



“Alembic Pharmaceuticals Limited
Q4 Financial Year 2020 Conference Call”

April 23, 2020



MANAGEMENT: **MR. PRANAV AMIN - MANAGING DIRECTOR**
 MR. SHAUNAK AMIN - MANAGING DIRECTOR
 MR. MITANSHU SHAH - HEAD - FINANCE



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Moderator: Ladies and gentlemen, good day and welcome to Alembic Pharmaceuticals Limited Q4 FY2020 or Annual Unaudited Financial Results Conference Call. We have with us Mr. Pranav Amin - Managing Director, Mr. Shaunak Amin - Managing Director, Mr. Mitanshu Shah - Head – Finance. As a reminder, all participant lines 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 the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. I now hand the conference over to Mr. Pranav Amin, Managing Director. Thank you and over to you Sir!

Pranav Amin: Thank you Margaret. Good evening everyone! Thank you for joining the fourth quarter conference call. I am sure you all have received our unaudited financial results by now. Since the auditors are based in Mumbai, they faced challenges completing the audit during this lockdown period. We will publish the audited accounts whenever the situation returns to normal. However, in the interest of stakeholders, we are going ahead and publishing the financials today and we had board meeting today as well. Mr. Baheti could not make it here as he had a family exigency. In the meantime, I will ask Mitanshu to take you through the financials for the quarter end and the year ended March 31, 2020.

Mitanshu Shah: Thank you Pranav! I will take you through the numbers for the quarter and the year ended March 31, 2020.



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During the quarter, total revenue grew by 30% to Rs.1,207 Crores.

EBITDA at 339 Crores is 28% of sales.

Pre R&D EBITDA is 42% of sales.

Net profit after tax was up 81% to Rs.225 Crores

EPS for the quarter is Rs.11.93 per share versus Rs.6.58 in the previous year.

During full year 2019-2020, total revenues grew by 17% to Rs.4,606 Crores

EBITDA at Rs.1,213 Crores is 26% of sales. Pre R&D EBITDA is 39% of sales.

Net profit after tax was up by 42% to Rs.829 Crores

EPS for the full year was Rs.43.98 versus Rs.31 in previous year.

Capex for full year including capital advances was Rs.731 Crores, very close to the last year number which was around Rs.650 Crores. Cumulative capex, ongoing project under WIP including pre-operative expenses for all the four plants was Rs.1,492 Crores.

Financial assistance to Aleor JV for the year was Rs.205 Crores, cumulative financial assistance stands at Rs.677 Crores.



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The gross borrowings in the consolidated balance sheet are Rs.1747 Crores, which are up by around Rs.620 odd Crores vis-à-vis last year and we have Rs.81 Crores of cash in hand on 31st March 2020.

Net borrowings stand at Rs.1,666 Crores. Net Debt equity remains at 0.52.

Dividend, we had declared a dividend in the previous board meeting on March 6, 2020. Dividend on equity share was at Rs.10 per share which is 500% for 2019-2020, previous year it was Rs.5.50 paise.

I will now hand over the discussion to Pranav for his presentation on international business.

Pranav Amin: Thanks Mitanshu. It was another good quarter for the international generics business. GMP compliance continues to remain a focus area for us. Our formulation plant F1 was recently audited by the USFDA which was issued four observations. These are procedural in nature and largely to do with SOP improvement. We have submitted our response and are waiting to hear back from the USFDA.

Apart from formulation 1, the other plants all of the EIR are in place.

We filed 10 ANDAs during the quarter out of which four were from Aleor. We filed 25 ANDAs for the year which includes 11 from Aleor.



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The R&D expenses were at Rs.185 Crores for the quarter and for the full year we have spent Rs.645 Crores, approximately 14% of sales.

We filed first of our ANDAs from formulation 3 the general injectable facility during the quarter.

We have filed the first ANDA from the onco injectable facility which is formulation 2 in the second half of this year.

Exhibit batches were also taken in the quarter at formulation 4 the new oral solid dosage facility at Jarod.

We received 34 approvals during the year and we cumulatively have 119 ANDA approvals.

We launched five new products during the quarter and 22 new products during the year.

We plan to launch approximately 10 products in the first half of this financial year as well.

The financials in the international formulation business grew by 80% in the quarter to Rs.710 Crores whereas for the year, it grew by 40% to Rs.2,473 Crores.

The US generics grew by 85% to Rs.77 million for the quarter and 52% to \$217 million for the year.

The Rest of the World Generics grew by 63% in the quarter and was flat at about Rs.500 Crores for FY2020.



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Shaunak Amin: Good afternoon everyone. Let me just run through a couple of the domestic numbers. Overall for Q3, sales grew by 13% to Rs.342 Crores and it grew to Rs.1,425 Crores for the financial year with 3% growth.

Specialty segments for us grew 10% in the current quarter and for the Acute it grew by 24% in the current quarter.

Other than that this quarter has been a quarter of some recovery for our business. As you guys are aware that last financial year we took certain strategic decisions which impacted our business for the last three quarters of the year. Post that we are seeing some of these strategic interventions giving us good traction. We are seeing a strong ramp up in our business which gives us a lasting impact on our topline as well as substantial impact on our P&L.

All our segments of growth are completely aligned in terms of having high growth molecules and high growth brands driving our key growth segments like Acute, CV, Gynaec and Gastro. Impact of COVID on the business in this quarter has been neutral. There have been some positives as well as some negatives in the month of March and we are seeing the trend continue in the month of April. So, net-net it is working out to be equal for us.

I could just give you a small commentary of the business: Over the last few years we have been focusing aggressively on our far more scientific and medico-marketing driven approach to communicate to our customers and after some



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amount of lead time, it started to give us big dividends. It has allowed us to cut through the clutter and communicate with our customers on our key brands and key benefits of our brands. Along with that, there is still substantial scope for this business to ramp up over the next three quarters in terms of operational as well as in terms of strategic interventions that we have taken. So, we look forward to driving the business. I am seeing some of these numbers pan out hopefully. Thanks.

We would like to open the floor for Q&A now please.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Anmol Ganjoo from JM Financial. Please go ahead.

Anmol Ganjoo: Thanks and congratulations for good set of numbers. My first question is to Pranav. Pranav if you look at this full year as well as the quarter, US continues to do extremely well so if you were to kind of breakdown this \$90 million of incremental sales that you have had over the FY2019 base, I know you would not go into exact numbers, but directionally if you to breakdown the benefit of \$90 million between sartans and pricing in some of our base portfolio as well as some of the new launches like Febuxostat how would you comment on the interplay of those two with regards to such stellar performance in the US?

Pranav Amin: Anmol it is a good question. I cannot really give the breakup of the sartans and others and I am not seeing this as one-off. Consistently for the last three quarters the US revenues have



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been at about \$70 odd million every quarter for the last three quarters so it is safe to say that this is a new base for now. Moving forward from this is what we have seen in terms of new launches and new opportunities we can add to it, so our new base is \$70 odd million per quarter for the US business.

Anmol Ganjoo: Okay that is helpful and my second question is to Shaunak. Shaunak you spoke about the initial impression of COVID being neutral and the revival in domestic business finally having taken of, if the current situation was to continue do you think this will be the picture for the full year as well or are you think this is a very initial kind of signs where you see virtually no impact on the business as a consequence or whatever positives and negatives you see?

Shaunak Amin: Sorry could you just repeat yourself one more time.

Anmol Ganjoo: Just taking from your opening comments where you said that as of now COVID has been a neutral event and it is not normally impeded with the turnaround, which was started in the domestic business do you think this dynamic to hold throughout the year or you think this is just a one, two months timeframe and it is too early to tell how the next three quarters will pan and that is what my question is?

Shaunak Amin: Okay so in terms of the business, we are very confident that this is sustainable and it is not a one quarter trend, it will sustain for the next three, four quarters at least for sure.



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In terms of COVID, the impact has been neutral because it is only the last two weeks of March that we actually started seeing some impact of COVID related disruption.

We strongly believe we see the trend to continue going forward

Anmol Ganjoo: Thanks that is helpful and last if I may squeeze in and this is to Mitanshu standing in for Mr. Baheti. We have seen fear expansion of working capital it is not unusual given what is happened in the US in terms of growth, but if we see for the next year, where do you see the working capital cycle stabilize at and should you comment that how should that for the year, what are you thinking in terms of our debt equity, etc.?

Mitanshu Shah: Even if you look at the current set of numbers, it is not at all alarming and if you see the debtor days, they are just 68 days actually. Inventory days are 93. Everything is in control when it comes to the number of days and the key parameters are concerned. Next year, of course these key set of numbers will remain in this vicinity as far as number of days. Of course, they can rise in absolute number based on increase in business. Debt would be a combination of what we have to invest in terms of capexes, which we see around Rs.700 Crores for next year, all blended put together, we do not see more than Rs.200 Crores of increase in debt in FY21.

Anmol Ganjoo: If I have few more questions, I will get back in the queue. Thank you so much.



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Moderator: Thank you. The next question is from the line of Prakash Agarwal from Axis Capital. Please go ahead.

Prakash Agarwal: Thanks for the opportunity and congrats on good numbers. Sir first question on the US business, so you clearly mentioned in the last call that for sartan opportunity, we do not think it is only a near term, it is a medium term opportunity, so any update there, any more competition coming or on the volume side you have already seen US business QoQ improvement largely sartan led?

Pranav Amin: Anmol also asked the similar question. As you know sartan is big part of our portfolio over the last two years because Alembic is present pretty much in all sartans and we do not have any impurity issues with any of the sartans. So we have a big basket sartans. All put together, it is almost about 15 different ANDAs of sartans which are there. Having said that competition has increased but when I said in the last call as well, my outlook remains same. I had said that another three to six months I do not see anything changing because of pure volume of sartans are still huge and there is lot of demand and we are just trying to keep up with the demand right now.

Prakash Agarwal: So three to six months is rolling one and depending upon how the competition changes maybe you can update us?

Pranav Amin: Just to clarify one more, what is important is one has to realize that there are about 15 ANDAs of sartan that have different combinations so it is not only one particular sartan



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which is making up our sales, it is a combination of all of them depending on where the volumes are.

Prakash Agarwal: That helps. Thank you for that. The other question is on the capital work-in-progress, so I understand the three large facilities, the Onco injectables, general injectables, and I think one more right, oncology, so these are still capitalized?. So when do we start seeing the preoperative expenses as well as depreciation kicking in, should we start building in fiscal 2021 or it should move to 2022?

Mitanshu Shah: Except for Jarod facility F4, F2 and F3 both general injectable as well as onco injectable will go on stream in FY2022.

Prakash Agarwal: So what will kick in 2021 under quantum?

Mitanshu Shah: What will kick in would be Jarod plant and that is the smaller plant with lesser overheads that would be around Rs. 40 odd Crores per annum.

Prakash Agarwal: That is in the operating site or below the EBITDA?

Mitanshu Shah: I am saying this is the operating cost.

Prakash Agarwal: We will start seeing this cost in the P&L?

Mitanshu Shah: Yes. In H2, Prakash.

Prakash Agarwal: In H2, okay and 40 Crores is the annualized number, so half of it will come through, that is right?

Mitanshu Shah: That is true Prakash.



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Prakash Agarwal: Okay and for the other two facilities, Onco and general injectable, that is 22, but if you could help with the quantum please?

Mitanshu Shah: Yes. Sure, we expect both of them around H2 time of FY2022, and operating cost would be 250 odd Crores.

Prakash Agarwal: Okay. So this is annualized obviously.

Mitanshu Shah: Yes, annually.

Prakash Agarwal: Perfect and last question for India, so we have seen significant recovery but what struck me is specialty versus acute, so specialty 10%, acute 24%, while we see the AIOCD data, there were lot of prebuying in chronic specialty side, for you it is the other way around. So is it on a low base or product based or what has led to that kind of high growth on the acute segment?

Shaunak Amin: I think acute partly was driven by Azithromycin as well Cough and Cold portfolio.

Prakash Agarwal: So this can continue I would believe right?

Shaunak Amin: Yes, we believe it will continue.

Prakash Agarwal: Thank you. I will join back the queue.

Moderator: Thank you. The next question is from the line of Aditya Khemka from DSP Blackrock. Please go ahead.



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Aditya Khemka: Thanks for the opportunity. Shaunak a question for you for the domestic business, I understand we have taken few strategic initiatives in the domestic business over the past few quarters, but if I look at Alembic for the last four to five years also, there has been a performance, which is inferior to the border market, we have lost market share at a category of company we have, we may have gained few molecules and lost in certain others. So what I want to understand is what the way forward is? How are we changing the business model, I understand the initiatives taken as to deduction of discount, etc., that I figured but how do we make our place permanent again in this industry, how do we ensure that we gain market share and grow higher than the market going forward?

Shaunak Amin: I will answer your question in two parts. You see any of our key focus brands, we have not lost any market share in that over the last four years. Actually, we have gained market share in all the key focus brands. Where we have lost market share in the last four years is, products which we have said are not critical to us in terms of long term and classic case is something like, injectable penicillin or if we look at lot of tail brands which have been rationalized over the last four years, so that is one. Secondly, is generic- generic portfolio, which we had been defocusing on that part of the business, has substantially come down, so, all put together, yes, we have lost market share but if you look at my key brands, we ramped up market share portfolio, we have not lost our market share, we have actually gained market share. So that just to clarify that question. Another thing is, some of the decisions



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that we had taken were something which were affecting our market share gain and preventing some sustainably driving prescriptions. After this correction, we feel lot of those loopholes have been plugged and we see a big growth. In terms of the performance, looking at these base numbers, I definitely look at outgrowing the market and definitely look at good double-digit growth with the market share gain over the next three years at least.

Aditya Khemka: Would you say that your domestic field force productivity now is optimal and you would need to hire incremental number of MRs to grow or do you think there is scope for your MR productivity to improve over the next three years?

Shaunak Amin: The way you look at it is that what is optimal, whether our productivity is optimal or not, I am not sure, but what we are looking at is, as and when these specific areas and specific divisions where we see a scope for expansion, we definitely want to look at adding in a systematic way. I mean we do not foresee a large single time expansion to happen at any given time, but over a year, definitely every quarter we will look at adding manpower to strengthen key areas because we are underrepresented in the market. I mean if you compare my acute team versus anyone else in the Industry of comparable size, we are pretty much, may be 70% of what all our competitors are running at, so we will do that. But we will do it in a very selective way, and not in a one shot expansion.

Aditya Khemka: Perfect and Pranav a question for you, so what has happened in the US market in terms of high infection rates and obviously



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some supply chain disruptions because of China and COVID and all, has the bargaining power between a supplier and those three large buyers in US, changed somewhat or would you say it has not impacted that equation at all?

Pranav Amin: No. As of now I am not seeing that in the market, we have not got any feedback. We have realized most of the products are coming on the finished goods side, are coming in from India. So I do not see that an impact of that as yet.

Aditya Khemka: Right and to that extent your base business portfolio in US, has it seen price erosion of mid single digits, low single digits, high single digits?

Pranav Amin: You guys ask me this question, it is very tough to say. On an overall portfolio we have not seen much erosion, if at all, if I have to just put it all together, probably, in low single digit.

Aditya Khemka: Just to harp on that, would you say a sartan portfolio is seeing price inflation even now or have the sartan prices stabilized in the US as we speak?

Pranav Amin: No. what I told Anmol and Prakash earlier that is what 15 odd sartans, we are seeing lot of fluctuations in all of them so it is a combination, weighted average. We have to see how all of them go because there are so many strengths and not everyone is able to keep up with demand for each of them.

Aditya Khemka: Do we sell Azithromycin also in the US and ROW market?



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Pranav Amin: Good question. We do have ANDA that was approved and we should be launching it in the next few days, the shipments already in the US, we should be launching it in the next few days.

Aditya Khemka: Do we do that in the ROW market as well?

Pranav Amin: We supply mainly the API.

Aditya Khemka: last question for Mitanshu. If I look at the gross margins, 3Q was 75% odd, 4Q despite being like a lower India business quarter has seen a significant gross margin improvement, any point what is giving because what I was hearing was because of the China COVID disruption, raw material prices have actually gone up, but on the other hand we have seen an inflation in our gross margins, so what exactly led to this?

Mitanshu Shah: For us it is phenomenon of the product mix, actually if you see Q1, Q1 margin profile was as good as Q4, and then Q3, Q4 were like 3% less than Q1 and Q4 numbers, and also depreciation of Rupee plays a bit of a role here, it actually helps, right Aditya? and 77% is kind of average margin for the full year.

Aditya Khemka: I will get back in the queue. Thanks.

Moderator: Thank you. The next question is from the line of Rashmi Sancheti from CGS-CIMB. Please go ahead.

Rashmi Sancheti: Thanks for the opportunity and congratulation on good set of numbers. Most of my questions have been answered. Just two



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questions, what will be the guidance of R&D in FY2021 and going ahead?

Pranav Amin: We do not give general guidance per se but approximation this year we have ended Rs. 650 crores, next we should look at about Rs. 700 crores or so.

Rashmi Sancheti: Sir how many product launches have we done in India business in FY2020 and if you could bifurcate in acute and specialty segment?

Shaunak Amin: I will have to get back you on the numbers. But in terms of product launches in 2020 in domestic, there have not been many, main launches, which happened in Q4 were Vildagliptin and for any large launches, I will get back to you on that. But there have been no large launches per se for us.

Rashmi Sancheti: So you mean to say that it is mainly single digit launches?

Pranav Amin: Yes. It is single digit launches for the year.

Rashmi Sancheti: Okay. Post this turnaround in the domestic business, what kind of launches we are expecting going ahead?

Shaunak Amin: Sorry. Could you just repeat the question?

Rashmi Sancheti: I mean in FY2021, how many launches we have planned for India business?

Shaunak Amin: I will get back to you on the number.

Rashmi Sancheti: Okay fine. I will take it offline. Thanks for the opportunity.



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Moderator: Thank you. The next question is from the line of Dheeresh Pathak from Goldman Sachs. Please go ahead.

Dheeresh Pathak: Thank you. For FY2020, can you give a breakup of the capex in terms of the core capex, the opex capitalized and the R&D capitalized?

Mitanshu Shah: Core capex was Rs. 300 odd Crores, which is our maintenance and R&D capex and others, all put together. In addition, we had project capex including preoperative, which was around Rs. 370 odd Crores.

Dheeresh Pathak: This would be mainly opex capitalized, right?

Mitanshu Shah: Opex in that was Rs. 250 odd Crores.

Dheeresh Pathak: Okay and R&D capitalized, how much?

Mitanshu Shah: R&D was not big a number around Rs. 50 odd Crores.

Dheeresh Pathak: Sorry, come again Mitanshu?

Mitanshu Shah: 50 odd Crores.

Dheeresh Pathak: 50 Crores because in the last call you said 155 was R&D capitalized, Aleor?

Mitanshu Shah: No. Dheeresh these are two different thing, that is R&D the intangibles of Aleor actually. So this is the core capex that we are talking about in Alembic Pharmaceutical, this is - Plant and machinery.



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Dheeresh Pathak: Okay but what was the Aleor R&D capitalization?

Mitanshu Shah: Aleor R&D capitalization for this year you mean to say?

Dheeresh Pathak: Yes FY2020?

Mitanshu Shah: Around Rs. 120 odd Crores.

Dheeresh Pathak: 120 Crores, okay and when you gave that Rs.700 Crores capex numbers for FY2021, does that include the opex capitalized also, or this is the capex number?

Mitanshu Shah: Yes, Dheeresh, it includes the opex as well.

Dheeresh Pathak: This also includes the R&D, Aleor R&D capitalization?

Mitanshu Shah: No. Aleor R&D capitalization does not form part of that capitalization, but comes under the intangibles, which we do not consider as part of the core tangible capex.

Dheeresh Pathak: When you gave the plant wise annualized opex, you said F2 and F3 combined in 250 Crores on an annualized basis, F4 is about 40 Crores that is 290, and then how much Aleor on an annualized basis, although it is getting expensed right now, but just to get a sense?

Mitanshu Shah: Around Rs. 75 Crores.

Dheeresh Pathak: There was some goodwill and investment impairment, did you call it out earlier, I was not there in call the earlier parts, so can you explain that?



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Mitanshu Shah: This is first time that you are asking it. It is about Orit actually. So what we have done is, Orit had some intangibles and goodwill and we applied accelerated amortization of that piece.

Dheeresh Pathak: Okay. So it is all written off now there or there is something that can be?

Mitanshu Shah: No. It is absolutely written off.

Dheeresh Pathak: Okay. All right. Thank you so much.

Moderator: Thank you. The next question is from the line of Damayanti Kerai from HSBC. Please go ahead.

Damayanti Kerai: Thank you for the opportunity. Coming back to gross margins, so given now, you said, we have nothing change for the next six to nine months for the sartan opportunities plus India improving. So, how we should look at the base gross margin trend?

Mitanshu Shah: It is a function of lot many things. It is a function of, product mix, it is a function of where the dollar rupee is and lot other things influencing it, but it would be around 70%- 75%, it would be hovering around that.

Damayanti Kerai: 70% to 75%?

Mitanshu Shah: I am giving a little broader percentage base because it is difficult to pinpoint a particular number, Damayanti.



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Damayanti Kerai: My second question is can you update us regarding your manufacturing plant status or your logistics situations compared to what you have given a few weeks back? Have we gone back to 100% free operation in between obviously there were some disruption and all, but what is the situation right now?

Pranav Amin: A good question. As we are at practical 100% in terms of unison and in terms of theoretical we would be a little lower, because in this period, in the first few weeks there was a little shortage of the labour force and secondly we staggered some of the shifts and working. So, we have reduced and we would be at about 70% to 80% of our regular capacity.

Damayanti Kerai: That is the manufacturing plant, Sir, how about the supply in terms of both inbound and outbound logistics? How we are seeing the situations?

Pranav Amin: No issues there.

Damayanti Kerai: So, it is coming normally because I think we heard in between that there were some shortage of people at the ports and all that?

Pranav Amin: You are right. A few things; one as I said, at the port, there was a shortage, pretty much in the first few weeks of the lockdown, but we generally carry a lot more safety and buffer stocks, so we were absolutely protected with that. One of the reasons why Europe, compared to Q3, the sales are little down about 15 Crores is, because some dispatches were held



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up for the customs and the clearance and flights. But now we are seeing regular movements of all inbound and outbound, so there should not be any issue.

Damayanti Kerai: If some of this current lockdown extends do we see any impact or we should be operating normally without facing any much impact?

Pranav Amin: I do not see there is any impact. We are fine.

Damayanti Kerai: That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Harish Kumar Gupta, an individual investor. Please go ahead.

Harish Kumar Gupta: Sir, I think almost all the questions have been answered. Thank you.

Moderator: Thank you. The next question is from the line of G. Vivek from GS Investments. Please go ahead.

G. Vivek: Congratulations on good set of numbers. I just wanted to have macro idea about the sector as such. Is there a shift to manufacturing from China to India on lines of chemical, agrochemical sector also worldwide because world wants to reduce the dependency on a single country and location?

Pranav Amin: It is a macro question. It is tougher to answer. It depends which products and which market it is going to. What is most important is to ensure that your supply chain is reliable. I am not seeing any anti-China right now. We want to ensure that



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we have more robust supply chains and that consistently we have been working on that by having multiple sources not just China but India as well.

G. Vivek: Sir, basically the opportunity the numbers which I believe been traded in US market other people have also raised this query, but I have recently started tracking the company so if you pardon me for that. Sartan seems to be one time sort of a thing or will it keep on happening and we will keep on getting some other molecules and if some of the differentiated for our company which you can highlight, I believe our front end capability in the pharma sector in US especially is really good and some other differentiator if you can highlight?

Pranav Amin: That is a good question. Lot of people has been asking it, I will just clarify. Sartans is a big portfolio because sartan products are very high volume products. So, we did see an opportunity this year. We saw it actually in last year also for couple of quarters and then this year for quite a few quarters. Consistently now our base business in the US is about 70 million in dollar terms for quarter and this constitutes a lot of the sartans. So, this is one aspect of it. Apart from that we are launching about 20-odd products every year in the US. So, that should also help in getting more business moving forward.

G. Vivek: Sir, in India I think I have been a personal user of many of your brands, Wikoryl and so many for long period of time, so we have an enviable range of brands in Indian markets also and any plans of enhancing that also and exploiting more?



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Shaunak Amin: Yes, we are always looking at expanding and we constantly work to build brands even in the old acute portfolios. We have tried to prioritize high growth markets as well as in other specialty areas. Women's healthcare is one area where we have substantial brand building activity that has happened, Cardio we have had substantial work that has gone in that area, we have built Gastroenterology. So, we are in the process of building lot of brands.

G. Vivek: Is COVID helping us overall in the world market both in India and abroad also, COVID closure and lockout and sort of a pharma demand worldwide? Is it the same thing as it is in India?

Pranav Amin: Pharma is one area that demand has not really changed much. Market wise, we are not seeing any changes on that.

G. Vivek: Thank you.

Moderator: Thank you. The next question is from the line of Ashish Thakkar from Motilal Oswal Asset Management. Please go ahead.

Ashish Thakkar: Thank you for the opportunity. Sir, given this lockdown some of the industry experts obviously say that there was some prebuying of the medicines. Sir this is for Shaunak. How do you see FY2021 panning out at the industry level? Do you anticipate that there would be a slowdown in the growth of the acute segment? Any color on this would be very helpful?



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Shaunak Amin: I cannot predict what is going to happen because that none of us know what is going to happen in the next three months, but I can just give you a brief idea of what has happened last month and what is happening in April too. I will look at two points in this. One is IMS. If you look at IMS in terms of what the numbers that they put out for March the first thing is if you see the split, if you see largely the market degrew far faster for companies between the size of 25 and up. So, what I am trying to say smaller companies had lower growth rate compared to the larger companies. So that is one thing. Second thing, within the portfolio mix, at the moment, essential products are being consumed at the same rate. So when I talk of antibiotics, cough and cold acute segments, those we are seeing the same traction and some amount of sensitivity due to COVID, Cardiovascular continues. The only place where we have seen a slight touch of slowdown is in those non-essential kinds, I do not mean non-essential but things that could be put off to a later date, for example, lot of women healthcare has got affected, Orthopedic seems to have gotten affected this month. So, we are seeing a balancing of that but I think the minute the clinics open up again, we definitely are going to see a quick recovery of that.

Ashish Thakkar: So, in absolute sense it would not be fair to assume that there could be some sales lost in India? If anything happens on that side, it could be recouped. So is that a fair understanding?

Shaunak Amin: I do not think there would be sales loss per se at this moment.



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Ashish Thakkar: Another question for the US markets. Sir, are we like in case of a plain vanilla generics, do we see a situation where the intensity of the price erosion has drastically reduced and would it be fair to say that it is like almost flattened out now?

Pranav Amin: As I said earlier someone asked me. It is very tough to comment on price erosion because it is very product specific. What we are seeing at least from our portfolio there has been price erosion in some places where there has been new launches and price increases in some others. So it has been a mixed bag. So it is very tough to comment on the overall portfolio.

Ashish Thakkar: Just last one from my side. In the US itself on the ground level, in terms of the competitive dynamics, has something has changed for us in the sense that some of the companies from other regions or other geographies would that intensity have come down for us?

Pranav Amin: No. Bulk of the competition is amongst the Indian players in the US. So, I do not see any change in that.

Ashish Thakkar: Fair enough. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Ranveer Singh from Sunidhi Securities. Please go ahead.

Ranveer Singh: Thank you for taking my question. Sir, just clarity on the capex you said for basically capex related to Aleor, 120 Crores has been capitalized in this year that is what you said?



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Mitanshu Shah: There are two parts in Aleor. One is about the core capex which is around 230 Crores which is plant itself, which got capitalized on September 30, 2019 and then there is R&D spend on the products, which gets capitalized in Aleor, which is the other number.

Ranveer Singh: So, for a year how much amount has been written off of EBITDA related to pre-operative expenses?

Mitanshu Shah: Ranveer for specific questions on Aleor, can we talk offline.

Ranveer Singh: Other expense is obviously there would be element of preoperative expenses in Q4 also?

Mitanshu Shah: Correct.

Ranveer Singh: So that I wanted to understand. But anyway if this is not available, I will talk later offline.

Mitanshu Shah: Specific questions with our joint venture Aleor, let us do it one on one.

Ranveer Singh: Secondly, I see interest cost is flattish, so while debt has increased significantly, so why is it so?

Mitanshu Shah: Bulk of incremental loans has gone to fund these new capexes, projects actually and that portion of interest gets capitalized. That is why you do not see that impact on P&L.

Ranveer Singh: Have you seen any pricing traction in Azithromycin in domestic market?



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Shaunak Amin: No. This is price controlled, so we are limited by WPI.

Ranveer Singh: Thank you.

Moderator: Thank you. The next question is from the line of Prakash Agarwal from Axis Capital. Please go ahead.

Prakash Agarwal: Thank you for the opportunity again. The question is on the launches in the US. So in the presentation you have highlighted launched 22 products, so the base business that you are talking about is the existing portfolio. So would it be correct to understand is 22 products launched during the last financial year plus the 10 that you are planning to launch for the first half that is over and above. Is that the correct understanding?

Pranav Amin: Base business, I will tell you how we look at. The 70-odd million per quarter what I am talking about is with the products that have also got launched. That is one thing. Second is in terms of strategy. First few weeks of the launch we do not pick up market share right away. In fact, sometimes we take away the product as well. So that is why it is very tough for us to break up the existing and the old but this is what our business as base business as I see today.

Prakash Agarwal: I am just trying to understand this 70 million is ex-sartans or including sartans?

Pranav Amin: Everything, total.



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Prakash Agarwal: Just one question on we are seeing the daily shortages updates which is the list is increasing by the day, so are you seeing some supplier opportunities both on the volume and the price said, which we have already in a sweeter spot for the quarter and the year going ahead?

Pranav Amin: This is overall what I have been talking for the last few years is that the US market is one market which there are always supply disruptions and our strategy is we want to be a nimble player that we can catch some of these supply opportunities and we keep seeing them. I do not know where the next one is going to come from but we keep seeing them one of the ones. We saw recently there is increase in the need for Famotidine because Ranitidine was pulled off the shelf. Sometimes, we see shortage, sometimes long-term sometimes short-term.

Prakash Agarwal: Lastly, you spoke about shipments, so as per you, you are having regular shipments is what I understood correctly in terms of because other companies where I speak to they say that they are doing more air freights, so are you doing regular shipments for your products?

Pranav Amin: We are doing regular shipments, but we have always done more air shipments anyway, so right now also we are doing more air for our shipments.

Prakash Agarwal: Sorry I was not able to hear you?

Pranav Amin: We do more air shipments. 65% of our shipments would probably be by air and that ratio has not changed.



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Prakash Agarwal: Rates have gone up significantly on that, but that would be small costs to the overall scheme of things?

Pranav Amin: Absolutely, you are spot on.

Prakash Agarwal: If I may squeeze one more, on the finished goods inventory and the raw materials good inventory, what is the company policy like for the export markets? Do we keep like one, two months or three months for both finished goods and raw material?

Pranav Amin: This is a very complex question because it depends which product, what is the regular moving product, how we do it, what is the API, so it is very tough to give an answer to that question. It is too complicated.

Prakash Agarwal: But any general comments.

Pranav Amin: Ideally we would like to have at least three months inventory but it is never the case.

Prakash Agarwal: Thank you. All the best.

Moderator: Thank you. The next question is from the line of Shubhechha Jain from AMS Wealth. Please go ahead.

Shubhechha Jain : Thank you for giving me this opportunity. Sir, I have a couple of questions. The first question is regarding the FDA audit that happened and I think you have mentioned you only had some four procedural observations. Is it possible to throw some



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more light on to it and does that impact the production happening from F1 plant in future?

Pranav Amin: It does not impact our production at all or our supplies. They were pretty much procedural, there was one which was related to a product, what we classified as a withdrawal rather than a recall. We think that the procedure gets cleared. Second, basic SOPs for some camera system, basic SOP for some labours and labeling material. So, it is quite a procedural in nature. We have sent our responses. We will hopefully hear from the FDA soon.

Shubhechcha Jain: Sir, another question related to this, I think there is a slide on the presentation that you have sent that F1 plant has been audited in March 2020, the API 3 has been audited in January 2020. So what happens to the plants that have been audited, say F2 in June 2019. So, how typically this FDA audit works. Like what are the typical intervals. One is that. Second there are certain plants like F3 and F4 where filings had happened, but there has been no audit. So, what typically happened?

Pranav Amin: Historically the FDA used to come once every two years. They come whenever there is either a GMP or it is a facility based or pre-approval inspection for a product. F2 is approved. EIR is in place, so there is no issue. Product approvals will come as they are filed. For F3, the product was just filed in Q4. So, typically it takes about at least nine months to a year by the time they come for an audit, so we should see an audit from



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the FDA in the next nine months. As regards F1, the commercial sales are ongoing. So, there is no issue.

Shubhechcha Jain: So, F3 if the filings, so what happens is, if the filing is approved, but it is not been physically inspected, can we still go ahead with the production or we have to wait for the final audit of the FDA?

Pranav Amin: It depends on the FDA and I do not know what they will do in a situation. We still have about nine months left. Normally it is the first time they would like to come and audit it in person before approving it. So we still have time. So let us wait what happens.

Shubhechcha Jain: Sir, one more question and I will come back in the queue. There has been reduction, degrowth in the API segment even on a quarterly basis and in full year basis. Sir, can you just throw some light on it?

Pranav Amin: Absolutely and it is a good question. Someone else may also have it. The API business we have one contract manufacturing deal with an MNC and last year they picked up a lot of business and this year that is nil. Apart from that balance API business has actually grown compared to the last year, so that is the only reason why this is less.

Shubhechcha Jain: What trend can we expect in FY2021?

Pranav Amin: It is tough to give a guidance, but I would expect that the API business should grow at about 15% or 20% at least.



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- Shubhechcha Jain:** Thank you Sir. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of A.N. Lodha from Sanmathi Consultant. Please go ahead.
- A.N. Lodha:** Thanks a lot for the opportunity. My first question is to Mr. Baheti. In consolidated, I have also observed that the trade receivables has increased to 864 Crores against 488 Crores, also the inventory has gone from 967 Crores to 1187 Crores. So mainly my question is pertaining to inventory and increases in inventory as well as trade receivables, please clarify?
- Mitanshu Shah:** There is an absolute increase in the numbers. You have to see it in relative terms compared to growth in the business as well and also in the number of days. So, last year our inventory days were 88, which has increased to 93 which is absolutely fine. We have built some strategic inventory as well. As far as receivables are concerned a bulk of increase is on account of US markets, US business grew, 53% vis-à-vis last year and bulk of increase in receivables are attributable to this, but nothing concerning, because it is 68 days in absolute terms.
- A.N. Lodha:** Thanks a lot Sir. My second question pertains to sales and this is to Pranav. Actually we have shown a very good growth in US whereas rest of the world and India businesses in the last quarter India business has gone, but overall if you look in the 12 months figure, India business growth is just 1% and the rest of the world is normal growth in the rest of the world also.



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What is the main reason? Why are we not increasing more sales in India?

Shaunak Amin: We talked about in my opening statement. India growth is less for the year because we took some decisions to make some changes because of that we had a couple of quarters of no growth. But Q4 is a better idea of how we expect the business to be at going forward.

A.N. Lodha: Can we take this Q4 growth as a benchmark for FY2021?

Shaunak Amin: A lot of the growth will be determined by market growth. So, as long as the market keeps growing at a double-digit growth rate, we can comfortably say that we will absolutely outgrow the market.

A.N. Lodha: But Sir, I am tracking this as generally pharma, Glenmark and all other companies which are selling in India, they are showing good, double-digit growth whereas we are 100 year old company and our growth is not that much in Indian formulations?

Pranav Amin: Sir, I think he answered it. There were some questions that what we have been cleaning up the businesses and Q4 is a more indicative of the growth. Sir, in the interest of time, can we take this offline. I can ask Mr. Baheti or Mitanshu to take this offline with you because we have a long line of people in the queue and we are running out of time.

A.N. Lodha: Thank you. That is it from my side. Thanks a lot.



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Moderator: Thank you. The next question is from the line of Nimish Mehta from Research Delta Advisor. Please go ahead.

Nimish Mehta: Thanks for taking my question. Congrats on a great set of numbers. Just a few questions; one on the febuxostat launch that we had one quarter before, and we had to expect competitions did we see any few months of low competition this quarter? In other words the first half a big contributor towards the US in this quarter?

Pranav Amin: Febuxostat, if I am not mistaken initially there were only about four or five players and since then there has only been one more entrant in the last three months.

Nimish Mehta: Sir, it has been a big contributor frankly in comparison the previous one.

Pranav Amin: There is one more.

Nimish Mehta: Any reason why competition is not increasing this?

Pranav Amin: Good question. I do not know. We will have to ask. It was an FTF. I do not why the others did not file or did not get the approval. I do not know what the issue is.

Nimish Mehta: Secondly, we have been reading in the newspapers that Baddi in Himachal Pradesh has been impacted because of...?

Pranav Amin: We do not have facilities in Himachal.



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Nimish Mehta: But we are not facing any of those supply constraints.

Pranav Amin: We are fine. As I mentioned earlier, our supply side, we have been okay in both India and the US business.

Nimish Mehta: Thank you very much.

Moderator: Thank you. The next question is from the line of Nikhil Upadhyay from Securities Investment Management. Please go ahead.

Nikhil Upadhyay: Good evening and thanks for the opportunity. Congratulations on good set of numbers. I have three questions; one is because of this issue of lockdown and supply chain issues and lot of prebuying just wanted to understand what would be the inventory in the trade channel in domestic market. So, as I understand it used to be around 45, 60 days, so is there a big fall in that inventory holding which has happened?

Pranav Amin: The trade inventory, certain areas where the inventories have gone up, certain areas the inventories have come down. So, I think net-net it should be same.

Nikhil Upadhyay: So, you do not see any major change in the deal?

Pranav Amin: No. We do not see. Trade channels are operating very smoothly now. Supplies are happening without hiccups. So, in the trade there is no overstocking or understocking at this point.



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Nikhil Upadhyay: Sir, on this question of COVID. We have seen that some of the companies in India has been impacted with the people at the manufacturing side being detected COVID positive. So just want to understand if a similar thing happens, is there a protocol. So, does that mean that the whole facility would be shutdown? Just to understand how do we manage this?

Pranav Amin: We have taken some precautions. One is the basic precautions what they have recommended in terms of spacing, less people in a bus, canteens have been moved out, apart from that what we have also done is we have made our plant into clusters, so each of them are segregated with their own individual canteens and there is less mix up. Some of the measures we have taken how that happens, how the government reacts, what kind of preparedness, there is some SOPs that IT has also recommended and we are implementing those.

Nikhil Upadhyay: But that does not mean that the whole plant would be shutdown, so only a part of it could be shutdown?

Pranav Amin: We hope not but otherwise it depends. We are taking precautions as we can.

Nikhil Upadhyay: Lastly on sartans I think there was this issue on NDMA as a result many of the API suppliers were not there, but now how do you see like are there a new API supplier which are evolving without this impurity or how is the scenario developing on the sartan?



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Pranav Amin: As someone mentioned, we are seeing some more people coming, no new suppliers, old ones who have scaled up, but again it is a big range of products. So, overall there are still a lot of opportunities there in sartan for the next six months at least.

Nikhil Upadhyay: Thanks a lot.

Moderator: Thank you. The next question is from the line of Purvi Shah from Kotak Securities. Please go ahead.

Purvi Shah: My question is related to the dependence of China for the raw material and is those supplies on stream right now?

Mitanshu Shah: There was definitely disruption in January and February but from March we have seen partial normalcy returning. Around 70% normalcy has returned. If you were carrying inventory for three, four, five months, then you are really not disturbed.

Purvi Shah: Sir, what is our dependence on China for the raw material.

Mitanshu Shah: 15% on the overall imports.

Purvi Shah: For the other thing just wanted to understand now that you have said since you have already supplied of three to five months, you are through for it, but then going forward also in case there are shipments that are going to come from China what are the signs of precautions you will be taking because I guess one of our competitors plants got shut down, first they had that shipment that come from China where the traces have been found of the COVID virus?



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Pranav Amin: So as I mentioned we are taking whatever precautions there are in terms of this plant, I do not know it has got infected by shipment from China or physical no one knows. But we are taking whatever precaution we can and that is as per the guidelines that has been issued by the government and by the pharmaceutical associations.

Purvi Shah: Sir, the last one is that for Q1 are we seeing any disruption on the logistic side for domestic business because of the lockdown or restrictions in movements for interstate?

Shaunak Amin: There was some disruptions in the first 10 days of the lockdown, but now it is extremely smooth and there is a huge support from the government both central and state, so we are getting absolute smooth movement of products.

Purvi Shah: One last one, this is regarding the API. Are we looking at like one of the participants in the very beginning has said that there are chances that lot of global MNC players looking at India for certain APIs? So, do we see some DMFs that we would like to revive looking at the current situation in case if the people would like to shift from China?

Pranav Amin: We see enough opportunities on the current APIs that we already have. We are also making Azithromycin. We are one of the largest manufacturers of Azithromycin in India. So we are just focusing on those opportunities for now.

Purvi Shah: Thank you. All the best.



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Moderator: Thank you. The next question is from the line of Mayank Hyanki from Axis Mutual Fund. Please go ahead.

Mayank Hyanki: Sir because of the current situation, is there any major change in our thought process of our manufacturing strategy with regard to vertical integration or with regards to your supply chains sourcing from various parts?

Pranav Amin: This question was asked to me earlier as well. The most important thing is how we have robust supply chain and be it China, India, that is a constant area that we have been working on to ensure we have local suppliers and we have multiple suppliers and that does not change irrespective of COVID. Right now as Mitanshu said, percentage of total imports from China is only about 15% so we are still okay on that, moving forward we develop as we can.

Mayank Hyanki: So there is no thought process right now to increase our vertical integration backwards?

Pranav Amin: That is also there. We are increasing vertical integration backwards as well as in terms of intermediates and as I said regardless of COVID because increasingly the regulatory bodies want to inspect intermediate manufacturers. They want to inspect advanced intermediates, so instead of putting yourself at risk after all the filing, you would rather have these on your own control.

Mayank Hyanki: Second question is with regards to the capex now. I believe that we have already done almost 95%, 100% of our capex



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with regards to all the new facilities, so just wanted to understand going forward out of this 700 Crores of capex, how much is on the facilities, whether it be maintenance or towards any new facilities?

Mitanshu Shah: As I explained in one of the questions, of 700 Crores of capex that we are talking about, 300-odd Crores would be on the new projects and bulk of that would be on account of preoperative. When we put these plants to commercial use, we would capitalize these expenses.

Mayank Hyanki: Basically this other 300 Crores is broadly our maintenance capex on all our plants currently and this is on-going maintenance capex, which you have?

Mitanshu Shah: That is true.

Mayank Hyanki: Lastly, is there any change in the API price trend for us which we have seen in our products which we are selling basically in the last one month or so?

Pranav Amin: No price changes per se.

Mayank Hyanki: Great. Thank you. That is all.

Moderator: Thank you. The next question is from the line of Bharat Celly from Equirus Securities. Please go ahead.

Bharat Celly: Thanks for the opportunity. Sir, just wanted to get a clarity till 3Q we were maintaining a stance that 50 million would be the base revenues for the US market, however in Q4 now we are



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referring to 70 million. Sir, just wanted to understand what has changed between this period which has led to incrementally 20 million increase in our guidance?

Pranav Amin: First of all it is not guidance. I am just saying that if you see the last three quarter, Q2, Q3 and Q4, we have consistently done 70 million. So, it is not that one quarter, first quarter has been lowering of course but since then we have done consistently 70 million. That is why I am a little more confidence saying that this is the base business and this is what I expect moving forward for the new launches.

Bharat Celly: Right, but when we refer that sartans would be another three to six months' phenomenon and after that it may plunge. So, in case if it happens then will we be looking at number lower than 70 million or that number we can still attain by some other ratios?

Pranav Amin: As I said earlier, the sartans is about 15-odd sartans in the market and some we have already seen some erosion, some there had supply disruptions, so it is a combination and I would look at it as how we look at any other companies that we see an erosion in a particular product or particular as a basket that may happen, now how severe the erosion is, it is very tough for me to predict, but today as we see we are seeing a trend for the last nine months. I am fairly confident that 70 million is a base number for us.

Bharat Celly: Sir, is it possible for you to share what is the composition of top five products in the US market including sartan portfolio?



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Pranav Amin: The top five products is about 35% of our sales for the US.

Bharat Celly: And that includes all the sartan portfolio?

Pranav Amin: Top five, includes sartans.

Bharat Celly: Thanks a lot.

Moderator: Thank you. The next question is from the line of Ayush Mittal from MAPL Value Investing Fund. Please go ahead.

Ayush Mittal: Congratulations on a good performance yet again. Sir, can you share more about the product pipeline that we are preparing now given that the R&D expense has been increasing even more. Like in this quarter we have spent almost 180 Crores on R&D and the R&D expense will continue to be at elevated levels as we mentioned for the next year, so can you tell us more about how you are planning and in what areas are this R&D happening and what kind of pipeline are we getting going forward?

Pranav Amin: R&D investments there are two things. One is the part of the Aleor R&D also is included in this, number one. Number two, what we have been saying now we have increasing R&D happening in injectable products, ophthalmic products, oncology products and the new facilities that we are building. In terms of filing we said about 25 to 30 odd filing is what we expect. I do not expect that to go up significantly. We also keep tuning our portfolio depending upon market situation so this year we have actually cut some products as well.



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Ayush Mittal: This 650 Crores would not be including the Aleor R&D I believe?

Mitanshu Shah: Ayush, the product that we commercialize in Aleor, we put to use, is something that gets expensed off in R&D over 5 years.

Ayush Mittal: This 650 Crores would be expensed out in the P&L for this year?

Mitanshu Shah: That is true. So, Aleor we have close to 30 Crores in this, which is expensed off in the R&D.

Ayush Mittal: So, what I am trying to understand is like when we compare our R&D expenses with any other company, our R&D spend for ANDA is very, very high. It is more than double or triple what causes that when we are more into generic products and how do you see the payoff happening in the coming years?

Mitanshu Shah: Ayush, we have not done comparison like this. We have been consistently having spent 13% to 14% of our revenue on R&D and you have seen that it has paid us handsome dividend over last half a decade. We do not do this comparison and we do not know what grid others are working on. But yes we can take it offline. We can discuss this.

Ayush Mittal: Something more on the product side wherein for the next one year you will see some promising products in our pipeline, can you hint us more about them? Where do you see the next pipeline of further which should be contributors?



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Pranav Amin: It is very tough Ayush. We cannot give a guidance in terms of products. As I just mentioned that we file from the injectable facility, so we will have more filings from the injectables. Rest I cannot really give a guidance of what is expected.

Ayush Mittal: Sir, other thing on to debt, the absolute debt numbers given the capex and everything they are doing, things are a bit hard now. What are your plans? How do you plan to do the capital allocation going forward for the next couple of years?

Mitanshu Shah: If you see Ayush, bulk of our new projects are done, then we will have 300-odd Crores of maintenance capex and if we continue to kind of gross, profits that we have earned, we see debt levels to go down in couple of years from today. At 0.52 of debt equity ratio which is current level, I think we are in very comfortable zone.

Ayush Mittal: But we plan to reduce it to some absolute number or some other matrix that we have for longer term before we embark on the next capex cycle or something?

Mitanshu Shah: Robust internal accruals will ensure that this number comes down in absolute number will get reflected in debt equity ratio.

Ayush Mittal: Thank you.

Moderator: Thank you. The next question is from the line of Karan Agarwal from Old Bridge Capital. Please go ahead.

Karan Agarwal: Just wanted to get your perspective on something. You know I see Indian injectables facility is being under enhanced scrutiny



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by FDA and some of the bigger players either struggling to get EIR or even considering setting up facilities in the international territories. Being in the business, why do you think that the Indian injectable facilities are witnessing such an enhanced scrutiny from FDA? That is number one. A followup on that is what are you doing differently from your larger peers to ensure that units are not stuck there especially given a significant chunk of Alembic's future growth engine over the next three, five years on the injectable opportunity and you all have significant capital being deployed there?

Pranav Amin: That is a loaded question. Let me see if I can give you a quick answer. The issue is not just with injectable, but it has to be more to do with culture in India and that is something that all companies are working and it takes a while to get this culture in India. We have to be on the ball and keep moving fast. What we have done are few things. We do not have as many facilities because we believe that the risks our management bandwidth does not allow us to take more than a certain amount of facilities. Number two, we have all these within an hour from corporate, all the technical teams are at the facilities and not at corporate. Number three we proactively use consultants, they do some of the stuff. In terms of pure injectable again there are two parts. One is the cultural aspect and second is the hardware aspect and you have to mix both of those up. This is inherent business challenge. This is what we have to do to ensure that we remain compliant that our workforce history and cultural issues are resolved and that is



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an unending thing. So it is a very general answer, but I really cannot tell you more than that.

Karan Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Kunal Randeria from Antique Stock Broking. Please go ahead.

Kunal Randeria: You have 107 approval ANDAs and 76 launches. So I understand some of these will be some settlement for outer years. What I would like to understand is have you sort of and you might have not launched some of the product because it might have not been commercially viable, but because of integral shortages in the US or some other business having higher costs do you see approved ANDAs some opportunities in the coming months?

Pranav Amin: We keep evaluating that on a regular basis and yes you are right, out of all our approved ANDAs we have not launched some. As I said, we launch some old ANDAs when we believe the time is right, when there is an opportunity, when there is a shortage. Some of them are tentative approvals and some do not make a sense right now. They may make sense in the future but as and now they do not, so we keep evaluating that wherever we do see an opportunity we do get into that that is how we did the theophylline and all the sartans as well. Whenever we see an opportunity we activate and try launching it fast.



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Kunal Randeria: Any sort of guidance on off your approved ANDAs, any two three files that you expect to launch in the next six months or something like that?

Pranav Amin: Sorry I cannot really say. You have seen our approved ANDAs. I can tell you Azithromycin which we are going to launch hopefully by the end of this week in the US.

Kunal Randeria: Thank you very much.

Moderator: Thank you. Ladies and gentlemen due to time constraints that was the last question. I would now like to hand the conference over to Mr. Pranav Amin for closing comments.

Pranav Amin: Thank you Margaret. Thank you everyone for joining our call. I know we had a lot of people on today and a lot of questions. We had a long. Some of you might have got a chance to ask questions and get your answers, if so please contact either Mitanshu or Ajay and you can reach out to them and they will advice you. Thank you very much. We had a good quarter in these difficult times. Stay safe. We look forward to catching up in three months' time.

Moderator: Thank you. On behalf of Alembic Pharmaceuticals Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.