

## Investors Update – Q1FY11

- Net sales at Rs 283 crores
- Export regulatory formulation sales up by 44% to Rs. 26.97 crores vis-à-vis Rs. 18.73 crores
- Domestic formulations sales up 5% for the quarter ended June 30 2010 and sales at Rs. 145 crores against Rs. 137 crores in corresponding period previous year
- Profit before tax at Rs. 13.51 crores in Q1FY11 vis-à-vis Rs. 12.26 crores for Q1FY10
- Three ANDA filed in Q1FY11. Total filings at 31 ANDA's

## Management Discussion – Q1FY11

Alembic Limited reported sales for the quarter ended June 30 2010 at Rs 283 crores (down by 3%) compared to Rs 292 crores in corresponding quarter previous year.

Company posted a net profit of Rs. 11.48 crores for the quarter ended June 30, 2010 against profit of Rs 12.25 crores posted in corresponding quarter last fiscal.

### ➤ **Domestic Formulations**

The domestic formulation business is a very critical component of Alembic's business. Alembic has built an important relationship with doctors and is known as the leading company in Macrolides as well as other acute therapies. Alembic has now made a mark in some specialized therapies such as Diabetology, Cardiology and Gynaecology as well.

Domestic formulations posted sales of Rs. 145 crores against Rs. 137 crores registering 5% growth over corresponding quarter of previous year.

Company recorded ORG sales growth of 20.24% in Jun 2010 MAT against Industry growth of 19.64%. The market share grew to 1.86% against 1.84% (as per ORG IMS – Jun 2010)

The company continues to make efforts in the domestic branded business, particularly with the newer specialty segments.

The positive impact of the restructuring undertaken last year is evident from the encouraging ORG numbers. The Company is confident of posting improved performance in the ensuing quarters as well.

There has been an increase in market share in the following therapeutic areas.

Therapeutic areas	JUN MAT 10	JUN MAT 09
ANTI DIABETIC	1.23	1.06
ORTHO	1.32	1.29
COUGH / COLD	5.19	5.06
CARDIO	1.04	0.93
GASTRO	1.76	1.69

The ORG ranks of some our top brands have improved and are as follows:

Brands	JUN MAT 10	JUN MAT 09
AZITHRAL	17	24
WIKORYL	154	182
ZEET	261	288

Detailed below is a segment wise comparison of the industry and Alembic growth as per ORG – MAT Jun '10

(ORG MAT – June 10 Growth %)

Segment	Alembic	Industry
cough & cold	27	21
Gastro	26	20
Cardio	37	21
Diabeto	52	31
Ortho	21	19

Alembic's key molecules continued to excel in the current quarter. 'Azithral' grew faster than the molecule (Azithromycin) growth. Azithral has recorded Rs. 105 crores of sales on MAT basis. It is the first Alembic brand to reach Rs. 100 Crores mark in ORG IMS.

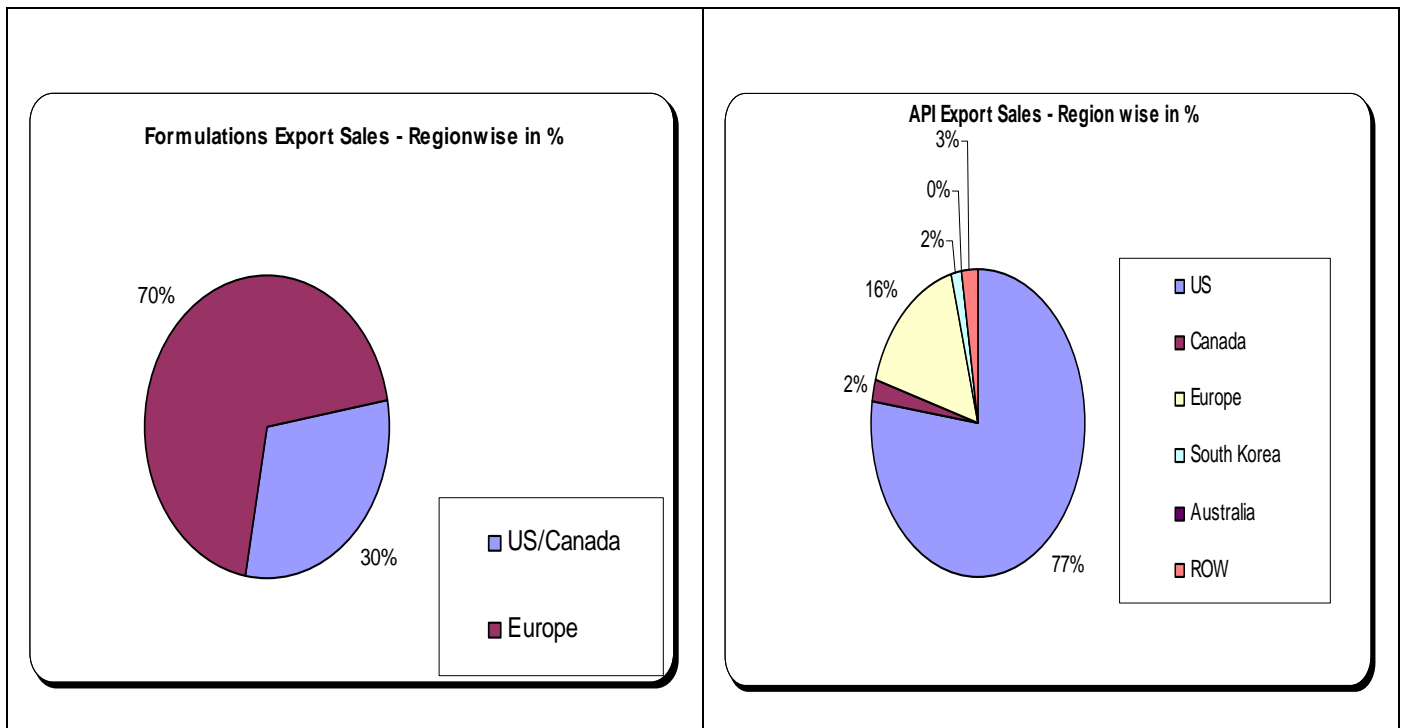
Alembic has five brands in the list of top 300 brands of the industry i.e. 'Azithral' , 'Roxid' , 'Althrocin' , 'Zeet' and 'Wikoryl'.

➤ **International Generics**

International generics sales to the regulated markets grew by 44% to Rs. 26.97 crores from Rs. 18.73 Crores over corresponding quarter last year.

Alembic's strategy is to partner with International Generic companies and leverage on their marketing and sales capabilities.

Regulatory filings till date total 31 ANDA's with 9 approvals.

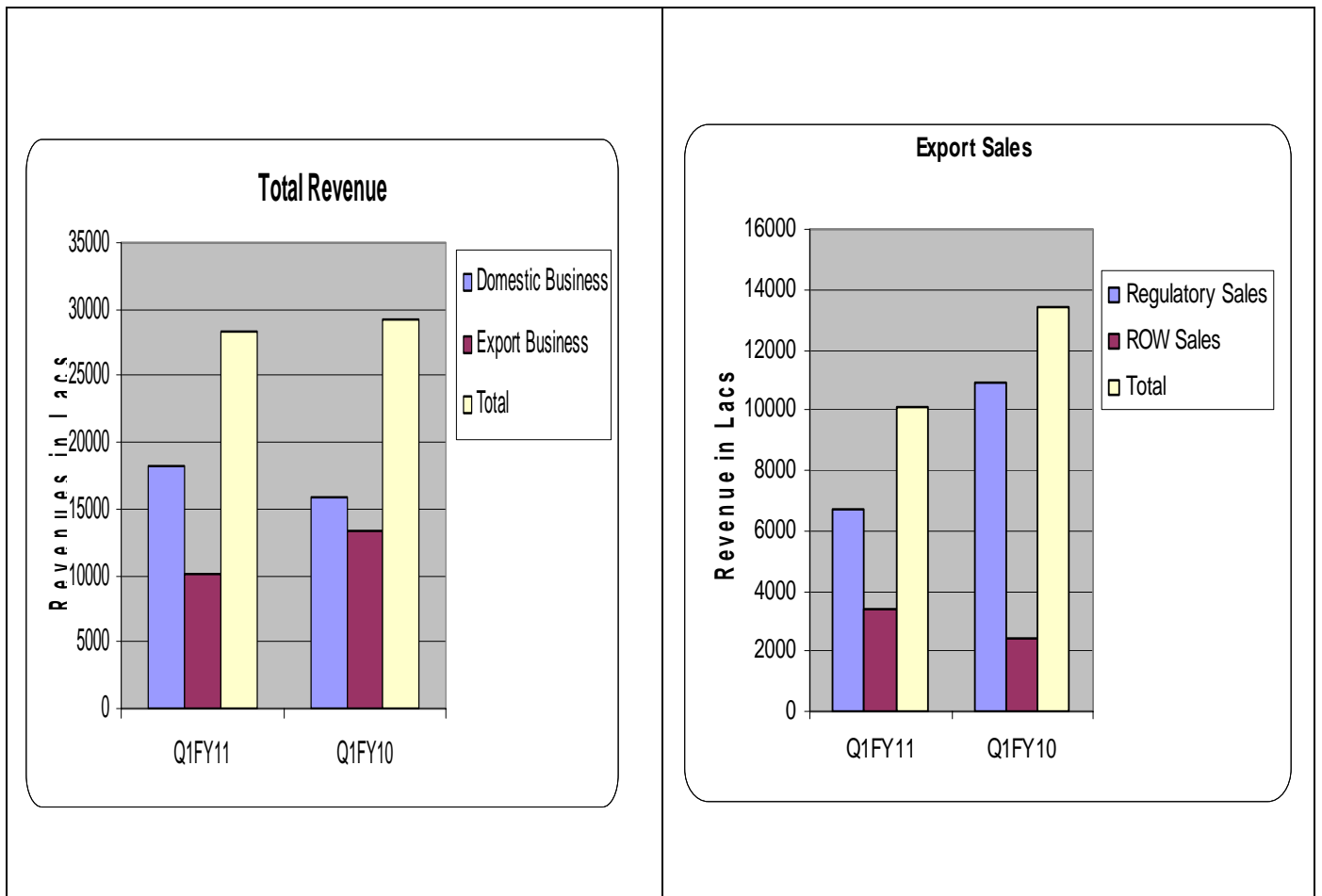


➤ **International & API Business**

Export API recorded sales of Rs. 64.96 crores against Rs. 104.07 crores. De-growth is on account lower orders from important customer. Company expect to recover some of this sales in remaining quarters.

Domestic API sales during the quarter is Rs. 37.17 crores against Rs. 21.08 crores up by 76%.

39 Drug Master files (DMF) have been filed till date.



## **Interest**

Net Interest costs during the quarter were lower at Rs. 4.41 crores compared to Rs. 8.08 crores largely on account of reduction in borrowing levels.

## **Scheme of Rearrangement:**

The Board of Directors of the Company in its meeting held on 29th June, 2010 has approved scheme of arrangement containing demerger of its core pharmaceutical business into a wholly owned subsidiary company viz. Alembic Pharma Limited. This scheme of arrangement is subject to approval from the Members, Stock Exchanges, other authorities and the Honorable High Court of Gujarat. The Bombay Stock Exchange and National Stock Exchange have given their NOC for the scheme of arrangement. The Company is now in process of getting necessary direction from the Hon'ble High Court of Gujarat to convene meetings of the members and creditors.

After the demerger becomes effective, application will be made to BSE and NSE to list Alembic Pharma Ltd

The demerger will allow the respective companies to focus on their respective core businesses. Alembic Pharma Limited will become a pure pharma player with focus on Domestic Formulation Business and International Business largely driven by the Regulated Markets and Research & Development activities.

Alembic Limited will continue to operate the Vadodara Undertaking (including power generation and other utilities) whose products are largely commoditized and face competition from Chinese companies. Alembic Limited will also endeavour to develop its real estate into commercial and residential properties subject to necessary approvals from the concerned authorities, in the future.

This restructuring exercise will help unlock shareholders value and also help insulate core Pharma operations from severe volatility and uncertainty of Pen G business of Vadodara manufacturing facility.

(Rs in Lacs)

<b>Financial and Operating Result - Q1FY11</b>			
<b>Particulars</b>	<b>Q1FY11</b>	<b>Q1FY10</b>	<b>Gr %</b>
<b>Income from Operations</b>	<b>27982</b>	<b>29108</b>	<b>-4%</b>
<b>Total Expenditure</b>	<b>25148</b>	<b>26057</b>	<b>-3%</b>
- (Increase) / decrease in stock	(595)	956	
- Consumption of Raw Material	10728	6162	
- Consumption of Traded Goods	4546	8377	-5%
- Employee cost	3503	3284	7%
- Research and Development Expense	980	923	6%
- Excise Duty Exp	39	62	-37%
- Other expenditure	5947	6293	-5%
<b>Operating Profit</b>	<b>2834</b>	<b>3051</b>	<b>-7%</b>
<b>Operating Margin %</b>	<b>10%</b>	<b>10%</b>	
Interest	441	808	-45%
Depreciation	1103	1042	6%
<b>Profit from Operations</b>	<b>1290</b>	<b>1201</b>	<b>7%</b>
Other Income	61	25	144%
<b>Profit / (Loss) for the period</b>	<b>1,351</b>	<b>1,226</b>	<b>10%</b>
Provision from Tax - current / FBT	(189)	(1)	
Provision from Tax - Deferred	-15	0	
Provision from Tax - Prior period	1	0	
<b>Profit after tax</b>	<b>1,148</b>	<b>1,225</b>	<b>-6%</b>

Business Performance - Sales									Rs. Lacs
Particulars	Formulations			Bulk			Total		
	Q1FY11	Q1FY10	Gr %	Q1FY11	Q1FY10	Gr %	Q1FY11	Q1FY10	Gr %
Domestic	14496	13744	5%	3717	2108	76%	18213	15852	15%
Export - Regulatory	2697	1873	44%	4013	9076	-56%	6710	10949	-39%
Export - ROW	661	925	-29%	2483	1331	87%	3144	2256	39%
	17854	16542	8%	10213	12515	-18%	28067	29057	-3%
<b>Others :</b>									
Export Incentive & Others							212	192	10%
<b>Total</b>							<b>28279</b>	<b>29249</b>	<b>-3%</b>
<b>Domestic Business</b>							18214	15852	15%
<b>Export Business</b>							10065	13397	-25%

The Profit break-up for the quarter is as under:

(Rs. in Lacs)

Consolidated		Particulars	Standalone	
FY11	FY10		FY11	FY10
2834	3051	Operating Income	2503	1828
1351	1226	Profit Before Tax	1020	3
1148	1225	Net Profit after Tax	817	2

Sales and Profit break up of both businesses depicted below are as per best estimate of management and have not been audited

(Rs. in Lacs)

Particulars	Pharma Operations (Proposed Alembic Pharma Limited)		Baroda Operations (Proposed Alembic Limited)		Total	
	FY	FY	FY	FY	FY	FY
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Gross Sales	25637	26604	3798	3358	29435	29962
Less: Inter company	0	0	1156	713	1156	713
<b>Net Sales</b>	<b>25637</b>	26604	<b>2642</b>	2645	<b>28279</b>	29249
<b>PBT</b>	<b>1908</b>	2114	<b>-557</b>	-888	<b>1351</b>	1226