

Laurus Labs Limited
Corporate Office
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August 10, 2017

To The Corporate Relations Department BSE Limited Phiroz Jeejeebhoy Towers, 25 th Floor, Dalal Street Mumbai – 400001 Code: 540222	To The Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 Code: LAURUSLABS
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Dear Sirs,

Sub: **Investors/Analysts Presentation**

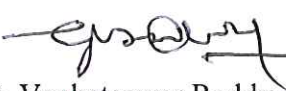
Please refer to our letter dated 3rd August, 2017, wherein we have intimated the schedule of Investors/Analysts call on 11th August, 2017. In this connection, we enclose herewith the presentation to the Investors/Analysts on the Unaudited Financial Results of the Company for the First Quarter ended 30th June, 2017.

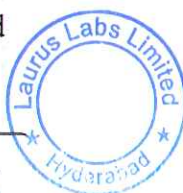
The presentation is also being uploaded on the website of the Company – www.lauruslabs.com.

Please take the information on record.

Thanking you,

Yours sincerely,
For Laurus Labs Limited


G. Venkateswar Reddy
Company Secretary



Registered Office : Plot No:21, J N Pharma City, Parawada, Visakhapatnam - 531021, India CIN : U24239AP2005PLC047518
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LAURUS Generics
Active Pharmaceutical Ingredients & Intermediates

LAURUS Ingredients
Specialty Ingredients for Nutraceutical & Allied Industry

LAURUS Synthesis
Contract Development & Manufacturing Services



LAURUS LABS LIMITED

Q1 FY18
RESULTS PRESENTATION
10 August - 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.

1.

Introduction to Laurus Labs Ltd.



Business Snapshot



	LAURUS Generics <small>Active Pharmaceutical Ingredients & Intermediates</small>	LAURUS Generics <small>Finished Dosage Forms</small>	LAURUS Synthesis <small>Contract Development & Manufacturing Services</small>	LAURUS Ingredients <small>Specialty Ingredients for Nutraceutical & Allied Industry</small>
Overview	<ul style="list-style-type: none"> Development, manufacture and sale of active pharmaceutical ingredients (APIs) and advanced intermediates 	<ul style="list-style-type: none"> Development and manufacture of oral solid formulations 	<ul style="list-style-type: none"> Contract development and manufacturing services for global pharmaceutical companies 	<ul style="list-style-type: none"> Sale and manufacture of specialty ingredients for use in nutraceuticals, dietary supplements and cosmeceutical products
Product and Service Offerings	<ul style="list-style-type: none"> Anti-retroviral (ARV) Hepatitis C Oncology Large volume APIs for cardio-vascular, anti-diabetic, anti-asthmatic, gastroenterology therapeutic areas Small volume APIs for the ophthalmic therapeutic area 	<ul style="list-style-type: none"> ARVs Anti-diabetic Cardio Vascular Proton Pump Inhibitors. 	<ul style="list-style-type: none"> Commercial scale contract manufacturing Clinical phase supplies Analytical and research services 24 projects executed⁽²⁾ 	<ul style="list-style-type: none"> Nutraceuticals, dietary supplements and cosmeceutical products
Filings	<ul style="list-style-type: none"> Commercialized 59 products⁽¹⁾ 42 DMFs filed 	<ul style="list-style-type: none"> Filed 4* ANDAs with USFDA, one dossier in Canada, one dossier in Europe and one dossier with WHO and completed 6 products validations. 	<ul style="list-style-type: none"> Validations of 4 Products are in progress.at Unit 5 . 	<ul style="list-style-type: none"> NA
Infrastructure	<ul style="list-style-type: none"> 4 Manufacturing facilities, Unit 4 under construction, (1,958 KL⁽³⁾) 	<ul style="list-style-type: none"> 1bn Units / year capacity facility and capacity expansion to 5 bn units is in progress. ⁽⁴⁾ 	<ul style="list-style-type: none"> Dedicated manufacturing (Unit – 5) Capacity(138 KL) for a major customer. 	<ul style="list-style-type: none"> Manufacturing facilities⁽⁵⁾

(1) Includes ingredients products

(2) As of 30 June, 2017

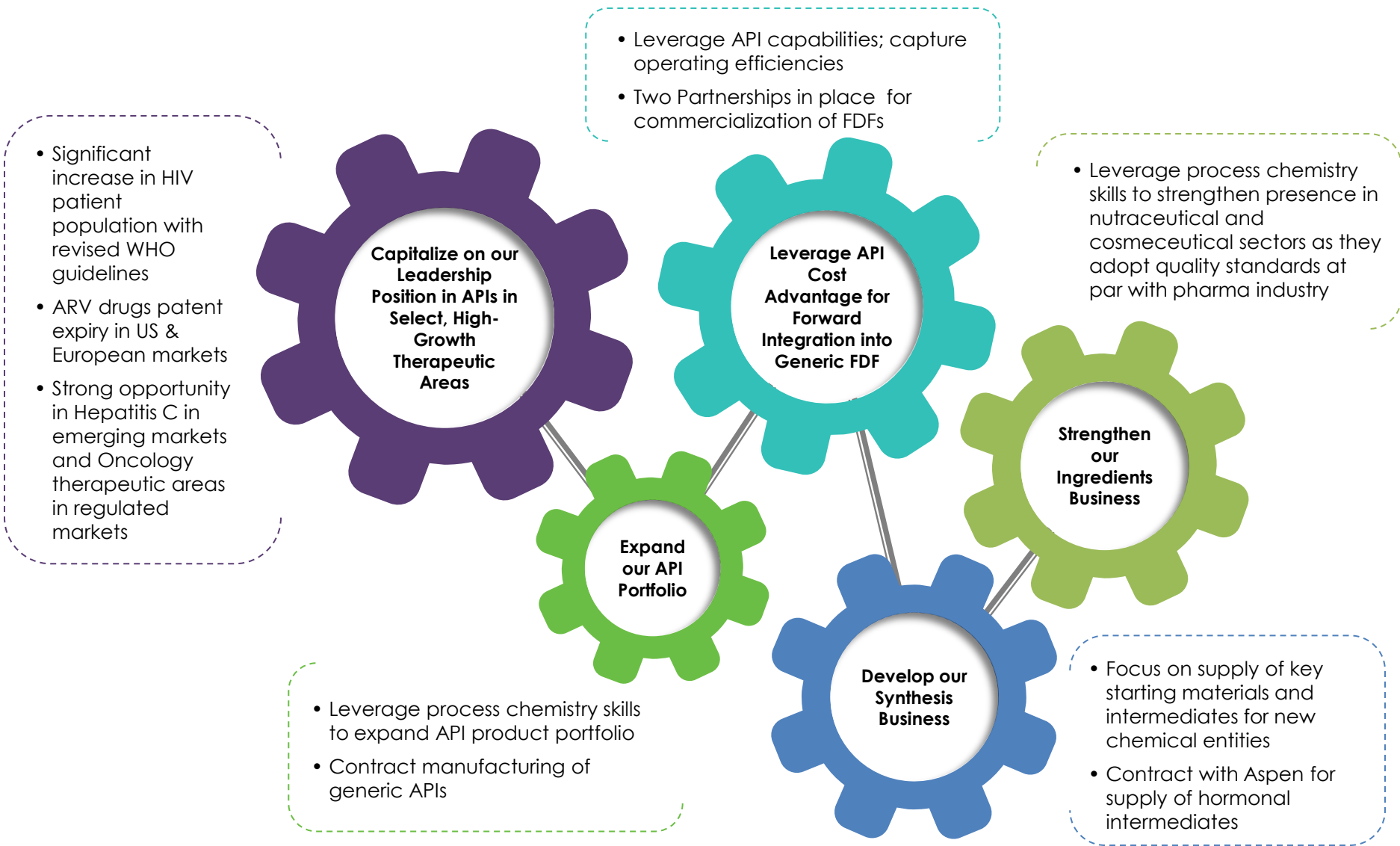
(3) As of 30 June, 2017

(4) After incurring additional investment;

(5) APIs and Ingredients are manufactured at Unit 1 and Unit 3

* As of July 31, 2017

Strategy in Motion



2.

Performance Highlights



Business Highlights



Overall

- Total revenues grew by 16.7% in this quarter despite transition to GST.
- R & D Opex of INR 229 mn and 5% as percentage of sales during Q1 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.
- USFDA inspection for Unit 1 & 3 API is scheduled in August 2017.
- WHO inspection for unit 1 & 3 is scheduled in September 17.
- The Company has filed 211 patent applications and 45 patents granted as at June ended 2017.

Generic FDF

- Filed 4 ANDAs with USFDA, one dossier in Canada, one dossier in Europe and one dossier with WHO and completed 6 products validations.
- FDF Opex of INR 216 mn which includes INR 94 mn related to the R&D during Q1 FY 18.
- Capacity expansion to 5 billion units is in progress.

Synthesis

- Validations of 4 Products are on-going in Unit 5,

General

- Received Indian Innovation Award from Clarivate Analytics.
- Launched "**Science on Wheels**" as part of CSR, to promote Knowledge, a core value of Laurus Labs, on July 6 2017. This initiative will help in promoting science in Govt schools in Vizag rural areas.

Financial Highlights - Consolidated



- **During Q1 FY18 Laurus reported and comparing with Q1 FY17:**
 - Total net revenue rose 16.7 % at Rs. 4,784 mn as compared to Rs. 4,098 mn
 - EBITDA improved 19.5 % at Rs. 1,035 mn as compared to Rs. 866 mn
 - PAT increased 51.7 % at Rs. 389 mn from Rs. 256 mn
 - EPS (Diluted) for the period stood at Rs. 3.7 per share (not annualised)

Note: Consolidated results as per Ind-AS

Management Comments



Commenting on the results announcement, Dr. Satyanarayana Chava - CEO said;

“Our Q1 FY 18 performance is along the expected lines, with good growth coming from our generic API portfolio, with in which Oncology portfolio showed robust growth and Hep C business continued its growth despite various challenges like GST. In our other businesses of Synthesis and Ingredients we have exceeded our growth expectations. Our pursuit of both newer geographies, including developed markets, new products introduced under Hepatitis C segment and other therapeutic areas are moving up the growth and also the focus on second line therapies has started yielding results.

FY18 is a landmark year as the scale up of our Aspen relationship takes place and contributes meaningfully to our performance. This planned diversification of business mix should bring clear visibility to growth initiatives.

As we continue to grow, the opportunities in select therapeutic areas are broadening. It remains an endeavor to leverage our deep domain expertise, state of the art research and manufacturing capabilities and our partnership model to introduce a best in class FDF business. We believe in a methodical integrated approach and are confident that as a full-fledged pharma company, we shall be able to meet the challenges that the generics industry faces today at the global level.”

Commenting on the results announcement, V V Ravi Kumar, ED & Chief Financial Officer said;

“We are happy to share the continuation of our growth story. Total revenues in Q1 FY 18 showed growth of 16%, shaped by contribution from APIs, viz; Oncology, Hep C and ARVs, along with the robust growth in Synthesis and Ingredients businesses.

The growth in EBIDTA margins during Q1 FY18 showing 20% YoY is promising and is underlined by initiatives taken for growth. The initiatives being taken in FDF and Synthesis will see introduction of a new line of products during the current year which will add to growth orientation and margins. As we move forward the business will also capture a better value from chosen therapeutic areas.

A stronger performance is expected to further strengthen our balance sheet and support the outlined growth initiatives. With a reduction in financing charges attained last fiscal we are hopeful that a strong growth in topline will supplement the drive growth in earnings.”

3.

Financial Discussion



Abridged Profit & Loss Statement



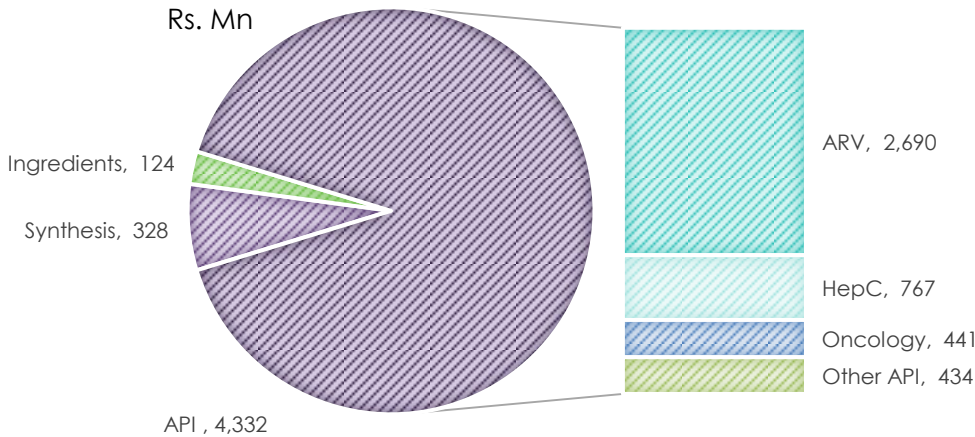
Particulars (Rs. mn)	Consolidated		
	Q1 FY18	Q1 FY17	Growth %
Total Revenues	4,784	4,098	16.75%
Total Expenditure	4,308	3,774	
EBITDA	1,035	866	19.50%
<i>Margins</i>	21.63%	21.13%	
PBT	552	346	59.25%
<i>Margins</i>	11.53%	8.46%	
PAT	389	256	51.72%
<i>Margins</i>	8.13%	6.26%	
EPS (Diluted)	3.7 (Not annualised)	2.6 (Not annualized)	41.31%

Note: Consolidated results as per Ind-AS



Drivers of Revenue

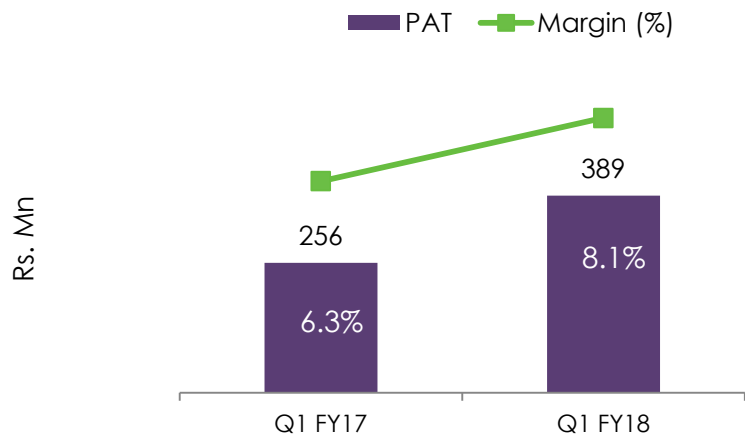
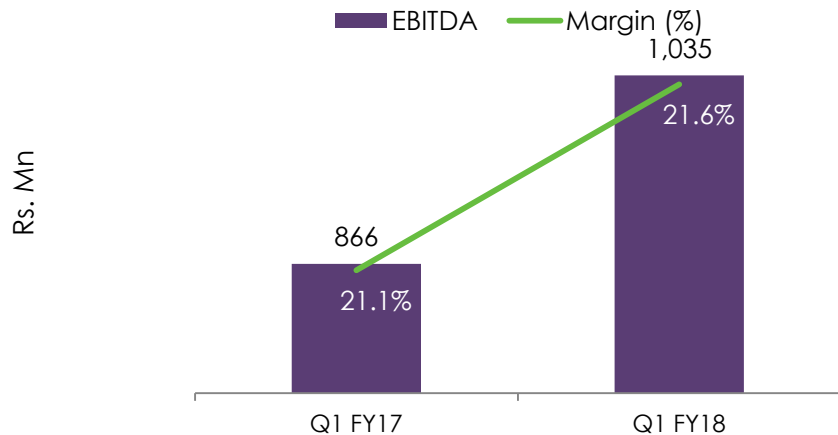
Q1 FY18 Revenue Break-up



- Q1 FY18 has shown robust momentum across APIs , Synthesis and Ingredients businesses
 - Oncology API sales had a quantum jump with 83% growth YoY
 - ARV volumes maintained modest growth and value remain constant because of the product mix.
 - Hepatitis C combination product delivered growth in API sales as expected.
 - Contracted assignments in other therapeutic segments resulted in strong contribution
- Synthesis business continues to report robust growth in clinical-phase supplies and rising share of Aspen business
- Ingredients business reported substantial growth due to additional demand from customers.



Drivers of Earnings



- Q1 FY18 operating margins stood at 21.6 % on the back of;
 - Continued performance in APIs with robust growth in Oncology, higher volumes in key ARV and Hepatitis C segments
 - Growing contribution from supplies in Synthesis business
 - Growth in Ingredients business
- PAT stood 51.7% higher following strong momentum in revenue performance and reduced finance costs
- Diluted EPS for Q1 FY18 stood at Rs. 3.7 per share

Note: Consolidated results as per Ind-AS

4.

Outlook



Outlook for FY18



Healthy visibility of revenue enhancement on the back of preferred supplier status in key products together with long-standing customer relationships across businesses

- APIs business to deliver volume growth in key ARV and Hepatitis C segment.
- Other therapeutic areas including Oncology to offer consistent opportunities to broaden scope.
- Laurus in partnership with Natco has launched Velpatasvir (Hep-C) combination product in India in May 2017.
- ARV supplies to Europe will enhance profitability.
- Incorporated Laurus Holdings Limited (a 100% Subsidiary), in United Kingdom in the month of July 17 and incorporated Laurus Generics Inc in USA for formulations business.

Capacity augmentation to result in targeted performance upsides

- Increase in reactor capacity to propel sales growth
- Our manufacturing processes, efficiencies, systems and practices have supplemented our gains.
- Dedicated manufacturing facility (Unit – 5) for Aspen.
- Unit IV construction is in progress, the facility will add capacity to Generics API, Synthesis and Ingredients business.
- Operations at Sriam, Unit 2 (100% subsidiary of Laurus), started in FY 17. It will supplement to the current reactor capacities.
- Commercial operations of FDF expected to result in higher growth.

Changing business mix to drive expansion in the medium term

- Synthesis business to show gains in line with scale up in engagement with Aspen.
 - Contract research business demonstrating growth.
- Incremental contribution from Ingredients business.
- Laurus signed manufacturing and supply agreement for Oncology NCE for clinical phase and commercial supplies.

Research first approach to continue supporting initiatives to introduce product efficiencies and add to product line up

- Backed by strengthened infrastructure at Hyderabad facility and planned new facility at Vishakhapatnam
- Higher intensity of research spends as a proportion to sales to result in broader portfolio of commercialized products.
- Continuous development programmes for established products

5.

Strategic Overview



Strong R&D Capabilities

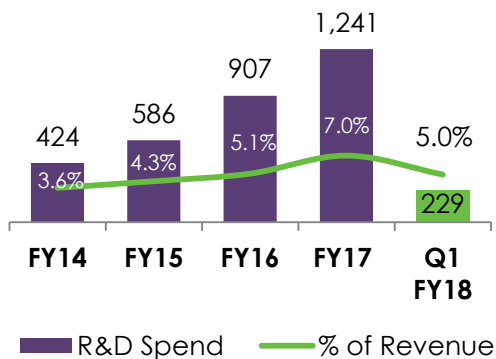


- **“Research-first”** approach – Set up dedicated R&D center in Hyderabad in 2006 prior to commissioning API manufacturing facility in 2007
- R&D team comprising 700 plus scientists (25.0% of total employee strength) including 47 PhDs
- Kilo Lab at R&D center **accredited by international regulators**
- **Completed expansion** of R&D at Hyderabad and is under operation.
- Currently setting up new R&D center in Visakhapatnam

Key Accreditations



Increasing R&D Spend (Rs. mn)



59
Products commercialized since inception

42
Filed DMFs

211
Patents filed

45
Patents granted

4* & 3
ANDAs & Dossiers filed

* As of July 31, 2017

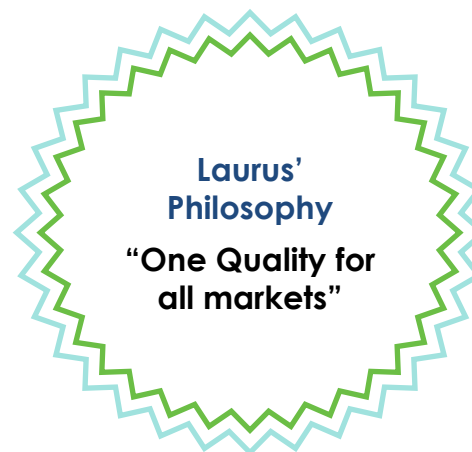
Quality Focus & Regulatory Audits



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.

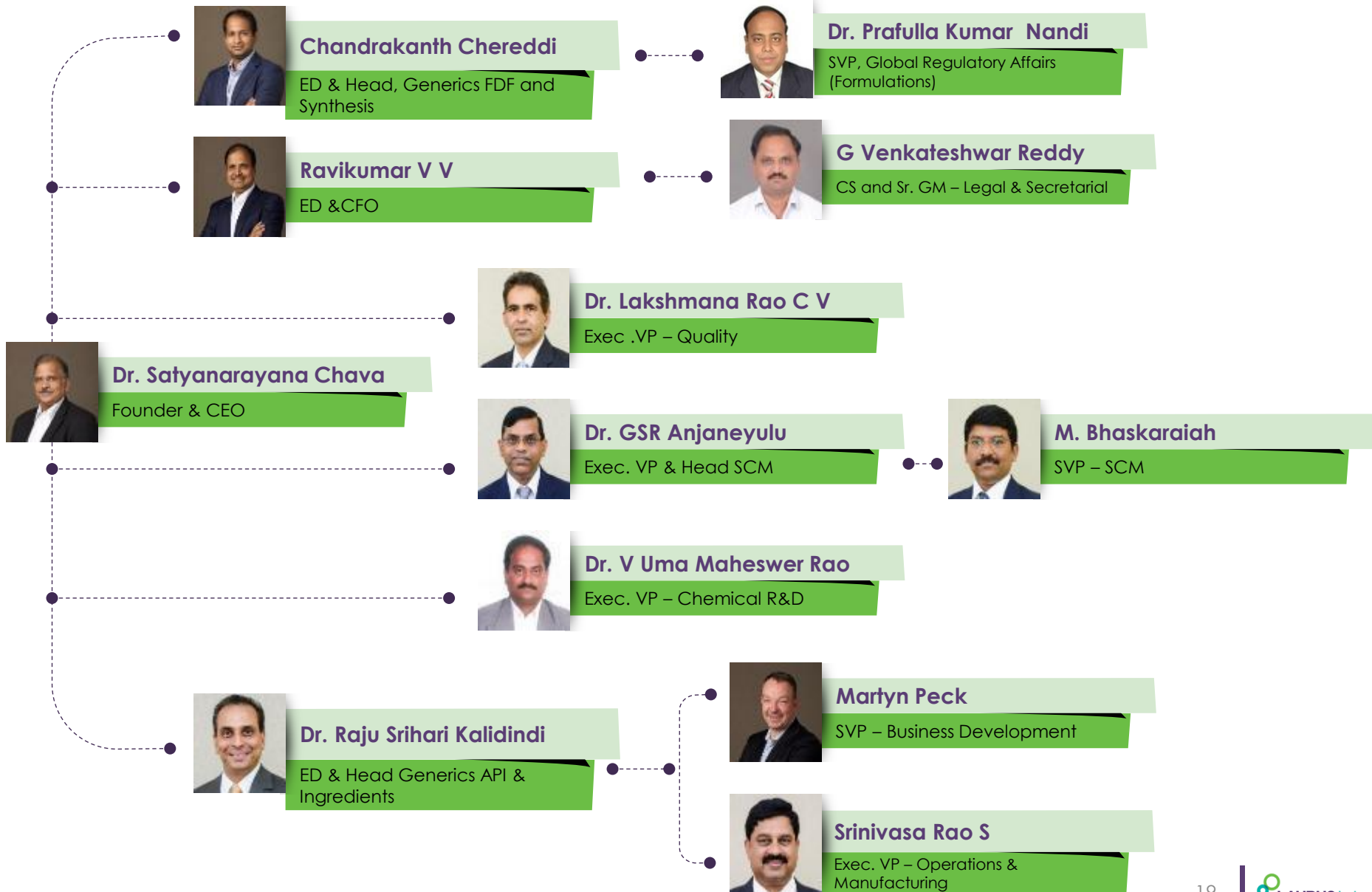


Regular Inspection at different manufacturing units

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



Management Team





Executive Directors

Name	Background
Dr. Satyanarayana Chava	<ul style="list-style-type: none"> Whole-time Director, Founder and Chief Executive Officer
Dr. Raju Srihari Kalidindi	<ul style="list-style-type: none"> Whole-time Director and Head of Generics – API & Ingredients
Ravi Kumar V V	<ul style="list-style-type: none"> Whole-time Director and CFO
Chandrakanth Chereddi	<ul style="list-style-type: none"> Whole-time Director and Head of Generic FDF and Synthesis

Non-Executive Directors

Name	Background
Dr. M. Venu Gopala Rao	<ul style="list-style-type: none"> Non Executive Chairman and Independent Director
Rajesh Kumar Dugar	<ul style="list-style-type: none"> Senior Partner, Head of India at Eight Roads Investment Advisors Private Limited
Narendra Ostawal	<ul style="list-style-type: none"> Managing Director of Warburg Pincus India Private Limited
Aruna Rajendra Bhinge	<ul style="list-style-type: none"> Independent Director; Former Head of Food Security Agenda, APAC at Syngenta India Limited
Dr. Rajesh Koshy Chandy	<ul style="list-style-type: none"> Independent Director; Professor of Marketing at the London Business School
Ramesh Subrahmanian	<ul style="list-style-type: none"> Independent Director; Founder and Director of Alchemy Advisors
Dr. Ravindranath Kancherla	<ul style="list-style-type: none"> Independent Director and Founder-Member and Treasurer of ELSA of Asia in Singapore and Chairman of Global Hospitals

Facilities Overview



Unit-I



- Located at Jawaharlal Nehru Pharma City, Vishakapatnam, India.
- API manufacturing facility includes capacity for ingredients, synthesis and contract manufacturing. Spread across 34 acres, and 1000+ employees,
- Isolated facility for Oncology.
- 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 1 billion tablets per year.
- API block with 12 reactors and total capacity of 84 Kilo Litres.
- Received approvals from BfArM, Germany.
- US FDA inspection completed in Dec' 16

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.
- 110 reactors with a total capacity of 729 Kilo Litres.
- Received approvals from FDA and WHO – Geneva

Unit-IV



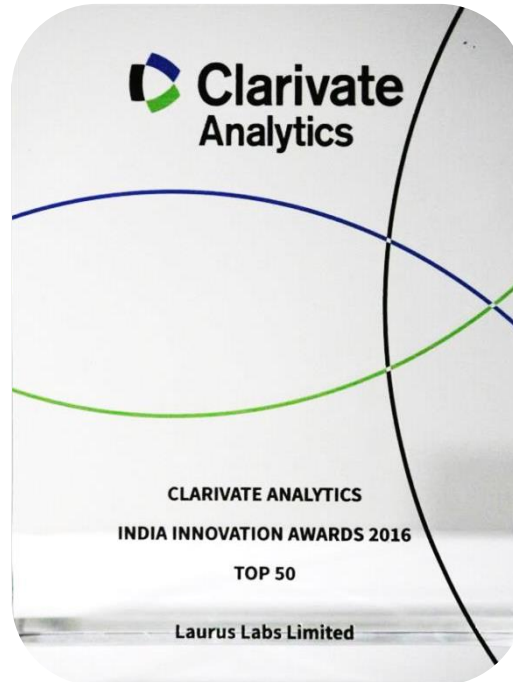
- Construction is in progress at APSEZ, Achutapuram, Visakhapatnam, India.

Unit-V



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

Awards and Recognitions



Laurus Labs is honored with Indian Innovators Award 2016 by Clarivate Analytics and also secures a place in the Top 50 Innovation companies list.

Clarivate Analytics India Innovation Awards honors the most innovative companies and institutes headquartered in India for their spirit of innovation in R&D.

Continued.....



“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.

Results Conference Call



Results conference call on Friday August 11, 2017 at 14:00 hrs IST

Details of the conference call are as follows:

Timing	14:00 hrs IST on Friday, August 11, 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:

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Thank You