** I think it seems as quite a bit competition if I am not mistaken. I think there are 10 or 10-12 tentative approvals. I think that after Mylan's launch which should happen hopefully today, tomorrow, something like that.
- Kunal Randeliya:** So we can probably launch by April next year?
- Pranav Amin:** Yes.
- Moderator:** Thank you. We have the next question from the line of Tushar Manudhane from Anand Rathi. Please go ahead.
- Tushar Manudhane:** Sir just on the domestic formulation side if you can break the overall growth into volume, price and new product launches for the quarter?
- Shaunak Amin:** I do not have that. I think we can share it to you directly.
- Tushar Manudhane:** And secondly with this new oral solid facility in FY18 so CAPEX for this is inbuilt in this 400 crores CAPEX for FY18 or this is going to be increment income?
- R. K. Baheti:** Yes included. To your previous question, overall as per ORG, the volume growth is 5.5% and new products growth is roughly 6%. This is for 12 months period.
- Moderator:** We have the next question now from the line of Mr. Ashish Thavkar from Motilal Oswal. Please go ahead.
- Ashish Thavkar:** Sir, last call we had said that, we are looking for R&D expense of around 400 crores to 450 crores in FY17, but this time we are specifically giving the number of 400 crores. So is it that we are tuning down on the R&D expense?
- Pranav Amin:** No, not at all. I said 400 crores or more.
- Ashish Thavkar:** This number could go up in FY18?
- Pranav Amin:** FY18 as we said that you will not see as higher jump as you have seen this year. I think H2 is key to look out for in terms of what kind of success we have with our filings and how we go along. So I think yes, we might see, we might won't see such a big growth in FY18 as we did from 16 to 17.
- Ashish Thavkar:** The absolute R&D number you are saying?

- Pranav Amin:** Yes.
- Ashish Thavkar:** Sir, on the injectable side, hopefully we should be filing our Onco injectable in second half of FY18. So any plans on the Derma assets, how do we plan to monetize it and what are our plans there?
- Pranav Amin:** Two things. One, as I said once the facility is ready on the Onco that is when we will start the filing. So, facility will be ready by the end of this year, so maybe 6 months, maybe longer depends how long the validations take. Hopefully by the end of next year, we should start. In terms of Derma, as I mentioned we are building the facility that will be ready only in H4 FY18 and we will do the filings probably after that.
- Ashish Thavkar:** Sir, last question would be on 6 to 8 launches that we are guiding to launch in the second half, this includes Pristiq which has been settled by us?
- Pranav Amin:** I think we have not disclosed product wise. I think whenever settlement is done, we will launch at that time.
- Moderator:** Thank you very much. We now have the question from the line of Prakash Agarwal from Axis Capital. Please go ahead.
- Prakash Agarwal:** Just couple of clarifications. So there is a comment on H2 being softer than H1, that was particularly for Abilify or in general for the US sales?
- R. K. Baheti:** No, only for Abilify.
- Prakash Agarwal:** And there is a mention of new plant. So, is this plant location similar to our existing location or we are looking for de-risking and new location is being identified?
- Pranav Amin:** It will be a new site.
- Prakash Agarwal:** It is a new site okay and what would be the existing capacity utilization for the expanded version we did last year?
- R. K. Baheti:** The capacity utilization is about 70%-75%, I mean depending on how you view the capacity, but again there can be some debottlenecking. Capacity can be enhanced but we still have chosen to build a new site.
- Prakash Agarwal:** So that would be operational in couple of years right, so by that time you would need more capacity.
- R. K. Baheti:** Absolutely Yes.

Prakash Agarwal: And one more thing on R&D, last time you had given an update of expanding the scientist number to 500 from 400 and 240 projects live. So is there an update to this number?

R. K. Baheti: I think broadly they remain the same. Every day you don't complete an R&D project or you take up a new project. Of course some products get dropped, get completed, some new products gets added but broadly products or projects under R&D development remains the same.

Prakash Agarwal: I was trying to understand the broad identification of the development work and so that is being done and so now on this base, you will progress?

R. K. Baheti: Absolutely.

Prakash Agarwal: And lastly on the India business so, off and on there has been lot of noise in terms of expanding the list. So the first level which is being done and implemented but post which there has been more than 2 or 3 updates, so just wanted expert view on how, why this is happening and can this really be implemented over this year?

R. K. Baheti: We do not want to talk about the industry in general, but we do not have many FDCs, so we are not so dependent on FDCs.

Prakash Agarwal: Sir one was FDC but border question was on the NPPA expanding the essential list and all, so?

Shaunak Amin: No, as of now I think the exercise is over. The MOH had released the list. The last time when they did like every three year they revised the list, so that list has been put out, I think beyond this as of now we have no information as of whether they will be an expansion.

Moderator: Thank you very much. At this point, we have no further questions in the queue.

R. K. Baheti: I think we can conclude the call.

Moderator: Would you like to make any closing comments?

R. K. Baheti: Yes, I think it was good, every quarter is good interacting with all the participants and look forward to talk to you again next quarter. Thank you very much. Wish you all a very happy Diwali and a very joyous next year.

Shaunak Amin: Just to add to that, I think for quite a few quarters now we have been communicating on our desire to scale up on R&D and look at finding more product, more complex products and we are really in the middle of the journey and we are seeing that such successes will step up in our positioning for the future. So the trend we are already witnessing, going forward we continue with the strengths. Thank you very much, thanks.



Alembic Pharmaceuticals Limited
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Moderator: On behalf of Alembic Pharmaceuticals, that concludes this conference. You may now disconnect your lines.