

Date: 15th July, 2020

To,
The Manager,
Department of Corporate Services,
BSE Limited
P. J. Tower, Dalal Street,
Fort, Mumbai - 400 001

Dear Sir/Madam,

Sub: Cautioning members against unsolicited messages being circulated to induce investment in shares of the Company

With reference to the captioned matter, we would like to inform that it has come to our notice that a message recommending the shares of the Company is getting circulated on Whatt's App (copy of the message is enclosed).

We strongly refute the statement 'Company's Management also indicated the value unlocking.....'

The Company has not indicated any such proposal to any one nor do we have any such plans. The said statement is not only false but misleading for investors.

We would also like to state that our Fermentation facilities have been closed down long time back and we run only a Chemistry based small API unit.

We don't wish to comment on other statements which are writer's perception.

We request you to take the above on record and warn members suitably.

Thanking you,

Yours faithfully,

For Alembic Limited


Dr. Gesh Mittal

Company Secretary



Encl.: A/a.

ALEMBIC LIMITED

Annexure – Whatsapp message

Alembic Limited - Immense value unlocking

MCap: INR 2,076 Crs

CMP: INR 80.8

Target: INR 200

Upside: 147%

Alembic Limited recently concluded its demerger with the aim to eliminate intercompany cross holdings and create leaner entities to enhance shareholders value. By virtue of this, certain non - core ops were shifted to Shreno Ltd against which each shareholder of Alembic Ltd received redeemable 7% preference shares of INR 16.5 for each share held.

Similarly, the company management also indicated value unlocking of investments in Alembic Pharma and Paushak, by removing such cross holdings. This will trigger massive re-rating for Alembic Ltd, currently available at deep discount (90% holding company discount)

Valuation

1) Value of Investments

Investment in Alembic Pharmaceuticals = 29.46% of Alembic Pharma (MCap INR 17,800 crs) = INR 5,243 Crs

Investment in Paushak = 19.07% of Paushak (MCap INR 653 Crs) = INR 124 Crs

Total Value of investment in Listed companies = INR 5,367 Crs

2) Alembic Realty - Luxury Branded Realty Venture

Has a land bank of more than 102 Acres in Vadodara City, with immense developmental value over the years.

Current Project under execution: Veda Phase 2 (Vadodara), Urban Forest (Bangalore) & Shangri La (Vadodara). Executed Projects: Samsara & Veda Phase. All the projects are in luxury segment.

Value of Real Estate Land Bank: INR 1240 crs (Based on available ready recknor rates for the plots held by Alembic Limited)

Optionality of Developmental potential in the area has not been considered!

3) APIs - One of the only few Fermentation based API units in India

Have bouquet of fermentation based APIs including Deferaxirox, Erythromycin Estolate, Modafinil and Nitaxozanide. Prices of all these APIs have gone up by more than ~45% on account of Covid supply disruptions as 100% of fermentation based APIs are imported China. We believe APIs are poised to post stellar sales growth on the back of high demand leading to expected sales of INR 250 crs for FY22. De-bottlenecking across units and higher utilisation will aid this growth.

Value of API Business: INR 250 Crs (1x Sales of FY22 sales)

Total Value of API + Real Estate = INR 1490 crs

Value unlocking potential

Current MCap: INR 2,076 Crs

MCap attributable to Investments (Ex API & Real Estate): INR 586 Crs

Holding Company Discount: ~90%

We strongly believe first phase of demerger last year has paved way for value unlocking of the Investments in Alembic Pharma & Paushak. Promoters have been smartly buying upto ~3.6%! from the open market over last 1 year.

Given the above, we believe the holding co discount would steeply narrow given the prospective value unlocking and Alembic Limited should move steeply to MCap of INR 5138 Crs implying a price of 200 per share (Upside 147%)