



**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



9<sup>th</sup> February, 2018

<b>The Corporate Relationship Department BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i>	<b>National Stock Exchange of India Limited</b> 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 and nine months ended 31<sup>st</sup> December, 2017 and Declaration of Interim Dividend.**

In continuation of our letter dated 31<sup>st</sup> January, 2018, the Board of Directors of the Company, at its meeting held today, i.e. 9<sup>th</sup> February, 2018 inter alia, has:

- a. Approved the Standalone and Consolidated Unaudited Financial Results for the quarter and nine months ended 31<sup>st</sup> December, 2017 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").

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

- b. Declared Interim Dividend of Rs. 6/- (Rupees Six only) per equity share on the face value of Rs. 2/- per share for the financial year 2017-18 pursuant to Regulation 43 read with Regulation 30 of the Listing Regulations.

The date of payment of Interim Dividend shall be on and from 23<sup>rd</sup> February, 2018.

Further, as informed vide our letter dated 31<sup>st</sup> January, 2018 submitted to the Stock Exchanges pursuant to Clause 42 of the Listing Regulations, the record date for the purpose of payment of interim dividend for the financial year 2017-18 would be Tuesday, 20<sup>th</sup> February, 2018.

The meeting of the Board of Directors of the Company commenced at 11.00 a.m. and concluded at 1.30 p.m.

Kindly take the same on record.

Sincerely,  
For **Alkem Laboratories Limited**

  
**Manish Narang**  
President - Legal, Company Secretary & Compliance Officer

Encl.: a/a

# 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 consolidated financial results ('the Statement') of Alkem Laboratories Limited ('the Company') and its subsidiaries listed in Annexure I (the Company and its subsidiaries together referred to as 'the Group') for the quarter and nine months ended 31 December 2017 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 9 February 2018. 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', 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 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 interim financial results of two subsidiaries included in the unaudited consolidated financial results, whose interim financial results reflect total revenues of Rs. 2,043.0 million and Rs. 5,015.0 million for the quarter and nine months ended 31 December 2017 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. Our conclusion is not modified in respect of this matter.

The unaudited consolidated financial results includes the interim financial results of sixteen 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. 1,266.5 million and Rs. 3,531.3 million for the quarter and nine months ended 31 December 2017 respectively, as considered in the unaudited consolidated financial results. Our conclusion on the Statement in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this unaudited financial information is 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 and based on the consideration of the reports of other auditors and based on the consideration of interim financial information furnished to us by the management referred to in paragraph 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 generally accepted in India, 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  
9 February 2018

# 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
18.	Ascend Laboratories LLC, USA
19.	Ascend Laboratories Ltd., Canada
20.	Alkem Foundation



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 and Nine months ended 31 December 2017

(₹ in Million except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2017 Unaudited	30.09.2017 Unaudited	31.12.2016 Unaudited	31.12.2017 Unaudited	31.12.2016 Unaudited	31.03.2017 Audited
1 Revenue from Operations	17,404.7	18,649.4	14,819.2	49,179.5	46,011.0	58,525.0
2 Other Income	245.8	240.1	254.0	780.8	874.0	1,120.1
3 Total Income (1) + (2)	17,650.5	18,889.5	15,073.2	49,960.3	46,885.0	59,645.1
4 Expenses						
(a) Cost of materials consumed	4,394.6	2,860.6	3,716.1	11,489.0	10,813.4	14,493.2
(b) Purchases of stock-in-trade	3,528.0	1,854.1	2,167.8	7,848.3	8,286.7	10,618.1
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,658.7)	2,366.2	(479.0)	(368.6)	(1,492.7)	(2,896.0)
(d) Employee benefits expense	3,113.7	3,078.0	2,710.1	8,929.6	7,753.6	10,038.5
(e) Finance costs	144.8	178.5	117.2	448.9	337.1	451.6
(f) Depreciation and amortisation expense	375.0	345.7	263.7	1,027.0	748.0	1,011.7
(g) Other expenses	4,429.0	3,885.9	4,023.0	12,134.8	12,153.1	16,281.7
Total Expenses	14,326.4	14,569.0	12,518.9	41,509.0	38,599.2	49,998.8
5 Profit before exceptional item and tax (3) - (4)	3,324.1	4,320.5	2,554.3	8,451.3	8,285.8	9,646.3
6 Exceptional item	-	-	-	-	-	-
7 Profit before tax (5) - (6)	3,324.1	4,320.5	2,554.3	8,451.3	8,285.8	9,646.3
8 Tax expense / (Credit)						
Current tax	918.2	958.2	(798.4)	2,303.0	652.4	2,452.8
Deferred tax	597.2	87.9	990.1	427.4	(43.7)	(1,853.2)
Total Tax expense	1,515.4	1,046.1	191.7	2,730.4	608.7	599.6
9 Net Profit for the period (7) - (8)	1,808.7	3,274.4	2,362.6	5,720.9	7,677.1	9,046.7
10 Other Comprehensive Income (net of tax)						
Items that will not be reclassified to profit or loss	27.7	(10.9)	(18.7)	12.3	(89.6)	(64.5)
Income tax relating to items that will not be reclassified to profit or loss	(9.6)	3.9	6.4	(4.2)	30.8	22.3
Items that will be reclassified to profit or loss	(203.2)	87.9	99.3	(174.5)	130.0	(189.4)
Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other Comprehensive Income (net of tax)	(185.1)	80.9	87.0	(166.4)	71.2	(231.6)
11 Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (9) + (10)	1,623.6	3,355.3	2,449.6	5,554.5	7,748.3	8,815.1
12 Profit attributable to						
a) Owners of the Company	1,716.4	3,206.6	2,334.0	5,638.6	7,550.2	8,920.3
b) Non-Controlling Interest	92.3	67.8	28.6	82.3	126.9	126.4
13 Other Comprehensive Income attributable to						
a) Owners of the Company	(174.3)	80.4	87.0	(156.6)	71.2	(229.2)
b) Non-Controlling Interest	(10.8)	0.5	-	(9.8)	-	(2.4)
14 Total Comprehensive Income attributable to						
a) Owners of the Company	1,542.1	3,287.0	2,421.0	5,482.0	7,621.4	8,691.1
b) Non-Controlling Interest	81.5	68.3	28.6	72.5	126.9	124.0
15 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1	239.1	239.1
16 Other equity						44,437.3
17 Earnings Per Share of ₹2 each (not annualised for the quarters)						
(a) ₹ (Basic)	14.36	26.82	19.52	47.16	63.15	74.61
(b) ₹ (Diluted)	14.36	26.82	19.52	47.16	63.15	74.61

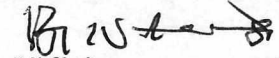
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**Notes :**

- 1 The above unaudited financial results of the Company were reviewed and recommended by the Audit Committee on 8 February 2018 and subsequently approved by the Board of Directors at its meeting held on 9 February 2018. The figures for the quarter and nine months ended 31 December 2017 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion in the limited review report for the quarter and nine months ended 31 December 2017.
- 2 The Group operates in one reportable business segment i.e. "Pharmaceuticals".
- 3 Financial results for the periods presented have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.
- 4 Post implementation of Goods and Service Tax ("GST") with effect from 1 July 2017 and as per Ind AS 18, Revenue from operations is disclosed net of GST. Revenue from operations for the quarter and nine months ended 31 December 2016 and for the year ended 31 March 2017 included excise duty which is now subsumed under GST. Revenue from operations for the nine months ended 31 December 2017 includes excise duty up to 30 June 2017. Accordingly, revenue from operations for the quarter and nine months ended 31 December 2017 are not comparable with those of the previous periods presented.
- 5 In the United States of America, The Tax Cuts and Jobs Act of 2017 was approved and enacted in to law on 22 December 2017. The law includes significant changes to the U.S. corporate income tax system, including a reduction in Federal corporate tax rate from 35% to 21%. Consequently to this enactment, the Company has re-measured its U.S. deferred tax assets and liabilities based on the new tax law and this resulted in a one-off charge of Rs.448.7 million for the quarter ended 31 December 2017.
- 6 The Board of Directors in its meeting held on 9 February 2018 have declared an interim dividend of ₹ 6 (Rupees six only) per equity share of the face value of ₹ 2 each (300%).
- 7 Previous periods' figures have been regrouped/reclassified, where necessary, to make them comparable with the figures for the current period.

Place: Mumbai  
Dated: 9 February 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

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 nine months ended 31 December 2017 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 9 February 2018. 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', 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 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 read with relevant rules issued thereunder and other recognized accounting practices and policies generally accepted in India, 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

9 February 2018

**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 Standalone Financial Results for the Quarter and Nine months ended 31 December 2017**

(₹ in Million except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2017 Unaudited	30.09.2017 Unaudited	31.12.2016 Unaudited	31.12.2017 Unaudited	31.12.2016 Unaudited	31.03.2017 Audited
1 Revenue from Operations	14,225.2	15,680.2	11,606.3	41,349.9	36,627.2	46,684.5
2 Other Income	226.9	203.0	231.2	667.6	866.3	1,166.0
3 <b>Total Income (1) + (2)</b>	<b>14,452.1</b>	<b>15,883.2</b>	<b>11,837.5</b>	<b>42,017.5</b>	<b>37,493.5</b>	<b>47,850.5</b>
4 <b>Expenses</b>						
(a) Cost of materials consumed	3,638.8	2,339.6	3,079.7	9,746.7	9,251.9	12,322.6
(b) Purchases of stock-in-trade	2,739.8	1,471.1	1,707.9	6,051.2	5,515.6	7,750.4
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,288.9)	2,045.1	(509.3)	164.2	(650.0)	(2,119.2)
(d) Employee benefits expense	2,232.7	2,221.1	1,987.1	6,420.8	5,632.5	7,222.5
(e) Finance costs	71.8	113.0	66.4	260.1	189.7	236.8
(f) Depreciation and amortisation expense	283.0	257.5	197.3	774.7	565.3	764.8
(g) Other expenses	3,768.1	3,178.7	3,134.6	9,893.4	9,190.1	12,728.3
<b>Total Expenses</b>	<b>11,445.3</b>	<b>11,626.1</b>	<b>9,663.7</b>	<b>33,311.1</b>	<b>29,695.1</b>	<b>38,906.2</b>
5 <b>Profit before exceptional item and tax (3) - (4)</b>	<b>3,006.8</b>	<b>4,257.1</b>	<b>2,173.8</b>	<b>8,706.4</b>	<b>7,798.4</b>	<b>8,944.3</b>
6 <b>Exceptional item</b>	-	-	-	-	-	-
7 <b>Profit before tax (5) - (6)</b>	<b>3,006.8</b>	<b>4,257.1</b>	<b>2,173.8</b>	<b>8,706.4</b>	<b>7,798.4</b>	<b>8,944.3</b>
8 <b>Tax expense / (Credit)</b>						
Current tax	824.5	905.2	(975.8)	2,028.7	182.3	1,909.4
Deferred tax	52.6	44.3	1,012.5	119.2	12.8	(1,796.7)
<b>Total Tax expense</b>	<b>877.1</b>	<b>949.5</b>	<b>36.7</b>	<b>2,147.9</b>	<b>195.1</b>	<b>112.7</b>
9 <b>Net Profit for the period after tax (7) - (8)</b>	<b>2,129.7</b>	<b>3,307.6</b>	<b>2,137.1</b>	<b>6,558.5</b>	<b>7,603.3</b>	<b>8,831.6</b>
10 <b>Other Comprehensive Income (net of tax)</b>						
Items that will not be reclassified to profit or loss	(6.2)	(6.2)	(12.6)	(18.6)	(77.7)	(56.1)
Income tax relating to items that will not be reclassified to profit or loss	2.1	2.2	4.4	6.4	26.9	19.4
<b>Total Other Comprehensive Income</b>	<b>(4.1)</b>	<b>(4.0)</b>	<b>(8.2)</b>	<b>(12.2)</b>	<b>(50.8)</b>	<b>(36.7)</b>
11 <b>Total Comprehensive Income for the period (Comprising profit and other comprehensive income for the period)</b>	<b>2,125.6</b>	<b>3,303.6</b>	<b>2,128.9</b>	<b>6,546.3</b>	<b>7,552.5</b>	<b>8,794.9</b>
12 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1	239.1	239.1
13 <b>Other equity</b>						<b>43,687.4</b>
14 <b>Earnings Per Share of ₹ 2 each (not annualised for the quarters)</b>						
(a) ₹ (Basic)	17.81	27.66	17.87	54.85	63.59	73.86
(b) ₹ (Diluted)	17.81	27.66	17.87	54.85	63.59	73.86

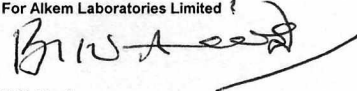
*B. W. A. [Signature]*



**Notes :**

- 1 The above unaudited financial results of the Company were reviewed and recommended by the Audit Committee on 8 February 2018 and subsequently approved by the Board of Directors at its meeting held on 9 February 2018. The figures for the quarter and nine months ended 31 December 2017 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion in the limited review report for the quarter and nine months ended 31 December 2017.
- 2 Financial results for the periods presented have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.
- 3 The Company operates in one reportable business segment i.e. "Pharmaceuticals".
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- 5 The Board of Directors in its meeting held on 9 February 2018 have declared an interim dividend of ₹ 6 (Rupees six only) per equity share of the face value of ₹ 2 each (300%).
- 6 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: 9 February 2018



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CIN :- L00305MH1973PLC174201



9<sup>th</sup> February, 2018

<b>The Corporate Relationship Department BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i>	<b>National Stock Exchange of India Limited</b> 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 Q3FY18 and 9MFY18 Results**

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q3FY18 and 9MFY18 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

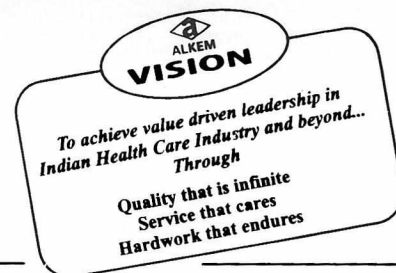
Encl.: a/a



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**Press Release**

**Alkem reports Q3FY18 and 9MFY18 Results**

**Mumbai, February 9, 2018:** Alkem Laboratories Ltd (Alkem) today announced its consolidated financial results for third quarter & nine months ending December 31, 2017. These results were taken on record by the Board of Directors at a Meeting held in Mumbai today.

**Key highlights of Q3FY18 financial performance** (Refer Notes below)

- Total Revenue from Operations was Rs.17,405 million, year-on-year growth of 17.4%
  - India sales were Rs.12,567 million, year-on-year growth of 22.0%
  - International sales were Rs.4,660 million, year-on-year growth of 7.8%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.3,598 million, resulting in EBITDA margin of 20.7% vs. 18.1% in Q3FY17. EBITDA grew by 34.2% YoY
- R&D expenses for the quarter was Rs.927 million, or 5.3% of total revenue from operations compared to Rs.851 million in Q3FY17 at 5.7% of total revenue from operations
- Profit before tax (PBT) was Rs.3,324 million, a growth of 30.1% compared to Q3FY17
- Net Profit (after Minority Interest) was Rs.1,716 million, compared to Rs.2,334 million in Q3FY17. Tax expenses in Q3FY18 includes one-off charge of Rs.449 million on account of significant changes to the US corporate income tax system

**Key highlights of 9MFY18 financial performance** (Refer Notes below)

- Total Revenue from Operations was Rs.49,180 million, year-on-year growth of 6.9%
  - India sales were Rs.35,297 million, year-on-year growth of 5.1%
  - International sales were Rs.13,101 million, year-on-year growth of 11.0%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.9,146 million, resulting in EBITDA margin of 18.6% vs. 18.5% in 9MFY17. EBITDA grew by 7.6% YoY
- R&D expenses for 9MFY18 was Rs.2,529 million, or 5.1% of total revenue from operations compared to Rs.2,289 million in 9MFY17 at 5.0% of total revenue from operations
- Profit before tax (PBT) was Rs.8,451 million, a growth of 2.0% compared to 9MFY17
- Net Profit (after Minority Interest) was Rs.5,639 million, compared to Rs.7,550 million in 9MFY17

Notes: Post implementation of GST with effect from 1<sup>st</sup> July 2017 and as per Ind AS 18, revenue from operations is disclosed net of GST. Revenue from operations for the quarter and nine months ended 31 December 2016 and for the year ended 31 March 2017 included excise duty which is now subsumed under GST. Revenue from operations for the nine months ended 31 December 2017 includes excise duty up to 30 June 2017. Accordingly, revenue from operations for the quarter and nine months ended 31 December 2017 are not comparable with those of previous period presented.

*Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "Q3FY18 has been a strong quarter for the company. Amidst the challenging regulatory environment and competitive landscape, we have not only achieved robust revenue growth but have also complimented it with improvement in our profit margins. We are continuously investing in our capabilities, people and infrastructure to build newer avenues of growth."*



**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



**Operational Highlights**

**Domestic Business**

Our Domestic sales for Q3FY18 grew by 22.0% YoY, recording a sales of Rs.12,567 million as compared to Rs.10,298 million for Q3FY17. For 9MFY18, our Domestic sales grew by 5.1% YoY to Rs.35,297 million compared to Rs.33,590 million in 9MFY17. Adjusting for the impact of GST, like-to-like YoY growth was higher for the quarter and nine months ended 31 December 2017.

As per IMS TSA data, for the quarter ended 31 December 2017, we rank amongst the top five companies in the India Pharma Market (IPM) and have outperformed the IPM across all the major therapy segments listed in the table below. We have maintained our leading positions in our established therapy areas of Anti-Infectives, Gastro Intestinal, Pain / Analgesic and Vitamins / Minerals / Nutrients, and have also further improved our market shares and rankings in our emerging therapy segments of Neuro / CNS, Derma, Cardiac and Anti-Diabetes. We also feature amongst the top ten companies in India in the Neuro / CNS segment, thereby highlighting our efforts to grow our chronic business.

The performance highlights of the key therapeutic segments in Q3FY18 and 9MFY18 are as shown in the table below:

Key Therapy segment	Q3FY18				9MFY18			
	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	19.5%	10.5%	1	Unchanged	-2.4%	-2.5%
Gastro Intestinal	3	Unchanged	11.4%	9.4%	3	Unchanged	5.8%	4.2%
Pain / Analgesics	3	Unchanged	13.3%	7.7%	3	Unchanged	10.4%	2.5%
Vitamins / Minerals / Nutrients	4	+2	23.8%	9.7%	4	+1	10.3%	4.8%
Neuro / CNS	8	+2	15.0%	5.8%	9	+1	10.7%	3.2%
Derma	17	Unchanged	26.7%	16.6%	17	Unchanged	22.1%	14.4%
Cardiac	28	Unchanged	16.1%	6.8%	28	+1	15.7%	5.1%
Anti-Diabetic	24	+4	31.6%	9.8%	25	+2	19.8%	12.2%
<b>Total</b>	<b>5</b>	<b>+2</b>	<b>18.2%</b>	<b>10.4%</b>	<b>6</b>	<b>-1</b>	<b>4.4%</b>	<b>4.8%</b>

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

Source: IMS TSA data



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**International Business**

Our International sales for Q3FY18 grew by 7.8% YoY, recording sales of Rs.4,660 million as compared to Rs.4,324 million for Q3FY17. For 9MFY18, our International sales grew by 11.0% to Rs.13,101 million compared to Rs.11,806 million in 9MFY17.

- **US sales** for the quarter was Rs.3,592 million, recording a year-on-year growth of 6.1%. For 9MFY18, US sales was Rs.9,596 million, up 5.1% compared to 9MFY17.
- **Other International Markets sales** for the quarter were Rs.1,068 million, recording a year-on-year growth of 13.7%. For 9MFY18, Other International Markets sales were Rs.3,505 million, up 30.9% compared to 9MFY17.

**R&D Investments**

Our Revenue R&D expenses for the quarter were Rs.927 million, or 5.3% of total revenue from operations. Similarly for 9MFY18, our Revenue R&D expenses were Rs.2,529 million, or 5.1% of total revenue from operations.

During the quarter, we filed 3 abbreviated new drug applications (ANDAs) with the US FDA and received 7 approvals (including 1 tentative approvals). For 9MFY18, we filed 8 ANDAs with the US FDA and received 12 approvals (including 1 tentative approvals).

As on 31<sup>st</sup> December 2017, we have filed a total of 96 ANDAs and 1 new drug application (NDA) with the US FDA of which 41 are Para IV filings including first-to-files (FTFs). Of these, we have received approvals for 48 ANDAs (including 6 tentative approvals) and 1 NDA.

**Status on US FDA Inspections at our facilities**

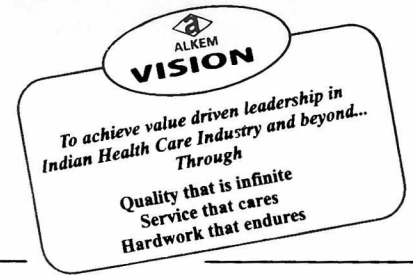
Facility	Scope	Last Inspection Date	Update
St. Louis (US)	Formulations	October 2017	EIR Report received
Baddi (India)	Formulations	September 2017	EIR Report received
Ankleshwar (India)	API	December 2016	EIR Report received
Daman (India)	Formulations	September 2016	EIR Report received
Mandva (India)	API	September 2015	EIR Report received
California (US)	API	May 2015	EIR Report received



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**Q3FY18 and 9MFY18 Conference Call at 4:00pm IST, February 9, 2018**

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, February 9, 2018 at 4:00 pm IST to discuss its Q3FY18 & 9MFY18 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 Ltd. will host the call.

**Details of the conference call are as under:**

**Time:** 4:00 pm IST (GMT + 5:30) on Friday, February 9, 2018

**Dial in Details:**

India : +91 22 3938 1079

**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](http://www.alkemlabs.com)

**About Alkem Laboratories Ltd.**

Established in 1973 and headquartered in Mumbai, Alkem (NSE: ALKEM, BSE: ALKEM, 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 2017). 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](http://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](mailto:gagan.borana@alkem.com)



# ALKEM LABORATORIES LTD.

Investor Presentation Q3FY18 – 9<sup>th</sup> February 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 For The Quarter

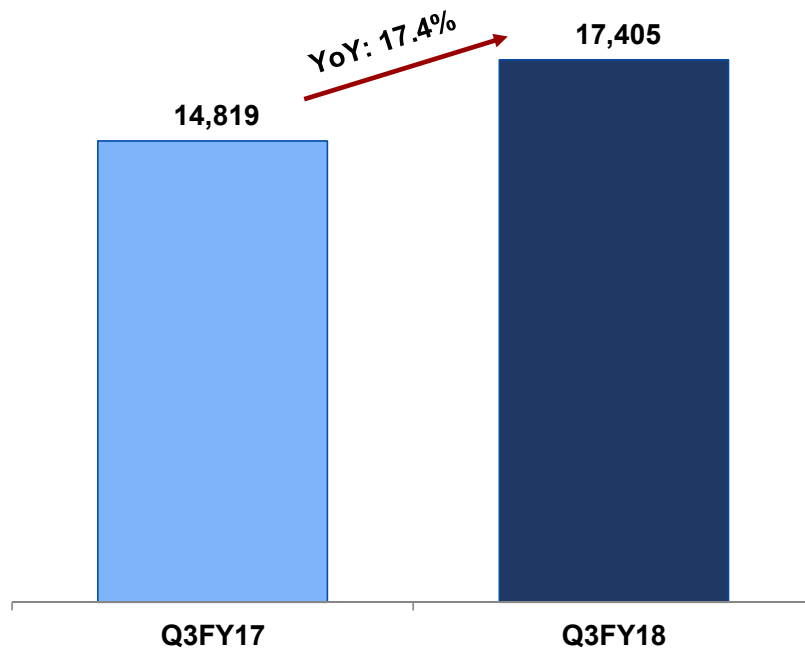
## Robust quarter – Strong revenue growth accompanied with improvement in EBITDA margins

- **India Business reported 22% YoY growth:** Company maintained its leading positions in the acute therapy areas while improving its presence in the chronic therapy segments
- **Healthy growth in the International Business:** Company's key select International markets including US registered a healthy growth. Growth was even better in local currency terms
- **EBITDA margins improve by 260bps YoY to 20.7%:** Despite the challenging regulatory environment and competitive landscape in the key markets of India and US, the Company delivered YoY improvement its EBITDA margins driven by better product mix and operating leverage
- **7 ANDA approvals in Q3FY18:** Company filed 3 ANDAs and received 7 approvals from the US FDA during Q3FY18. On-track to meet its guidance of 12-15 ANDA filings per year with 8 ANDA filings in 9MFY18
- **US FDA inspections:** All the 6 manufacturing facilities catering to the US market have an EIR with no pending observations in any of them
- **Reported Net Profit after tax** for Q3FY18 and 9MFY18 impacted by one-off charge of Rs.449 million (part of tax expenses) due to significant changes to the US corporate tax system

# Key Financial Highlights – Q3FY18 (Consolidated)

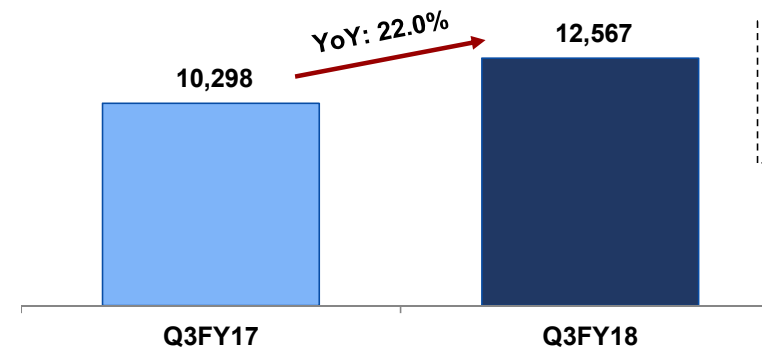
All figures in Rs mn

## Total Revenue from Operations



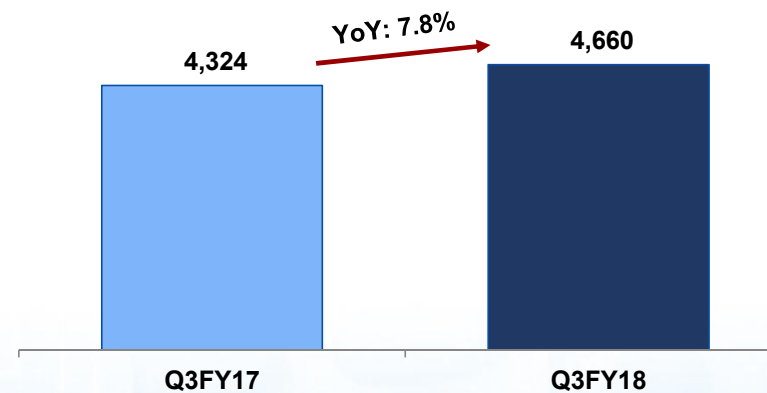
Notes: Post implementation of GST with effect from 1<sup>st</sup> July 2017 and as per Ind AS 18, Revenue from Operations is disclosed net of GST. Revenue from Operations for earlier periods includes excise duty. Accordingly, Revenue from Operations for the quarter and nine months ended 31 December 2017 are not comparable with those of previous period presented.

## India sales



Adjusting for the impact of GST, YoY growth was even higher

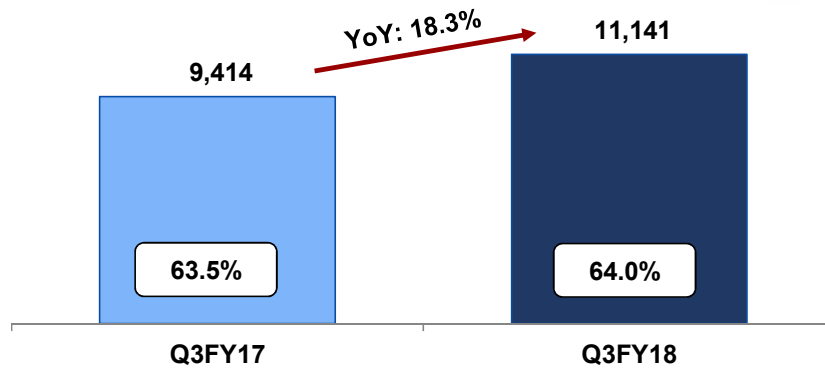
## International sales



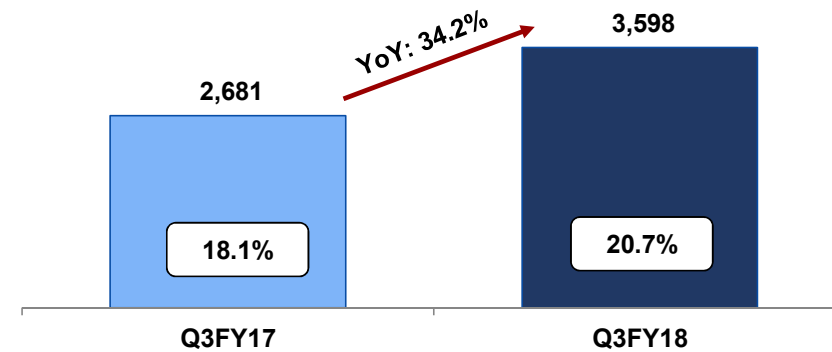
# Key Financial Highlights – Q3FY18 (Consolidated)

All figures in Rs mn

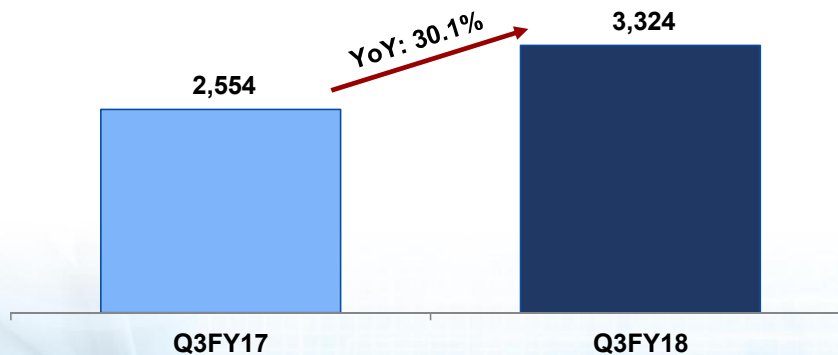
### Gross Profit and Gross Margin



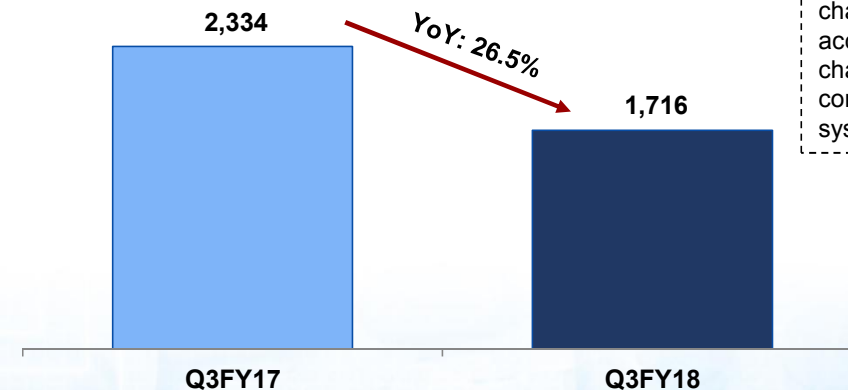
### EBITDA and EBITDA Margin



### PBT (before Minority Interest)



### PAT (after Minority Interest)



Reported Net Profit after tax impacted by one-off charge of Rs.449mn on account of significant changes to the US corporate income tax system

## Key Financial Highlights – 9MFY18 (Consolidated)

Particulars (Rs mn)	9MFY18	9MFY17	YoY growth
Revenue from Operations	49,180	46,011	6.9%
Gross Profit	30,211	28,404	6.4%
Gross Profit margin	61.4%	61.7%	
EBITDA	9,146	8,497	7.6%
EBITDA margin	18.6%	18.5%	
PBT	8,451	8,286	2.0%
PBT margin	17.2%	18.0%	
PAT (After Minority Interest)	5,639	7,550	(25.3)%
PAT margin	11.5%	16.4%	
EPS (Rs / share)	47.16	63.15	(25.3)%

- Adjusting for the GST impact, the YoY revenue growth in 9MFY18 was higher
- Growth in the International Business was impacted by adverse currency movement
- EBITDA margins improved despite challenging regulatory environment and competitive landscape in key markets of India and US
- PAT (after minority interest) impacted by one-off charge of Rs.449 million (part of tax expenses) due to significant changes to the US corporate tax system

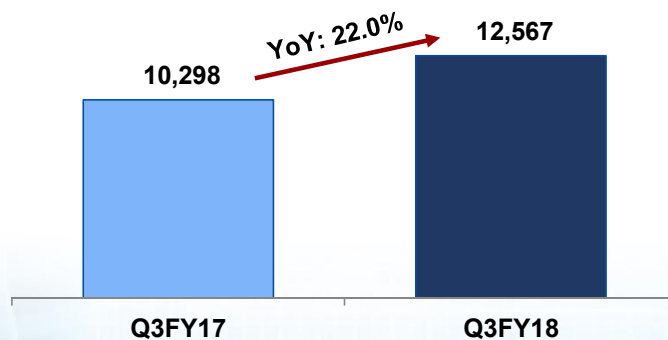
Notes: Post implementation of GST with effect from 1<sup>st</sup> July 2017 and as per Ind AS 18, Revenue from Operations is disclosed net of GST. Revenue from Operations for earlier periods includes excise duty. Accordingly, Revenue from Operations for the quarter and nine months ended 31 December 2017 are not comparable with those of previous period presented.

# India Business

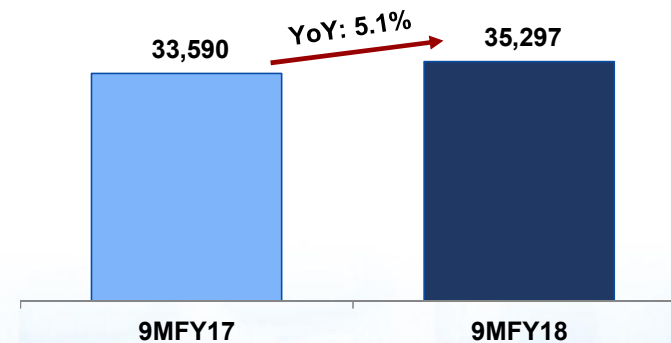
## India Business: Q3FY18 Sales of Rs.12,567 million (22.0% growth YoY)

- India sales contributed 73.0% to total sales in Q3FY18
- Adjusting for the GST impact, YoY growth during the quarter and nine months ending 31<sup>st</sup> December 2017 was even higher
- The YoY growth during the quarter was majorly driven by volume growth along with contribution from new product launches
- During the quarter, the Company outperformed the IPM across all the major therapy segments. (Source: IMS TSA data)
- The Company improved its market share and rankings in chronic therapy areas of Cardiac, Anti-diabetes, Neuro / CNS and Derma. The Company now ranks 8<sup>th</sup> (YoY improvement of 2 ranks) in the CNS / Neuro segment for Q3FY18. (Source: IMS TSA data)

Q3FY18 – India Sales (Rs mn)



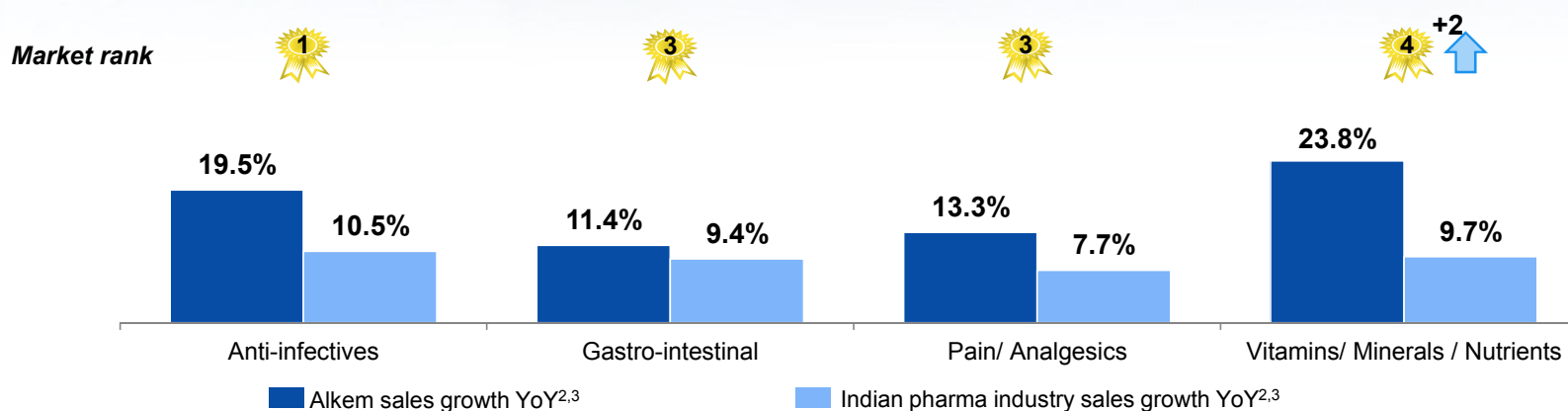
9MFY18 - India sales (Rs mn)



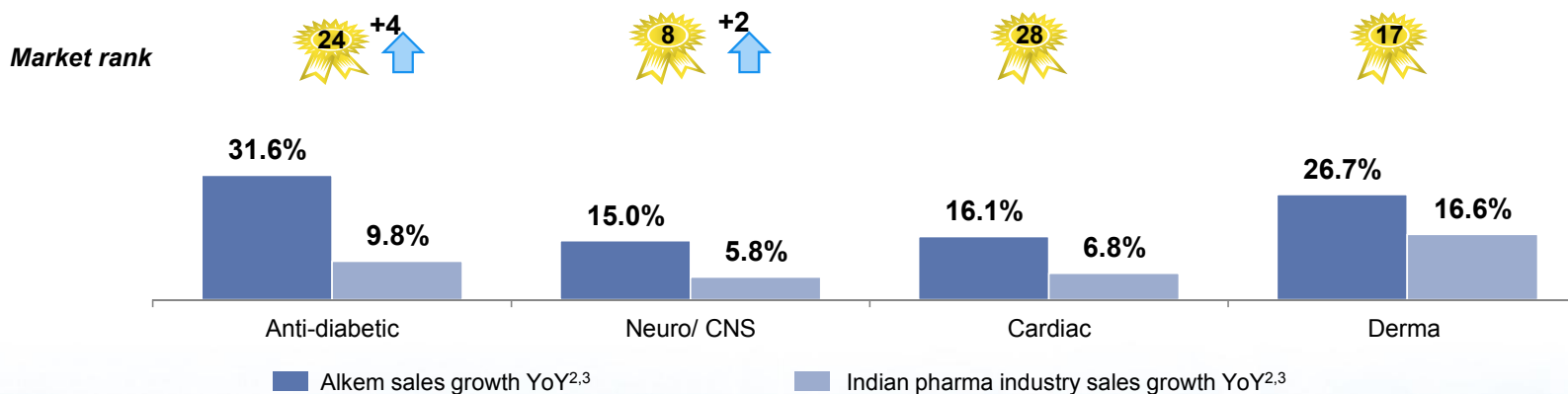
# India Business – Secondary Sales Performance

Outperformance across all the major therapeutic areas in Q3FY18

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem



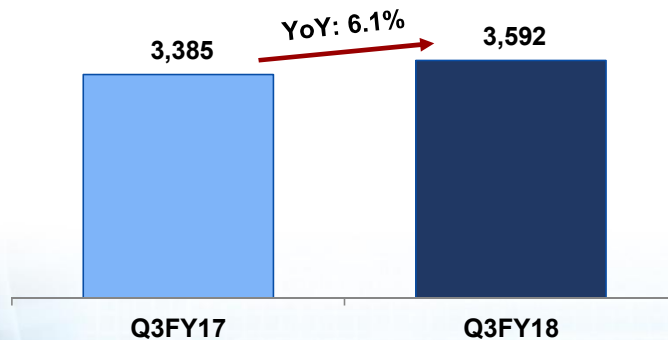
Source: IMS TSA data <sup>2</sup> Domestic formulations sales; <sup>3</sup> For 3 months ended December 2017

# US Business

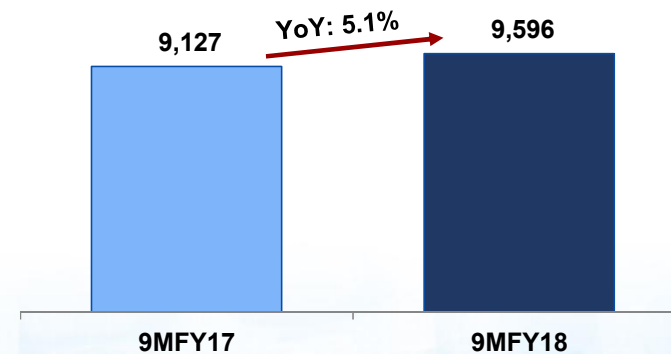
## US Business: Q3FY18 Sales of Rs.3,592 million (6.1% growth YoY)

- US sales contributed 20.9% to total sales in Q3FY18
- YoY growth during the quarter was higher in US\$ terms
- In Q3FY18, the Company filed 3 ANDAs with the US FDA and received 7 approvals (including 1 tentative approval)
- As on 31<sup>st</sup> December 2017, the Company has filed a total of 97 ANDAs (including 1 NDA) with the US FDA and has received 49 approvals (including 6 tentative approvals and 1 NDA)
- **Status of US FDA inspection:** All the 6 manufacturing facilities (4 in India and 2 in US) catering to the US market has received an EIR from the US FDA and there is not pending observations in any of them

Q3FY18 – US Sales (Rs mn)



9MFY18 - US sales (Rs mn)

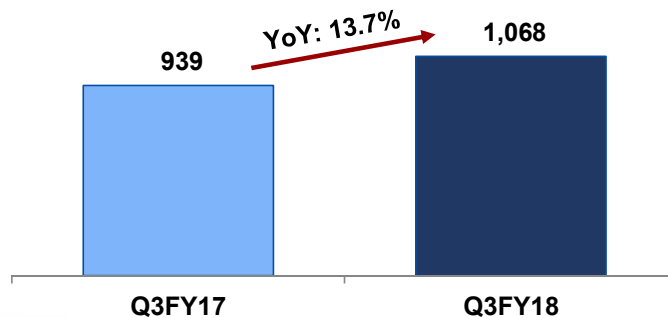


# Other International Business

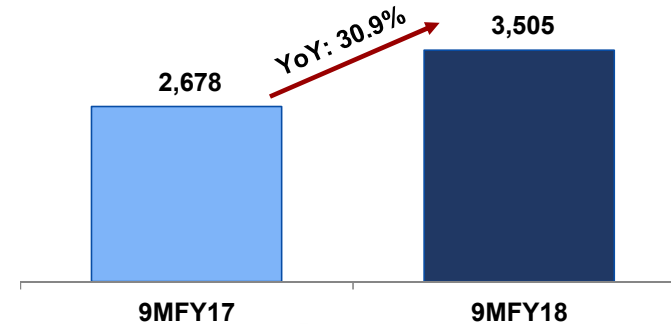
## Other International Business: Q3FY18 Sales of Rs.1,068 million (13.7% growth YoY)

- Other International Market sales contributed 6.2% to total sales in Q3FY18
- Company's key markets including Australia, Philippines, Chile and Kazakhstan recorded healthy growth for the quarter and nine months ending 31<sup>st</sup> December 2017
- YoY growth during the quarter was higher in local currency

**Q3FY18 – Other International Sales (Rs mn)**



**9MFY18 – Other International Sales (Rs mn)**





# Consistent Strategy, Strong Execution

**With a consistent strategy, the greater focus has been on stronger execution**

1

*India Sales: Consolidate Company's leadership position in the acute segment by driving growth in its mega brands*

2

*India Sales: Increase Company's market share in the chronic segment through market share acquisition and new product introductions*

3

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

4

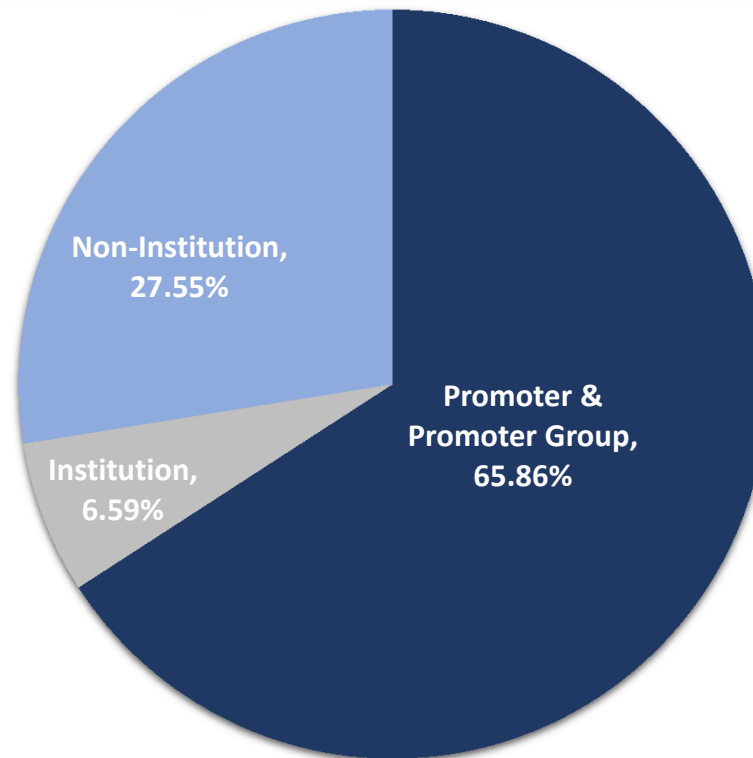
*Continued focus on R&D to accelerate ANDA filings for the US market and develop differentiated portfolio*

5

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

# Latest Shareholding Pattern

Shareholding pattern as on 31<sup>st</sup> December 2017



*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**