

Investors Update – Q2FY11

- **Net sales up 28% at Rs 365 crores against Rs. 286 crores in corresponding quarter last year**
- **Domestic Branded formulations up 27% at Rs. 207 crores against Rs. 163 crores in corresponding quarter last year**
- **Total API sales up 33% at Rs. 100 crores against Rs. 75 crores in corresponding quarter last year**
- **International Generics up by 10% to Rs. 40 crores vis-à-vis Rs. 36 crores last year**
- **Profit before tax up by 72% at Rs. 26.71 crores against Rs. 15.54 crores in corresponding quarter in PY**
- **31 Cumulative ANDA filings, 9 approvals in place. Cumulative DMF filings at 39**

Management Discussion – Q2FY11

Alembic Limited, the pharmaceutical major, today reported a 28% increase in revenues to Rs 365.42 crores for the quarter ended 30th September 2010, compared to Rs 285.99 crores in the corresponding quarter last year.

The Company posted an impressive 72% growth in net profit at Rs. 26.71 crores for the quarter ended September 2010 against Rs 15.54 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.

The domestic formulation business posted sales of Rs. 206.83 crores against Rs. 162.55 crores registering 27.42% growth over the corresponding quarter last year.

Alembic has maintained a market share of 1.91%. Leading brands like Azithral (26.7%), Wikoryl (29.8%) and Zeet (29.6%) are growing at higher rate than Industry growth. The company recorded MAT ORG sales growth of 17% (as per ORG IMS – August 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 in the recent past is evident from the encouraging ORG numbers. The Company is confident of an improved performance in the ensuing quarters as well.

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

(ORG IMS – Aug '10 MAT Growth %)

Segment	Alembic	Industry
Cough and Cold	28	24
Gastro	24	20
Cardio	26	21
Diabeto	36	31
Ophthal	451	21

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

Brands	Rank Aug 10
Azithral	17
Althrocin	20
Roxid	66
Wikoryl	120
Zeet	242

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'.

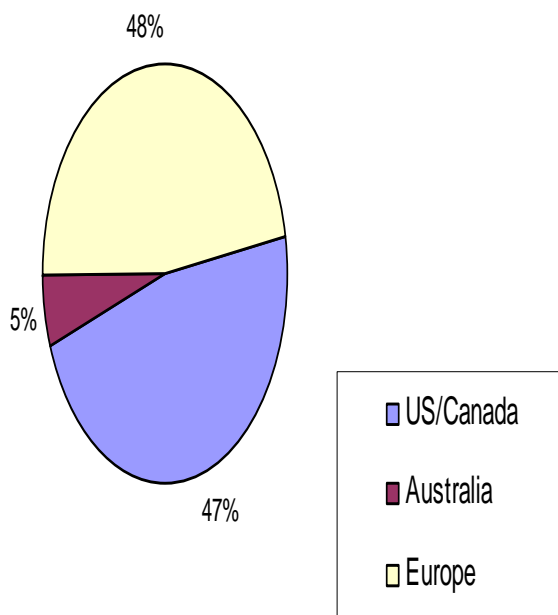
➤ International Generics

International generics grew by 10% to Rs. 39.79 crores from Rs. 36.14 Crores over corresponding quarter last year

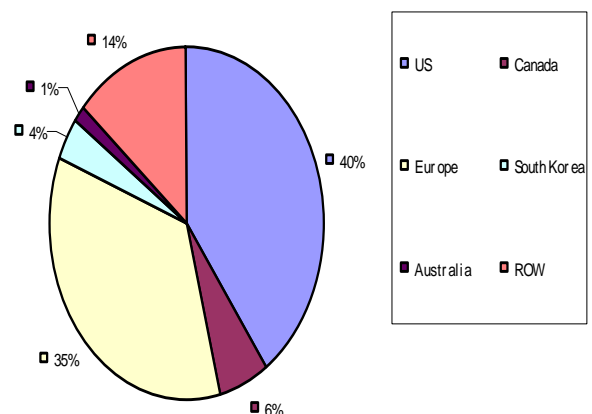
Alembic's strategy is to partner with International Generic companies and leverage on their marketing and sales capabilities.

Regulatory filings till date total 31 ANDAs with 9 approvals.

Formulations Export Sales - Regionwise in %



API Export Sales - Region wise in %

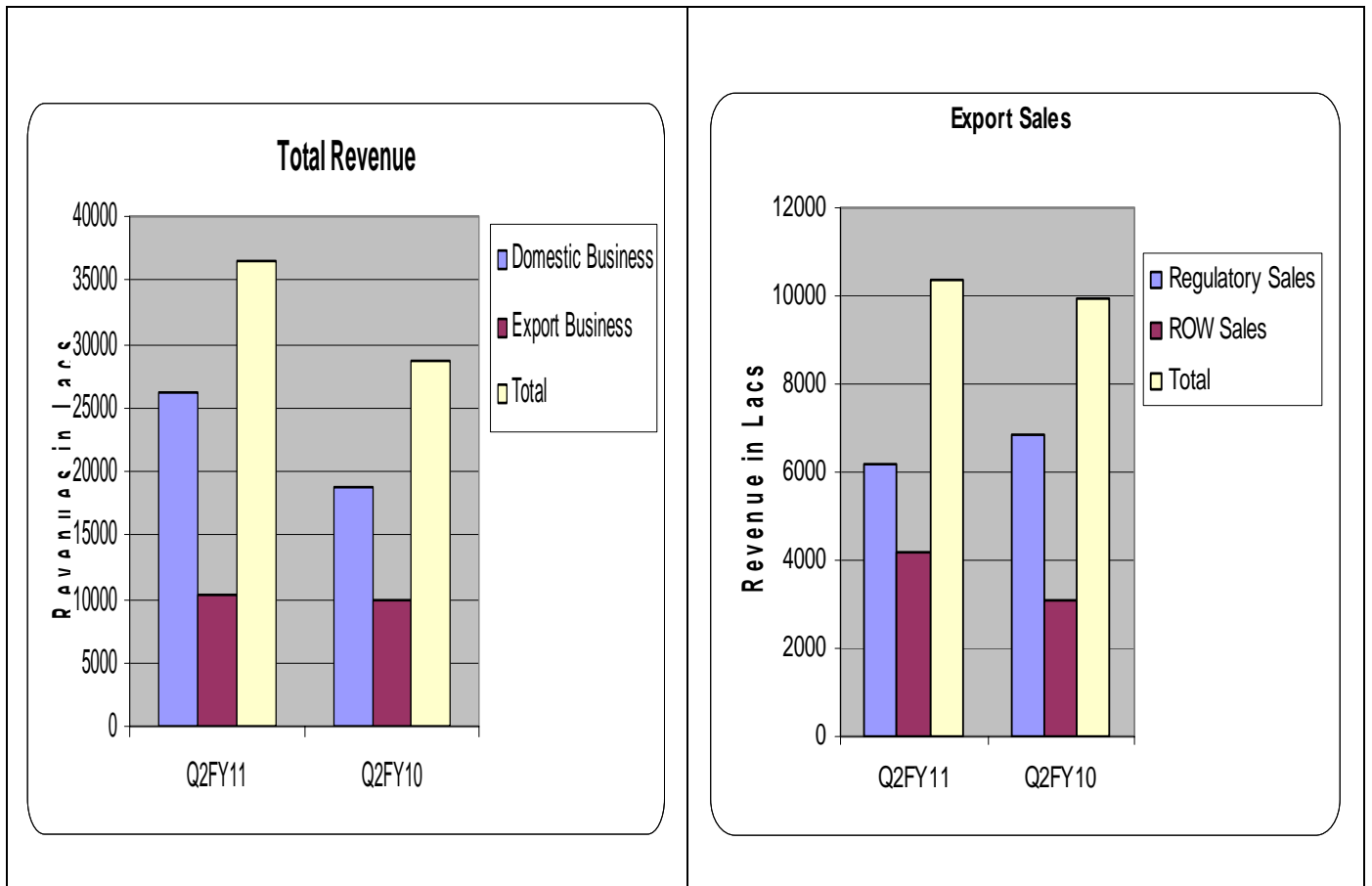


➤ **API Business**

Domestic API sales grew 127% at Rs. 54.65 crores against Rs. 24.12 crores of PY.

Export API recorded sales of Rs. 45.26 crores against Rs. 50.73 crores.

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



Interest

Net Interest costs during the quarter were lower at Rs. 6.64 crores compared to Rs. 9.01 crores largely on account of reduction in borrowing costs.

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.

As per directions of The Hon'ble High Court of Gujarat separate meetings of Secured Creditors, Un-Secured Creditors, Shareholders and Fixed Deposit Holders was held on 16th September, 2010 for approval of the Scheme of Arrangement and all the meetings unanimously approved the Scheme of Arrangement. The Company has now filed petition in the Hon'ble High Court of Gujarat for approval of the Scheme of Arrangement.

Financial and Operating Result - Q2FY11			
Particulars	Q2FY11	Q2FY10	Gr %
Income from Operations	36343	28490	28%
Total Expenditure	31933	24996	28%
- (Increase) / decrease in stock	(1,602)	(673)	
- Consumption of Raw Material	13632	9095	
- Consumption of Traded Goods	4882	4507	31%
- Employee cost	4607	3851	20%
- Research and Development Expense	1312	1256	4%
- Excise Duty Exp	682	137	398%
- Other expenditure	8420	6823	23%
Operating Profit	4410	3494	26%
Operting Margin %	12%	12%	
Interest	664	901	-26%
Depreciation	1155	1074	8%
Profit from Operations	2591	1519	71%
Other Income	80	35	129%
Profit / (Loss) for the period	2,671	1,554	72%
Provision from Tax - current	(493)	(239)	
Provision from Tax - Deferred / earlier yr	6	21	
Provision from Tax - Wealth tax	-7	-7	
Profit after tax	2,177	1,329	64%

**Business Performance -
Sales**
**Rs.
Lacs**

Particulars	Formulations			Bulk			Total		
	Q2FY11	Q2FY10	Gr %	Q2FY11	Q2FY10	Gr %	Q2FY11	Q2FY10	Gr %
Domestic	20683	16255	27%	5465	2412	127%	26148	18667	40%
International - Regulatory	3979	3614	10%	2217	3209	-31%	6196	6823	-9%
International - ROW	1514	1007	50%	2309	1864	24%	3823	2871	33%
	26176	20876	25%	9991	7485	33%	36167	28361	28%
Others :									
R&D and F&D Income (Export)							0	-	-
R&D and F&D Income (Dom.)							4	-	-
Export Incentive							371	238	56%
Total							36542	28599	28%

Domestic Business

 26152 18667 **40%**
International Business

 10390 9932 **5%**

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

(Rs. in Lacs)

Consolidated		Particulars	Standalone	
FY11	FY10		FY11	FY10
4410	3494	Operating Income	4371	3349
2671	1554	Profit Before Tax	2632	1409
2177	1329	Net Profit after Tax	2138	1184

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)		Total	
	Q2FY 2010-11	Q2FY 2009-10	Q2FY 2010-11	Q2FY 2009-10	Q2FY 2010-11	Q2FY 2009-10
	Gross Sales	32,055	25,871	6,630	3,643	38,685
Less: Inter company			2,143	915	2,143	915
Net Sales	32,055	25,871	4,487	2,728	36,542	28,599
PBT	3,060	1,792	(389)	(238)	2,671	1,554

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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