



Re-organisation to Unlock Value

June 29, 2010

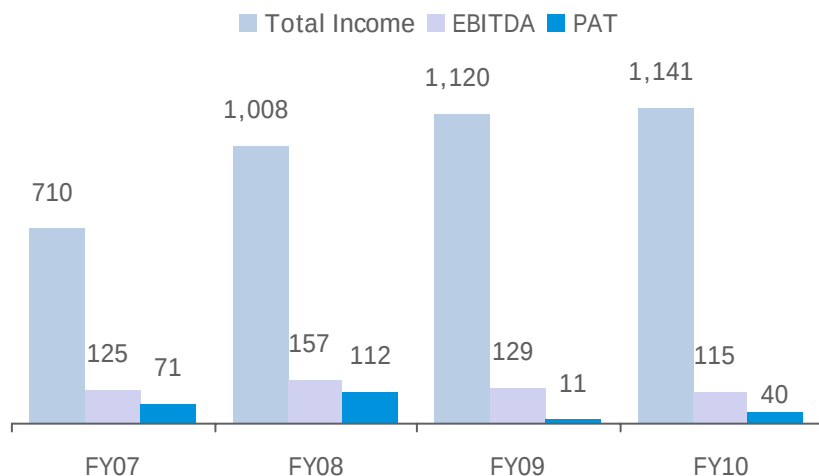
Alembic Limited – An Overview

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Company highlights

- Established in 1907, Alembic is a vertically integrated pharma major with ability to develop, manufacture and market pharmaceutical products, pharmaceutical substances and intermediates
- Market leader in Macrolides segment of anti-infective drugs in India
- One of the leaders in key acute therapeutic segments like anti-infective and cough & cold in the domestic formulations market
- Also manufactures a range of APIs, which include Penicillin G (Pen-G), Erythromycin, Roxithromycin & Azithromycin
- Manufacturing facilities in Gujarat and Himachal Pradesh
 - Research Centre in Vadodara
- Undertakes in-house product development for the generic markets and custom synthesis

Financial performance (INR crs)



Key Milestones

2010

Cumulatively 28 ANDAs filed, 8 approved and 39 DMFs filed

2009

Addressed chronic therapies through multiple marketing divisions

2007

Acquisition of Non-Oncology Business of **M/s Dabur Pharma Ltd.**

2001

Starts manufacturing of **Cephalosporin C.**

2000

Gets **ISO 14000 Certification** for its facilities at Vadodara

1999

Alembic starts production of synthetic organic API

1997

"Althrocin" becomes top selling brand in India

1972

"Althrocin"- a brand of Erythromycin launched

1971

Erythromycin manufactured for the first time in India

1967

Bulk **manufacturing of Vitamin B12**

1961

Lal Bahadur Shastri inaugurates the Penicillin plant

1940

Started manufacturing cough **syrup, vitamins, tonics and sulphur drugs**

1907

Started manufacturing **tinctures & alcohol at Vadodara**



	Pharma Undertaking	Vadodara Undertaking	Power Assets	Real Estate Assets
				
Overview	- Generic Business – largely driven by the regulated markets and research & development activities - Domestic Formulation - International API	- Engaged in manufacturing and marketing of fermentation and chemistry based Active Pharmaceuticals Ingredients (API) - Also engaged in research & development activity	- Engaged in power generation through - Co-generation power plant - Wind mills - Currently entire power is used in captive consumption	- Currently holds land assets at Vadodara. - Real estate activity will be planned in the future
Key Operations Statistics	<u>FY10 Financials</u> - Revenue – INR 1,022 crs - PBT – INR 68 crs	<u>FY10 Financials</u> - Revenue – INR 115 crs - PBT – INR (24) crs	<u>Co-generation</u> 3 co-generation plants of total 11 MW <u>Wind Power</u> 4 windmills of total 5 MW	

With an established presence in the Indian pharmaceuticals industry, Alembic is entering new areas of growth

Proposed Re-organisation

Proposed Restructuring Plan

The company is proposing to de-merge the existing business into 2 companies:

- Alembic Pharma Limited to undertake generics business, domestic formulation and international API business
- Alembic Limited to include Vadodara undertaking, power and real estate assets
- Under the scheme of arrangement of the Companies Act, 1956
 - Shareholders of Alembic Limited to receive additional shares in Alembic Pharma Limited in the ratio of 1:1
 - Interest of public shareholders retained at 36.52% in Alembic Pharma Ltd li.e. current level) by 25.86% fresh shares allotted and 10.66% through Alembic Limited
 - Alembic Pharma Limited to be listed on stock exchanges
 - Appointed date for the de-merger would be April 1, 2010
- Company to seek approvals from Shareholders, Creditors, High Court and other Regulatory authorities
- Process likely to take about 7-9 months

Rationale for Restructuring



Increased focus on business segments

- Separate entities with independent management teams focusing on growth opportunities and objectives in the respective businesses



Shareholder flexibility

- Attract distinct set of investors (financial or strategic) for the different businesses



Insulate core pharma operations

- Demerger will help insulate the core pharma business from the severe volatility and uncertainty of Pen G business of the Vadodara manufacturing facility



Unlock value from real estate assets

- Potentially use of land area owned by the company for real estate development in future

Other Highlights

Key Financials

	Before Re-organisation		Post Re-organisation*			
	Alembic Limited (Consolidated)		Alembic Limited		Alembic Pharma Limited	
	FY10	FY09	FY10	FY09	FY10	FY09
Profit & Loss (INR crs)						
Revenues	1,142.44	1,121.21	114.96	122.29	1,027.48	998.63
PBT	43.81	9.13	(24.19)	(17.80)	68.00	26.93
Balance Sheet (INR crs)						
Networth	338.12	330.53	143.96	168.89	194.16	161.64
Total Debt	408.37	475.44	69.12	81.11	339.25	394.33

* Provisional Unaudited

Growth Strategy

Alembic Pharma Limited



Retaining and consolidating strong presence in acute therapies in the domestic market



Growing chronic therapies through multiple marketing divisions



Growth in the international generics business



Supply chain partnership with leading Multinational companies

Alembic Limited



Reorganize Vadodara operations



New initiatives in real estate business



Leverage existing Power Infrastructure

Key Advisors

Financial Advisor and Fairness Opinion

Edelweiss Capital Limited

Legal Counsel

Saurabh Soparkar

Valuation Advisors

UKG & Associates

Transaction Advisors

S H Bathiya & Co.

Disclaimer

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