

B S R & 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 standalone financial results ('the Statement') of Alkem Laboratories Limited ('the Company') for the quarter and six months ended 30 September 2016 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the corresponding quarter and six months ended 30 September 2015 including the reconciliation of profit under Indian Accounting Standards (Ind AS) of the corresponding quarter and six months with net profit under previous GAAP, as reported in these financial results have been approved by Company's Board of Directors but have not been subjected to review or 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 these financial results 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', issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements 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 read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July, 2016 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
11 November 2016

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 Standalone Financial Results for the Quarter and Six Months ended 30 September 2016

(₹ in Million except per share data)

Particulars	Quarter ended			Six Month ended	
	30.09.2016 Unaudited	30.06.2016 Unaudited	30.09.2015 Unaudited	30.09.2016 Unaudited	30.09.2015 Unaudited
1 Income from Operations					
(a) Sales / Income from Operations (inclusive of Excise Duty)	13,056.8	11,570.0	11,044.6	24,626.8	20,591.2
(b) Other Operating Income	215.4	178.7	173.2	394.1	286.3
Total Income from Operations (inclusive of Excise Duty)	13,272.2	11,748.7	11,217.8	25,020.9	20,877.5
2 Expenses					
(a) Cost of materials consumed	3,152.4	3,019.8	2,327.2	6,172.2	5,003.8
(b) Purchases of stock-in-trade	2,031.3	1,776.4	1,703.7	3,807.7	3,351.3
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	43.1	(183.8)	479.7	(140.7)	(42.8)
(d) Employee benefits expense	2,016.8	1,885.7	1,844.8	3,902.5	3,595.9
(e) Depreciation and amortisation expense	192.8	175.2	206.5	368.0	376.6
(f) Other expenses	3,022.8	2,775.6	2,467.8	5,798.4	4,922.0
Total Expenses	10,459.2	9,448.9	9,029.7	19,908.1	17,206.8
3 Profit from Operations before Other Income, Finance Costs and Exceptional Item (1-2)	2,813.0	2,299.8	2,188.1	5,112.8	3,670.7
4 Other Income	306.9	328.2	558.9	635.1	963.3
5 Profit from ordinary activities before Finance Costs and Exceptional Item (3+4)	3,119.9	2,628.0	2,747.0	5,747.9	4,634.0
6 Finance costs	69.3	54.0	165.0	123.3	361.4
7 Profit from ordinary activities after Finance Costs but before Exceptional Item (5+6)	3,050.6	2,574.0	2,582.0	5,624.6	4,272.6
8 Exceptional item	-	-	-	-	-
9 Profit from ordinary activities before tax (7+8)	3,050.6	2,574.0	2,582.0	5,624.6	4,272.6
10 Tax expense / (Credit)	99.2	59.2	97.4	158.4	71.3
11 Net Profit for the period from ordinary activities after tax (9 + 10)	2,951.4	2,514.8	2,484.6	5,466.2	4,201.3
12 Extraordinary items (net of tax expense)	-	-	-	-	-
13 Net Profit for the period (11+12)	2,951.4	2,514.8	2,484.6	5,466.2	4,201.3
14 Other Comprehensive Income (net of tax)	(8.3)	(34.3)	(0.7)	(42.6)	(1.3)
15 Total Comprehensive Income (after tax) (13 + 14)	2,943.1	2,480.5	2,483.9	5,423.6	4,200.0
16 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1	239.1
17 Earnings Per Share of ₹ 2 each (not annualised)					
(a) ₹ (Basic)	24.68	21.03	20.78	45.72	35.14
(b) ₹ (Diluted)	24.68	21.03	20.78	45.72	35.14

Basudeo Narain Singh

Statement of Assets and Liabilities As at 30 September 2016

(₹ in Million)

Particulars	As at 30 September 2016 Unaudited
I. ASSETS	
1 Non-current assets	
(a) Property, plant and equipment	8,924.1
(b) Capital work-in-progress	1,877.5
(c) Other Intangible assets	249.1
(d) Financial Assets	
(i) Investments	11,204.9
(ii) Loans	474.5
(iii) Others financial assets	1,466.6
(e) Deferred tax assets (net)	6,086.5
(f) Other non-current assets	1,414.2
Sub total - Non-current assets	31,697.4
2 Current assets	
(a) Inventories	6,062.0
(b) Financial Assets	
(i) Investments	3,544.5
(ii) Trade receivables	6,576.7
(iii) Cash and cash equivalents	41.8
(iv) Bank balances other than (iii) above	5,333.3
(v) Loans	108.9
(vi) Others financial assets	709.9
(c) Other current assets	1,896.1
Sub total - Current assets	24,273.2
TOTAL ASSETS	55,970.6
II. EQUITY AND LIABILITIES	
1 Equity	
(a) Equity share capital	239.1
(b) Other Equity	41,179.7
Sub total- Shareholders' Funds	41,418.8
2 Non-current liabilities	
(a) Provisions	860.3
(b) Deferred tax liabilities (Net)	970.4
(c) Other non-current liabilities	24.3
Sub total- Non-Current liabilities	1,855.0
3 Current liabilities	
(a) Financial Liabilities	
(i) Borrowings	4,200.0
(ii) Trade payables	4,117.5
(iii) Other financial liabilities	2,269.5
(b) Other current liabilities	710.9
(c) Provisions	1,006.1
(d) Current tax Liabilities (Net)	392.8
Sub total - Current liabilities	12,696.8
TOTAL EQUITY AND LIABILITIES	55,970.6

Basudeo Varan Singh

Notes :

- 1 The above unaudited standalone financial results of the Company were reviewed and recommended by the Audit Committee on 10 November 2016 and subsequently approved by the Board of Directors at its meeting held on 11 November 2016. The figures for the quarter and six months ended 30 September 2016 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion on the limited review report for the quarter and six months ended 30 September 2016.
- 2 Beginning 1 April 2016, the Company has for the first time adopted Indian Accounting Standard (Ind AS) with a transition date of 1 April 2015. Accordingly, these financial results have been prepared in compliance with Ind AS as notified by the Ministry of Corporate Affairs and prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting pronouncements generally accepted in India.
- 3 The figures and the reconciliation for the corresponding quarter and six months ended 30 September 2015 are not subjected to limited review by the auditors. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs in accordance with Ind AS.
- 4 During the quarter ended 30 September 2015, the Company had sold brands and trademarks relating to its In Vitro Fertilisation (IVF) formulations for a total consideration of ₹ 205 million. The same is disclosed under 'Other income' in the results for the quarter and six months ended 30 September 2015.
- 5 The Company's management, pursuant to Ind AS 108 - Operating Segments, has concluded that the Company has only one reportable segment which is Pharmaceuticals. Accordingly, no separate disclosures of segment information have been made.
- 6 During the quarter ended 30 September 2016, the Company has made further investment of ₹ 250 million in equity shares of Cachet Pharmaceuticals Private Limited, a subsidiary of the Company, resulting into increase of the Company's stake in the subsidiary from 51.0% to 58.8%.
- 7 The Board of Directors in its meeting held on 11 November 2016 have declared an interim dividend of ₹ 6 (Rupees six only) per equity share of the face value of ₹ 2 each (300%).
- 8 Reconciliation between financial results under previous Indian GAAP and Ind AS is as under:

(₹ in Million)

Particulars	Profit Reconciliation	
	Quarter Ended	Six Month Ended
	30.09.2015 Unaudited	30.09.2015 Unaudited
Net Profit (after tax) under previous Indian GAAP	2,477.8	4,108.5
Add/ (less) : Adjustments for GAAP Differences		
Net (loss)/gain arising on fair value accounting of financial assets	(1.5)	66.5
Net Actuarial loss on employee defined benefit plan reclassified to other comprehensive income	1.0	1.9
Restatement of provision for compensated absences	-	51.5
Others	10.4	14.4
Deferred Tax on above adjustments	(3.1)	(41.5)
Net Profit before Other Comprehensive Income as per Ind AS	2,484.6	4,201.3

- 9 Previous periods' figures have been regrouped/reclassified wherever required, to make them comparable with the figures for the current periods.

By Order of the Board
For Alkem Laboratories Limited

B.N. Singh

B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Dated: 11 November 2016

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 (the Company and its subsidiaries constitute 'the Group') for the quarter and six months ended 30 September 2016 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the corresponding quarter and six months ended 30 September 2015 including the reconciliation of profit under Indian Accounting Standards (Ind AS) of the corresponding quarter and six months with net profit under previous GAAP, as reported in these financial results have been approved by Company's Board of Directors but have not been subjected to review or 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 these results 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', issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements 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 interim financial results of two subsidiaries included in the unaudited consolidated financial results, whose interim financial results reflect total revenues of Rs. 2,014.8 million and Rs. 3,519.1 million for the quarter and six months ended 30 September 2016 respectively and total profit after tax of Rs 63.6 million and Rs. 127.9 million for the quarter and six months ended 30 September 2016 respectively, as considered in the unaudited consolidated financial results. These financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

The unaudited consolidated financial results includes the interim financial results of fourteen subsidiaries which have not been subjected to limited review by their auditors and have been presented based on the financial information compiled by the Company's management. Interim financial results of these subsidiaries reflect total revenues of Rs. 720.8 million and Rs. 1,481.0 million for the quarter and six months ended 30 September 2016 respectively and total loss after tax of Rs 247.4 million and Rs. 640.0 million for the quarter and six months ended 30 September 2016 respectively, as considered in the unaudited consolidated financial results.



Review report (*Continued*)

Alkem Laboratories Limited

Based on our review conducted as above and based on the consideration of the reports of other auditors as highlighted 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 read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July, 2016 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 Registration No. 101248W/W-100022



Sadashiv Shetty

Partner

Membership No: 048648

Mumbai

11 November 2016

Alkem Laboratories Limited

Annexure I to the Review report

1. List of Subsidiaries

Sr. No.	Name of Subsidiaries
1.	ThePharmaNetwork, LLC, USA
2.	S & B Pharma Inc., USA
3.	Alkem Laboratories (NIG) Limited, Nigeria
4.	Pharmacor Pty Limited, Australia
5.	Alkem Laboratories (PTY) Ltd, South Africa
6.	Enzene Biosciences Limited, India
7.	Cachet Pharmaceuticals Private Limited, India
8.	Indchemie Health Specialities Private Limited, India
9.	Alkem Laboratories Corporation, Philippines
10.	Alkem Pharma GmbH, Germany
11.	S & B Holdings B.V., Netherlands
12.	Ascends Laboratories SDN BHD., Malaysia
13.	Ascends Laboratories SpA, Chile
14.	Alkem Laboratories Korea Inc, Korea
15.	Pharmacor Ltd., Kenya
16.	The PharmaNetwork, LLP, Kazakhstan
17.	Ascend Laboratories (UK) Ltd., UK



ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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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 and Six months ended 30 September 2016

(₹ in Million except per share data)

Particulars	Quarter ended			Six Month ended	
	30.09.2016 Unaudited	30.06.2016 Unaudited	30.09.2015 Unaudited	30.09.2016 Unaudited	30.09.2015 Unaudited
1 Income from Operations					
(a) Sales / Income from Operations (Inclusive of Excise Duty)	16,150.1	14,623.4	13,618.8	30,773.5	25,799.6
(b) Other Operating Income	233.3	185.0	200.7	418.3	315.8
Total Income from Operations (Inclusive of Excise Duty)	16,383.4	14,808.4	13,819.5	31,191.8	26,115.4
2 Expenses					
(a) Cost of materials consumed	3,685.5	3,411.8	2,751.1	7,097.3	6,004.3
(b) Purchases of stock-in-trade	2,942.5	3,176.4	2,463.6	6,118.9	5,026.8
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(214.3)	(799.4)	278.8	(1,013.7)	(792.7)
(d) Employee benefits expense	2,760.1	2,540.6	2,398.4	5,300.7	4,680.6
(e) Depreciation and amortisation expense	254.8	229.5	259.2	484.3	465.3
(f) Other expenses	4,104.9	3,768.0	3,373.2	7,672.9	6,579.9
Total Expenses	13,533.5	12,326.9	11,524.3	26,860.4	21,964.2
Profit from Operations before Other Income, Finance Costs and Exceptional Item (1-2)	2,849.9	2,481.5	2,295.2	5,331.4	4,151.2
3 Other Income	339.3	280.7	704.3	620.0	1,179.7
Profit from ordinary activities before Finance Costs and Exceptional Item (3+4)	3,189.2	2,762.2	2,999.5	5,951.4	5,330.9
5 Finance costs	120.3	99.6	202.6	219.9	427.2
Profit from ordinary activities after Finance Costs but before Exceptional Item (5+6)	3,068.9	2,662.6	2,796.9	5,731.5	4,903.7
8 Exceptional item	-	-	-	-	-
9 Profit from ordinary activities before tax (7+8)	3,068.9	2,662.6	2,796.9	5,731.5	4,903.7
10 Tax expense / (Credit)	167.4	229.6	81.2	417.0	149.3
11 Net Profit for the period from ordinary activities after tax (9 + 10)	2,881.5	2,433.0	2,715.7	5,314.5	4,754.4
12 Extraordinary Items (net of tax expense)	-	-	-	-	-
13 Net Profit for the period (11+12)	2,881.5	2,433.0	2,715.7	5,314.5	4,754.4
14 Minority Interest	(53.2)	(45.1)	(46.5)	(98.3)	(74.2)
15 Net Profit after taxes and minority interest (13+14)	2,828.3	2,387.9	2,669.2	5,216.2	4,680.2
16 Other Comprehensive Income (net of tax)	(62.0)	46.2	117.3	(15.8)	149.3
17 Total Comprehensive Income (after tax) (15 + 16)	2,766.3	2,434.1	2,786.5	5,200.4	4,829.5
18 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1	239.1
19 Earnings Per Share of ₹2 each (not annualised)					
(a) ₹ (Basic)	23.65	19.97	22.32	43.63	39.14
(b) ₹ (Diluted)	23.65	19.97	22.32	43.63	39.14

Basudev Narain Singh

Consolidated Statement of Assets and Liabilities As at 30 September 2016

(₹ in Million)

Particulars	As at 30 September 2016 unaudited
I. ASSETS	
1 Non-current assets	11,145.7
(a) Property, plant and equipment	2,508.0
(b) Capital work-in-progress	3,504.4
(c) Goodwill on consolidation	647.4
(d) Other Intangible assets	
(e) Financial Assets	2,168.0
(i) Investments	101.6
(ii) Loans	2,056.8
(iii) Others financial assets	7,096.9
(f) Deferred tax assets (net)	1,593.0
(g) Other non-current assets	
Sub total - Non-current assets	30,821.8
2 Current assets	9,625.3
(a) Inventories	
(b) Financial Assets	3,557.1
(i) Investments	8,296.9
(ii) Trade receivables	1,405.5
(iii) Cash and cash equivalents	6,696.7
(iv) Bank balances other than (ii) above	212.7
(v) Loans	968.9
(vi) Others financial assets	2,111.6
(c) Other current assets	
Sub total - Current assets	32,874.7
TOTAL ASSETS	63,696.5
II. EQUITY AND LIABILITIES	
1 Equity	239.1
(a) Equity share capital	41,700.4
(b) Other Equity	
Sub total- Shareholders' Funds	41,939.5
2 Non-controlling Interest	1,125.7
3 Non-current liabilities	
(a) Financial Liabilities	1,311.4
(i) Borrowings	39.7
(ii) Other financial liabilities	1,002.7
(b) Provisions	1,015.3
(c) Deferred tax liabilities (Net)	24.3
(d) Other non-current liabilities	
Sub total- Non-Current liabilities	3,393.4
4 Current liabilities	
(a) Financial Liabilities	5,360.8
(i) Borrowings	5,351.1
(ii) Trade payables	3,899.3
(iii) Other financial liabilities	812.1
(b) Other current liabilities	1,213.5
(c) Provisions	601.1
(d) Current tax Liabilities (Net)	
Sub total - Current liabilities	17,237.9
TOTAL EQUITY AND LIABILITIES	63,696.5

Basudeo Narain Singh

Notes :

- The above unaudited consolidated financial results of the Company were reviewed and recommended by the Audit Committee on 10 November 2016 and subsequently approved by the Board of Directors at its meeting held on 11 November 2016. The figures for the quarter and six months ended 30 September 2016 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion on the limited review report for the quarter and six months ended 30 September 2016.
- Beginning 1 April 2016, the Company has for the first time adopted Indian Accounting Standard (Ind AS) with a transition date of 1 April 2015. Accordingly, these financial results have been prepared in compliance with Ind AS as notified by the Ministry of Corporate Affairs and prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting pronouncements generally accepted in India.
- The figures and the reconciliation for the corresponding quarter and six months ended 30 September 2015 are not subjected to limited review by the auditors. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs in accordance with Ind AS.
- During the quarter ended 30 September 2015, the Company had sold brands and trademarks relating to its In Vitro Fertilisation (IVF) formulations for a total consideration of ₹ 205 million. The same is disclosed under 'Other income' in the results for the quarter and six months ended 30 September 2015.
- The Company's management, pursuant to Ind AS 108 - Operating Segments, has concluded that the Company has only one reportable segment which is Pharmaceuticals. Accordingly, no separate disclosures of segment information have been made.
- During the quarter ended 30 September 2016, the Company has made further investment of ₹ 250 million in equity shares of Cachet Pharmaceuticals Private Limited, a subsidiary of the Company, resulting into increase of the Company's stake in the subsidiary from 51.0% to 58.8%.
- The Board of Directors in its meeting held on 11 November 2016 have declared an interim dividend of ₹ 6 (Rupees six only) per equity share of the face value of ₹ 2 each (300%).
- Reconciliation between financial results under previous Indian GAAP and Ind AS is as under:

(₹ in Million)

Particulars	Profit Reconciliation	
	Quarter Ended	Six Month Ended
	30.09.2015 Unaudited	30.09.2015 Unaudited
Net Profit (after tax) and minority interest under previous Indian GAAP	2,469.1	4,274.6
Add/ (less) : Adjustments for GAAP Differences		
Profit on consolidation of Aveune Venture Real Estate Fund where control exists	145.9	242.1
Net gain arising on fair value accounting of financial assets	11.2	8.1
Net Actuarial loss on employee defined benefit plan reclassified to other comprehensive income	4.1	4.2
Restatement of provision for compensated absences	0.0	51.5
Reversal of Goodwill amortised under previous Indian GAAP	18.0	36.1
Others	11.3	19.1
Deferred Tax on above adjustments	(9.5)	(23.3)
Deferred tax on unrealised inventory reserve	19.1	67.8
Net Profit before Other Comprehensive Income as per Ind AS	2,669.2	4,680.2

- Previous periods' figures have been regrouped/reclassified wherever required, to make them comparable with the figures for the current periods.

By Order of the Board
For Alkem Laboratories Limited

Bansdeo Waman Singh

B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Dated: 11 November 2016



ALKEM

ALKEM LABORATORIES LTD.

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



11th November, 2016

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 Q2FY17 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q2FY17 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



ALKEM

ALKEM LABORATORIES LTD.

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



Press Release

Alkem reports Q2FY17 and H1FY17 Results

Mumbai, November 11, 2016: Alkem Labs Ltd (Alkem) today announced its consolidated financial results for the quarter & six months ended September 30, 2016. These results were taken on record by the Board of Directors at a Meeting held in Mumbai today.

Key highlights of Q2FY17 financial performance

- Total Income from Operations was Rs.16,383 million, year-on-year growth of 18.6%
 - India sales were Rs.12,258 million, year-on-year growth of 18.4%
 - International sales were Rs.3,892 million, year-on-year growth of 19.1%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.3,105 million, resulting in EBITDA margin of 18.9% vs. 18.5% in Q2FY16. EBITDA grew by 21.5% YoY
- R&D expenses for the quarter was Rs.650 million, or 4.0% of total operating income compared to Rs.403 million in Q2FY16 at 2.9% of total operating income
- Profit before tax (PBT) was Rs.3,069 million, a growth of 9.7% compared to Q2FY16. Other Income in Q2FY16 included consideration of Rs.205 million from sales of brands and trademarks relating to In Vitro Fertilisation (IVF) formulations
- Net Profit (after Minority Interest) was Rs.2,828 million, year-on-year growth of 6.0%

Key highlights of H1FY17 financial performance

- Total Income from Operations was Rs.31,192 million, year-on-year growth of 19.4%
 - India sales were Rs.23,292 million, year-on-year growth of 20.1%
 - International sales were Rs.7,482 million, year-on-year growth of 16.9%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.5,816 million, resulting in EBITDA margin of 18.6% vs. 17.7% in H1FY16. EBITDA grew by 26.0% YoY
- R&D expenses for H1FY17 was Rs.1,438 million, or 4.6% of total operating income compared to Rs.841 million in H1FY16 at 3.2% of total operating income
- Profit before tax (PBT) was Rs.5,732 million, a growth of 16.9% compared to H1FY16
- Net Profit (after Minority Interest) was Rs.5,216 million, year-on-year growth of 11.5%

Commenting on the results, Prabhat Agrawal, CEO, Alkem said, *"Despite the regulatory headwinds at the start of the financial year in the form of expansion of NLEM list, WPI linked price cuts and downward revision in the ceiling price of some of our key brands, I am pleased that we have delivered a robust growth in our India business largely driven by strong execution of our market strategies. Complementing the performance of our India business, our International business too delivered a healthy growth during the quarter mainly driven by our US business. Our ongoing efforts towards margin improvement also are yielding results as evident from YoY improvement in our Gross and EBITDA margins despite the regulatory price cuts. We look forward to build on this momentum."*

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

**Operational Highlights****Domestic Business**

Our Domestic sales for Q2FY17 grew by 18.4% YoY, recording a sales of Rs.12,258 million as compared to Rs.10,350 million for Q2FY16. For H1FY17, our Domestic sales grew by 20.1% YoY to Rs.23,292 million compared to Rs.19,397 million in H1FY16.

As per IMS TSA MAT September 2016, during the quarter we registered value growth of 22.9% YoY, outperforming the Indian Pharmaceutical Market (IPM) which grew by 14.5% YoY. Also for six months ended September 2016, we grew ahead of IPM with YoY growth of 17.1% compared to IPM growth of 12.0%. The growth was broad based with contribution from all the major therapeutic segments. This performance has been achieved on the backdrop of regulatory price cuts which were initiated at the start of the financial year.

The outperformance during the quarter and six months ending September 2016 was driven by strong performance by our established therapy segments of Anti-Infectives, Gastro Intestinal and Pain / Analgesic. We continued to gain market share through robust volume growth and strong performance by our leading brands. The growth in the Anti-Infective segment was also partly helped by seasonally good monsoons. The growth in our established therapies was well complimented by our emerging therapy segments of Neuro / CNS, Cardiac and Anti-Diabetes, where we grew ahead of the market rate driven by market share acquisition and improving traction with the prescriber base.

The performance highlights of the key therapeutic segments in Q2FY17 and H1FY17 are as shown in the table below:

Key Therapy segment	Q2FY17				H1FY17			
	Alkem Rank	YoY change in Rank*	YoY growth (Alkem)	YoY growth (IPM)	Alkem Rank	YoY change in Rank*	YoY growth (Alkem)	YoY growth (IPM)
Anti-infectives	1	Unchanged	30.8%	22.6%	1	Unchanged	21.2%	14.1%
Gastro Intestinal	3	Unchanged	17.5%	11.3%	3	Unchanged	15.3%	9.5%
Pain / Analgesics	3	Unchanged	19.6%	12.8%	3	Unchanged	13.6%	10.1%
Vitamins / Minerals / Nutrients	5	Unchanged	12.4%	10.2%	4	+1	11.4%	10.0%
Respiratory	19	Unchanged	35.2%	29.8%	19	-1	19.9%	17.0%
Neuro / CNS	11	Unchanged	17.8%	11.9%	11	Unchanged	21.1%	12.1%
Derma	18	-2	8.7%	15.3%	18	-2	8.0%	14.9%
Cardiac	30	+1	11.0%	8.4%	30	+1	12.5%	9.3%
Anti-Diabetic	25	+3	27.2%	17.8%	26	+3	27.7%	17.3%
Total	5	Unchanged	22.9%	14.5%	5	Unchanged	17.1%	12.0%

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

Source: IMS TSA MAT September 2016



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International Business

Our International sales for Q2FY17 grew by 19.1% YoY, recording sales of Rs.3,892 million as compared to Rs.3,269 million for Q2FY16. For H1FY17, our International sales grew by 16.9% to Rs.7,482 million compared to Rs.6,402 million in H1FY16.

- **US sales** for the quarter was Rs.3,023 million, recording a year-on-year growth of 23.9%. For H1FY17, US sales was Rs.5,743 million, up 17.9% compared to H1FY16.
- **Other International Markets sales** for the quarter were Rs.869 million, recording a year-on-year growth of 4.7%. For H1FY17, Other International Markets sales were Rs.1,739 million, up 13.6% compared to H1FY16.

R&D Investments

Our Revenue R&D expenses for the quarter were Rs.650 million, or 4.0% of total operating income. Similarly for H1FY17, our Revenue R&D expenses were Rs.1,438 million, or 4.6% of total operating income.

During the quarter, we received 1 approval, taking our cumulative ANDA approvals to 34 (including 7 tentative approvals) and 1 NDA - as on 30th September 2016.

As on 30th September 2016, we have filed a total of 76 ANDAs and 1 new drug application (NDA) with the US FDA of which 33 are Para IV filings including first-to-files (FTFs).



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Q2FY17 Conference Call at 5:00pm IST, November 11th, 2016

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, November 11th, 2016 from 5:00 pm to 6:00 pm IST to discuss its Q2FY17 & H1FY17 financial results.

Alkem Laboratories Ltd. will be represented on the call by Mr. Prabhat Agrawal, Chief Executive Officer and the senior management team.

Motilal Oswal Securities Ltd. will host the call.

Details of the conference call are as under:

Time: 5:00pm to 6:00pm IST (GMT + 5:30) on Friday, November 11th, 2016.

Dial in Details:

India : +91 22 3938 1079 / 6746 8356

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 700 brands in India, Alkem is ranked the fifth largest pharmaceutical company in India in terms of domestic sales (Source: IMS SSA MAT March 2016). 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

Gagan Borana

Investor Relations – Alkem Laboratories Ltd.

Tel: +91 22 3982 9960 / Mobile: +91 98190 56333

E-mail: gagan.borana@alkem.com



Alkem Laboratories Limited

Investor Presentation Q2FY17

11th November 2016

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.

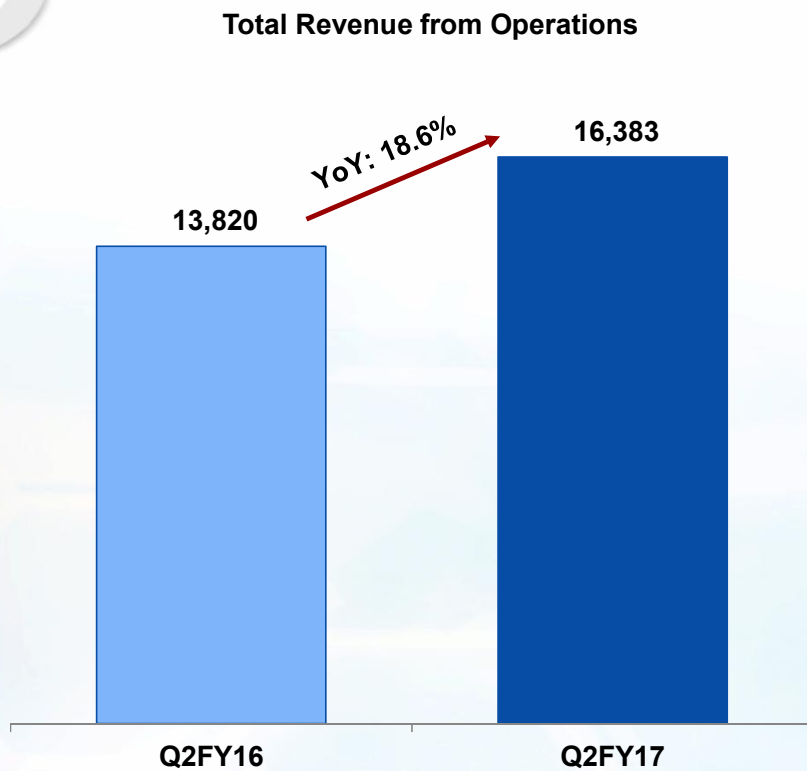


Key Financial Highlights of Q2FY17 (Consolidated)

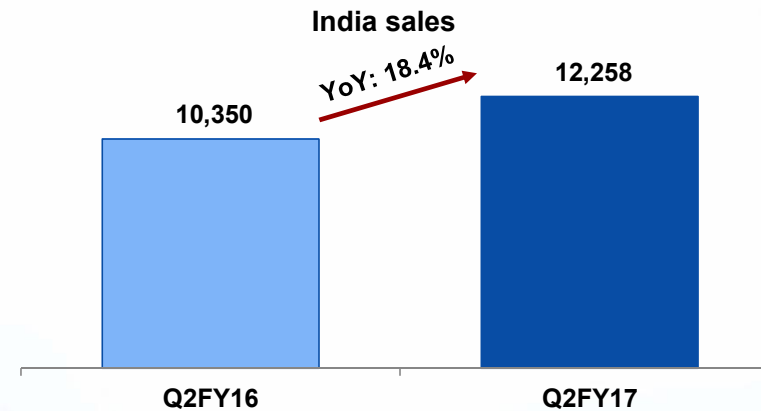
Key Financial Highlights – Q2FY17 Consolidated

All figures in INR mn

Total Revenue from Operations



India sales



International sales

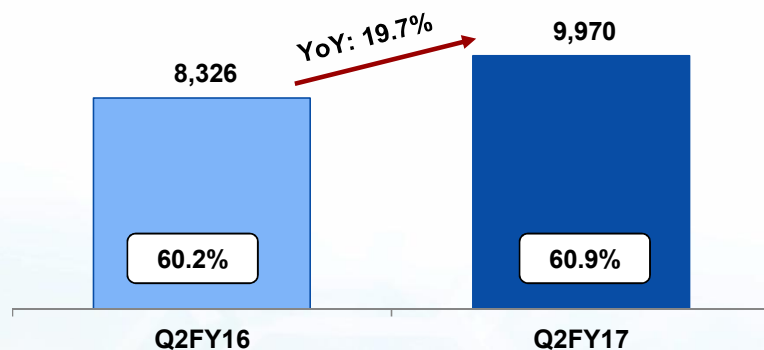


Highest ever quarterly sales for the Company

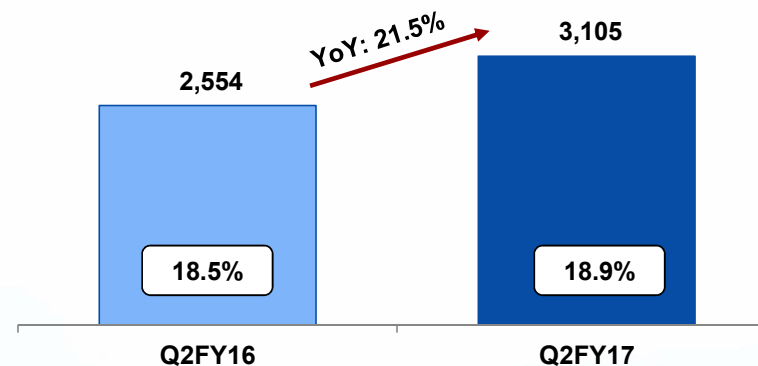
Key Financial Highlights – Q2FY17 Consolidated

All figures in INR mn

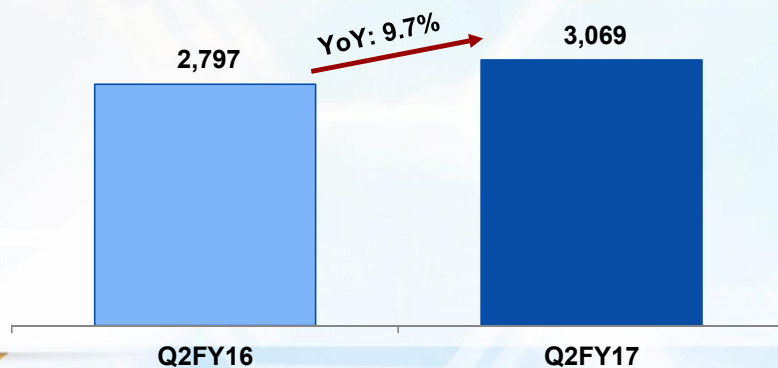
Gross Profit and Gross Margin



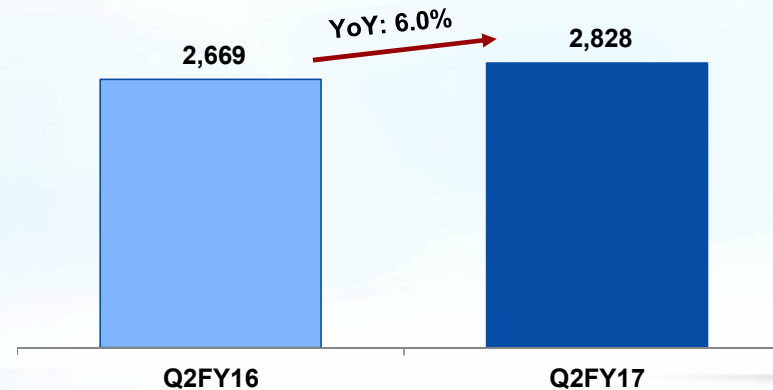
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Improved profitability despite regulatory price cuts

Key Financial Highlights – H1FY17 Consolidated

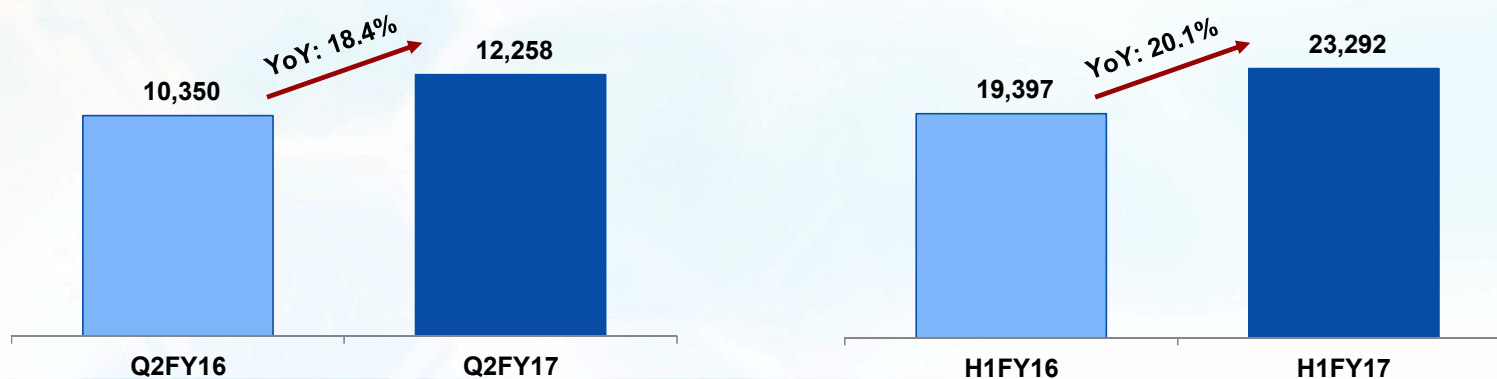
Particulars (Rs mn)	H1FY17	H1FY16	YoY growth
Income from Operations	31,192	26,115	19.4%
Gross Profit	18,989	15,877	19.6%
Gross Profit margin	60.9%	60.8%	
EBITDA	5,816	4,617	26.0%
EBITDA margin	18.6%	17.7%	
PBT	5,732	4,904	16.9%
PBT margin	18.4%	18.8%	
PAT (After Minority Interest)	5,216	4,680	11.5%
PAT margin	16.7%	17.9%	
EPS (Rs / share)	43.63	39.14	11.5%

India Business – Highest ever quarterly sales

India Business: Q2FY17 Net Sales of Rs.12,258 million (18.4% growth YoY)

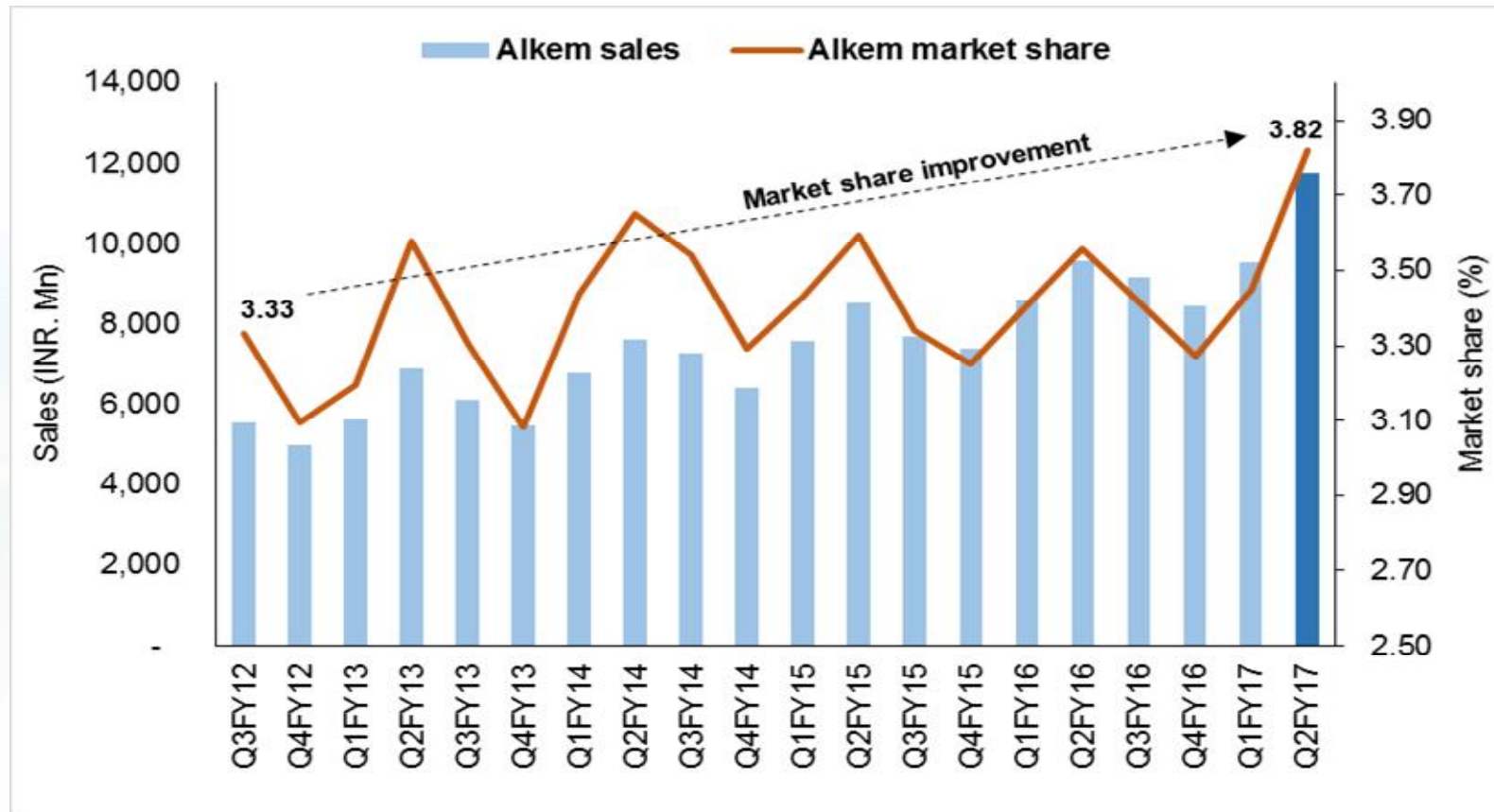
- India sales contributed 75.9% to total net sales for Q2FY17
- During the quarter Company's secondary sales¹ grew by 22.9% – higher than corresponding IPM growth of 14.5%
- The robust growth during the quarter was delivered despite the regulatory headwinds like expansion of NLEM list, WPI led price cuts and NPPA led downward price revision in some of our key brands

India sales (INR mn)



¹ Source: IMS TSA MAT September 2016

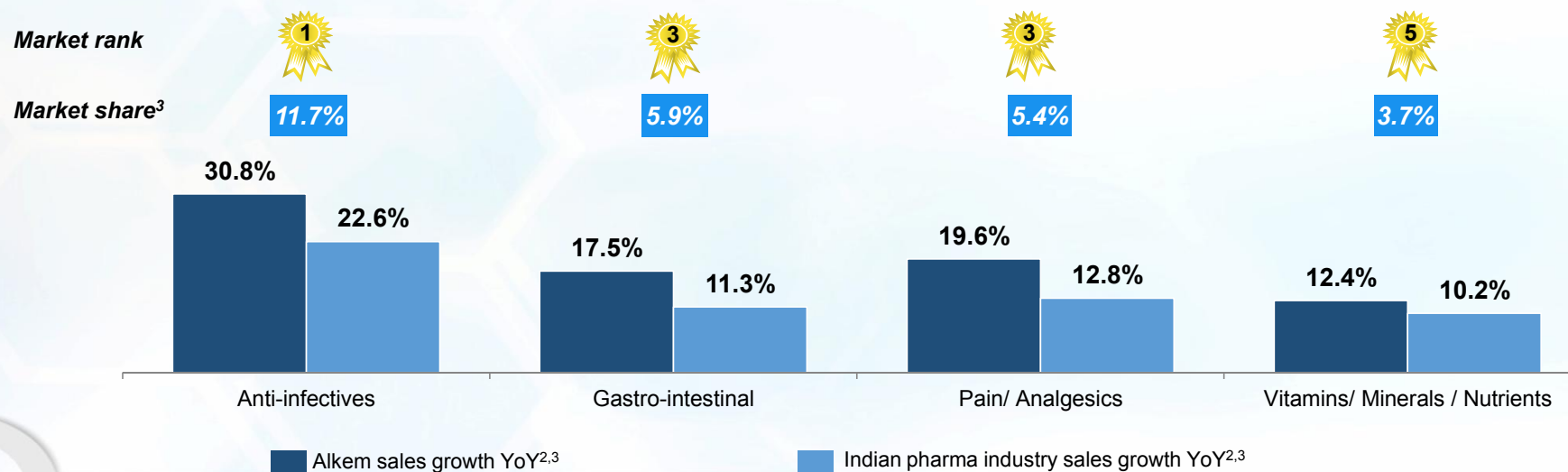
India Business – Market share improvement



Established Therapies – Continued Outperformance

- During the quarter, the Company delivered more than 600bps of outperformance to the market in Anti-Infectives, Gastro-Intestinal and Pain / Analgesic segments
- Mega brands registered strong volume led growth despite the regulatory price cuts
- Strong uptick in Anti-infective market supported by good seasonal monsoon
- Company maintained its leading position in the established therapies along with market share gain

Secondary sales performance in Q2FY17

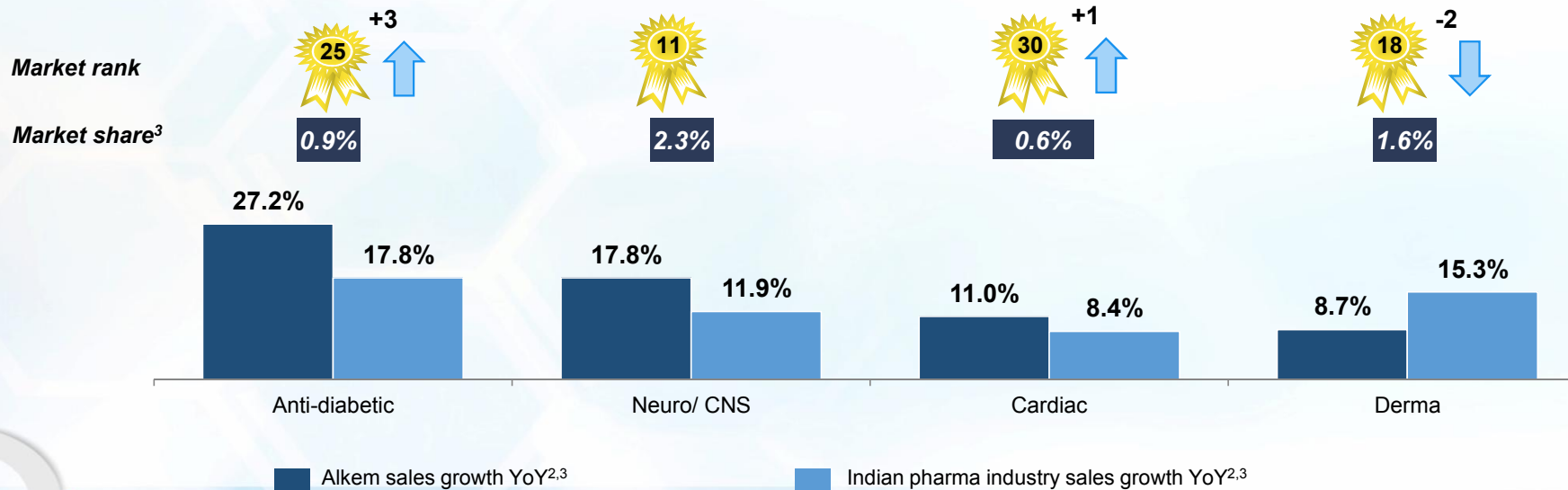


Source: IMS TSA MAT September 2016 ² Domestic formulations sales; ³ For 3 months ended September'16

Emerging Therapies – Building on the Base

- Emerging therapies of the company also registered a healthy performance led by strong secondary sales growth in Anti-diabetic (up 27.2% YoY) and Neuro / CNS (up 17.8% YoY)
- Company moved up the ranking in the important therapy areas of Anti-diabetic and Cardiac
- Continued market share acquisition through new product launches, sustained marketing efforts and building traction with the prescriber base

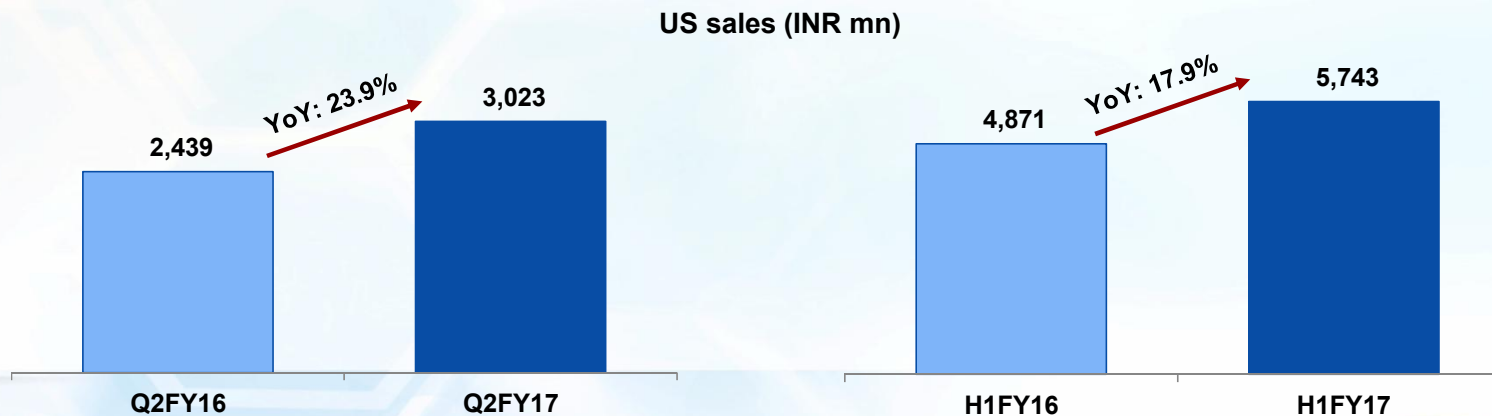
Secondary sales performance in Q2FY17



US Business – A steady quarter

US Business: Q2FY17 Net Sales of Rs.3,023 million (23.9% growth YoY)

- US sales contributed 18.7% to total net sales for Q2FY17
- The Company launched 1 new products during the quarter - in-licensed product
- In Q2FY17, the Company received one approval, taking the cumulative ANDA approvals to 34 (including 7 tentative approvals) and 1 NDA - as on 30th Sep.'16
- **Daman Inspection** – US FDA had inspected the facility in September 2016, post which it had issued thirteen 483 observations. Company has submitted a detailed response to the USFDA within the stipulated timelines
 - Daman facility was again inspected by the US FDA in October 2016, specifically for bio-analytical studies performed for 2 ANDAs and passed with zero 483 observations



Other International Markets – Looking for depth over breadth

Other International Markets : Q2FY17 Net Sales of Rs.869 million (4.7% growth YoY)

- Other International sales contributed 5.4% to total net sales for Q2FY17
- The growth was driven by strong underlying demand in key markets such as Australia, Chile and Kazakhstan
 - In Australia, the Company continues to register strong growth in Osteomol (Company's Paracetamol 665mg brand in Australia)
 - Subsidiary in Chile continued its strong growth with focus on Institutional and Retail business



Strategy going forward

1

India Sales: Consolidate our leadership position in the acute segment by driving growth in our mega brands

2

India Sales: Increase our market share in the chronic segment through market share acquisition and new product introductions

3

Improve our field force productivity through SFE (Sales Force Effectiveness) initiatives

4

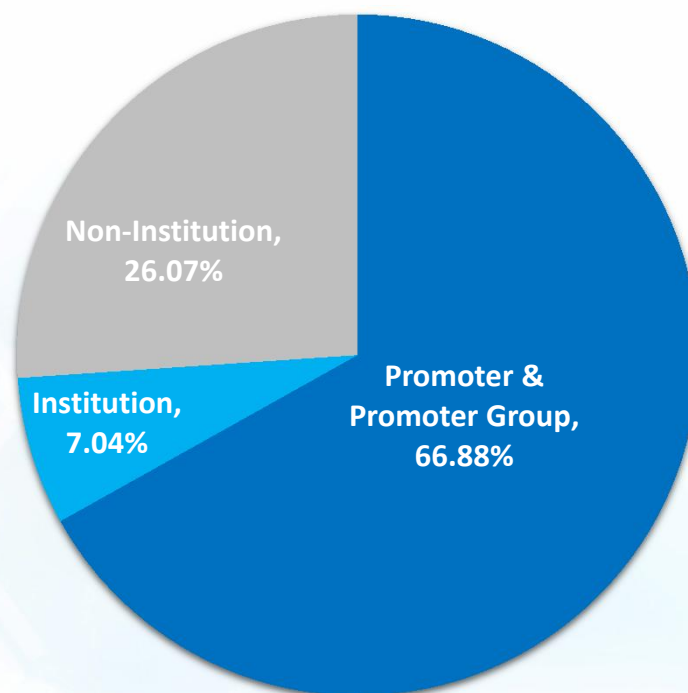
Continued focus on R&D to accelerate ANDA filings for the US markets and develop differentiated portfolio

5

Strategic partnerships / collaborations to enhance capabilities and product portfolio for focus markets

Latest Shareholding Pattern

Shareholding pattern as on 30th September 2016



*Institution – Mutual Funds, Financial Institutions, Foreign Portfolio Investors, Foreign Institutional Investors, Nationalised and Non-Nationalised Banks
Non-Institution – Public, Other Bodies Corporates, Clearing Members, Non Resident Indians, Hindu Undivided Family and Trusts*



Thank You

