

Laurus Labs Limited
Corporate Office
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May 10, 2018

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 4th May, 2018, wherein we have intimated the schedule of Conference call on 11th May, 2018. In this connection, we enclose herewith the presentation to the Investors/Analysts on the Audited Standalone and Consolidated Financial Results of the Company for the 4th Quarter and Year ended March 31, 2018.

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**

WR ✓

V V Ravi Kumar
Executive Director & CFO





LAURUS LABS LIMITED

Q4 & FY18

RESULTS PRESENTATION

May 10, 2018

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



	 <small>Active Pharmaceutical Ingredients & Intermediates</small>	 <small>Finished Dosage Forms</small>	 <small>Contract Development & Manufacturing Services</small>	 <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"> Developing and manufacturing 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 cardiovascular, antidiabetic, 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 CNS 	<ul style="list-style-type: none"> Commercial scale contract manufacturing Clinical phase supplies Analytical and research services Several projects executed 	<ul style="list-style-type: none"> Nutraceuticals, dietary supplements and cosmeceutical products Set up a dedicated block in Unit 4 for global partner, C2 Pharma
Filings	<ul style="list-style-type: none"> Commercialized 59 products 46 DMFs filed 	<ul style="list-style-type: none"> Filed 9 ANDAs & 1 NDA with USFDA 1 dossier in Canada, 4 dossiers in Europe, 3 dossier with WHO, 2 dossier in South Africa & 15 in ROW. In addition, completed 6 products validations. 	<ul style="list-style-type: none"> Commenced commercial supplies from Unit 5 	<ul style="list-style-type: none"> NA
Infrastructure	<ul style="list-style-type: none"> 4 Manufacturing facilities, (2,211 KL (1) (2)) 	<ul style="list-style-type: none"> 5 bn Units / year capacity. 	<ul style="list-style-type: none"> Dedicated manufacturing (Unit – 5) Capacity (125 KL) for Aspen. 	<ul style="list-style-type: none"> Manufacturing facilities⁽²⁾

(1) Includes ingredients products excl Unit 2 API capacity

(2) APIs, Ingredients and Synthesis (other than Aspen supplies) are manufacturing at Unit 1,3 & 4

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

Oncology & 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, CVS, Anti-Diabetic & Ophthalmology

FDFs

- Leverage API capabilities; capture operating efficiencies through backward integration
- 2 Partnerships in place for commercialization of FDFs in US market.
- Distributors appointed for ROW market
- Setting up our own front end in the US market
- Looking to capitalize in other EMs and developed markets
- Entered into contractual supplies for European market

Leverage API Cost Advantage for Forward Integration into Generic FDF

Therapeutic Focus Areas – ARV, CVS, CNS, PPI & Anti Diabetic

Synthesis

- Focus on supply of key starting materials and intermediates for new chemical entities
- Contract with Aspen for supply of hormonal intermediates
- Completed several projects in various stages from pre clinical to commercial with development & Manufacturing. And many more in pipeline

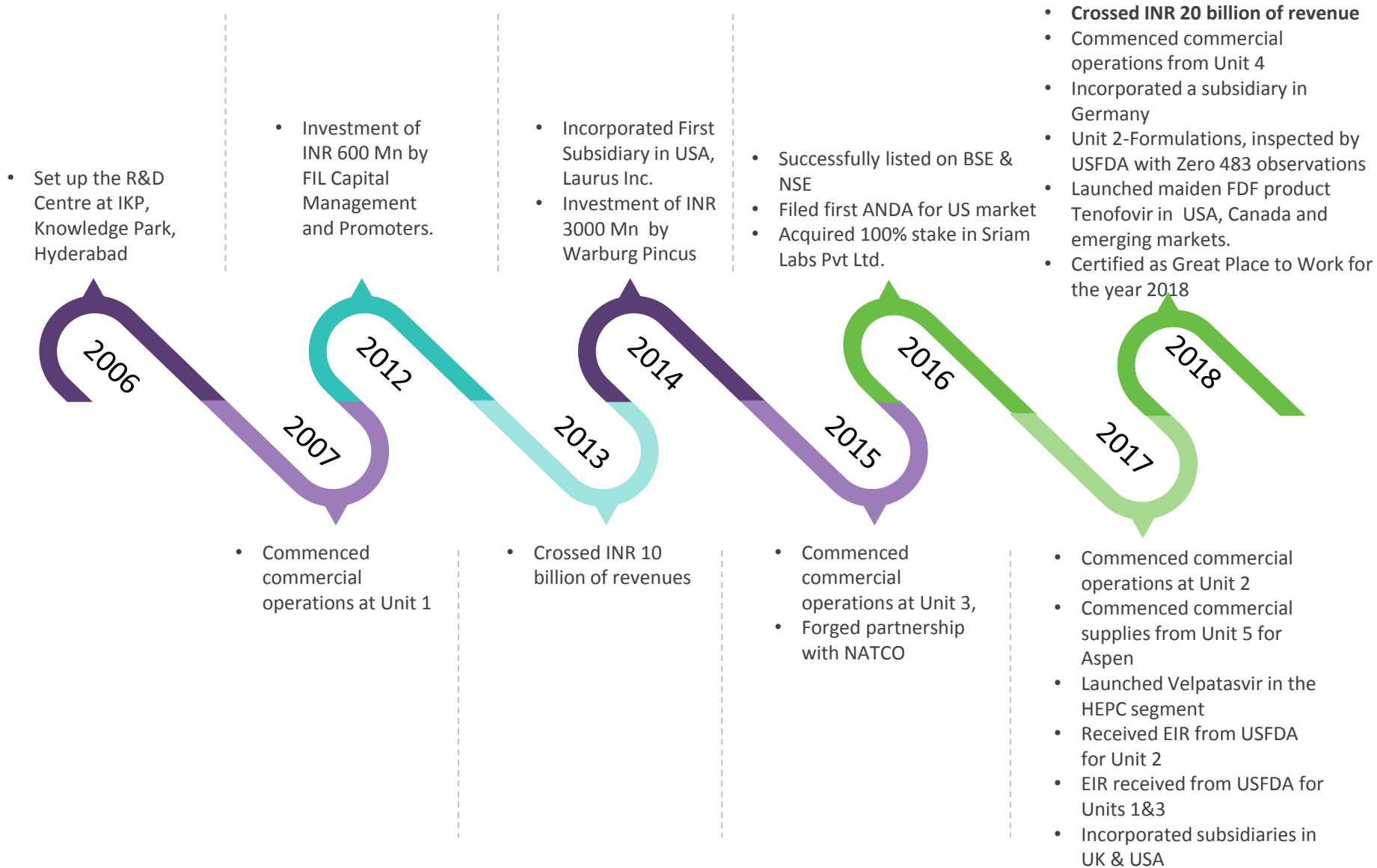
Develop our Synthesis Business through various global Innovators including Aspen

Ingredients

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

Expanding from Synthetic process to Natural Extraction

Transformation of Business Model



Significant Investments in Generic FDF Business



- Filed first ANDA and WHO dossier in 2016.
- As on date filed nine ANDAs and one NDA and in addition completed 6 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 and cost 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

NATCO Pharma Limited

- Entered into a profit sharing partnership for development & sale of HEP C products in India and emerging markets.



- Spent **INR 1,028 mn** towards FDF product development expenses for FY18 and INR 2,388 mn cumulatively
- INR 4,149 mn capex invested as on date to set up and expand FDF manufacturing facility
- Infrastructure in place to support manufacturing with a Current capacity of **5 bn tablets**



Strong R&D Capabilities

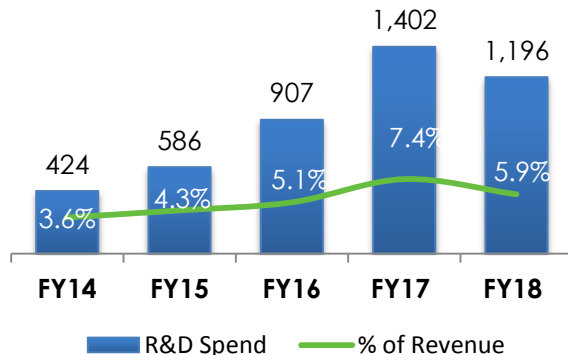


- “Research-first” approach – Set up dedicated R&D center in Hyderabad in 2006 prior to commissioning API manufacturing facility in 2007
- R&D team comprising 750 plus scientists (25.0% of total employee strength) including over 45 PhDs
- Kilo Lab at R&D center accredited by international regulators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

Key Accreditations



Increasing R&D Spend (INR mn)



59

Products commercialized since inception

46

Filed DMFs

224

Patents filed

57

Patents granted

10

ANDAs & NDA /Dossiers filed

- R & D spent includes OPEX, CAPEX and RMC of FDF validation batches
- FY 17 numbers are high due to addl CAPEX and initial FDF validation batches for

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

2018	USFDA
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



Manufacturing Facilities at Parawada, Vizag

Unit-I



- Located at Jawaharlal Nehru Pharma City, Vishakhapatnam, India.
- API manufacturing facility and includes capacity for ingredients, synthesis and contract manufacturing.
- Commenced operations in 2007.
- 315 reactors with 1,141 Kilo Liters capacity.
- Received approvals from US FDA, WHO-Geneva, NIP Hungary, KFDA & PMDA.

Unit-III



- Located at Jawaharlal Nehru Pharma City, Vishakhapatnam, India.
- API manufacturing facility and includes capacity for ingredients, synthesis and contract manufacturing.
- Commenced operations in 2015.
- 126 reactors with 775 Kilo Litres capacity.
- Received approvals from USFDA, WHO – Geneva, & NIP – Hungary .

Unit-V



- Located at Jawaharlal Nehru Pharma City, Vishakhapatnam, India. (SEZ)
- A dedicated Hormone and Steroid facility for Aspen
- Commenced operations in 2017.
- 46 reactors with 125 Kilo Litres capacity .



Manufacturing Facilities at Achutapuram, Vizag

Unit-II



- Located at APIIC, Achutapuram, Visakhapatnam, India. (SEZ)
- FDF and API manufacturing facility
- Commenced operations in 2017.
- FDF - capacity of 5 bn tablets per year.
- API block with 12 reactors with 83 Kilo Liters capacity.
- Received approvals from BVG Hamburg Germany, USFDA, WHO – Geneva

Unit-IV



- Located at APIIC, Achutapuram, Visakhapatnam, India. (SEZ)
- API manufacturing facility and includes capacity for ingredients, synthesis and contract manufacturing.
- Commercial operations in 2018
- 16 reactors with 51 Kilo Liters capacity.

Unit-VI



- Located at APIIC, Achutapuram, Visakhapatnam, India.
- API manufacturing facility.
- Commercial operations in 2018
- 41 reactors with 244 Kilo Liters capacity.
- Unit acquired through slump sale from Sriam Labs (100% Subsidiary)

Business Highlights – FY 18



Overall

- Revenue crossed INR 20 Bn mark and grew by 8 % in FY18.
- R & D spent of INR 1,196 Mn and 5.9 % as percentage of sales during FY18.
- Incorporated 100% step down subsidiary in Germany, Laurus Generics GmbH.
- Laurus Labs is certified as “Best Place to Work” in Jan 2018.
- Laurus Labs entered the Fortune 500 list of companies in India.

Generic API

- Successfully completed Russian GMP Inspection.
- Filed 224 patent applications and 57 patent granted as on Mar 31, 2018.
- Capacity expansion in progress for Lamivudine and Oncology suits.
- Expansion of contract manufacturing opportunity with European customer.

Synthesis & Ingredients

- Commenced commercial operations from Unit 4 for global partner, C2 Pharma.
- Commenced commercial supplies from Unit 5 to Aspen.

Generic FDF

- Six product validations completed for formulation apart from filling of nine ANDAs and one NDA.
- FDF Opex of INR 1,028 Mn which includes INR 327 Mn related to the R&D during FY 18.
- Formulations Unit -2, inspected by USFDA with Zero 483 observations.
- Formulations Unit 2 successfully completed inspections from various countries like Tanzania, Uganda & Malawi.
- Tenofovir (TDF) launched after the final approval from USFDA.

Performance Highlights - Abridged Profit & Loss statement



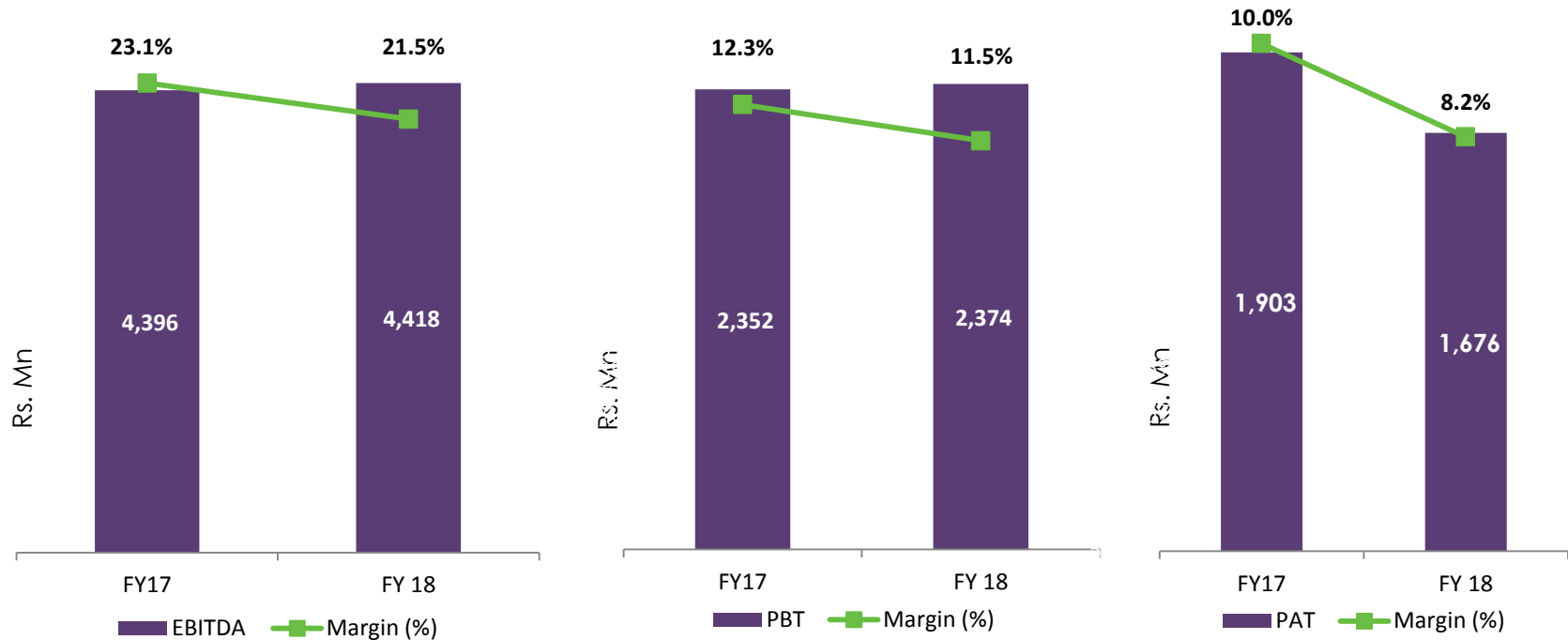
Particulars (Rs. mn)	Q4 FY17	Q3 FY18	Q4 FY18	Growth % (Q4 FY18 Vs. Q4 FY 17)	Growth % (Q4 FY18 Vs. Q3 FY 18)	FY17	FY18	Growth % (FY18 Vs. FY 17)
Total Revenues from Operations (Net)	4,728	4,789	5,602	18.5%	17.0%	19,046	20,562	8.0%
Total Expenditure	4,023	4,403	5,012			17,029	18,479	
EBITDA	1,250	972	1,219	-2.5%	25.4%	4,396	4,418	0.5%
Margins	26.4%	20.3%	21.8%			23.1%	21.5%	
PBT	806	486	641	-20.5%	31.9%	2,352	2,374	0.9%
Margins	17.0%	10.1%	11.4%			12.3%	11.5%	
PAT	713	349	451	-36.7%	29.2%	1,903	1,676	-11.9%
Margins	15.1%	7.3%	8.1%			10.0%	8.2%	
EPS (Diluted)	6.7	3.3	4.2	-37.3%	27.3%	20.8	15.8	-24.0%
	(Not annualised)	(Not annualised)	(Not annualised)					

Note: Consolidated financials as per Ind-AS

The Government of India introduced the Goods and Services Tax (GST) with effect from July 01, 2017. Accordingly, in compliance with Indian Accounting Standard (Ind AS) 18 - 'Revenue', Revenue from operations for the quarter ended March 31, 2018 and December 31, 2017 are presented net of GST. Revenue from operations of earlier periods included Excise duty which is now subsumed in GST. Revenue from operations for the year ended March 31, 2018 includes Excise duty up to June 30, 2017.



Drivers of Earnings – FY 18



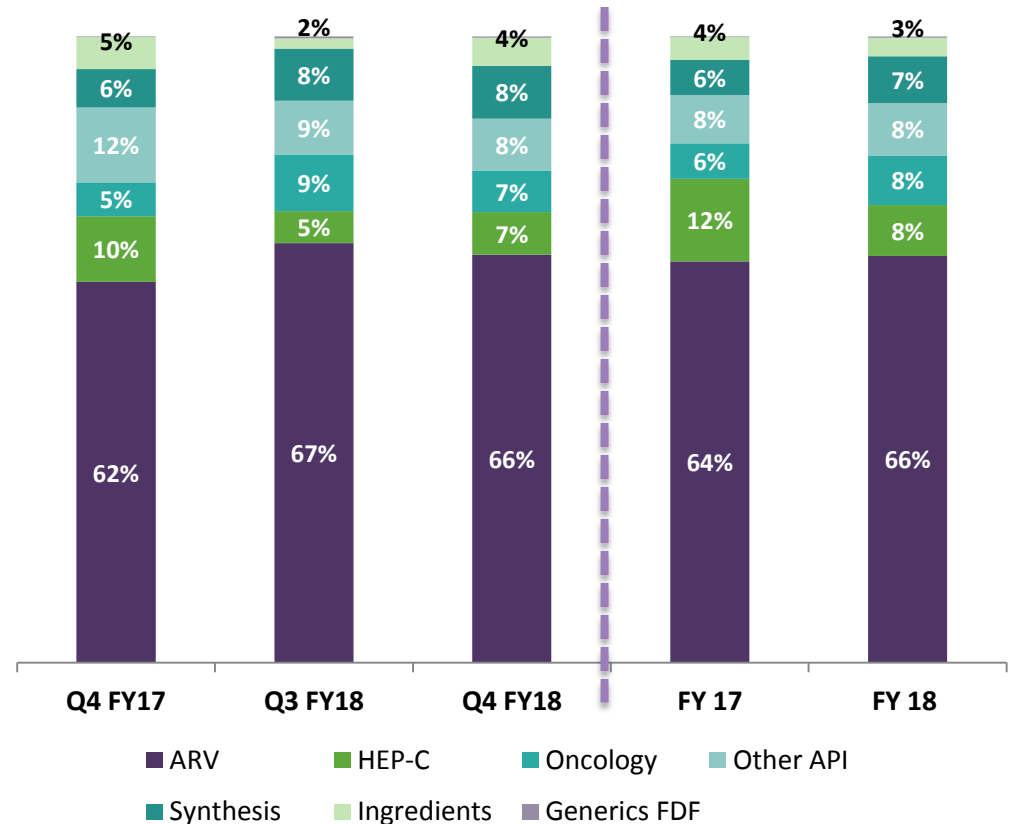
- FY18 EBITDA stood at INR 4,418 Mn grew by 0.5%, on the back of growing contribution from Synthesis, Generic API business despite of lower contribution from Hep C and Ingredients.
- PBT at INR 2,374 Mn, grew by 0.9% due to lower borrowing cost and higher depreciation.
- PAT came in at INR 1,676 Mn, lower by -11.9% due to higher effective tax rate on account of DSIR and investment allowance.
- Diluted EPS for 12M FY18 stood at Rs. 15.8 per share



Drivers of Revenue

- **ARV** Segment registered a growth of over 25% in Q4 FY18 (Y-o-Y) and by 9% in FY 18, with improved volumes
- **Synthesis** Business continues to report robust revenue growth showing 63% increase in the quarter and 43% growth for the year FY18, with revenues from Unit 5 and also with improved contribution from other CMO business
- **HEP-C** business improved in Q4 FY18 as against Q3 FY18. However, the business reported a de-growth of INR 840 Mn for FY18
- **Oncology** business showed a very healthy growth for over 45% in Q4 FY 18 (Y-o-Y) & over 50% for full year FY18
- **Ingredients** revenues grew by 4% for the quarter and showed a marginal decline for the year FY 18
- **Generic FDF** business begins its contribution in Q4 FY18 through US & emerging markets

Revenue Contribution



Note: Consolidated financials as per Ind-AS

Abridged Balance Sheet



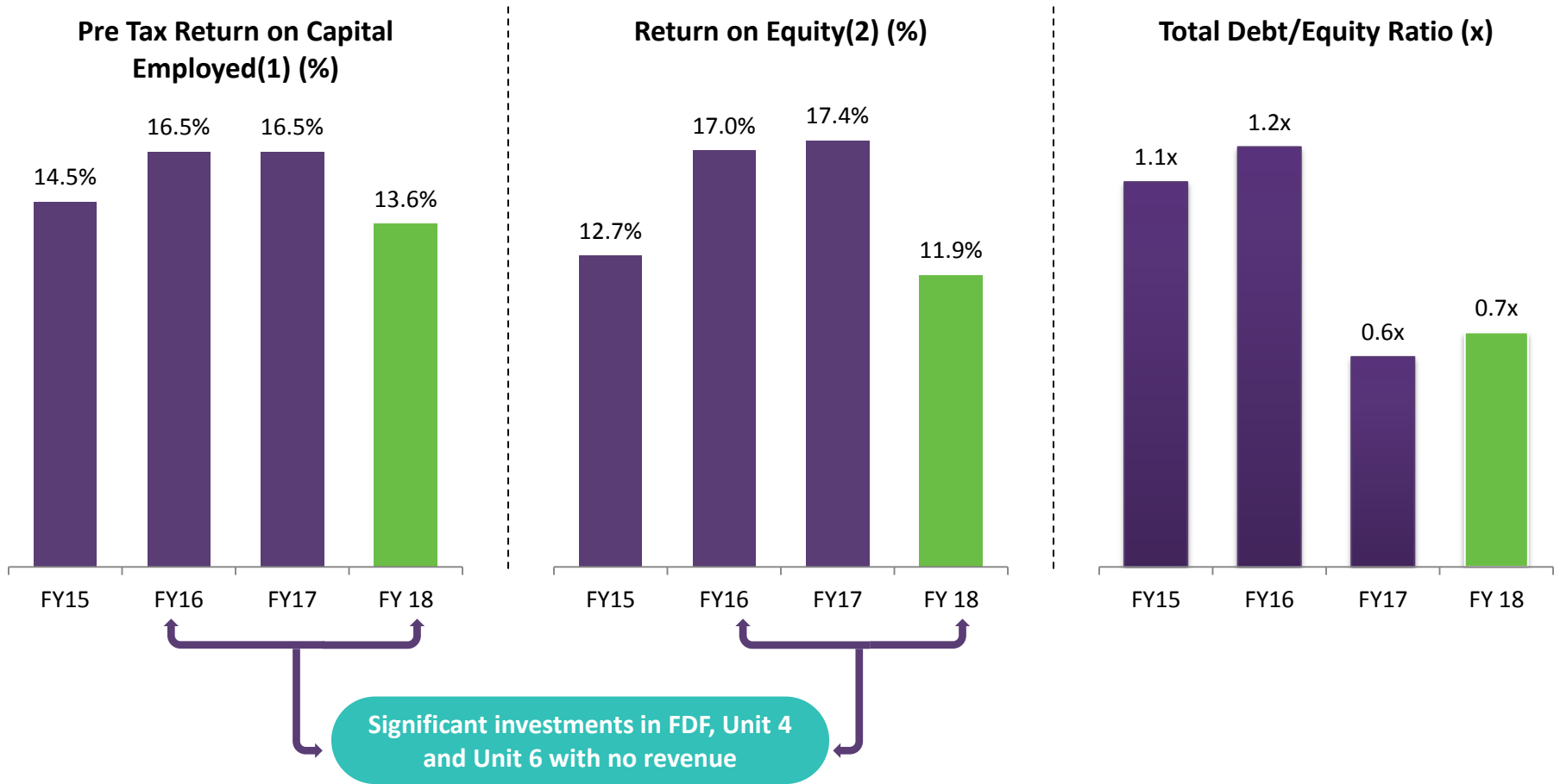
Particulars (INR Mn)	As on	
	31.03.2017	31.03.2018
EQUITY AND LIABILITIES		
Share capital	1,058	1,060
Reserves and surplus	12,247	13,766
Non-current liabilities	2,022	2,272
Current liabilities	11,207	13,069
Total	26,534	30,167
ASSETS		
Non-current assets	1,404	1,252
Fixed assets	13,732	16,440
Current assets	11,398	12,475
Total	26,534	30,167

Particulars (INR Mn)	As on	
	31.03.2017	31.03.2018
BORROWINGS		
Long term borrowings	1,246	1,417
Current maturities of LTB	730	797
Short term borrowings	6,442	7,585
TOTAL	8,418	9,799

Note: Consolidated financials as per Ind-AS

Established Track Record Of Delivering Growth

– Efficient Use of Capital and Prudent Leverage

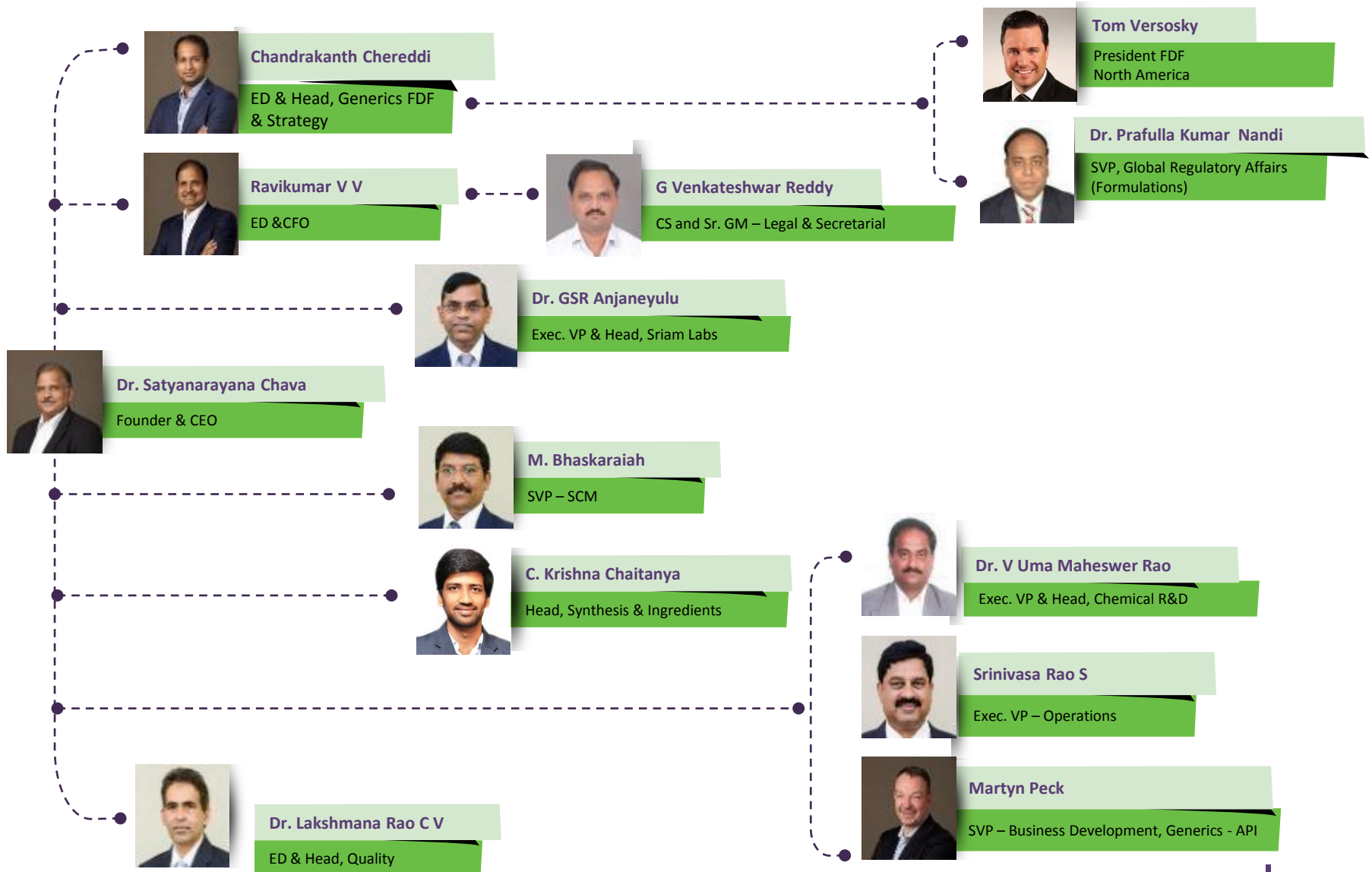


Note: consolidated financials for FY15 -18.

(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

Management Team





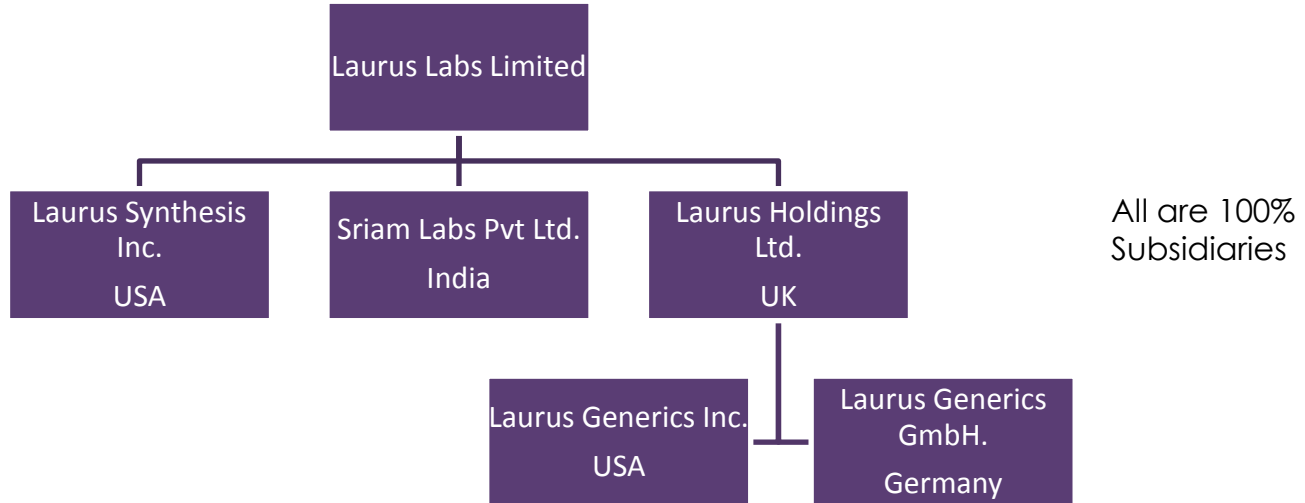
Executive Directors	
Name	Background
Dr Satyanarayana Chava	<ul style="list-style-type: none"> ■ Whole-time Director, Founder and Chief Executive Officer
Ravi Kumar V V	<ul style="list-style-type: none"> ■ Whole-time Director and CFO
Chandrakanth Chereddi	<ul style="list-style-type: none"> ■ Whole-time Director and Head of Generic FDF and Strategy
Dr Lakshmana Rao C V	<ul style="list-style-type: none"> ■ Whole-time Director and Head, Quality

Non-Executive Directors	
Name	Background
Dr. M. Venu Gopala Rao	<ul style="list-style-type: none"> ■ Non Executive Chairman and Independent Director
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

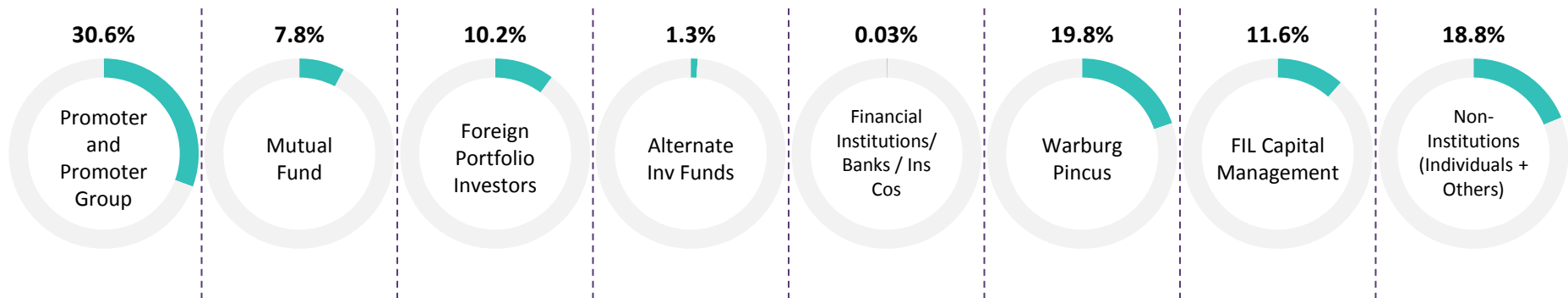


Ownership Structure

Corporate Structure



Shareholding pattern *



* As of 31st Mar 2018

Laurus Labs is a Fortune 500 Company & Great Place To Work in 2018



Laurus Labs is listed in the Fortune 500 Companies List in India

Laurus Labs is certified as “Great Place to Work” for the year 2018.



Laurus Labs Manufacturing Units Bags Good Green Governance Award



Laurus Labs bags the prestigious **Srishti G3 Award for Good Green Governance in the Manufacturing Process – Non Metallurgical category.**

Mr. Suryadevara Srinivasa Rao, Vice President, Manufacturing, received the award from former Governor of Orissa, of Shri. Muralidhar Chandrakanth in New Delhi on April 22, 2018, on the occasion of World Earth Day.

Results Conference Call



Results conference call on Friday May 11, 2018 at 10:30 AM IST

Details of the conference call are as follows:

Timing	10:30 AM IST on Friday, May 11, 2018
Conference dial-in Primary number	+91 22 6280 1214
India Local access Number	+91 22 7115 8115 Available all over India
Singapore	6531575746
Hong Kong	85230186877
USA	13233868721
UK	442034785524

Contact us



About Laurus Labs Ltd.

Laurus Labs 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. Laurus also manufactures APIs in 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. Laurus Labs also forayed into Finished Dosages 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