

Investors Update – Q3FY11

- **Net sales up 23% at Rs 374 crores against Rs. 303 crores in corresponding quarter last year**
- **Profit before tax up by 153% at Rs. 36.88 crores against Rs. 14.55 crores in corresponding quarter in PY**
- **Net Profit up by 127% at Rs. 30.84 crores against Rs. 13.58 crores in corresponding quarter in PY**
- **Domestic Branded formulations up 20% at Rs. 184 crores against Rs. 154 crores in corresponding quarter last year**
- **International Regulatory Generics up by 109% to Rs. 52 crores vis-à-vis Rs. 25 crores last year**
- **Cumulative ANDA filings at 32, Cumulative DMF filings at 43 (1 ANDA and 4 new DMF filings during the quarter). 5 ANDA's approved during the quarter. Cumulative approval now stands at 14.**

Management Discussion – Q3FY11

Alembic Limited, the pharmaceutical major, today reported a 23% increase in revenues to Rs 373.79 crores for the quarter ended 31st December 2010, compared to Rs 303.30 crores in the corresponding quarter last year.

The Company posted an impressive 127% growth in net profit at Rs. 30.84 crores for the quarter ended December 2010 against Rs 13.58 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, gastroenterology and Gynecology as well.

The domestic formulations posted sales of Rs. 184.24 crores against Rs. 153.51 crores registering healthy 20% growth over the corresponding quarter of the previous year. The positive impact of the restructuring undertaken in the recent past is evident from the encouraging numbers.

Alembic has maintained market share of 1.82%.

The company continues to make investment in the domestic branded business, particularly with the newer specialty segments. The Company has also renewed its focus on penetrating rural segment which we believe will be the next growth driver for us.

Detailed below is a segment wise comparison of the industry and Alembic growth as per ORG.

(ORG IMS – Nov '10 MAT Growth %)

Segment	Alembic	Industry
Cough and Cold	21	18
Cardio	20	19
Ophthal	254	23

Alembic has five brands in the list of top 300 brands of the industry:

Brands	Rank Nov '10
Azithral	18
Althrocin	34
Roxid	69
Wikoryl	140
Zeet	284

Last quarter witnessed declining trend of Anti-infectives and cough and cold preparations in particular. This phenomenon can be correlated to prescription decline specifically in indications like RTI and fever. Chronic therapy on the other hand continues to grow and Alembic is committed to invest in both segments. In spite of these difficult situation primary numbers grew by 20% in current quarter.

➤ **International Generics (Regulated Markets)**

International generics grew by 109% to Rs. 51.72 crores from Rs. 24.78 Crores over corresponding quarter last year

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

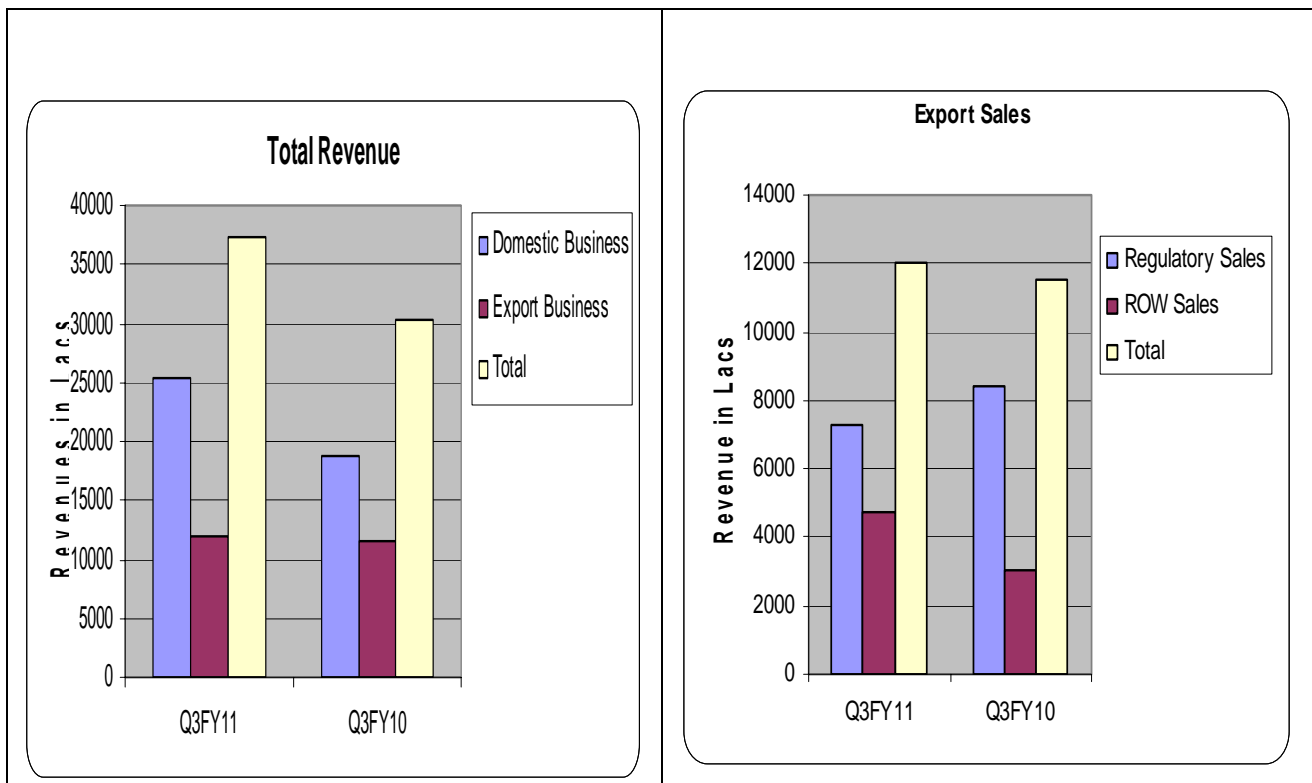
Filings with USFDA till date total 32 ANDAs with 14 approvals.

➤ **API Business**

Domestic API sales recorded a growth of 98% at Rs. 68.99 crores against Rs. 34.74 crores of PY.

Export API recorded sales of Rs. 49.09 crores against Rs. 78.18 crores.

Filings with USFDA till date total to 43 DMFs.



Interest

Net Interest costs during the quarter was at Rs. 7.91 crores compared to Rs. 6.77 crores largely on account of successive rate increases.

Financial and Operating Result – Q3FY11

Financial and Operating Result - Q3FY11			
Particulars	Q3FY11	Q3FY10	Gr %
Income from Operations	36627	30090	22%
Total Expenditure	30705	26924	14%
- (Increase) / decrease in stock	(57)	545	
- Consumption of Raw Material	13714	9072	
- Consumption of Traded Goods	4066	5400	18%
- Employee cost	4028	3813	6%
- Research and Development Expense	1012	1054	-4%
- Excise Duty Exp	-167	86	-294%
- Other expenditure	8109	6954	17%
Operating Profit	5922	3166	87%
Operating Margin %	16%	11%	
Interest	791	677	17%
Depreciation	1139	1086	5%
Profit from Operations	3992	1403	185%
Other Income	65	52	25%
Profit / (Loss) for the period before exceptional items	4,057	1,455	179%
VRS Expenses	369	-	
Profit / (Loss) for the period	3,688	1,455	154%
Provision from Tax - current	(779)	(168)	
Provision from Tax - Deferred / earlier yr	178	74	
Provision from Tax - Wealth tax	(3)	(3)	
Profit after tax	3,084	1,358	127%

Summary of total revenue (consolidated) for the quarter is as under:

(Rs. in Lacs)

Particulars	Consolidated		
	Q3FY11	Q3FY10	% Change
Formulation			
Domestic	18424	15351	20%
International Branded	1504	916	64%
International Generics	5172	2478	109%
API			
Domestic	6899	3474	98%
International ROW	2784	1866	49%
International Regulatory	2125	5952	(-)64%
Export Incentives	471	293	61%
Total	37379	30330	23%

The Profit break-up for the quarter after charging VRS cost of Rs. 369 lacs is as under:

(Rs. in Lacs)

Particulars	Consolidated		
	Q3FY11	Q3FY10	% Change
Operating Income	5922	3166	87%
Profit Before Tax	3688	1455	154%
Net Profit after Tax	3084	1358	127%

Scheme of Rearrangement:

The Company is awaiting approval of its scheme of Arrangement from Hon'ble High Court of Gujarat. The Company has complied with all other requirements in this aspect.

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 pharmaceutical company 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.

Business Performance of Proposed Pharma Limited and Proposed Alembic Limited:

Business Performance - Sales (Proposed Alembic Pharma Limited)

Rs.
Lacs

Particulars	Formulations			Bulk			Total		
	Q3FY11	Q3FY10	Gr %	Q3FY11	Q3FY10	Gr %	Q3FY11	Q3FY10	Gr %
Domestic	18424	15351	20%	3368	552	510%	21792	15903	37%
Export - Regulatory	5172	2478	109%	2125	5952	-64%	7297	8430	-13%
Export - ROW	1504	916	64%	2113	956	122%	3617	1872	93%
	25100	18745	34%	7606	7460	2%	32706	26205	25%
Others :									
R&D and F&D Income (Export)									
R&D and F&D Income (Dom.)							3	0	
Export Incentive							445	260	71%
Total							33154	26465	25%
Domestic Business							21795	15903	37%
Export Business							11359	10562	8%

Business Performance - Sales (Proposed Alembic Limited)

Particulars	Rs. Lacs		
	Total		
	Q3FY11	Q3FY10	Gr %
Domestic	3531	2922	21%
Export - ROW	671	910	(-)26%
	4202	3832	10%
Others :			
Export Incentive	23	33	(-)30%
Total	4225	3865	9%
Domestic Business			
	3531	2922	21%
Export Business			
	694	943	(-)26%

Break up of Alembic Pharma Limited / Alembic Limited

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)	
	Q3 FY 2010-11	Q3 FY 2009-10	Q3 FY 2010-11	Q3 FY 2009-10
Gross Sales	33,154	26,465	5,585	4,645
Less: Inter unit sale	-	-	1,360	780
Net Sales	33,154	26,465	4,225	3,865
Profit Before Tax & VRS	4,540	1,958	(483)	(503)
Less: VRS	-	-	369	-
PBT	4,540	1,958	(852)	(503)

Particulars	Pharma Operations (Proposed Alembic Pharma Limited)		Baroda Operations (Proposed Alembic Limited)	
	FY - YTD 2010-11	FY - YTD 2009-10	FY - YTD 2010-11	FY - YTD 2009-10
Gross Sales	90,891	80,624	15,968	9,962
Less: Inter unit sale	-	-	4,659	2,408
Net Sales	90,891	80,624	11,309	7,554
Profit Before Tax & VRS	9,508	5,864	(1,429)	(1,629)
Less: VRS	-	-	369	-
PBT	9,508	5,864	(1,798)	(1,629)

About Alembic Limited

Established in 1907, Alembic Ltd. is a leading pharmaceutical company in India. The company is vertically integrated with the ability to develop, manufacture and market pharmaceutical products, pharmaceutical substances and Intermediates. Alembic is the market leader in Macrolides segment of anti-infective drugs in India.

Alembic's manufacturing facilities are located in Vadodara and Baddi in Himachal Pradesh. The plant at Vadodara has the largest fermentation capacity in India. The Panelav facility houses the API and formulation manufacturing (both US FDA approved) plants. The plant at Baddi, Himachal Pradesh manufactures formulations for the domestic and non-regulated export market. The company has a state of the art Research Centre at Vadodara.

For more information:

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