



ALKEM LABORATORIES LTD.

Regd. Office : " ALKEM HOUSE", Senapati Bapat Marg,
Lower Parel, MUMBAI 400 013. Phone : 3982 9999, Fax : 022-2495 2955
Email : contact@alkem.com Website : www.alkemlabs.com
CIN no :- U00305MH1973PLC174201



12th August, 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 Q1FY17 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q1FY17 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



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Press Release

Alkem reports Q1FY17 Results

Mumbai, August 12, 2016: Alkem Labs Ltd (Alkem) today announced its consolidated financial results for first quarter of financial year 2017. These results were taken on record by the Board of Directors at a Meeting held in Mumbai today.

Key highlights of Q1FY17 financial performance

- Net Income from Operations was Rs.14,579 million, year-on-year growth of 20.7%
 - India sales were Rs.10,803 million, year-on-year growth of 22.4%
 - International sales were Rs.3,590 million, year-on-year growth of 14.6%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.2,711 million, resulting in EBITDA margin of 18.6% vs. 17.1% in Q1FY16. EBITDA grew by 31.5% YoY
- R&D expenses for the quarter was Rs.788 million, or 5.4% of net operating income
- Profit before tax (PBT) was Rs.2,663 million, a growth of 26.4% compared to Q1FY16
- Net Profit (after Minority Interest) was Rs.2,388 million, year-on-year growth of 18.7%.

Commenting on the results, Prabhat Agrawal, CEO, Alkem said, "Q1FY17 has been an impressive start to the year for the Company with a good all-round performance. Despite the regulatory headwinds in the form of NLEM / WPI led price cuts, we have delivered a robust and a broad based growth. We have also worked upon various cost optimization measures which along with operating leverage has helped us offset the adverse impact of regulatory price cuts on our EBITDA margins. Further we also successfully closed the regulatory issues with the UK MHRA at our Talaja Bioequivalence centre. We look forward to take this momentum ahead as we continue to focus on executional excellence without deviating from our core strategy of outperforming in our core markets and strengthening our presence in the emerging ones."

Operational Highlights

Domestic Business

Our Domestic sales for Q1FY17 grew by 22.4% YoY, recording a sales of Rs.10,803 million as compared to Rs.8,827 million for Q1FY16.

As per IMS SSA, during the quarter we registered value growth of 10.6% YoY, outperforming the Indian Pharmaceutical Market (IPM) which grew by 8.6% YoY. We maintained our fifth rank in the Indian Pharmaceutical market during the quarter with year-on-year improvement in market share. Also for twelve months ending June 2016, we grew ahead of IPM with YoY growth of 13.8% compared to IPM growth of 12.3%.



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The outperformance during the quarter was driven by continued market share gain in our established therapy segments of Anti-Infectives, Gastro Intestinal, Pain / Analgesic and Vitamins / Minerals / Nutrients, as well as robust growth in our emerging therapy segments of Neuro / CNS, Cardiac and Anti-Diabetes. In our key therapy areas of Anti-Infectives and Gastro Intestinal, we grew more than 600bps ahead of the segment growth during the quarter. This was mainly driven by robust volume growth even as we took NLEM / WPI led price cuts in some of our key brands during the quarter. We maintained our leadership position in our established therapies while improving our ranks in emerging therapies of Neuro / CNS, Cardiac and Anti-Diabetes.

The performance highlights of the key therapeutic segments in Q1FY17 are as shown in the table below:

Key Therapy segment	Q1FY17			
	Alkem Rank	YoY change in Rank*	YoY growth (Alkem)	YoY growth (IPM)
Anti-infectives	1	Unchanged	9.4%	3.3%
Gastro Intestinal	3	Unchanged	14.6%	7.0%
Pain / Analgesics	3	Unchanged	8.0%	5.8%
Vitamins / Minerals / Nutrients	5	Unchanged	10.4%	9.0%
Respiratory	19	-1	0.0%	2.4%
Neuro / CNS	12	+1	22.7%	11.2%
Derma	18	-3	10.9%	12.5%
Cardiac	30	+1	13.8%	9.7%
Anti-Diabetic	26	+3	22.9%	15.8%
Total	5	Unchanged	10.6%	8.6%

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

Source: IMS SSA June 2016

International Business

Our International sales for Q1FY17 grew by 14.6% YoY, recording sales of Rs.3,590 million as compared to Rs.3,134 million for Q1FY16.

- **US sales** for the quarter was Rs.2,719 million, recording a year-on-year growth of 11.8%
- **Other International Markets sales** for the quarter were Rs.871 million, recording a year-on-year growth of 24.0%

R&D Investments

Our Revenue R&D expenses for the quarter were Rs.788 million, or 5.4% of net operating income.

During the quarter, we received 3 tentative approvals, taking our cumulative ANDA approvals to 33 (including 7 tentative approvals) and 1 NDA - as on 30th June'16.

As on 30th June 2016, we have filed a total of 76 ANDAs and 1 new drug application (NDA) with the US FDA of which 32 are Para IV filings including first-to-files (FTFs).



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Q1FY17 Conference Call at 4:30pm IST, August 12th, 2016

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, August 12th, 2016 from 4:30 pm to 5:30 pm IST to discuss its Q1FY17 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: 4:30 pm to 5:30 pm IST (GMT + 5:30) on Friday, August 12th, 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

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Investor Relations – Alkem Laboratories Ltd.

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Alkem Laboratories Limited

Investor Presentation Q1FY17

12th August 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.

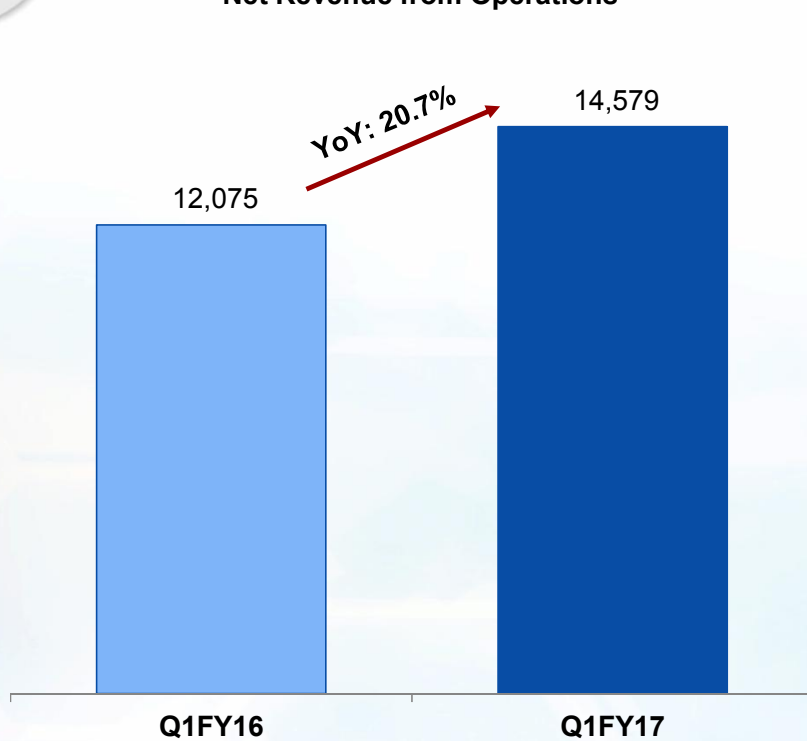
Should one or more of such risks and uncertainties materialize, or should any underlying assumption prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements.

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.

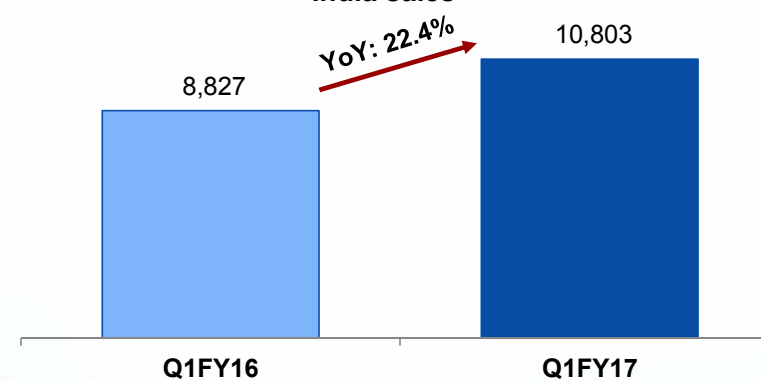
Key Financial Highlights – Q1FY17 Consolidated

All figures in INR mn

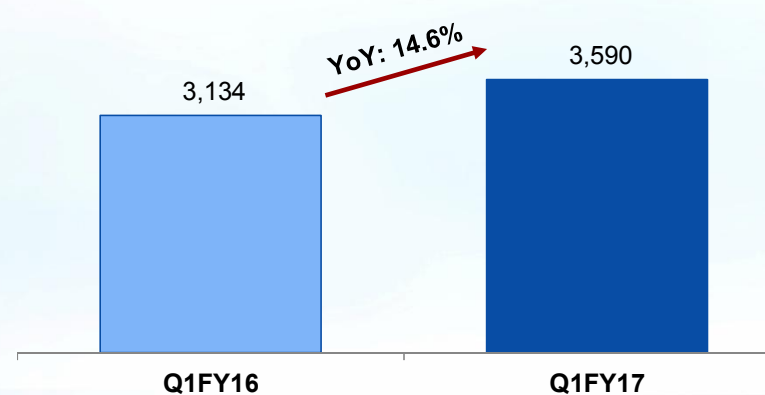
Net Revenue from Operations



India sales



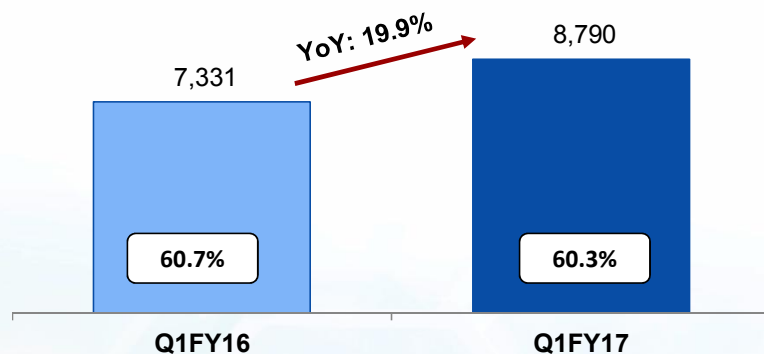
International sales



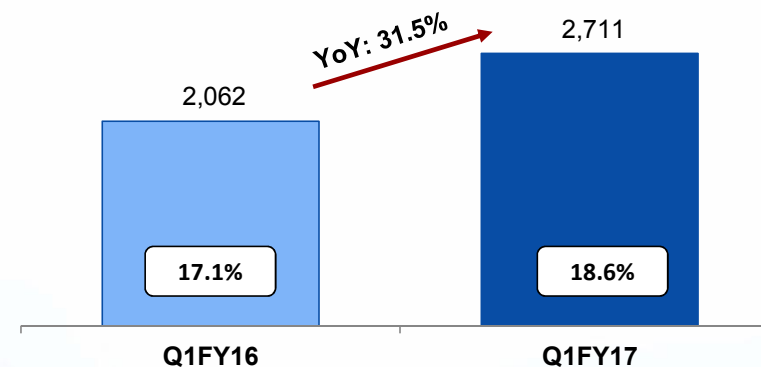
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All figures in INR mn

Gross Profit and Gross Margin



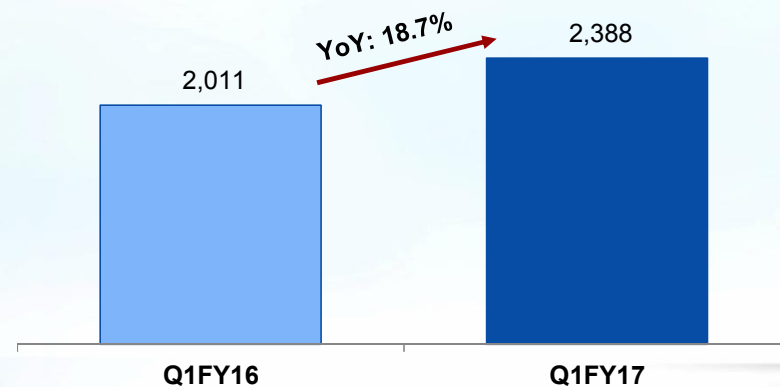
EBITDA and EBITDA Margin



PBT (before Minority Interest)



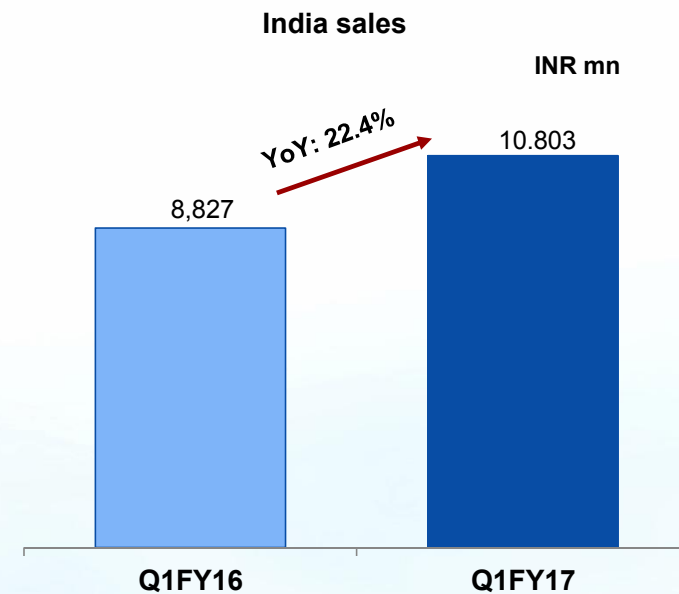
PAT (after Minority Interest)



India Business

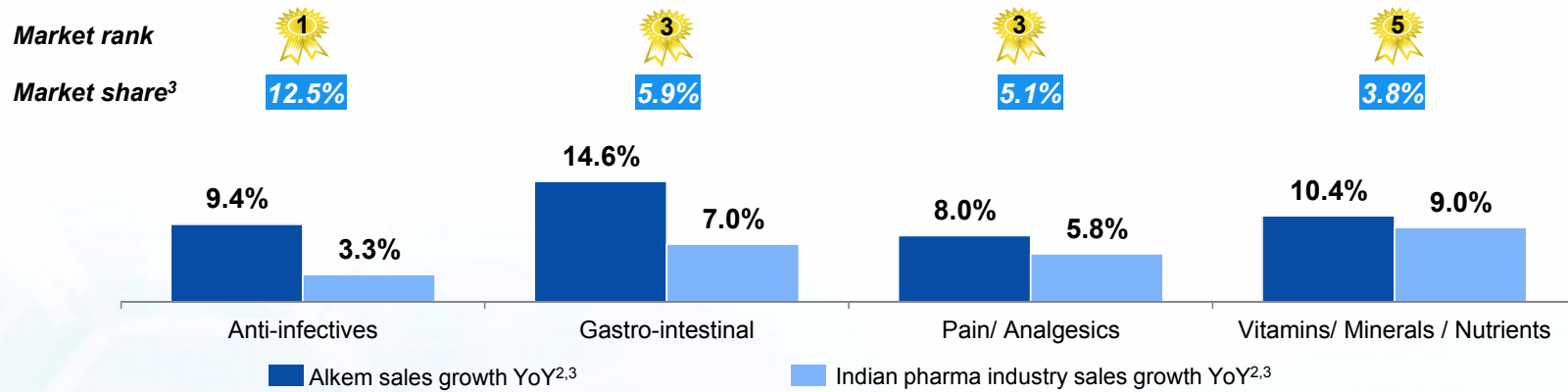
India Business: Q1FY17 Net Sales of Rs.10,803 million (22.4% growth YoY)

- India sales contributed 75.1% to total net sales for Q1FY17
- The robust growth during the quarter was delivered amidst the challenging environment with expansion of NLEM list, WPI led price cuts and NPPA led downward price revision in some of our key brands
- During the quarter Company's secondary sales¹ grew by 10.6% – higher than corresponding IPM growth of 8.6%
- Company delivered more than 600bps of outperformance to the market in the key therapy areas of anti-infectives and gastrointestinal
- Company delivered robust growth in emerging therapies of Neuro / CNS, Cardiac and Anti-Diabetic and resulting in improvement in market ranking

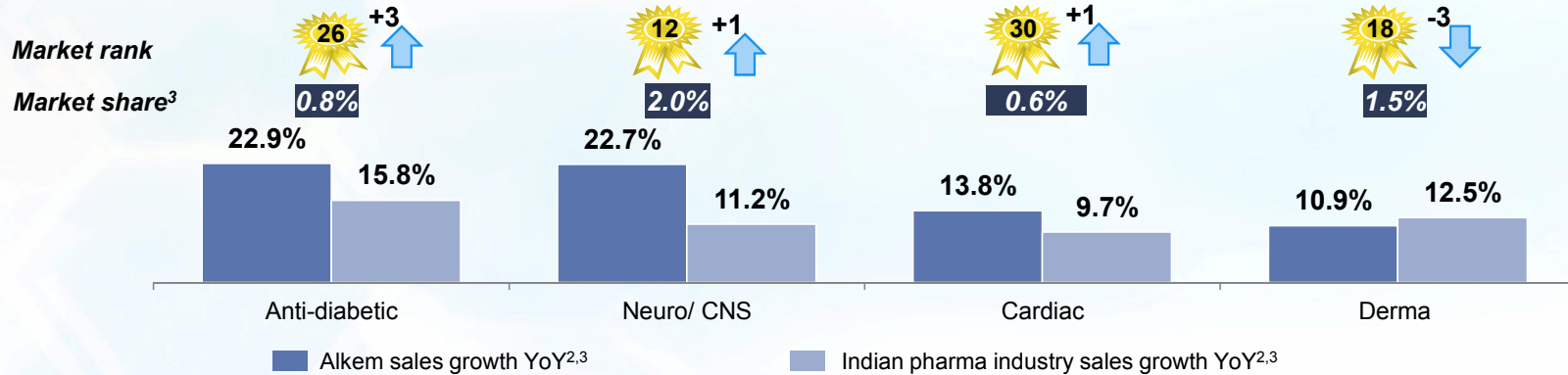


India Business – Therapy performance in Q1FY17

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem



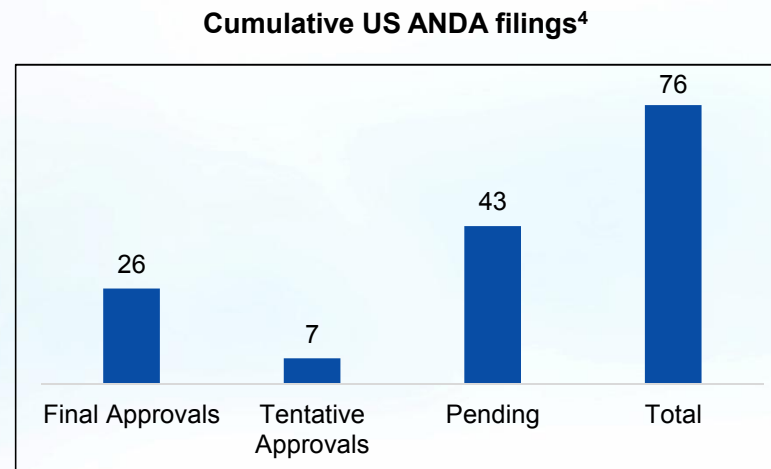
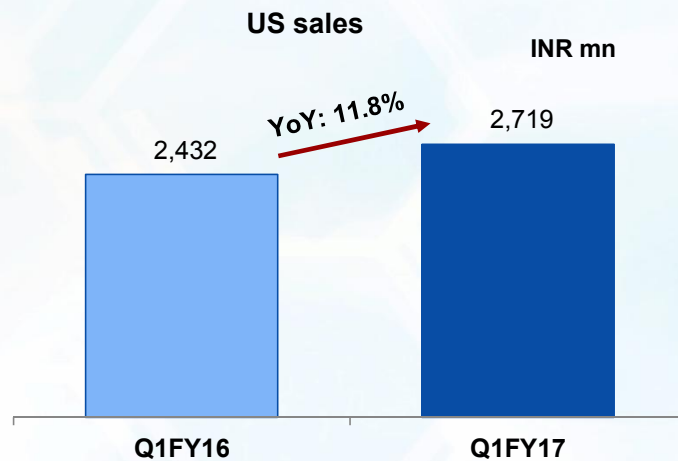
Source: IMS SSA MAT June 2016 ² Domestic formulations sales; ³ For 3 months ended June '16



US Business

US Business: Q1FY17 Net Sales of Rs.2,719 million (11.8% growth YoY)

- US sales contributed 18.9% to total net sales for Q1FY17
- The Company launched 3 new products towards later half of Q1FY17, of which one was in-licensed product
- During the quarter, the Company received 3 tentative ANDA approvals, taking cumulative ANDA approvals to 33 (including 7 tentative approvals) and 1 NDA - as on 30th June'16

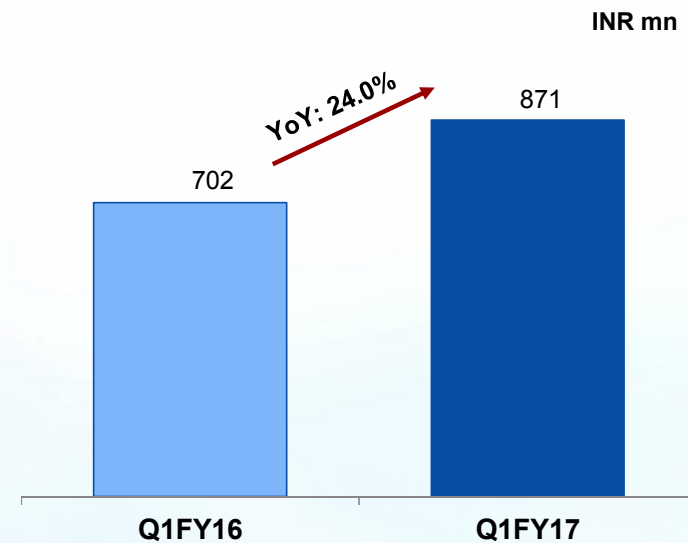


Other International Markets

Other International Markets : Q1FY17 Net Sales of Rs.871 million (24.0% growth YoY)

- Other International sales contributed 6.0% to total net sales for Q1FY17
- Company has presence in more than 50 international markets
- 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)
 - Focusing on retail business in Chile, the Company entered into new contracts with the Chains
 - During the quarter, the Company in-licensed products for its key markets thereby expanding its product offerings

Other International Markets sales



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

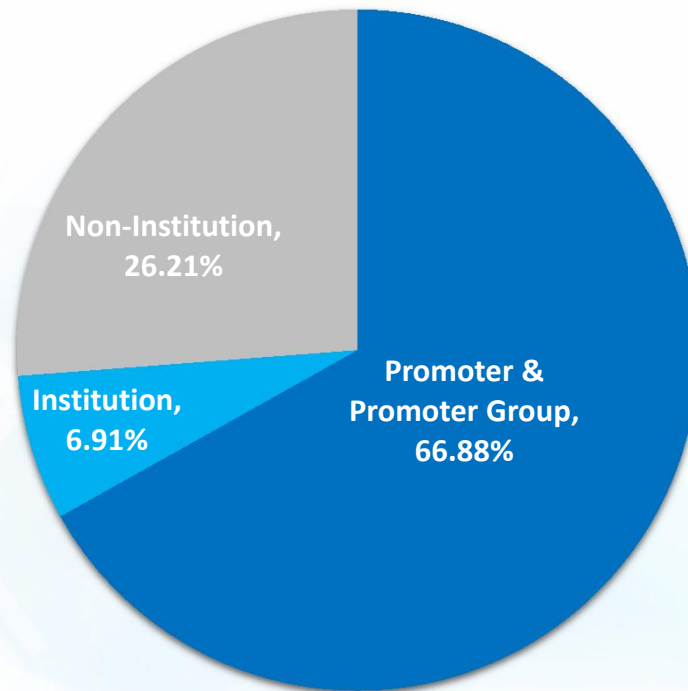


Financials – Key P&L items (Consolidated)

Particulars (Rs mn)	Q1FY17	Q1FY16	YoY growth
Net Income from Operations	14,579	12,075	20.7%
Gross Profit	8,790	7,331	19.9%
Gross Profit margin	60.3%	60.7%	
EBITDA	2,711	2,062	31.5%
EBITDA margin	18.6%	17.1%	
PBT	2,663	2,107	26.4%
PBT margin	18.3%	17.4%	
PAT (After Minority Interest)	2,388	2,011	18.7%
PAT margin	16.4%	16.7%	
EPS (Rs / share)	19.97	16.82	18.7%

Latest Shareholding Pattern

Shareholding pattern as on 30th June 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

