

## Alembic Pharmaceuticals Limited Investors Update – Q1FY13

### Quarter ended 30<sup>th</sup> June, 2012

- Net sales up 7% at Rs 368 crores for the quarter against Rs. 345 crores in corresponding quarter last year
- Domestic formulations sales up 14% for the quarter at Rs. 197 crores against Rs. 172 crores in corresponding quarter last year
- Export sales at Rs. 139 crores against Rs. 137 crores for the corresponding quarter last year
- EBITDA at 14.3% at Rs. 52.27 crores
- Net profit after tax for the quarter at Rs. 30.83 crores vis-à-vis Rs. 27.56 crores in P.Y.
- 4 ANDA filed in current quarter. 49 Cumulative ANDA filings, 20 approvals in place. Cumulative DMF filings at 63

## Management Discussion – Q1FY13

Alembic Pharmaceuticals Limited reported a 7% increase in revenues to Rs 368.06 crores for the quarter ended 30th June 2012, compared to Rs 344.72 crores in the corresponding quarter last year.

The Company posted 7% growth in profit before tax at Rs. 38.09 crores for the quarter ended 30<sup>th</sup> June 2012 against Rs 35.47 crores posted in corresponding quarter last fiscal.

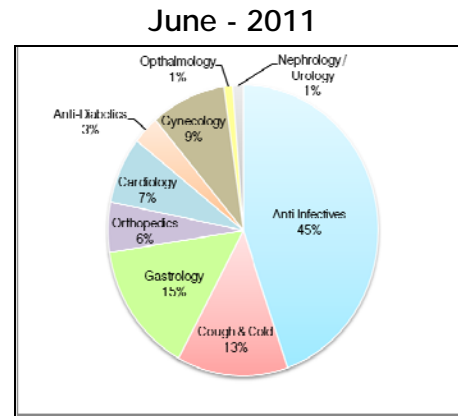
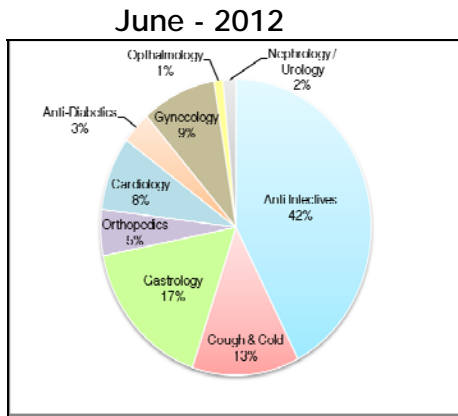
The net profit grew by 12% at Rs. 30.83 crores for the quarter ended 30<sup>th</sup> June 2012 against Rs. 27.56 crores in corresponding quarter last fiscal.

### ➤ Domestic Formulations

The Domestic Formulation sales were Rs. 197.24 crores (growth of 14%) against Rs. 172.44 crores last year. This growth is primarily because of our strong performance in Specialty business with growth of 24% in various brands under focus such as like Rekol (Rabepazole), Tellzy (Telmisartan), Gesteofit (Progesterone), Tetan (Telmisartan), Glisen (Glimepirde). Anti Infective & Cold & Cough portfolio grew by 7%.

The company is gradually reducing its dependence on Anti-Infectives by investing in newer specialty segments such as Gastroenterology, Cardiology, Gynaecology, Ophthalmics, Anti-Diabetic, Nephrology etc. As shown below, the trend for the quarter was positive and anti-infective sales have gone down from 45%(Q1FY12) to 42%(Q1FY13) of total domestic formulation sales.

**Therapy wise performance:**



The company launched a dermatology division during the quarter with a field force of 100 people. This will further add to the basket of specialty products and growth in the future.

<b>ORG - June 12</b>	<b>JUN 12 MAT</b>			<b>JUN 11 MAT</b>		
<b>Therapy</b>	<b>Therapy Growth</b>	<b>Market Share</b>	<b>Alembic Growth</b>	<b>Therapy Growth</b>	<b>Market Share</b>	<b>Alembic Growth</b>
Gastrology	13	2.32	28	15	2.05	13
Cardiology	17	1.12	22	14	1.07	17
Anti Diabetic	26	1.18	25	22	1.18	18
Gynaecology	13	1.80	11	14	1.83	17
Ophthalmology	11	1.16	17	19	1.10	71
Orthopaedic	11	1.13	2	13	1.23	-4
Cold & Cough	12	5.15	8	8	5.34	9
Anti Infective	10	4.30	7	11	4.41	5
Nephro / Uro	17	2.48	35	14	2.16	51
<b>OVERALL</b>	<b>14</b>	<b>1.75</b>	<b>13</b>	<b>14</b>	<b>1.77</b>	<b>8</b>

## ➤ International Generics

International Generic Formulation sales is Rs. 46.05 crores against Rs. 61.15 crores over the corresponding quarter last year. De-growth was in line with our expectations due to price erosion, product mix and capacity constraint.

The Company is in the midst of a capacity expansion of its formulation facility that should be completed in Q4FY13. This expansion will increase the capacity from 2.6 billion tablets/capsules to 4 billion in the first phase. International Generics Sales should gradually ramp up once this facility is available.

The Company along with Breckenridge Pharmaceutical Inc, USA were named codefendants in a Paragraph IV lawsuit filed by Pfizer Inc. concerning its ANDA - Desvenlafaxine succinate extended-release tablets 50mg and 100mg, a generic version of Pristiq® by Pfizer Inc. Breckenridge and Alembic filed their Paragraph IV ANDA on the first-possible submission date and expects to share 180-day exclusivity with other ANDA first filers. Alembic Pharmaceuticals Limited is the sponsor and manufacturer of the ANDA, which will be marketed by Breckenridge.

Desvenlafaxine is a prescription drug that is indicated for the treatment of depression. Desvenlafaxine is in a class of medications called selective serotonin and norepinephrine reuptake inhibitors (SNRIs). Pristiq® generated sales of \$577 million in 2011, based on industry sales data.

The Company along with Breckenridge Pharmaceutical Inc, USA settled its Paragraph IV patent litigation with Novartis concerning Rivastigmine Tartrate Capsules, a generic version of Exelon® by Novartis, and the U.S. FDA approved its ANDA. The company has already launched the product in market.

## **Research and Development**

R&D expense for Q1 is Rs. 14 crores representing 4.10% of sales. In the quarter, ANDA for 4 products were filed, which takes the total to 49 ANDA with 20 approvals.

The Company is also increasing its focus on Europe and emerging markets. It filed its first Brazilian Dossier with the ANVISA and filed 1 dossier each in Europe and Australia.

In the quarter 1 USDMF was filed, which takes the total to 63 USDMF filings.

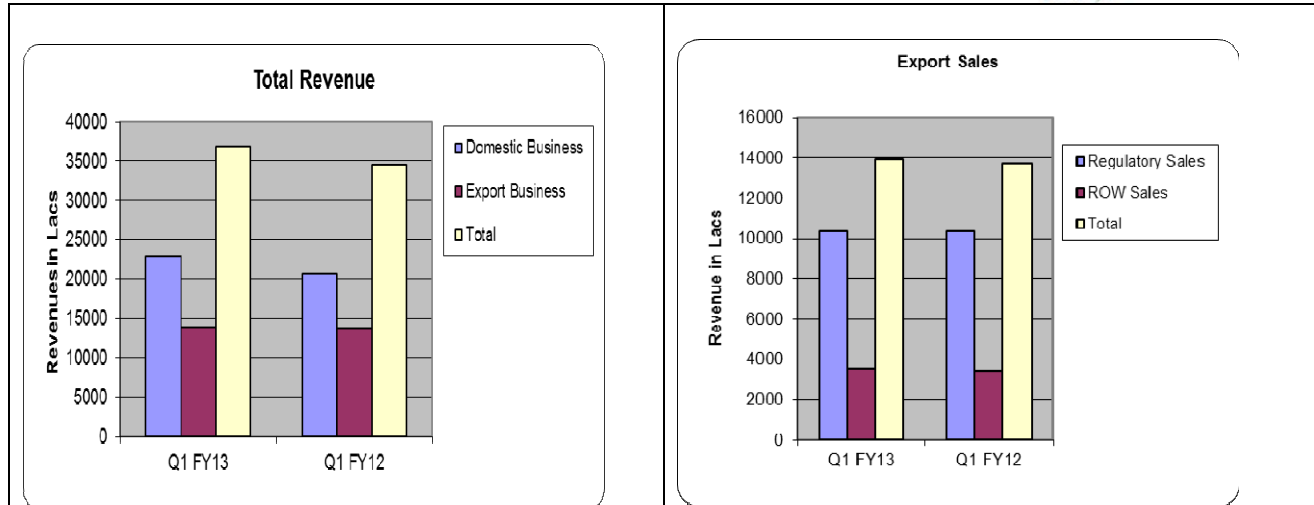
**ANDA Filing summary:**

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	Total
Total ANDA's filed	04	07	07	08	12	07	04	49
Total ANDA's Approved	-	-	04	03	08	04	01	20

The Company has entered into a development and license agreement with Accu-Break Pharmaceuticals Inc(ABP), to develop new brand products that will use ABP's innovative Accu-Break™ tablet technologies. ABP's patented Accu-Break tablets can be split easily by hand into exact smaller doses to provide maximum flexibility, and to make it easier and safer for patients and caregivers to adjust their dosage. The first product that ABP will seek Food and Drug Administration marketing approval for is an Accu-Break-formatted version of the popular anticoagulant medication Warfarin.

➤ **Active Pharmaceutical Ingredients (API)**

For the quarter, Export API sales were Rs. 83.48 crores against Rs. 60.73 crores (growth of 37%) while Domestic API sales were Rs. 30.47 crores against Rs. 34.75 crores last year.



## Interest

Net Interest costs during the quarter was at Rs. 5.74 crores while for corresponding year it was Rs. 6.77 crores.

## Financial and Operating Result – Q1FY13 (Rs. Lacs)

Particulars	Q1FY13	Q1FY12
<b>Income from Operations</b>	<b>36,677</b>	<b>34,367</b>
<b>Total Expenditure</b>	<b>31,450</b>	<b>29,332</b>
- (Increase) / decrease in stock	(142)	(1,174)
- Consumption of Raw Material	11,168	11,802
- Consumption of Traded Goods	6,415	6,545
- Employee cost	4,495	4,174
- Research and Development Expense	1,389	1,209
- Excise Duty Exp	114	(8)
- Other expenditure	8,011	6,784
<b>Operating Profit</b>	<b>5,227</b>	<b>5,035</b>
<b>Operating Margin %</b>	<b>14%</b>	<b>15%</b>
Interest	574	677
Depreciation	866	819
<b>Profit from Operations</b>	<b>3,787</b>	<b>3,539</b>
Other Income	22	8
<b>Profit / (Loss) for the period</b>	<b>3,809</b>	<b>3,547</b>
Provision from Tax - current	(731)	(723)
Provision from Tax - Deferred / earlier yr	5	(68)
<b>Profit after tax</b>	<b>3,083</b>	<b>2,756</b>

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

(Rs. in Lacs)

Particulars			
	Q1 FY13	Q1 FY12	% Change
<b>Formulation</b>			
Domestic	19724	17244	14%
International Branded	755	1132	(-)33%
International Generics	4605	6115	(-)25%
<b>API</b>			
Domestic	3047	3475	(-)12%
International	8348	6073	37%
Export incentives	327	433	(-)24%
<b>Total</b>	<b>36806</b>	<b>34472</b>	<b>7%</b>

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

(Rs. in Lacs)

Particulars	Q1 FY13	Q1 FY12	% change
Operating Income	5227	5035	4%
Profit Before Tax	3809	3547	7%
Net Profit after Tax	3083	2756	12%

## About Alembic Pharmaceuticals Limited

Alembic Pharmaceuticals Limited, a vertically integrated research and development pharmaceutical company, has been at the forefront of healthcare since 1907. Headquartered in India, Alembic is a publicly listed company that manufactures and markets generic pharmaceutical products all over the world. Alembic's state of the art research and manufacturing facilities are approved by regulatory authorities all over the world including the US FDA. Alembic is one of the leaders in branded generics in India. Alembic's brands, marketed through a marketing team of over 3000 are well recognized by doctors and patients.

Information about the company can be found at [www.alembic-india.com](http://www.alembic-india.com); (reuters:ALEM.NS) (bloomberg:ALPM) (nse:APLLTD) (bse:533573)

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**Alembic Pharmaceuticals Limited**