



ALKEM

ALKEM LABORATORIES LTD.

Regd. Office : "ALKEM HOUSE", Senapati Bapat Marg,
Lower Parel, MUMBAI 400 013. Phone : 3982 9999, Fax : 022 - 2495 2955
Email : contact@alkem.com Website : www.alkemlabs.com
CIN :- L00305MH1973PLC174201



10th August, 2018

The Corporate Relationship Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i>	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. <i>Scrip Symbol: ALKEM</i>
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Dear Sirs,

Sub: Unaudited Financial Results (Standalone and Consolidated) for the quarter ended 30th June, 2018.

In continuation of our letter dated 31st July, 2018 and pursuant to Regulation 30 read with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are enclosing the Standalone and Consolidated Unaudited Financial Results for the quarter ended 30th June, 2018, duly approved by the Board of Directors of the Company, at its meeting held today, i.e. 10th August, 2018. The meeting of the Board of Directors of the Company commenced at 10.30 a.m. and concluded at 1.30 p.m.

A copy of the Limited Review Report of the Statutory Auditors of the Company, as required under Regulation 33 of the Listing Regulations, is also enclosed herewith.

Kindly take the same on record.

Sincerely,
For **Alkem Laboratories Limited**


Manish Narang
President - Legal, Company Secretary & Compliance Officer

Encl.: a/a

BSR & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Review report

To Board of Directors of Alkem Laboratories Limited

We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Alkem Laboratories Limited ('the Company') and its subsidiaries listed in Annexure I (collectively referred to as 'the Group') for the quarter ended 30 June 2018 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the 3 months ended 31 March 2018 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' specified under section 143 (10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We did not review the financial information of two subsidiaries included in the statement of unaudited consolidated financial results, whose unaudited financial information reflect total revenues of Rs. 1,702.3 million for the quarter ended 30 June 2018 and total assets of Rs. 5,582.1 million as at 30 June 2018. These unaudited financial information have been reviewed by other auditors whose reports have been furnished to us, and our opinion on the Statement, to the extent they have been derived from such unaudited financial information is based solely on the reports of such other auditors. Our conclusion is not modified in respect of this matter.

We did not review the financial information of sixteen subsidiaries included in the statement of unaudited consolidated financial results, whose unaudited financial information reflect total revenue of Rs. 1,321.5 million for the quarter ended 30 June 2018 and total assets of Rs. 11,563.1 million as at 30 June 2018. This unaudited financial information has been furnished to us by the Management and our opinion on the unaudited consolidated financial results, to the extent they have been derived from such unaudited financial information is based solely on such Management certified accounts. In our opinion and according to the information and explanations given to us by the management, these unaudited financial information are not material to the Group. Our conclusion is not modified in respect of this matter.



Review report (*Continued*)

Alkem Laboratories Limited

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Sadashiv Shetty

Partner

Membership No: 048648

Mumbai

10 August 2018

Alkem Laboratories Limited

Annexure I to the Review report

1. List of Subsidiaries

Sr. No.	Name of entity	Relationship
1.	S & B Holdings B.V., Netherlands (S&B Holdings)	Wholly Owned Subsidiary
2.	ThePharmaNetwork, LLC, USA (TPN)	Wholly Owned Subsidiary of S&B Holdings
3.	Ascend Laboratories LLC, USA	Wholly Owned Subsidiary of TPN
4.	S & B Pharma Inc., USA	Wholly Owned Subsidiary
5.	Pharmacor Pty Limited, Australia	Wholly Owned Subsidiary
6.	Alkem Laboratories (PTY) Ltd, South Africa	Wholly Owned Subsidiary
7.	Enzene Biosciences Ltd, India	Wholly Owned Subsidiary
8.	Cachet Pharmaceuticals Pvt Ltd, India	Subsidiary
9.	Indchemie Health Specialities Pvt Ltd, India	Subsidiary
10.	Alkem Laboratories Corporation, Philippines	Wholly Owned Subsidiary
11.	Alkem Pharma GmbH, Germany	Wholly Owned Subsidiary
12.	Ascends Laboratories SDN BHD., Malaysia	Wholly Owned Subsidiary
13.	Ascends Laboratories SpA, Chile (Ascend Chile)	Wholly Owned Subsidiary
14.	Pharma Network SpA, Chile	Wholly Owned Subsidiary of Ascend Chile
15.	Alkem Laboratories Korea Inc, Korea	Wholly Owned Subsidiary
16.	Pharmacor Ltd., Kenya	Wholly Owned Subsidiary
17.	The PharmaNetwork, LLP, Kazakhstan	Wholly Owned Subsidiary
18.	Ascend Laboratories (UK) Ltd., UK	Wholly Owned Subsidiary
19.	Ascend Laboratories Ltd., Canada	Wholly Owned Subsidiary
20.	Alkem Foundation	Wholly Owned Subsidiary
21.	Alkem Laboratories (NIG) Limited, Nigeria	Wholly Owned Subsidiary (Upto 6 May 2018)

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

Regd. Office and Corporate Office: Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, Maharashtra, India.

Tel No:91 22 3982 9999 Fax No: +91 22 2492 7190

Website : www.alkemlabs.com, Email Id : investors@alkem.com

Statement of Unaudited Consolidated Financial Results for the Quarter ended 30 June 2018

(₹ in Million except per share data)

	Particulars	Quarter ended			Year ended
		30.06.2018 Unaudited	31.03.2018 Audited	30.06.2017 Unaudited	31.03.2018 Audited
1	Income				
	(a) Revenue from Operations	16,694.6	15,132.3	13,125.4	64,311.8
	(b) Other Income	162.5	178.7	294.9	959.5
	Total Income	16,857.1	15,311.0	13,420.3	65,271.3
2	Expenses				
	(a) Cost of materials consumed	3,639.7	4,183.3	4,233.8	15,672.3
	(b) Purchases of stock-in-trade	3,332.3	2,510.6	2,466.2	10,358.9
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(311.2)	(533.6)	(1,076.1)	(902.2)
	(d) Employee benefits expense	3,394.5	2,986.8	2,737.9	11,916.4
	(e) Finance costs	162.6	104.4	125.6	553.3
	(f) Depreciation and amortisation expense	424.5	403.3	306.3	1,430.3
	(g) Other expenses	4,497.0	4,847.7	3,819.9	16,982.5
	Total Expenses	15,139.4	14,502.5	12,613.6	56,011.5
3	Profit before exceptional item and tax (1) - (2)	1,717.7	808.5	806.7	9,259.8
4	Exceptional item	-	-	-	-
5	Profit before tax (3) - (4)	1,717.7	808.5	806.7	9,259.8
6	Tax expense / (Credit)				
	Current tax	395.8	122.2	426.6	2,425.2
	Deferred tax	(50.8)	23.0	(257.7)	450.4
	Total Tax expense	345.0	145.2	168.9	2,875.6
7	Profit for the period (5) - (6)	1,372.7	663.3	637.8	6,384.2
8	Other Comprehensive Income (net of tax)				
	Items that will not be reclassified to profit or loss	10.9	(117.7)	(4.5)	(105.4)
	Income tax relating to items that will not be reclassified to profit or loss	(3.6)	41.3	1.5	37.1
	Items that will be reclassified to profit or loss	279.5	53.2	(59.2)	(121.3)
	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Total other Comprehensive Income (net of tax)	286.8	(23.2)	(62.2)	(189.6)
9	Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8)	1,659.5	640.1	575.6	6,194.6
10	Profit attributable to				
	a) Owners of the Company	1,361.5	670.8	715.6	6,309.4
	b) Non-Controlling Interest	11.2	(7.5)	(77.8)	74.8
11	Other Comprehensive Income attributable to				
	a) Owners of the Company	284.5	(24.3)	(62.7)	(190.7)
	b) Non-Controlling Interest	2.3	1.1	0.5	1.1
12	Total Comprehensive Income attributable to				
	a) Owners of the Company	1,646.0	646.5	652.9	6,118.7
	b) Non-Controlling Interest	13.5	(6.4)	(77.3)	75.9
13	Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1
14	Other equity				48,398.6
15	Earnings Per Share of ₹2 each (not annualised for quarters)				
	(a) ₹ (Basic)	11.39	5.61	5.99	52.77
	(b) ₹ (Diluted)	11.39	5.61	5.99	52.77

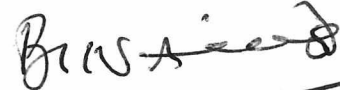
B. N. A. Singh

Notes :

- 1 The above unaudited financial results of the Company were reviewed and recommended by the Audit Committee on 9 August 2018 and subsequently approved by the Board of Directors at its meeting held on 10 August 2018. The figures for the quarter ended 30 June 2018 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion on the financial results for three months ended 30 June 2018. The figures for the quarter ended 31 March 2018 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures upto nine months ended 31 December 2017, which were subjected to limited review.
- 2 The Group operates in one reportable business segment i.e. "Pharmaceuticals".
- 3 Post implementation of Goods and Service Tax ("GST") with effect from 1 July 2017, Revenue from operations is disclosed net of GST. Revenue from operations for the period prior to 1 July 2017 included excise duty which is now subsumed under GST. Accordingly, revenue from operations for the quarter ended 30 June 2018 are not strictly comparable with those of the previous corresponding period presented.
- 4 During the quarter ended 30 June 2018, the Company's wholly owned subsidiary Alkem Laboratories (NIG) Limited, Nigeria has been liquidated with effect from 6 May 2018.
- 5 Previous periods' figures have been regrouped/reclassified, where necessary, to make them comparable with the figures for the current period.

Place: Mumbai
Dated: 10 August 2018

By Order of the Board
For Alkem Laboratories Limited



B.N. Singh
Executive Chairman
DIN: 00760310

B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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Fax +91 (22) 4345 5399

Review report

To Board of Directors of Alkem Laboratories Limited

We have reviewed the accompanying statement of unaudited standalone financial results ('the Statement') of Alkem Laboratories Limited ('the Company') for the quarter ended 30 June 2018 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the 3 months ended 31 March 2018 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Sadashiv Shetty

Partner

Membership No: 048648

Mumbai
10 August 2018

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CIN No.:L00305MH1973PLC174201

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Website : www.alkemlabs.com, Email Id : investors@alkem.com

Statement of Unaudited Standalone Financial Results for the Quarter ended 30 June 2018

(₹ in Million except per share data)

	Particulars	Quarter ended		Year ended	
		30.06.2018 Unaudited	31.03.2018 Audited	30.06.2017 Unaudited	31.03.2018 Audited
1	Income				
	(a) Revenue from Operations	12,803.6	11,652.7	11,444.5	53,002.6
	(b) Other Income	89.7	149.0	237.7	816.6
	Total Income	12,893.3	11,801.7	11,682.2	53,819.2
2	Expenses				
	(a) Cost of materials consumed	3,037.0	3,530.2	3,768.3	13,276.9
	(b) Purchases of stock-in-trade	1,896.3	2,338.3	1,840.3	8,389.5
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	11.2	(1,078.4)	(592.0)	(914.2)
	(d) Employee benefits expense	2,427.6	2,195.5	1,967.0	8,616.3
	(e) Finance costs	104.2	63.6	75.3	323.7
	(f) Depreciation and amortisation expense	316.1	301.8	234.2	1,076.5
	(g) Other expenses	3,524.7	3,814.2	2,946.6	13,707.6
	Total Expenses	11,317.1	11,165.2	10,239.7	44,476.3
3	Profit before exceptional item and tax (1) - (2)	1,576.2	636.5	1,442.5	9,342.9
4	Exceptional item	-	-	-	-
5	Profit before tax (3) - (4)	1,576.2	636.5	1,442.5	9,342.9
6	Tax expense / (Credit)				
	Current tax	340.0	(12.1)	299.0	2,016.6
	Deferred tax	(58.7)	48.7	22.3	167.9
	Total Tax expense	281.3	36.6	321.3	2,184.5
7	Profit for the period after tax (5 - 6)	1,294.9	599.9	1,121.2	7,158.4
8	Other Comprehensive Income (net of tax)				
	Items that will not be reclassified to profit or loss	3.1	(92.5)	(6.2)	(111.1)
	Income tax relating to items that will not be reclassified to profit or loss	(1.1)	32.0	2.1	38.4
	Items that will be reclassified to profit or loss	-	-	-	-
	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Total Other Comprehensive Income (net of tax)	2.0	(60.5)	(4.1)	(72.7)
9	Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8)	1,296.9	539.4	1,117.1	7,085.7
10	Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1
11	Other equity				48,614.5
12	Earnings Per Share of ₹ 2 each (not annualised for the quarters)				
	(a) ₹ (Basic)	10.83	5.02	9.38	59.87
	(b) ₹ (Diluted)	10.83	5.02	9.38	59.87

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Notes :

- 1 The above unaudited financial results of the Company were reviewed and recommended by the Audit Committee on 9 August 2018 and subsequently approved by the Board of Directors at its meeting held on 10 August 2018. The figures for the quarter ended 30 June 2018 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion on the financial results for three months ended 30 June 2018. The figures for the quarter ended 31 March 2018 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures upto nine months ended 31 December 2017, which were subjected to limited review.
- 2 The Company operates in one reportable business segment i.e. "Pharmaceuticals".
- 3 Post implementation of Goods and Service Tax ("GST") with effect from 1 July 2017, Revenue from operations is disclosed net of GST. Revenue from operations for the period prior to 1 July 2017 included excise duty which is now subsumed under GST. Accordingly, revenue from operations for the quarter ended 30 June 2018 are not strictly comparable with those of the previous corresponding period presented.
- 4 Previous periods' figures have been regrouped/reclassified, where necessary, to make them comparable with the figures for the current period.

By Order of the Board
For Alkem Laboratories Limited



B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Dated: 10 August 2018



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10th August, 2018

The Corporate Relationship Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i>	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. <i>Scrip Symbol: ALKEM</i>
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Dear Sirs,

Sub: Press Release and Analyst Presentation on Q1FY19 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q1FY19 earnings and business updates and the same will be uploaded on the website of the Company.

Kindly take note of the same.

Sincerely,
For **Alkem Laboratories Limited**


Manish Narang
President - Legal, Company Secretary & Compliance Officer

Encl.: a/a



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Press Release

Alkem reports Q1FY19 Results

Mumbai, August 10, 2018: Alkem Labs Ltd (Alkem) today announced its consolidated financial results for the quarter ending June 30, 2018. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key financial highlights of Q1FY19

- Revenue from Operations was Rs.16,695 million, year-on-year growth of 27.2%
 - India sales were Rs.10,906 million, year-on-year growth of 25.7%
 - International sales were Rs.5,479 million, year-on-year growth of 35.1%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.2,142 million, resulting in EBITDA margin of 12.8% vs. 7.2% in Q1FY18. EBITDA grew by 127.0% YoY
- R&D expenses for the quarter was Rs.986 million, or 5.9% of revenue from operations compared to Rs.701 million in Q1FY18 at 5.3% of revenue from operations
- Profit Before Tax (PBT) was Rs.1,718 million, a growth of 112.9% compared to Q1FY18
- Net Profit (after Minority Interest) was Rs.1,362 million, year-on-year growth of 90.3%

In order to streamline its distribution process, the Company has made changes in its distribution policy due to which some portion of its India sales got deferred from Q1FY19 to Q2FY19. Adjusting for this change in distribution policy, the India sales would have reported a higher growth rate, leading to higher growth in the revenue from operations and better EBITDA margin in Q1FY19.

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "Financial year 2019 has started on a positive note with our Q1FY19 revenues growing at a healthy pace and Daman facility receiving an EIR from the US FDA. Both our key markets of India and the US reported robust growth driven by strong brands, effective sales and marketing strategies and new product launches. In order to continue with our growth momentum going forward in this rapidly evolving global pharmaceutical landscape, we have made significant investments in our infrastructure, capabilities and our people over the last two years. We are looking forward to leverage these investments to deliver a sustainable and a profitable growth going ahead."

Operational Highlights

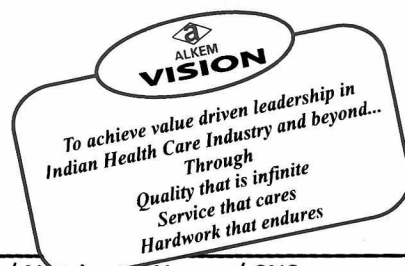
India Business

In Q1FY19, the Company's India sales grew by 25.7% YoY, recording a sales of Rs.10,906 million as compared to Rs.8,675 million in Q1FY18. Adjusting for the change in distribution policy, the India sales growth was even higher.

As per IQVIA MAT June 2018, during the quarter, the Company registered value growth of 14.2% YoY, outperforming the Indian Pharmaceutical Market (IPM) growth of 10.6% YoY. In most of the large

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therapy segments like Anti-infectives, Gastro Intestinal, Vitamins / Minerals / Nutrients, Neuro / CNS, Cardiac and Anti-diabetes, the Company grew significantly ahead of the segment growth rate, thereby gaining market share and improving its market ranking. This was a result of its strong brands, effective sales and marketing strategies, robust supply chain and distribution network and contribution from new product launches. Over the last two years, the Company has also added about 2,000 medical representatives to its field force in order to expand its reach in the India pharma market and enter newer therapy segments.

The performance highlights in the key therapeutic segments in Q1FY19 is as shown in the table below:

Key Therapy segment	Q1FY19			
	Alkem Rank	YoY change in Rank*	YoY growth (Alkem)	YoY growth (IPM)
Anti-infectives	1	Unchanged	15.2%	6.5%
Gastro Intestinal	3	Unchanged	16.1%	8.3%
Pain / Analgesics	3	Unchanged	3.9%	7.6%
Vitamins / Minerals / Nutrients	4	+1	16.4%	11.7%
Neuro / CNS	8	+1	16.7%	8.1%
Derma	16	+1	16.9%	14.9%
Cardiac	26	+2	21.8%	10.4%
Anti-Diabetic	23	+2	29.2%	13.7%
Total	6	+1	14.2%	10.6%

*Positive change in rank reflects improvement over same period previous year

Source: IQVIA MAT June 2018

International Business

In Q1FY19, the Company's International sales grew by 35.1% YoY, recording sales of Rs.5,479 million as compared to Rs.4,057 million in Q1FY18.

- **US sales** for the quarter was Rs.4,237 million, recording a year-on-year growth of 43.1%.
- **Other International Markets sales** for the quarter was Rs.1,242 million, recording a year-on-year growth of 13.4%.

R&D Investments

Company's revenue R&D expenses for the quarter was Rs.986 million, or 5.9% of revenue from operations.

During the quarter, the Company filed 4 abbreviated new drug applications (ANDAs) with the US FDA and received 2 approvals (including 1 tentative approval).

As on June 30, 2018, the Company has filed a total of 110 ANDAs and 1 new drug application (NDA) with the US FDA of which 49 are Para IV filings including first-to-files (FTFs). Of these, it has received approvals for 51 ANDAs (including 7 tentative approvals) and 1 NDA.



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Q1FY19 Conference Call at 5:00pm IST, August 10, 2018

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, August 10, 2018 from 5:00 pm to 6:00 pm IST to discuss its Q1FY19 financial results.

Alkem Laboratories Ltd. will be represented on the call by Mr. Sandeep Singh, Managing Director and the senior management team.

Motilal Oswal Securities will host the call.

Details of the conference call are as under:

Time: 5:00 pm to 6:00 pm IST (GMT + 5:30) on Friday, August 10, 2018.

Dial in Details:

India : +91 22 6280 1149 / +91 22 7115 8050

International Toll Free

USA : 1 866 746 2133
UK : 0 808 101 1573
Singapore : 800 101 2045
Hong Kong : 800 964 448

You are requested to dial in 10 mins ahead of the scheduled start time. A transcript of this conference call will also be available on our website www.alkemlabs.com

About Alkem Laboratories Ltd.

Established in 1973 and headquartered in Mumbai, Alkem (NSE: ALKEM, BSE: 539523, Bloomberg: ALKEM.IN, Reuters: ALKE.NS) is a leading Indian pharmaceutical company with global operations, engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products. The Company produces branded generics, generic drugs, active pharmaceutical ingredients (APIs) and nutraceuticals, which it markets in India and International markets. With a portfolio of more than 750 brands in India, Alkem is ranked the sixth largest pharmaceutical company in India in terms of domestic sales (Source: IQVIA TSA MAT March 2018). The Company also has presence in more than 50 international markets, with the United States being its key focus market.

For more information on Alkem Laboratories Ltd., please visit www.alkemlabs.com

For further information or queries please contact

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ALKEM LABORATORIES LIMITED

Investor Presentation Q1FY19 – August 10, 2018

Safe Harbor Statement

This presentation contains forward-looking statements and information that involve risks, uncertainties and assumptions. Forward-looking statements are all statements that concern plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact, including, but not limited to, those that are identified by the use of words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “predicts”, “projects” and similar expressions. Risks and uncertainties that could affect us include, without limitation:

- General economic and business conditions in India and other key global markets in which we operate;
- The ability to successfully implement our strategy, our research and development efforts, growth & expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Governments in our key global markets;
- Changes in laws and regulations that apply to our customers, suppliers, and the pharmaceutical industry;
- Increasing competition in and the conditions of our customers, suppliers and the pharmaceutical industry; and
- Changes in political conditions in India and in our key global markets.

Should one or more of such risks and uncertainties materialize, or should any underlying assumption prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements.

Any forward-looking statement or information contained in this presentation speaks only as of the date of the statement. We are not required to update any such statement or information to either reflect events or circumstances that occur after the date the statement or information is made or to account for unanticipated events, unless it is required by Law.

Key Highlights of Q1FY19

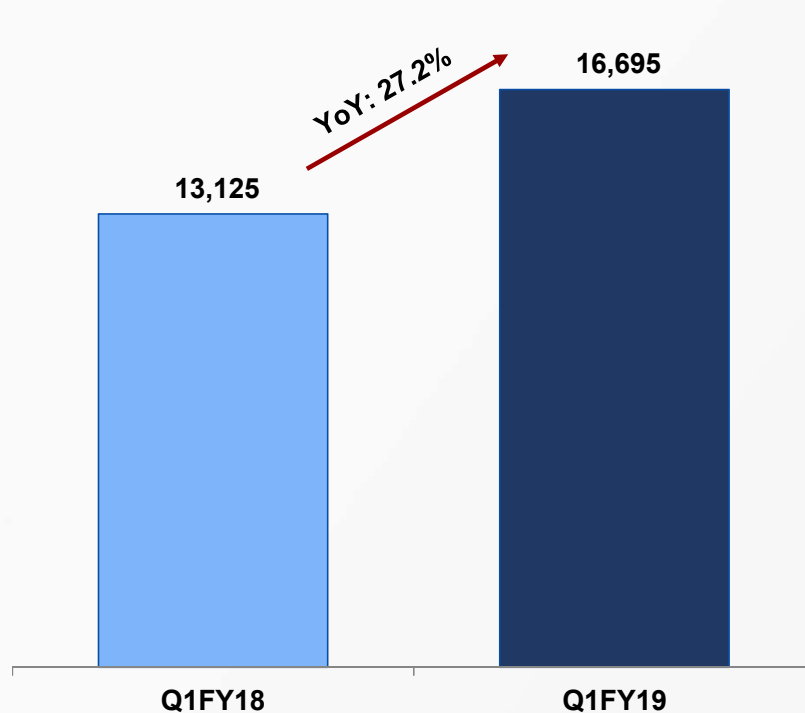
A positive start to the financial year 2019

- **India Business:** In Q1FY19, India sales grew by 25.7% YoY. Adjusting for the change in distribution policy, the growth was even higher. India sales were impacted in Q1FY18 on account of GST rollout
 - The Company outperformed the IPM with growth of 14.2% compared to IPM growth of 10.6% (Source: IQVIA data)
- **International Business:** Company's International Business comprising of the US and select international markets registered a robust growth of 35.1% YoY for the quarter ended June 30, 2018
- **US Business** grew by 43.1% YoY, driven by new product launches and market share gain in existing products
- **R&D** – Company's R&D expenses increased by 40.7% YoY and was at 5.9% of revenue from operations. The Company filed 4 ANDAs with the US FDA during the quarter
- **Received 2 ANDA approvals from the US FDA** during the quarter including one tentative approval
- **Update on the US FDA inspection at Daman:** The Company received an EIR from the US FDA for its Daman facility in July 2018, thereby successfully closing the inspection

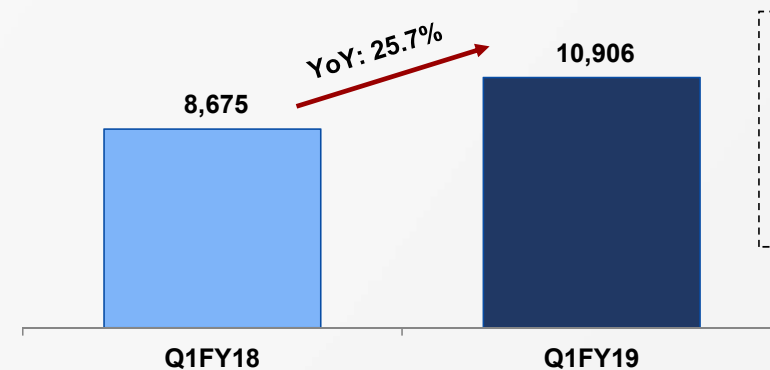
Key Financial Highlights – Q1FY19 (Consolidated)

All figures in Rs mn

Revenue from Operations

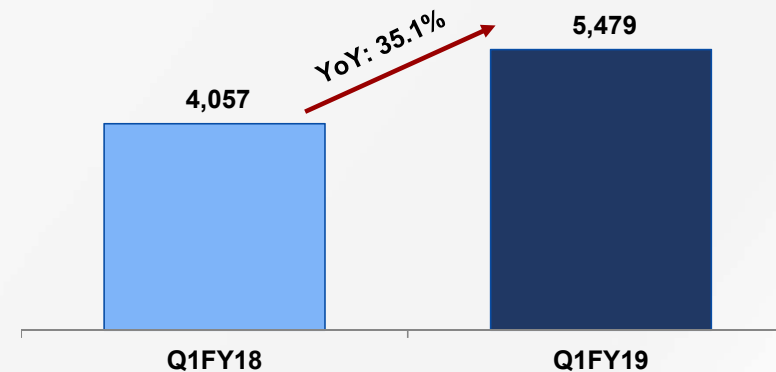


India sales



Adjusting for the change in distribution policy, YoY growth in Q1FY19 was even higher

International sales

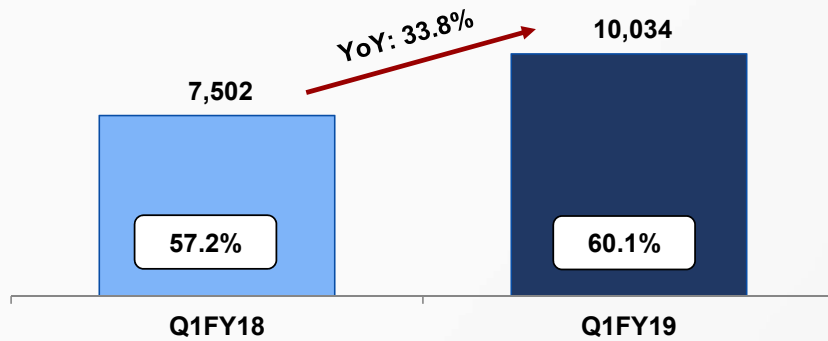


Notes: Post implementation of GST with effect from July 1, 2017, revenue from operations is disclosed net of GST. Revenue from operations for earlier periods includes excise duty. Accordingly, revenue from operations for the quarter ended June 30, 2018 is not strictly comparable with that of quarter ended June 30, 2017.

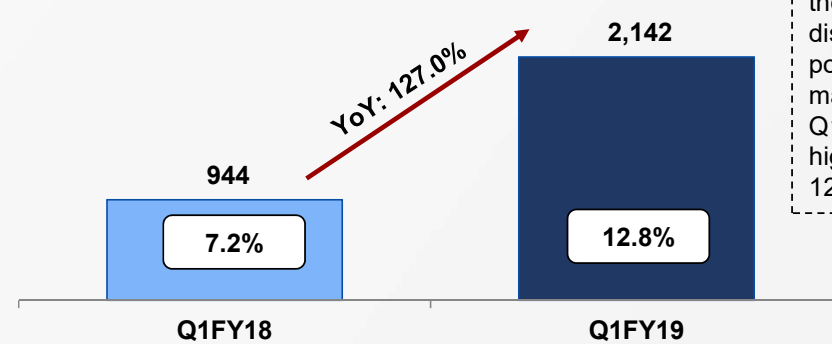
Key Financial Highlights – Q1FY19 (Consolidated)

All figures in Rs mn

Gross Profit and Gross Margin

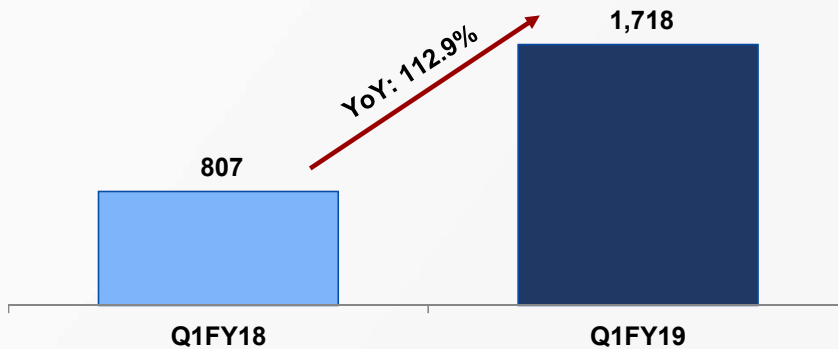


EBITDA and EBITDA Margin

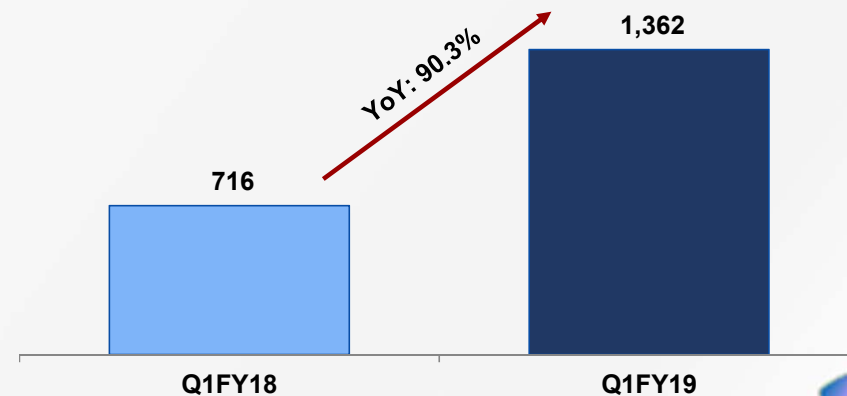


Adjusting for the change in distribution policy, EBITDA margin in Q1FY19 was higher than 12.8%

PBT (before Minority Interest)



PAT (after Minority Interest)

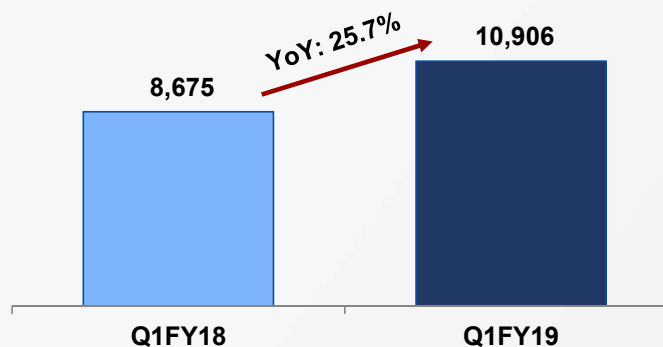


India Business

India Business: Q1FY19 Sales of Rs.10,906 million (25.7% growth YoY)

- India sales contributed 66.6% to total sales in Q1FY19
- Adjusting for the change in distribution policy, YoY growth during the quarter was even higher
- The Company has added about 2,000 MRs in the last two years as it entered new therapy segments and expanded its reach in the India Pharmaceutical Market (IPM). Its current field force strength is 8,000+ MRs
- For the quarter ended June 30, 2018, the Company continues to feature among the top 5 companies in the acute therapy areas of Anti-infectives, Gastro-intestinal, Pain / Analgesic and Vitamins / Minerals / Nutrients (Source: IQVIA data)
- The Company continued its strong growth performance in the chronic therapy areas of Cardiac, Anti-diabetes, Neuro / CNS and Derma, thereby improving its market share and rankings. The Company currently ranks as the 8th largest company in the CNS / Neuro segment for the quarter ended June 30, 2018 (Source: IQVIA data)

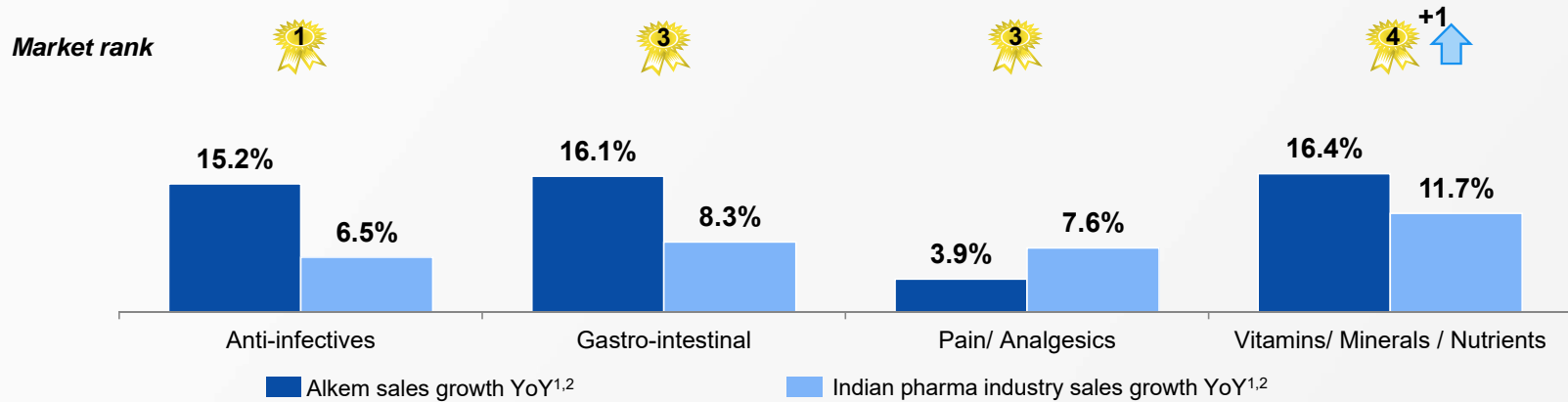
Q1FY19 – India Sales (Rs mn)



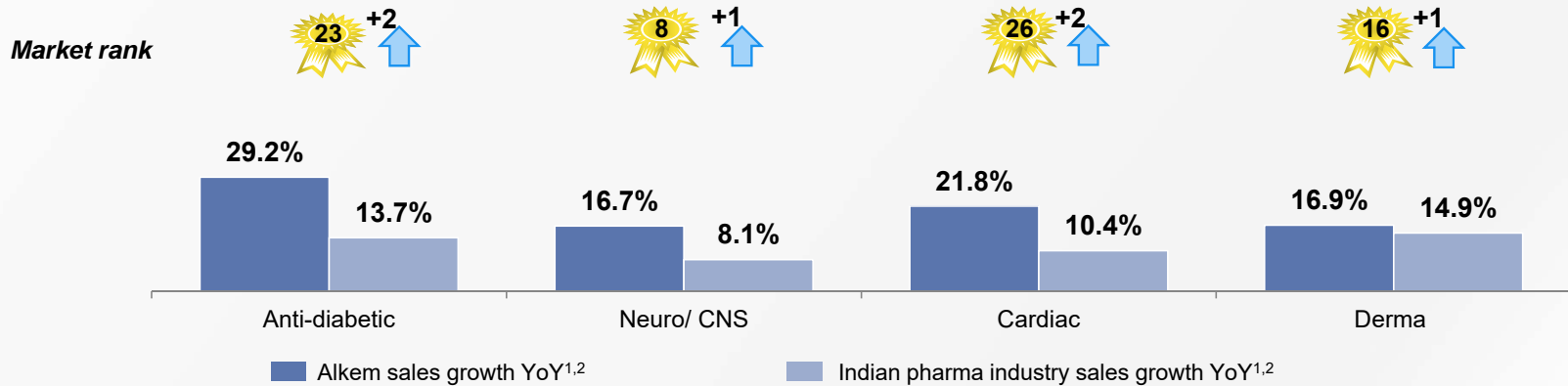
India Business – Secondary Sales Performance

Outperformance across all the major therapeutic areas in Q1FY19

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem



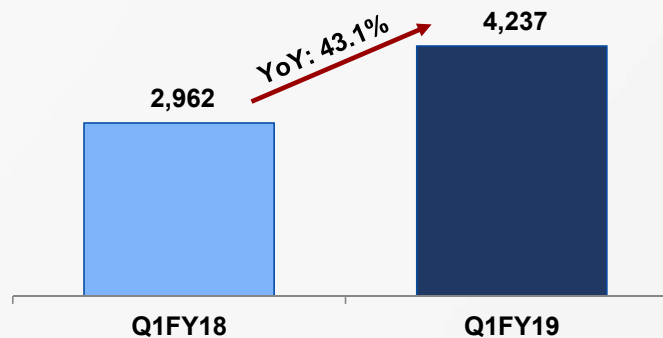
Source: IQVIA data ¹ Domestic formulations sales; ² For 3 months ended June 30, 2018

US Business

US Business: Q1FY19 Sales of Rs.4,237 million (43.1% growth YoY)

- US sales contributed 25.9% to total sales in Q1FY19
- Growth in the US business was driven by combination of new product launches and market share gains in the existing products
- In Q1FY19, the Company filed 4 ANDAs with the US FDA and received 2 approvals (including 1 tentative approval)
- As on June 30, 2018, the Company has filed a total of 111 ANDAs (including 1 NDA) with the US FDA and has received 52 approvals (including 7 tentative approvals and 1 NDA)
- **Status of the US FDA inspection at Daman:** In the month of July 2018, the Company received an EIR from the US FDA for its Daman plant which was inspected in March 2018, thereby successfully closing the inspection

Q1FY19 – US Sales (Rs mn)

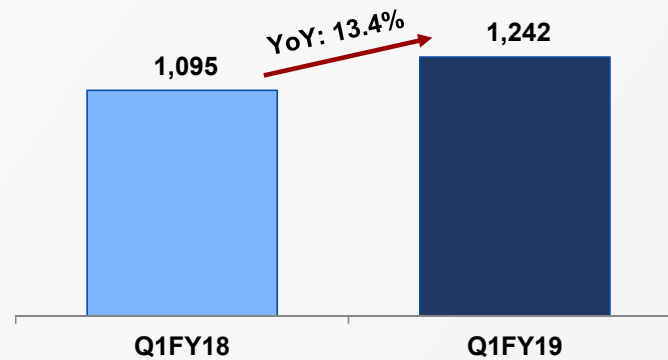


Other International Business

Other International Business: Q1FY19 Sales of Rs.1,242 million (13.4% growth YoY)

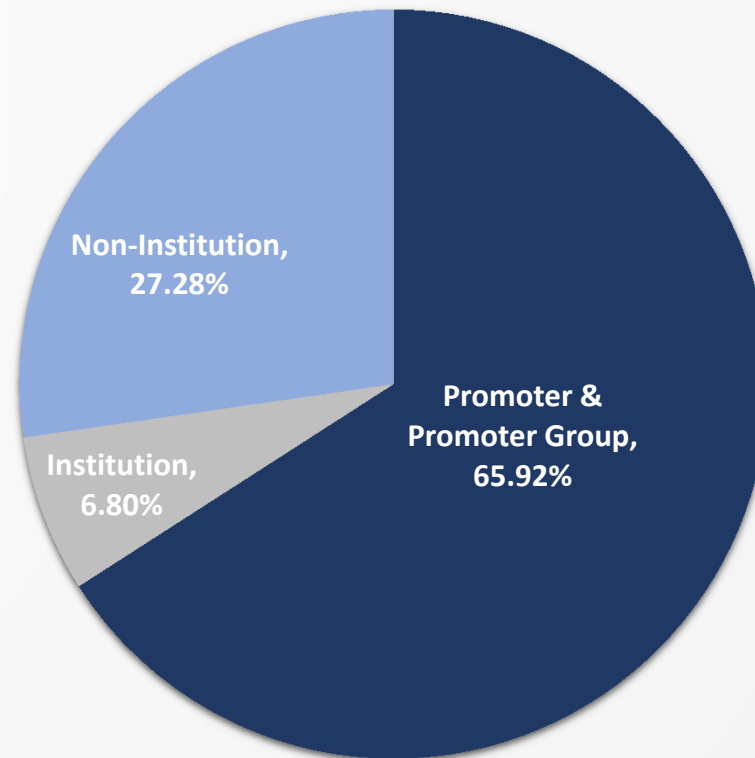
- Other International Market sales contributed 7.6% to total sales in Q1FY19
- Company's key markets including Australia and Chile recorded healthy growth for the quarter ending June 30, 2018

Q1FY19 – Other International Sales
(Rs mn)



Latest Shareholding Pattern

Shareholding pattern as on June 30, 2018



Institution – Mutual Funds, Alternate Investment Funds, Foreign Portfolio Investors, Financial Institutions / Banks

Non-Institution – Public, Other Bodies Corporates, Clearing Members, Non Resident Indians, Hindu Undivided Family and Trusts

Thank You