

## Investors Update – Q4FY10

- Revenues up 3% at Rs 267 crores
- Net profit at Rs 0.42 crores for Q4 FY 10 against Rs 1.47 crores loss for Q4 FY09
- Domestic formulation sales up 15% at 131.43 crores
- Export Formulation sales up by 13% at Rs 39.61 crores for Q4 FY10
- ORG MAT March 2010 growth of 25% is second highest among Top 25 Corporates in Indian Pharma Industry.
- Four ANDA's and two DMF were filed in Q4 FY10 taking the cumulative total to 28 ANDA's and 39 DMF's.
- Total 8 approved ANDA's of which 3 launched in US market
- Pen G business continues to drag profits down due to unfair dumping by Chinese Companies

## Management Discussion – Q4FY10

Alembic limited reported consolidated revenues of Rs 267 crores for the quarter ended 31<sup>st</sup> March 2010, compared to Rs 259 crores in the corresponding quarter last year.

The Company posted a consolidated profit of Rs. 0.42 crores as against loss of Rs. 1.47 crores in the corresponding quarter last year.

### ➤ 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 sales posted impressive 15% growth for the forth quarter ended March 31 2010 and posted sales of Rs. 131.43 crores against Rs. 114.42 crores in corresponding period previous year.

While the company is continuously making investment in the domestic branded business, particularly with the newer specialty segments, the potential is yet to be fully realised.

ORG data depicted below shows a healthy trend.

% Gr	April 09	June 09	Aug 09	Sep09	Oct 09	Dec 09	Jan 10	Feb 10	Mar 10
Ind	10	18.3	16.5	9.7	29.2	27.4	16.9	20.0	18.4
Ale	18.8	34.2	31.9	17.3	37.1	32.1	17.8	18.7	10.2

The positive impact of massive restructuring is evident from encouraging ORG numbers. The Company is confident of posting improved performance on domestic formulations in the ensuing quarters.

Company recorded secondary sales growth of 25% in March 2010 MAT against Industry growth of 18%. The market share grew to 1.91% against 1.81% (as per ORG IMS – March 2010).

There has been significant increase in market share in following therapeutic area.

Therapeutic areas	Mar MAT 10	Mar MAT 09	Increase
ANTI DIABETIC	1.26	0.96	30%
ORTHO	1.44	1.18	26%
COUGH / COLD	5.22	4.97	25%
CARDIO	1.06	0.87	19%
GYNAEC	1.96	1.79	17%
GASTRO	1.79	1.64	15%

Alembic's rank has also improved in following therapies:

RANK	Mar MAT 10	Mar MAT 09
ORTHO	21	25
GASTRO	20	22
CARDIO	25	26
ANTI DIABETIC	23	25
GYNAEC	12	16

Azithral has recorded Rs. 102 crores of sales on MAT basis. It is first ever Alembic brand to reach Rs. 100 Crores mark in ORG IMS. It is 16th brand in Industry to cross Rs. 100 Crores sales. All top brands except "Althrocin" has shown upward rank movement during the year.

BRANDS	Mar MAT 10	Mar MAT 09
AZITHRAL	16	27
ALTHROCIN	38	31
ROXID	54	58
WIKORYL	143	195
ZEET	263	294

Within a year of launch, Eyecare, Ophthalmological division, has achieved sales of Rs. 3.7 Crores. Company is still in investment mode in this therapeutic segment which has huge potential.

Detailed below is segment wise comparison of industry and Alembic growth as per ORG – MAT March '10.

(MAT Growth %)

Segment	Industry	Alembic
cough & cold	23	30
Ortho	17	41
Gastro	17	29
Cardio	20	46
Diabeto	28	68
Gynaec	19	20

Four New Products in domestic business were launched in Q4FY10 contributing sales of Rs 26 lacs for the quarter

Product	Therapeutic Category	Molecules
DARIF	OAB	Darifenacin
NEOLAP	Anti Allergic Eye drops	Olapatadine

The 'Osteofit' division, dedicated to orthopedics was launched last year and is increasing its performance every day.

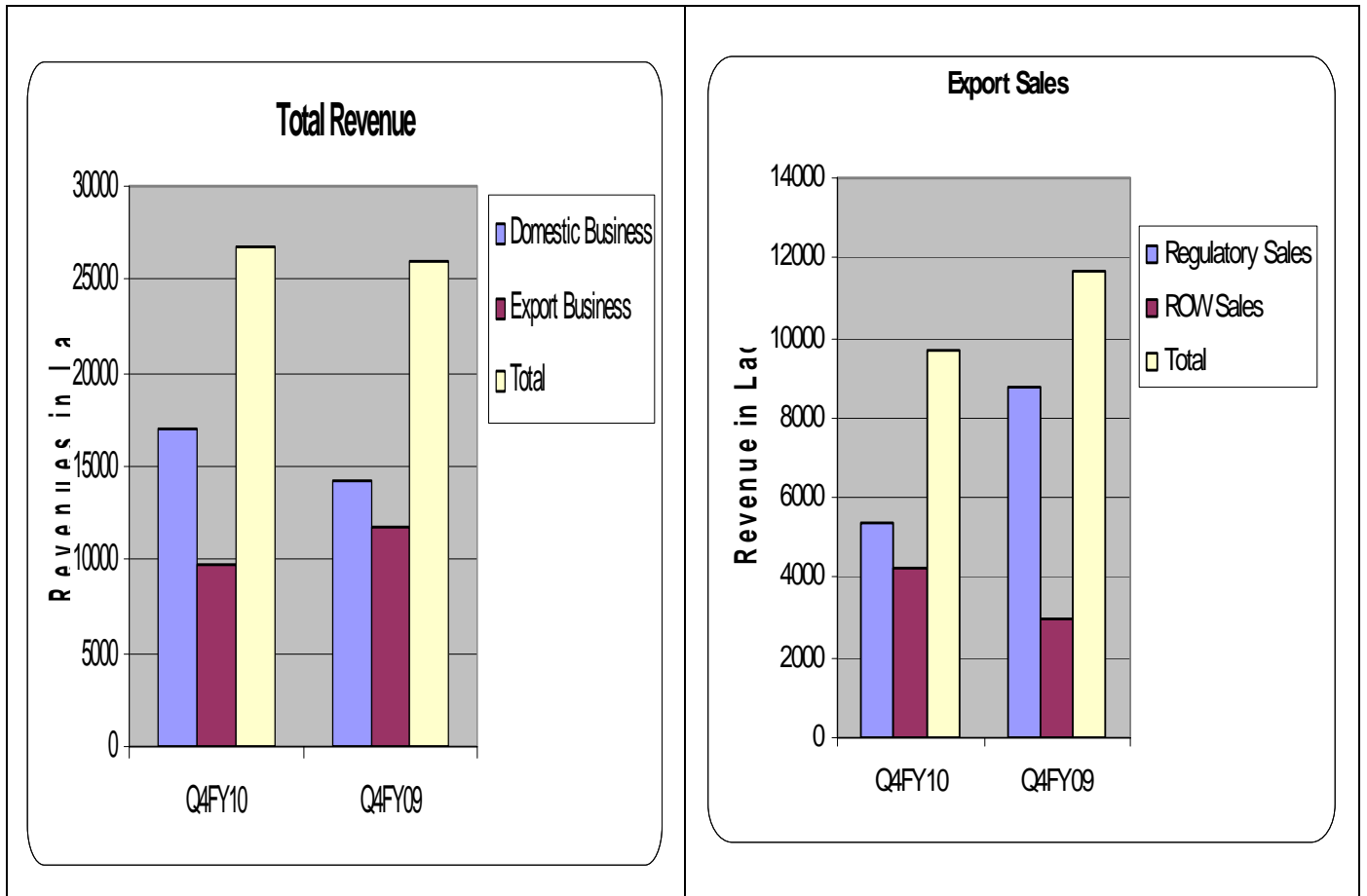
Alembic has six brands in the list of top 300 brands of the industry i.e. 'Azithral', 'Roxid', 'Althrocin', 'Zeet' and 'Wikoryl', 'Strox'

➤ **International & API Business**

Total Export sales for the third quarter were Rs 96.75 crores vis-à-vis Rs 116.88 crores in the corresponding period last year. Export formulations grew by 13% to 39.1 crores during the quarter.

API business witnessed de-growth of 15% during the quarter and stood at Rs. 91.73 crores, largely on account of unremunerative prices of Pen-G.

The penicillin prices continue to be a drag on the company's profits and the quarter's numbers have been adversely affected by the low prices originating from China.

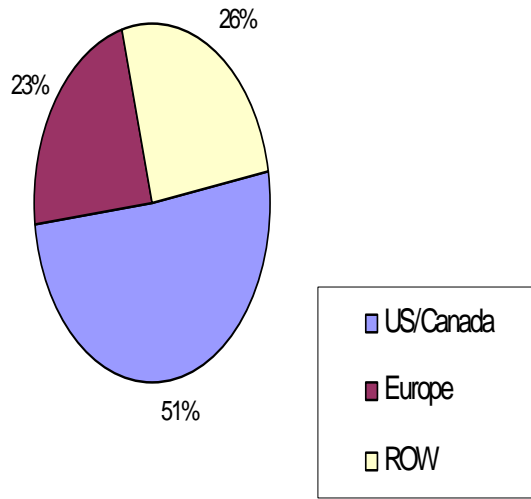


### International Generics

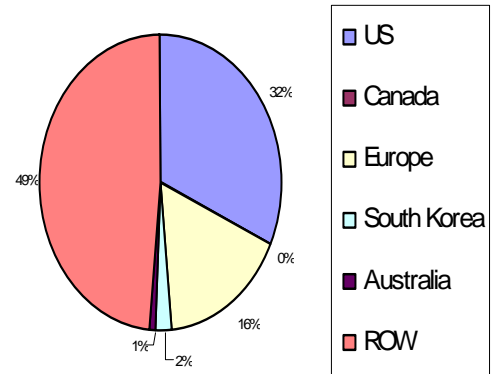
Export formulations grew by 13% to 39.1 crores during the quarter. The Company has filed 28 ANDA's of which approval for eight ANDA's is received till date. During the year Company launched three products in US i.e. Fluxotine, Famotidine and Meprobomate.

Alembic made four filling during the quarter.

**Formulations Export Sales - Regionwise in %**



**API Export Sales - Region wise in %**



**Interest and Foreign Exchange Losses:**

Net Interest costs during the quarter were lower at Rs. 1.19 crores on account of efficient borrowing and softer interest rate scenario. On full year basis Interest cost reduced by Rs. 10.00 crores over last year. Company earned foreign exchange gain of Rs. 0.25 crores vis-à-vis loss of Rs. 0.71 crores for the corresponding quarter last year.

**Buyback of Shares:**

As on 13/11/2009 (completion date of buy back program), the Company has bought back 49,38,991 equity shares at an average price of Rs.39.93 for a total consideration of Rs.1972.02 lacs which is about 59.77% of the total buy-back size of Rs.3300 lacs.

(Rs in Lacs)

<b>Financial and Operating Result - Q4FY10</b>			
<b>Particulars</b>	<b>Q4FY10</b>	<b>Q4FY09</b>	<b>Gr %</b>
<b>Income from Operations</b>	<b>26389</b>	<b>25710</b>	<b>3%</b>
<b>Total Expenditure</b>	<b>24580</b>	<b>24182</b>	<b>2%</b>
- (Increase) / decrease in stock	(607)	(710)	
- Consumption of Raw Material	10722	9390	
- Consumption of Traded Goods	2981	3878	4%
- Employee cost	3599	3474	4%
- Research and Development Expense	1117	1518	-26%
- Excise Duty Exp	280	24	1067%
- Other expenditure	6488	6608	-2%
<b>Operating Profit</b>	<b>1809</b>	<b>1528</b>	<b>18%</b>
<b>Operating Margin %</b>	<b>7%</b>	<b>6%</b>	
Interest	619	714	-13%
Depreciation	1100	982	12%
<b>Profit from Operations</b>	<b>90</b>	<b>-168</b>	<b>-152%</b>
Other Income	56	19	195%
Forex gain / (loss)	-	-71	-100%
<b>Profit / (Loss) for the period</b>	<b>146</b>	<b>(220)</b>	
Provision from Tax - current / FBT	(3)	(70)	
Provision from Tax - Deferred	(108)	78	
Provision from Tax - Prior period	7	65	
<b>Profit after tax</b>	<b>42</b>	<b>(147)</b>	



**Business Performance - Sales** Rs. Lacs

Particulars	Formulations			Bulk			Total		
	Q4FY10	Q4FY09	Gr %	Q4FY10	Q4FY09	Gr%	Q4FY10	Q4FY09	Gr %
Domestic	13143	11442	15%	3871	2776	39%	17014	14218	20%
Export - Regulatory	2235	2665	-16%	2248	4676	-52%	4483	7341	-39%
Export - ROW	1726	827	109%	2137	1898	13%	3863	2725	42%
Export - Swiss									
Subsidiary				917	1410	-35%	917	1410	
	17104	14934	15%	9173	10760	-15%	26277	25694	2%
<b>Others :</b>									
R&D and F&D Income (Export)							0	0	
R&D and F&D Income (Dom.)							2	0	
Export Incentive							412	212	94%
<b>Total</b>							26691	25906	3%

<b>Domestic Business</b>	17016	14218	20%
<b>Export Business</b>	9675	11688	-17%

The Profit break-up for third quarter ended 31st March 2010 is as under:  
(Rs. in Lacs)

Consolidated		Particulars	Standalone	
FY10	FY09		FY10	FY09
11688	13038	Operating Income	9662	12656
4381	1665	Profit Before Non-recurring items	2355	1312
3954	1082	Net Profit after Tax	2068	729

The Profit break-up for year ended 31st March 2010 is as under:  
(Rs. in Lacs)

Consolidated		Particulars	Standalone	
Q4FY10	Q4FY09		Q4FY10	Q4FY09
1865	1547	Operating Income	1661	1152
146	-220	Profit Before Non-recurring items	-58	-586
42	-147	Net Profit after Tax	-22	-513

## About Company

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 plants (USFDA approved). 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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