LAURUS LABS LIMITED

Q2 & H1 FY18

RESULTS PRESENTATION

9 November - 2017

Disclaimer

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements.

Laurus Labs Limited (Laurus) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Business Snapshot

	LAURUS Generics Active Pharmaceutical Ingredients & Intermediates	LAURUS Generics Finished Dosage Forms	LAURUS Synthesis Contract Development & Manufacturing Services	LAURUS Ingredients Specialty Ingredients for Nutraceutical & Allied Industry
Overview	• Development, manufacture and sale of active pharmaceutical ingredients (APIs) and advanced intermediates	• Development and manufacture of oral solid formulations	• Contract development and manufacturing services for global pharmaceutical companies	• Sale and manufacture of specialty ingredients for use in nutraceuticals, dietary supplements and cosmeceutical products
Product and Service Offerings	• Anti-retroviral (ARV) • Hepatitis C • Oncology • Large volume APIs for cardio-vascular, antidiabetic, anti-asthmatic, gastroenterology therapeutic areas • Small volume APIs for the ophthalmic therapeutic area	• ARVs • Anti-diabetic • Cardio Vascular • Proton Pump Inhibitors.	• Commercial scale contract manufacturing • Clinical phase supplies • Analytical and research services • Set up a dedicated block in Unit 4 for an International partner , C2 Pharma • 24 projects executed(2)	• Nutraceuticals, dietary supplements and cosmeceutical products
Filings	• Commercialized 59 products(1) • 44 DMFs filed	• Filed **8*** ANDAs with USFDA, one dossier in Canada, one dossier in Europe, one dossier with WHO & One dossier in South Africa. And completed 11 products validations.	• Validations of 4 Products completed and the commercial supplies will be commenced from Nov 2nd week from Unit 5	• NA
Infrastructure	• 4 Manufacturing facilities, Unit 4 under construction, (2096 KL(1)	• 1bn Units / year capacity expanded to 5 bn units.(2)	• Dedicated manufacturing (Unit – 5) Capacity(138 KL) for ASPEN.	• Manufacturing facilities(3)

(1) Includes ingredients products

(2) As of 30 Sept, 2017

(3) APIs & Ingredients are manufactured at Unit 1 & 3

* As of Oct 31, 2017

Strategy in Motion

ARV & HEP-C

- Significant increase in HIV patient population with revised WHO guidelines
- New opportunities in Second Line therapies
- ARV drugs patent expiry in US & European markets
- Strong opportunity in Hepatitis C in emerging markets

Capitalize on our Leadership Position in APIs in Select, High-Growth Therapeutic Areas . Foray into regulated markets

Other APIs

- Leadership in select Oncology API. Launching few more products in FY19 & beyond in regulated markets
- Leverage process chemistry skills to expand API product portfolio in other growing therapeutic areas
- Contract manufacturing of generic APIs

Further expand our API Portfolio in key therapeutic areas such as Oncology, CVC, Anti-Diabetic & Ophthalmology

FDFs

- Leverage API capabilities; capture operating efficiencies through backward integration
- 2 Partnerships in place for commercialization of FDFs in US market
- In process of setting up our own front end in the US market
- Looking to capitalize in other EMs and developed markets

Leverage API Cost Advantage for Forward Integration into Generic FDF

Synthesis

- Focus on supply of key starting materials and intermediates for new chemical entities
- Contract with Aspen for supply of hormonal intermediates
- Completed 24 projects in various stages of clinical research development, and many more in pipeline

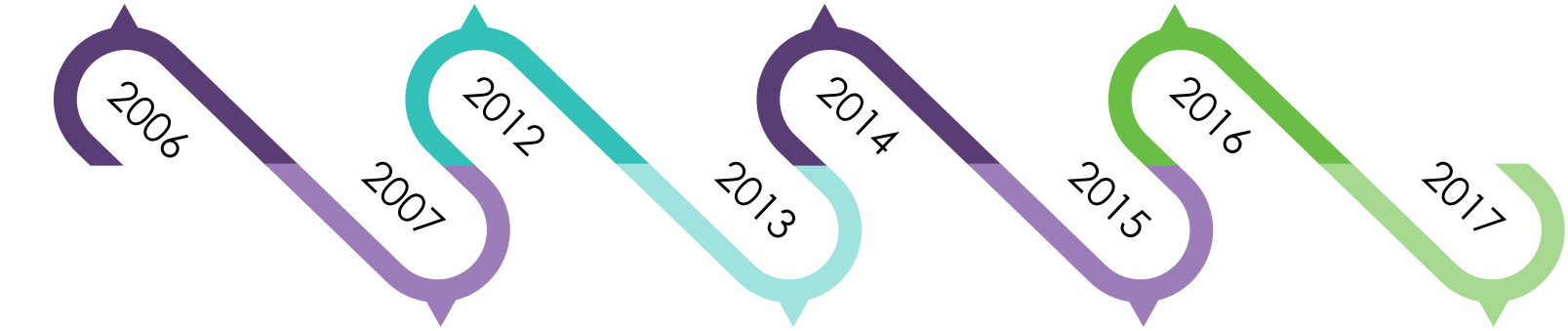
Develop our Synthesis Business through ASPEN & other global Innovators

Ingredients

- Leverage process chemistry skills to strengthen presence in nutraceutical and cosmeceutical sectors as they adopt quality standards at par with pharma industry

Strengthen our Ingredients Business

Transformation of Business Model



2006
- Set up the R&D Centre at IKP, Knowledge Park, Hyderabad

2007
- Commenced operations at Unit-I Visakhapatnam

2012
- Investment of Rs. 490 million in the Company by FIL Capital Management

2013
- Crossed INR.10 billion of revenues

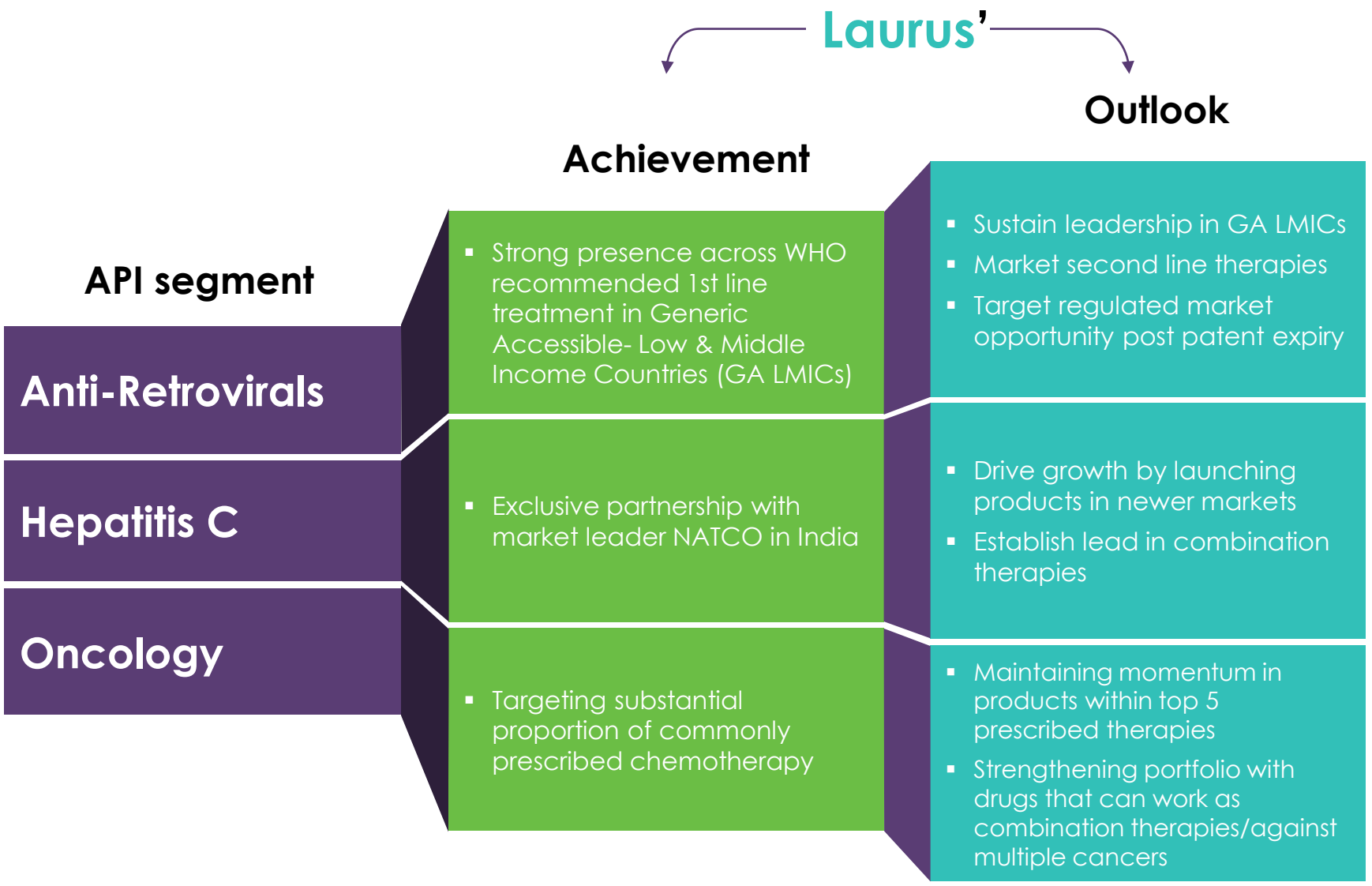
2014
- Commenced construction of Unit 2
- Incorporated Laurus Inc. at Delaware as a wholly owned subsidiary of our Company

2015
- Commenced commercial operations at Unit 3, Visakhapatnam
- Forged partnership with NATCO
- Acquired 27% stake in Sriam Labs Pvt Ltd

2016
- Successfully listed on BSE & NSE
- Commenced operations of Unit 5 - dedicated for ASPEN
- Filed first ANDA for US market
- Acquired 100% stake in Sriam Labs Pvt Ltd.

2017
- Launched Velpatasvir in the HEPC segment
- Received EIR from USFDA for Unit 2
- Filed ANDAs for US market
- Incorporated European subsidiary in UK
- Incorporated US subsidiary
- Started validation batches from Unit 5 for ASPEN

Capitalize on our Leadership Position in APIs



Significant Investments in Generic FDF Business

- Filed first ANDA and WHO dossier in 2016.
- As on date filed 8 ANDAs and in addition completed 11 validations for formulations.
- In Partnership with leading generic companies with front end presence

- **Leverage API** production and **R&D capabilities** to forward integrate into FDF
- Capture significant operating efficiencies by housing both **API and FDF facilities in the same location**

Rising Pharma INC.

- Entered into a profit sharing partnership for developing and selling a basket of FDFs in the US market.

Dr. Reddy's Laboratories Limited

- Entered into a partnership for development & sale of ARV FDFs for US market on profit and cost sharing basis

- Spent **Rs. 426 mn** towards FDF product development expenses for H1 FY18. And **Rs. 2,670 mn** to set up FDF manufacturing facility
- **Infrastructure in place** to support manufacturing with a **Current capacity** of **5bn tablets**

Strong R&D Capabilities

- **"Research-first"** approach – Set up dedicated R&D center in Hyderabad in 2006 prior to commissioning API manufacturing facility in 2007
- R&D team comprising 750 plus scientists (25.0% of total employee strength) including 45 PhDs
- Kilo Lab at R&D center **accredited by international regulators**
- **Completed expansion** of R&D at Hyderabad
- Currently setting up new R&D center in Visakhapatnam

Key Accreditations

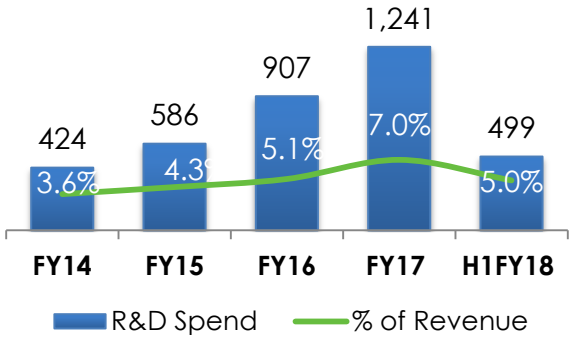
USFDA

FDA S Korea

PMDA Japan

WHO

Increasing R&D Spend (Rs. mn)



59	44	211	46	8&4
Products commercialized since inception	Filed DMFs	Patents filed	Patents granted	ANDAs & Dossiers filed

LAURUS Labs
Knowledge . Innovation . Excellence

Quality Focus & Regulatory Audits -

We maintain consistent quality, efficiency and product safety.
We have adopted uniform manufacturing standards across all facilities to achieve standardized quality for all markets.
Good manufacturing practices across all the manufacturing facilities, encompassing all areas of business processes right from supply chain to product delivery.

Laurus' Philosophy

"One Quality for all markets"

Regular Inspection at different manufacturing units

2017	WHO, USFDA, EU (Germany)
2016	USFDA
2015	WHO, USFDA, EU (Germany)
2014	WHO, USFDA, CDSCO
2013	WHO
2012	USFDA
2011	KFDA, USFDA, WHO
2010	MHRA
2009	TGA, USFDA

Facilities Overview

Unit-I

- Located at Jawaharlal Nehru Pharma City, Vishakapatnam, India.
- API manufacturing facility and includes capacity for ingredients, synthesis and contract manufacturing.
- 300 reactors, with 1140 Kilo Litres capacity.
- Received approvals from US FDA, WHO-Geneva, NIP Hungary, KFDA and PMDA.

Unit-II

- Located at APSEZ, Achutapuram, Visakhapatnam, India.
- FDF and API manufacturing facility
- FDF - capacity of 5 billion tablets per year.
- API block with 12 reactors and total capacity of 84 Kilo Litres.
- Received approvals from BfArM, Germany.
- Received EIR from USFDA for API & FDF

Unit-III

- Located at Jawaharlal Nehru Pharma City, Parawada, Vishakapatnam, India.
- Commenced operation in 2015.
- API manufacturing facility and includes capacity for ingredients, synthesis and contract manufacturing.
- 80 reactors installed with a total capacity of 605 Kilo Litres which is being expanded to 110 reactors with a total capacity of 730 Kilo Litres.
- Received approvals from FDA and WHO – Geneva

Unit-IV

- Construction is in progress at APSEZ, Achutapuram, Visakhapatnam, India.

Unit-V

- Located at APSEZ, Achutapuram, Visakhapatnam, India.
- Inaugurated and commenced operations in in December 2016.
- A dedicated Hormone and Steroid facility for Aspen with 48 reactors of 138 Kilo Litres capacity in two manufacturing buildings.

Management Team

Chandrakanth Chereddi

ED & Head, Generics FDF and Synthesis

Ravikumar V V

ED &CFO

G Venkateshwar Reddy

CS and Sr. GM – Legal & Secretarial

Tom Versosky

President FDF North America

Dr. Prafulla Kumar Nandi

SVP, Global Regulatory Affairs (Formulations)

Dr. Lakshmana Rao C V

Exec .VP – Quality

Dr. Satyanarayana Chava

Founder & CEO

Dr. GSR Anjaneyulu

Exec. VP & Head SCM

M. Bhaskaraiah

SVP – SCM

Dr. Raju Srihari Kalidindi

ED & Head Generics API & Ingredients

Dr. V Uma Maheswer Rao

Exec. VP – Chemical R&D

Srinivasa Rao S

Exec. VP – Operations & Manufacturing

Martyn Peck

SVP – Business Development

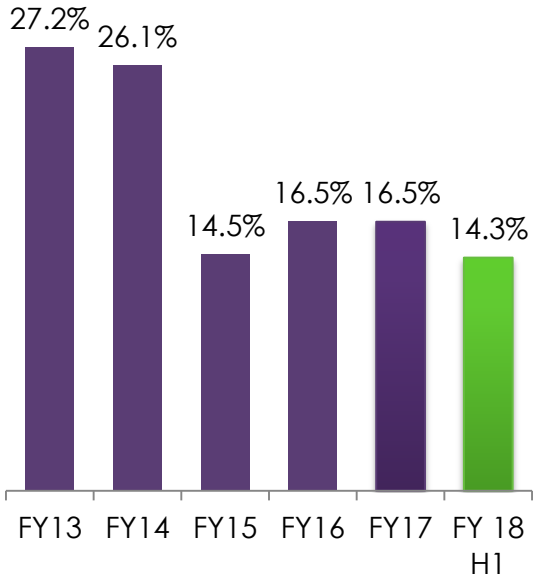
Corporate Governance

Executive Directors	
Name	**Background**
Dr. Satyanarayana Chava	▪ Whole-time Director, Founder and Chief Executive Officer
Dr. Raju Srihari Kalidindi	▪ Whole-time Director and Head of Generics – API & Ingredients
Ravi Kumar V V	▪ Whole-time Director and CFO
Chandrakanth Chereddi	▪ Whole-time Director and Head of Generic FDF and Synthesis

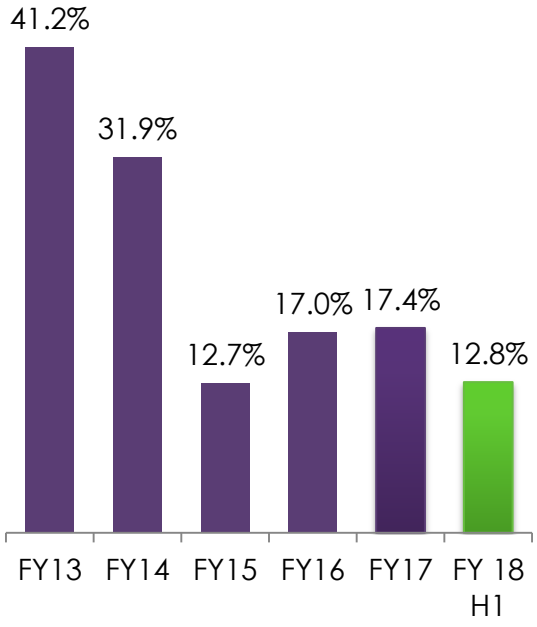
Non-Executive Directors	
Name	**Background**
Dr. M. Venu Gopala Rao (*)	▪ Non Executive Chairman and Independent Director
Rajesh Kumar Dugar	▪ Senior Partner, Head of India at Eight Roads Investment Advisors Private Limited
Narendra Ostawal	▪ Managing Director of Warburg Pincus India Private Limited
Aruna Rajendra Bhinge	▪ Independent Director; Former Head of Food Security Agenda, APAC at Syngenta India Limited
Dr. Rajesh Koshy Chandy	▪ Independent Director; Professor of Marketing at the London Business School
Ramesh Subrahmanian	▪ Independent Director; Founder and Director of Alchemy Advisors
Dr. Ravindranath Kancherla (*)	▪ Independent Director and Founder-Member and Treasurer of ELSA of Asia in Singapore and Chairman of Global Hospitals

Established Track Record Of Delivering Growth
– Efficient Use of Capital and Prudent Leverage

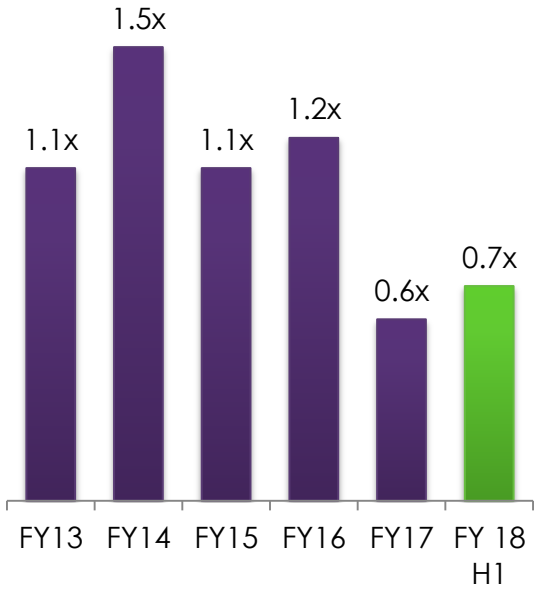
Pre Tax Return on Capital Employed[1] (%)



Return on Equity[2] (%)



Total Debt/Equity Ratio (x)



Significant investments in FDF with no revenue

Note: Standalone financials for FY13, and consolidated financials for FY14 -17; Fiscal Year ending March 17 , FY 18 six months numbers annualized.

(1) Pre-tax RoCE is calculated as EBIT/Average Capital Employed. Capital employed is defined as Net Worth + Long Term and Short Term Borrowings + Current Portion of Long Term Borrowing - Cash

(2) RoE is calculated as PAT/Average Net Worth

Business Highlights

Overall

- Total revenues grew by 4.3 % in this quarter despite transition to GST.
- R & D Opex of INR 493 million and 4.8 % as percentage of sales during H1 FY 18.
- Unit IV expansion is in progress, the facility will add capacity to Generics API, Synthesis & Ingredients business.
- Incorporated Laurus Holdings Limited (a 100% Subsidiary), in United Kingdom in the month of July 17
- Incorporated Laurus Generics Inc (a 100% Subsidiary) in USA for formulations business in the month of August 17.

Generic API

- Successfully completed the USFDA inspection for API facility in Unit 2 with out any 483s observations. Received EIR for the same
- USFDA inspection for Unit 1&3 API completed in August 2017 with 2 observations which are procedural in nature.
- WHO inspection for unit 1&3 was successfully Audited & Approved, received Inspection Assessment Report
- The Company has filed 211 patent applications and 46 patent granted as at Sept ended 2017.

Generic FDF

- Filed 8 ANDAs with USFDA, one dossier in Canada, one dossier in Europe, one dossier with WHO and one dossier in South Africa. Completed 11 products validations.
- FDF Opex of INR 210 mn which includes INR 49 mn related to the R&D during Q2 FY 18.
- Capacity expansion to 5 billion units Completed.

Synthesis

- Validations of 4 Products completed and the commercial supplies will be commenced from Nov 2nd week from Unit 5.
- Set up a dedicated block in Unit 4 for an International partner , C2 Pharma.

General

- Received Global Generics and Bilosimlars “API Supplier of the year award 2017“
- Received IKP Achiever Award 2017 for the growth recorded during the year 2017.
- Founder and CEO was invited by The Economist to speak on the Pharma and Healthcare sector in 2030 in August 2017.
- Received Indian Innovation Award from Clarivate Analytics.

Performance Highlights - Abridged Profit & Loss statement

Particulars (Rs. mn)	Q2 FY18	Q2 FY17	Growth % (Q2 FY18 Vs. Q2 FY 17)	Q1 FY18	Growth % (Q2 FY18 Vs. Q1 FY 18)	H1 FY18	H1 FY17	Growth % (H1 FY18 Vs. H1 FY 17)
Total Revenues from Operations (Net)	**5,386**	**5,165**	**4.3%**	**4,784**	**12.6%**	**10,170**	**9,263**	**9.8%**
Total Expenditure	4,756	4,586		4,308		9,064	8,360	
EBITDA	**1,192**	**1,159**	**2.9%**	**1,035**	**15.2%**	**2,226**	**2,024**	**10.0%**
Margins	22.1%	22.4%		21.6%		21.9%	21.9%	
PBT	**696**	**659**	**5.7%**	**552**	**26.1%**	**1,248**	**1,005**	**24.1%**
Margins	12.9%	12.8%		11.5%		12.3%	10.9%	
PAT	**488**	**483**	**1.0%**	**389**	**25.3%**	**877**	**739**	**18.6%**
Margins	9.1%	9.3%		8.1%		8.6%	8.0%	
EPS (Diluted)	**4.6** (Not annualised)	**4.9** (Not annualised)	**-6.1%**	**3.7** (Not annualised)	**25.1%**	**8.2** (Not annualised)	**7.5** (Not annualised)	**10.3%**

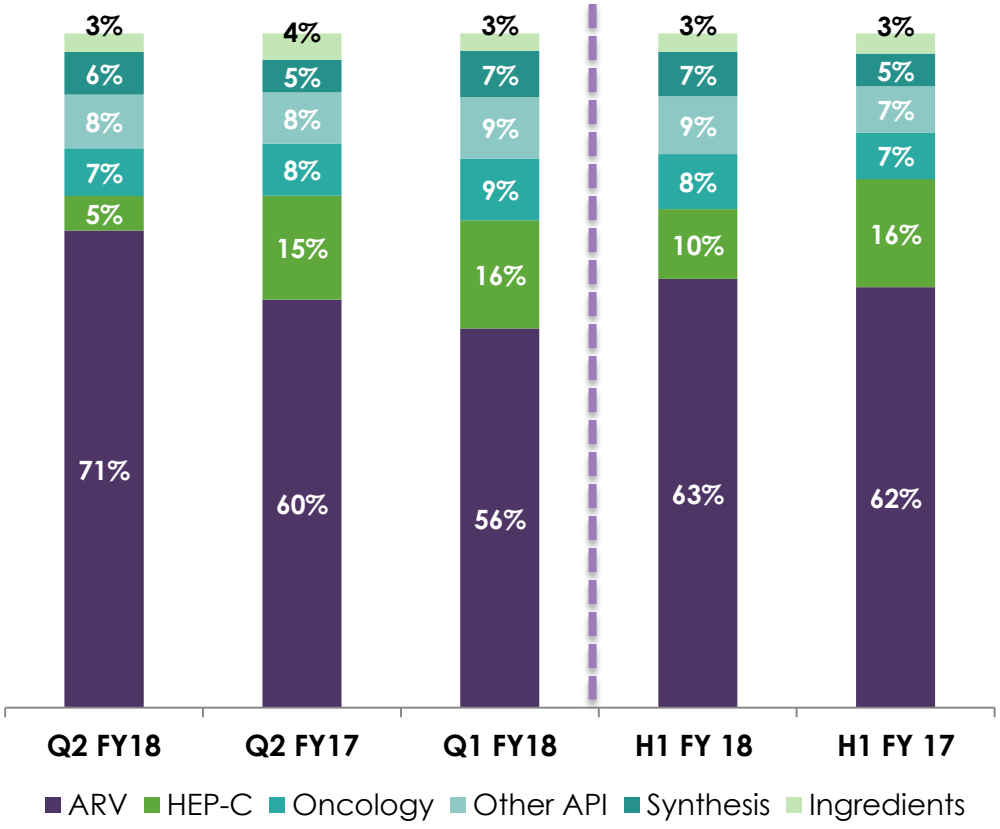
Note: Consolidated Results as per Ind-AS

The GOI introduced the GST w.e.f 01.07.2017. Accordingly, for the quarter ended September 30, 2017 is presented net of GST. Revenue from operations of earlier periods included Excise duty which is now is subsumed in GST.

Drivers of Revenue

- ARV Volumes increased on the back of higher demand from all the customers.
- Oncology API sales had maintained.
- Hepatitis C Contributions were lower due to pricing pressure, Major proportion of launch quantities of Velpatasvir API supplied in Q1 FY18 and GST Impact.
- Contracted assignments in other therapeutic segments are maintained.
- Synthesis business continues to report robust growth in clinical-phase supplies and rising share of Aspen business
- Ingredients business maintained its growth.

Revenue Contribution

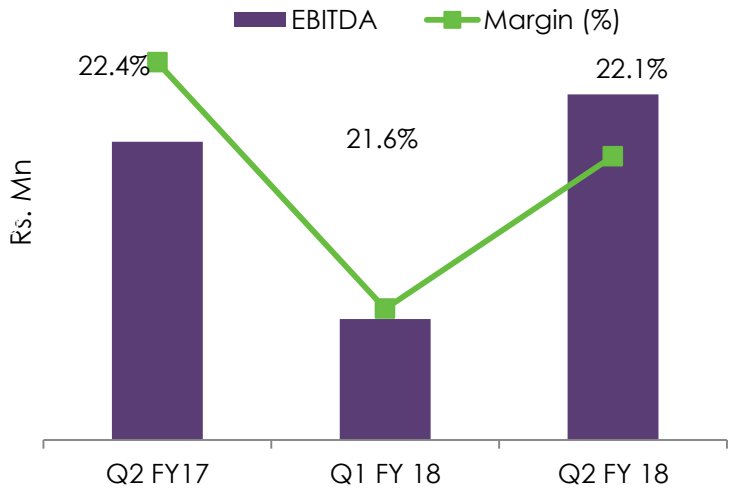


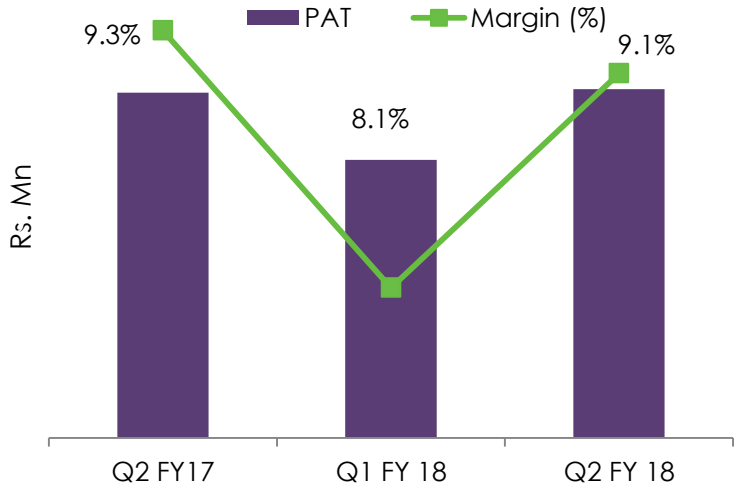
Note: Consolidated results as per Ind-AS

Drivers of Earnings

- Q2 FY18 operating margins stood at 22.1 % on the back of;
  - Continued performance in APIs with robust growth in higher volumes in key ARV and
  - Growing contribution from supplies in Synthesis business

- PAT stood 9.1% higher following strong momentum in revenue performance and reduced finance costs
- Diluted EPS for Q2 FY18 stood at Rs. 4.6 per share





Note: Consolidated results as per Ind-AS

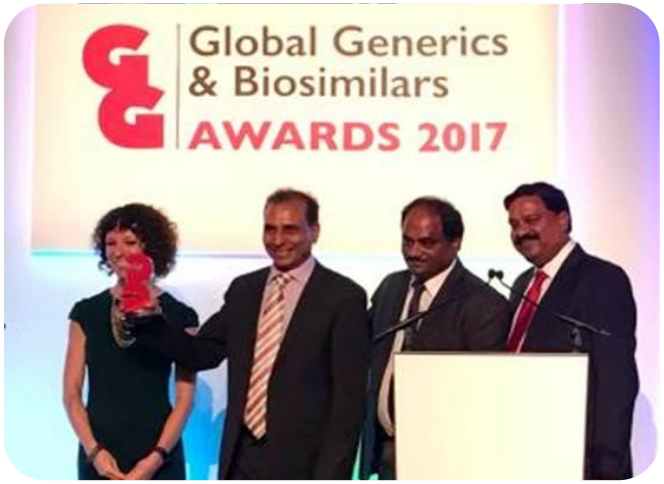
Abridged Balance Sheet

Particulars (Rs. mn)	As on 30.09.2017	As on 31.03.2017
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	1,060	1,058
Reserves and surplus	12,953	12,247
Non-current liabilities	2,184	1,968
Current liabilities	13,372	11,261
Total	**29,569**	**26,534**
ASSETS		
Non-current assets	1,445	1,483
Fixed assets	14,723	13,653
Current assets	13,401	11,398
Total	**29,569**	**26,534**

Particulars (Rs. mn)	As on 30.09.2017	As on 31.03.2017
BORROWINGS		
Long term borrowings	1,404	1,246
Current maturities of LTB	778	730
Short term borrowings	7,700	6,442
TOTAL	**9,882**	**8,418**

Note: Consolidated results as per Ind-AS

Awards and Recognitions



"API SUPPLIER OF THE YEAR 2017"

Laurus Labs bags the Global Generics & Biosimilars "API Supplier of the Year" 2017 award.

The award was presented to Dr. Srihari Raju Kalidindi, Executive Director, Dr. Umamaheswar Rao Vasireddy, Exe-VP and Mr. S.S.Rao, Exe-VP in a glittering ceremony on 24 October 2017 in Frankfurt, Germany.

"IKP Achiever Award 2017"

Laurus Labs receives the IKP Achiever Award 2017 for the growth it recorded during the year 2017.

The Award was received by Mr. Chandrakanth Chereddi, Executive Director, Laurus Labs accompanied by Mr. Anjaneyulu GSR, Exe-VP and Mr. Raman Rao CHV, VP on October 29, 2017.

Awards and Recognitions

"BEST MANAGEMENT AWARD 2016" BY GOVERNMENT OF ANDHRA PRADESH.

Laurus Labs Limited has been awarded the "Best Management Award 2016" by Government of Andhra Pradesh.

The award was given to the company in recognition of its excellence in management practices, harmonious industrial relations, industrial productivity, and the commendable contribution for the welfare of workforce.

Dr. Satyanarayana Chava, CEO, Laurus Labs received the award from Mr. Chandra Babu Naidu, Honorable Chief Minister of Andhra Pradesh on 1st May 2017, on the event of May – Day celebrations, at A1 Convention Hall, Vijayawada, Andhra Pradesh.

BUSINESS EXCELLENCE AWARD 2017

Laurus Labs Limited receives "HMTV Business Excellence Award 2017"

Mr. V V Ravi Kumar, Executive Director & CFO Laurus Labs received the award from Mr.Venkaiah Naidu, Honourable Minister for Housing and Urban Poverty Alleviation and Information and Broadcasting, Govt of India and Mr.Bandaru Dattatreya, Honourable Minister for Labour, Govt of India, today in a glittering ceremony at Hotel Avasa, Hyderabad.

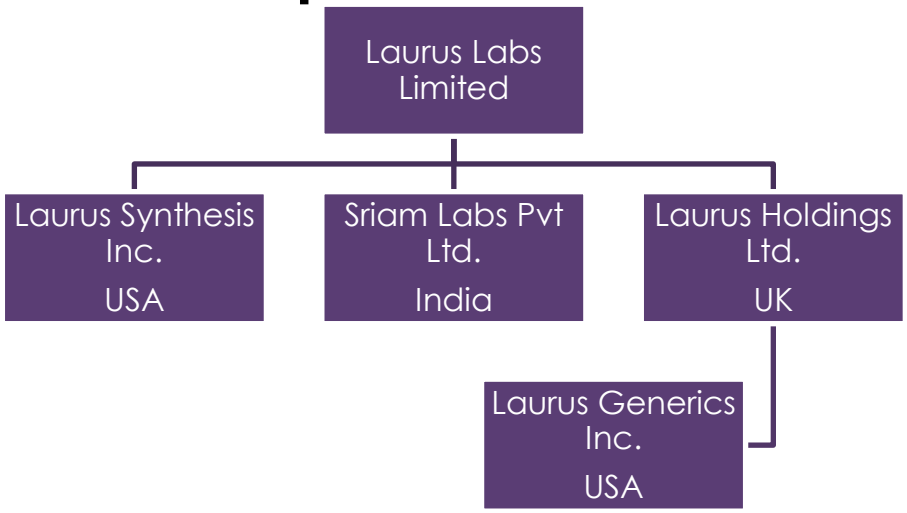
NATIONAL SAFETY AWARD 2016

Laurus Labs Limited has bagged the National Safety Award 2016. This award being conferred to us (for the 4th consecutive time in a row) is a testimony for developing & implementing effective safety management systems and procedures in the company.

The Award was received by Mr.S.S.Rao, Executive Vice – President, Manufacturing and by Mr.M.Srinivasa Rao, DGM, EHS from Shri. Bandaru Dattatreya, Minister for Labour and Employment, at a ceremony held in New Delhi on 20th April 2017.

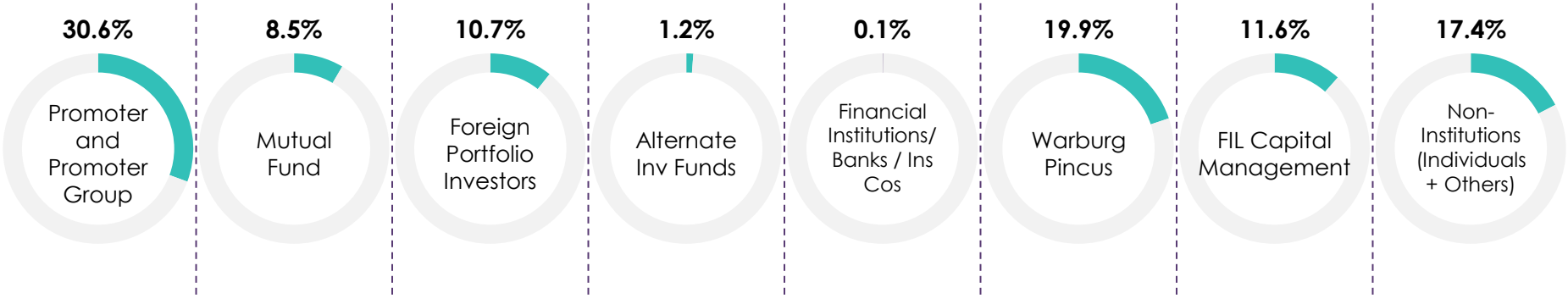
Ownership Structure

Corporate Structure



All are 100% Subsidiaries

Shareholding pattern *



* As of 30 Sept 2017

Results Conference Call

Results conference call on Friday November 10, 2017 at 3:00 PM IST

Details of the conference call are as follows:

Timing	3:00 PM IST on Friday, November 10, 2017
Conference dial-in Primary number	+91 22 3938 1071
India Local access Number	3940 3977 Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune – Accessible from all carriers
Singapore Toll Free Number	800 101 2045
Hong Kong Toll Free Number	800 964 448
USA Toll Free Number	1 866 746 2133
UK Toll Free Number	0 808 101 1573

Contact us

About Laurus Labs Ltd.

Laurus is a leading research and development driven pharmaceutical company in India. The Company has grown consistently to become one of the leading manufacturers of Active Pharmaceutical Ingredients (APIs) for anti-retroviral (ARV) and Hepatitis C, Oncology and other therapeutic areas. Its strategic and early investments in R&D and manufacturing infrastructure have enabled it to become one of the leading suppliers of APIs in the ARV therapeutic area. Initiatives are in place to develop a Finished Dosage Forms capabilities on the back of existing strengths in APIs. The Company is also driving growth opportunities in the Synthesis and Ingredients businesses.

Corporate Identification No: L24239AP2005PLC047518

*For more information about us, please visit **www.lauruslabs.com** or contact:*

Monish Shah

Tel: +91 040 3980 4366
Email: investorrelations@lauruslabs.com

Pavan Kumar N

Tel: +91 040 3980 4380
Email: mediarelations@lauruslabs.com

Siddharth Rangnekar/Karl Kolah
CDR India
Tel: +91 022 6645 1209/1220
Email: siddharth@cdr-india.com /karl@cdr-india.com

Thank You