



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



26th May, 2017

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 Q4FY17 & FY17 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q4FY17 & FY17 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 Q4FY17 and FY17 Results

Mumbai, May 26, 2017: Alkem Labs Ltd (Alkem) today announced its consolidated financial results for fourth quarter & twelve months ending March 31st, 2017. These results were taken on record by the Board of Directors at a Meeting held in Mumbai today.

Key highlights of Q4FY17 financial performance

- Total Income from Operations was Rs.12,514 million, year-on-year growth of 9.0%
 - India sales were Rs.8,563 million, year-on-year growth of 7.0%
 - International sales were Rs.3,853 million, year-on-year growth of 14.5%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.1,493 million, resulting in EBITDA margin of 11.9% vs. 13.6% in Q4FY16.
- R&D expenses for the quarter was Rs.915 million, or 7.3% of net operating income
- Profit before tax (PBT) was Rs.1,361 million, compared to Rs.2,252 million in Q4FY16. In FY16, the Company had higher Other Income on account of IND AS adjustment of real estate investments
- Net Profit (after Minority Interest) was Rs.1,370 million, year-on-year growth of 58.1%

Key highlights of FY17 financial performance

- Total Income from Operations was Rs.58,525 million, year-on-year growth of 15.9%
 - India sales were Rs.42,153 million, year-on-year growth of 15.6%
 - International sales were Rs.15,659 million, year-on-year growth of 16.8%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.9,990 million, resulting in EBITDA margin of 17.1% vs. 16.9% in FY16. EBITDA grew by 17.1% YoY
- R&D expenses for FY17 was Rs.3,204 million, or 5.5% of net operating income compared to Rs.2,166 million in FY16 at 4.3% of net operating income
- Profit before tax (PBT) was Rs.9,646 million, a growth of 3.9% YoY compared to FY16. In FY16, the Company had higher Other Income on account of IND AS adjustment of real estate investments and consideration received from sale of some brands and trademarks
- Net Profit (after Minority Interest) was Rs.8,920 million, year-on-year growth of 20.3%

Commenting on the results, Prabhat Agrawal, CEO, Alkem said, "Financial year 2017 has been a challenging year for the entire Indian Pharmaceutical Industry given the regulatory price cuts, impact of demonetization and the uncertainty around GST rates and timelines. However I am pleased that amidst this challenging backdrop we have done well with mid-teen growth in our domestic business driven by strong execution of our business strategies. The US business too registered healthy growth with market share gains in existing products and contribution from new product launches. Three of our facilities underwent US FDA inspection and we successfully closed the inspection emphasising our commitment and focus towards quality and compliance."





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Operational Highlights

Domestic Business

Our Domestic sales for Q4FY17 grew by 7.0% YoY, recording a sales of Rs.8,563 million as compared to Rs.8,004 million for Q4FY16. For FY17, our Domestic sales grew by 15.6% YoY to Rs.42,153 million compared to Rs.36,475 million in FY16.

As per IMS TSA MAT March 2017, during the financial year 2017 we registered value growth of 11.4% YoY, outperforming the Indian Pharmaceutical Market (IPM) which grew by 9.1% YoY. As a result, we gained one ranked during the year and are now ranked the fifth largest pharmaceutical company in India in terms of domestic sales. The outperformance during the year 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, Derma, Cardiac and Anti-Diabetes. Despite the regulatory price cuts and challenging business environment, our focused brands continued to register healthy volume growth, while our new product launches also contributed to our overall growth during the year.

For the quarter we registered value growth of 4.7% YoY, lower than the Indian Pharmaceutical Market (IPM) which grew by 6.6% YoY. As shown in the table below, while we continued to outperform the Industry growth rates in all the major therapy areas during the quarter, significant slowdown in the anti-infective segment, our largest therapy segment in India, brought down our overall growth rate during Q4FY17.

The performance highlights of the key therapeutic segments in Q4FY17 and FY17 are as shown in the table below:

Key Therapy segment	Q4FY17				FY17			
	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	-3.9%	-4.5%	1	Unchanged	9.4%	4.8%
Gastro Intestinal	3	Unchanged	11.1%	8.6%	3	Unchanged	14.2%	8.5%
Pain / Analgesics	3	Unchanged	8.4%	5.4%	3	Unchanged	12.8%	7.8%
Vitamins / Minerals / Nutrients	5	Unchanged	8.0%	7.8%	6	-1	10.2%	9.0%
Respiratory	20	Unchanged	-3.1%	3.4%	20	-1	6.2%	9.8%
Neuro / CNS	11	Unchanged	16.9%	8.0%	11	Unchanged	19.3%	10.2%
Derma	17	+1	26.7%	18.7%	18	-1	15.1%	16.3%
Cardiac	29	+2	16.2%	6.7%	30	+1	14.6%	8.4%
Anti-Diabetic	25	+4	31.0%	18.4%	26	+2	27.5%	17.6%
Total	8	-1	4.7%	6.6%	5	+1	11.4%	9.1%

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

Source: IMS TSA MAT March 2017





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Investments in the Indian OTC market

During the quarter and the financial year, we also made investments in the Rs.145 billion Indian OTC (Over-the-Counter) market. The Company is a pan-India player with vast distribution network and proven ability to build market leading brands. We look forward to leverage these strengths to emerge as a formidable OTC player over the medium to long term.

International Business

Our International sales for Q4FY17 grew by 14.5% YoY, recording sales of Rs.3,853 million as compared to Rs.3,364 million for Q4FY16. For FY17, our International sales grew by 16.8% to Rs.15,659 million compared to Rs.13,411 million in FY16.

- **US sales** for the quarter was Rs.2,907 million, recording a year-on-year growth of 19.4%. For FY17, US sales was Rs.12,035 million, up 21.5% compared to FY16.
- **Other International Markets sales** for the quarter were Rs.946 million, recording a year-on-year growth of 1.6%. For FY17, Other International Markets sales were Rs.3,624 million, up 3.4% compared to FY16.

R&D Investments

Our Revenue R&D expenses for the quarter were Rs.915 million, or 7.3% of net operating income. Similarly for FY17, our Revenue R&D expenses were Rs.3,204 million, or 5.5% of net operating income.

During the quarter, we filed 13 abbreviated new drug applications (ANDAs) with the US FDA and received 5 approvals (including 1 tentative approval). For FY17, we filed 14 ANDAs with the US FDA and received 9 approvals (including 4 tentative approvals).

As on 31st March 2017, we have filed a total of 91 ANDAs including one new drug application (NDA) with the US FDA of which 37 are Para IV filings including first-to-files (FTFs). Of these, we have received approvals for 39 ANDAs (including 7 tentative approvals) including one NDA.

Update on our recent US FDA inspections

Facility	Scope	Inspection Date	Update
Daman (India)	Formulation	September 2016 – received 13 observations	EIR* Report received in December 2016
Ankleshwar (India)	API	December 2016 - received 3 observations	EIR* Report received in March 2017
Baddi (India)	Formulation	March 2017 - received 3 observations	EIR* Report received in May 2017

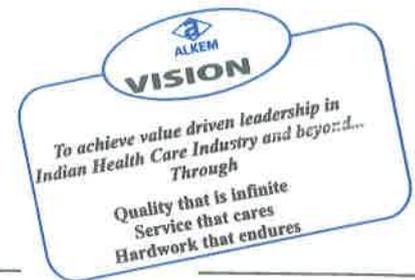
*Note: EIR – Establishment Investigation Report





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Q4FY17 Conference Call at 5:30pm IST, May 26th, 2017

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, May 26th, 2017 at 5:30pm IST to discuss its Q4FY17 & FY17 financial results. The conference call follows the announcement of the Company's Q4FY17 & FY17 financial results on Friday, May 26th, 2017.

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: 5:30 pm IST (GMT + 5:30) on Friday, May 26th, 2017.

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

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 TSA 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

For further information or queries please contact

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Investor Relations – Alkem Laboratories Ltd.

Tel: +91 22 3982 9960 / Mobile: +91 98190 56333

E-mail: gagan.borana@alkem.com





Alkem Laboratories Ltd.

Investor Presentation Q4FY17

26th May 2017

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.

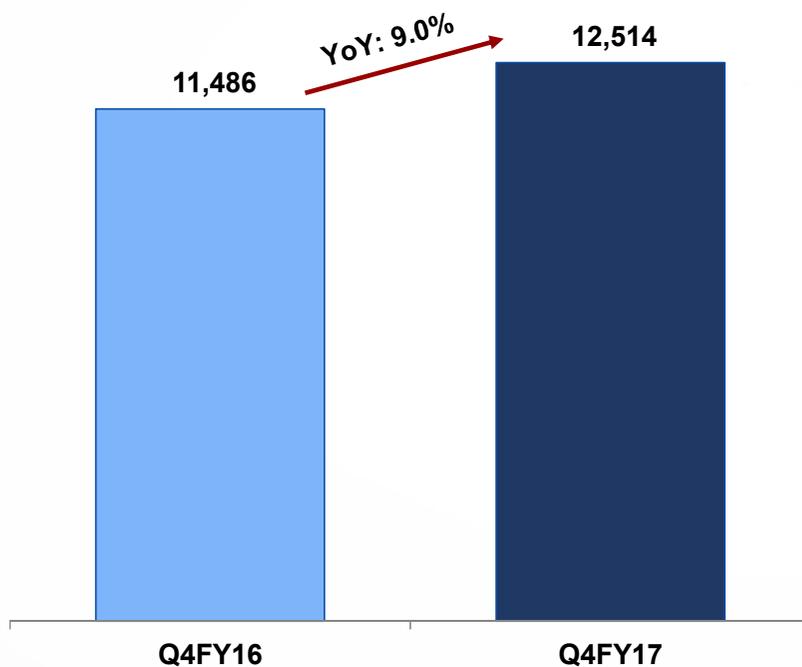
Key highlights for the year

- **India Business:** FY17 was a challenging year for the Indian Pharma Industry with DPCO led price cuts and impact from demonetization. However led by robust strategy and strong execution, the Company delivered healthy mid teen growth, thus outperforming the industry
- **US Business:** Company filed 14 ANDAs during the year with the US FDA and received 9 approvals (including 4 tentative approvals). Also during the year, the Company launched 7 new products
- **Investments in India OTC market:** Given the vast distribution network in India and ability to build large brands, the Company has made investments in the India OTC market
- **Improvement in margin profile:** Despite the pricing pressure in India and US, the Company registered healthy sales growth accompanied with better gross margins and EBITDA margins
- **US FDA inspection:** In FY17, the Company successfully closed the US FDA inspection at three of its facilities at Daman, Baddi and Ankleshwar; thereby emphasising on Company's commitment and focus towards quality and compliance
- **Significant Capex investments:** Given the healthy volume growth in India business and expected product approvals for the US business, the Company has invested more than Rs.6 billion towards capital expenditure in FY17
- **Net cash Company:** The Company remains a net cash company with net cash (including investments) of Rs.7.2bn

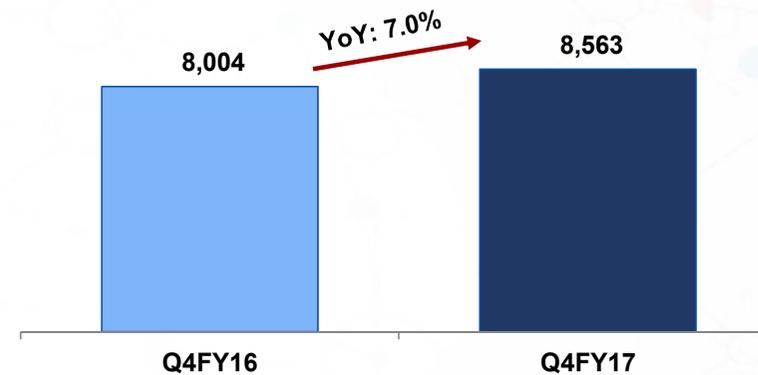
Key Financial Highlights of Q4FY17 (Consolidated)

All figures in INR mn

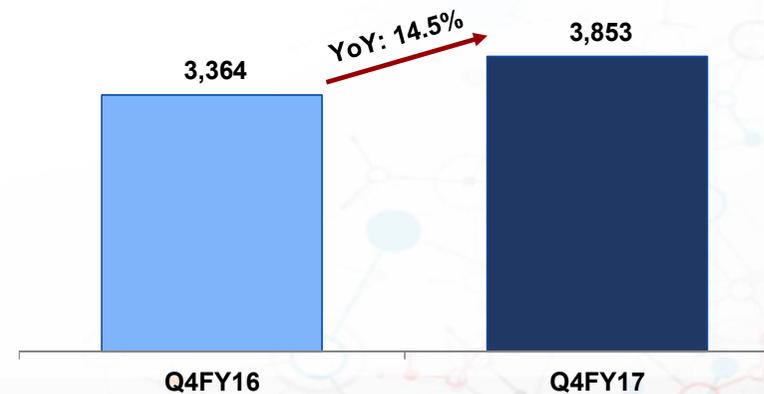
Total Revenue from Operations



India sales



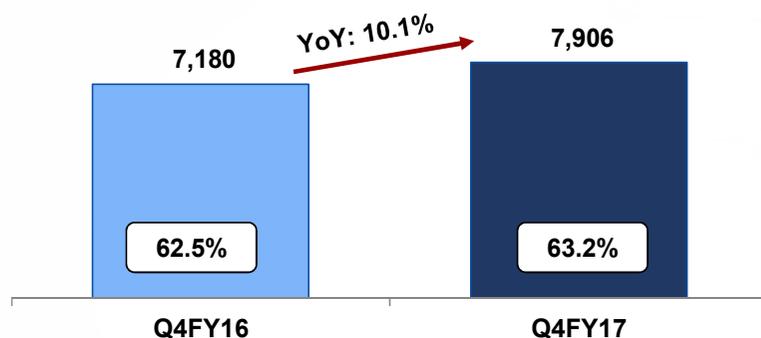
International sales



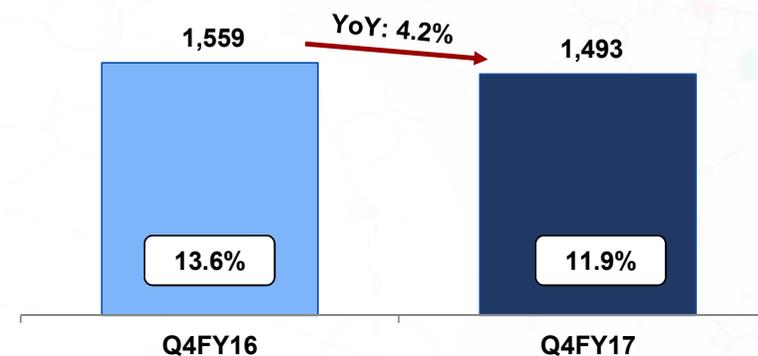
Key Financial Highlights of Q4FY17 (Consolidated)

All figures in INR mn

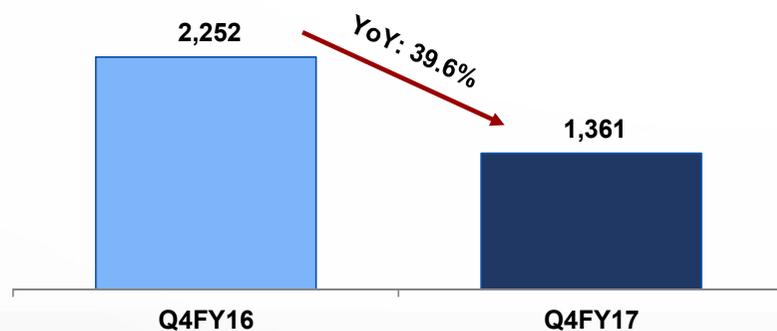
Gross Profit and Gross Margin



EBITDA and EBITDA Margin

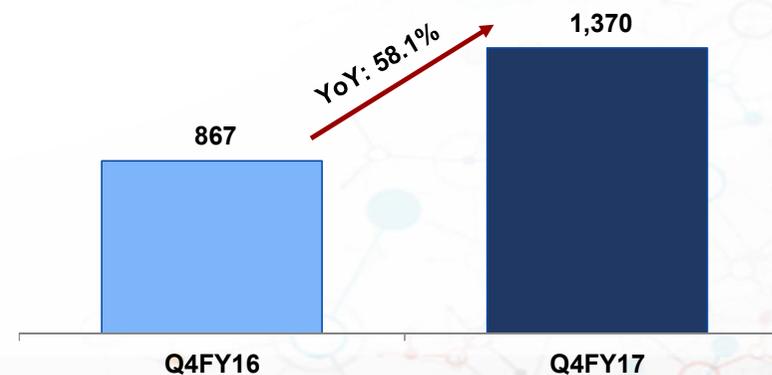


PBT (before Minority Interest)



Q4FY16 had higher other income due to IND AS adjustment of real estate investments to the tune of Rs.540mn

PAT (after Minority Interest)



Q4FY16 had MAT write-off of Rs834mn

Key Financial Highlights – FY17 (Consolidated)

Particulars (INR mn)	FY17	FY16	YoY growth
Income from Operations	58,525	50,479	15.9%
Gross Profit	36,310	30,841	17.7%
Gross Profit margin	62.0%	61.1%	
EBITDA	9,990	8,533	17.1%
EBITDA margin	17.1%	16.9%	
PBT	9,646	9,284	3.9%
PBT margin	16.5%	18.4%	
PAT (After Minority Interest)	8,920	7,416	20.3%
PAT margin	15.2%	14.7%	
EPS (Rs / share)	74.61	62.02	20.3%

Healthy revenue growth amidst challenging business environment accompanied by improved margin profile

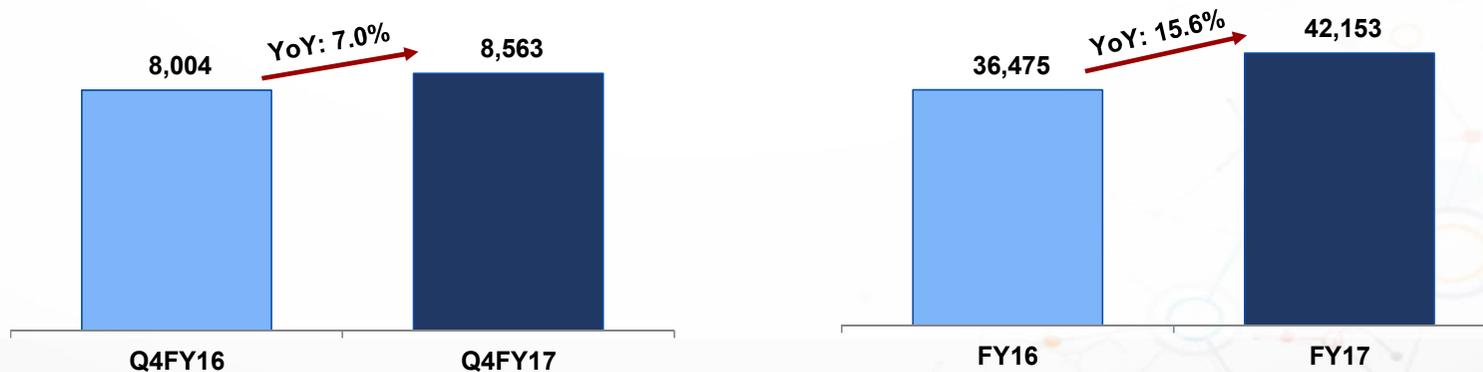


India Business – Continued Outperformance

India Business: Q4FY17 Sales of Rs.8,563 million (7.0% growth YoY)

- India sales contributed 69.0% to total sales for Q4FY17
- During the quarter, Company's secondary sales¹ grew by 4.7% – lower than corresponding IPM growth of 6.6%. While the Company outperformed the industry growth rates in all the major therapy areas during the quarter, the overall growth rate was brought down due to de-growth in anti-infective segment – the largest therapy segment for the Company
- For the year, Company's secondary sales¹ growth was 11.4% – 230bps higher than corresponding IPM growth of 9.1%.
- Despite the DPCO led price cuts and impact of demonetization, Company's key brands continued to deliver healthy growth driven by higher volumes. New product launches too contributed to the overall growth

India sales (INR mn)



¹ Source: IMS TSA MAT March 2017

Secondary sales performance in Q4FY17

Company outperformed across major therapies, however weak anti-infective season pulled down the overall growth

Therapy Area	Our Rank	Change in Rank	Therapy Contribution	Market Share	Our Growth	Industry Growth
Anti-infectives	1	↔	39%	10.7%	-3.9%	-4.5%
Gastro Intestinal	3	↔	19%	5.9%	11.1%	8.6%
Pain / Analgesics	3	↔	12%	4.9%	8.4%	5.4%
Vitamins / Minerals / Nutrients	5	↔	8%	3.5%	8.0%	7.8%
Neuro / CNS	11	↔	4%	2.3%	16.9%	8.0%
Derma	17	↑1	4%	1.6%	26.7%	18.7%
Cardiac	29	↑2	2%	0.6%	16.2%	6.7%
Anti Diabetic	25	↑4	2%	0.8%	31.0%	18.4%
Grand Total	8	↓1	100%	3.2%	4.7%	6.6%

Source: IMS TSA MAT March 2017

Secondary sales performance in FY17

Continued outperformance across key therapies leading to market share gain and improvement in ranking

Continued outperformance across the Established therapies leading to market share gains

Superior growth in the Emerging therapies with market share gains and improvement in rankings

Therapy Area	Our Rank	Change in Rank	Therapy Contribution	Market Share	Our Growth	Industry Growth
Anti-infectives	1	↔	42%	11.3%	9.4%	4.8%
Gastro Intestinal	3	↔	18%	5.9%	14.2%	8.5%
Pain / Analgesics	3	↔	12%	5.2%	12.8%	7.8%
Vitamins / Minerals / Nutrients	6	↓1	8%	3.6%	10.2%	9.0%
Neuro / CNS	11	↔	4%	2.3%	19.3%	10.2%
Derma	18	↓1	3%	1.6%	15.1%	16.3%
Cardiac	30	↑1	2%	0.6%	14.6%	8.4%
Anti Diabetic	26	↑2	2%	0.8%	27.5%	17.6%
Grand Total	5	↑1	100%	3.5%	11.4%	9.1%

Source: IMS TSA MAT March 2017

Investments in the India OTC market

Alkem Health Care

- India OTC (Over-the-counter) market size estimated to be around Rs.145bn
- Alkem can leverage its vast distribution reach and proven brand building capabilities to emerge as a formidable player in the India OTC market
- OTC products - Market Driven Pricing - No Government Control
- Media Spends - Corporate brand building opportunity

Pregakem™

A quick and easy-to-use pregnancy detection kit

Liv^oerb®
Syrup/DS/Drops

Herbal based lever tonic

PLAYGARD

MORE PLAY

Condoms made up of high quality natural latex



TIGER BALM™

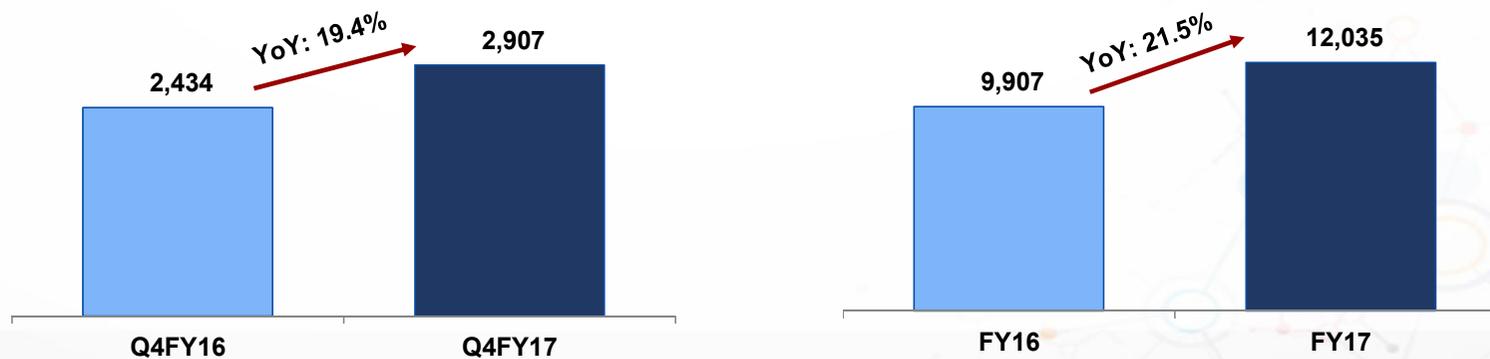
Internationally known remedy for headaches, upper respiratory congestions, rheumatic or arthritic pain and muscular sprains

US Business – Healthy growth largely led by market share gains

US Business: Q4FY17 Sales of Rs.2,907 million (19.4% growth YoY)

- US sales contributed 23.4% to total sales for Q4FY17
- Growth was driven by market share gains in the existing products as well contribution from new product launches – 7 new launches during the year
- In Q4FY17, the Company filed 13 ANDAs with the US FDA and received 5 approvals (including 1 tentative approval)
- During FY17, the Company filed 14 ANDAs with the US FDA and received 9 approvals (including 4 tentative approvals)
- As on 31st March 2017, Company has filed a total of 91 ANDAs (including 1 NDA) with the US FDA and has received 39 approvals (including 7 tentative approvals)

US sales (INR mn)



Update on US FDA inspections

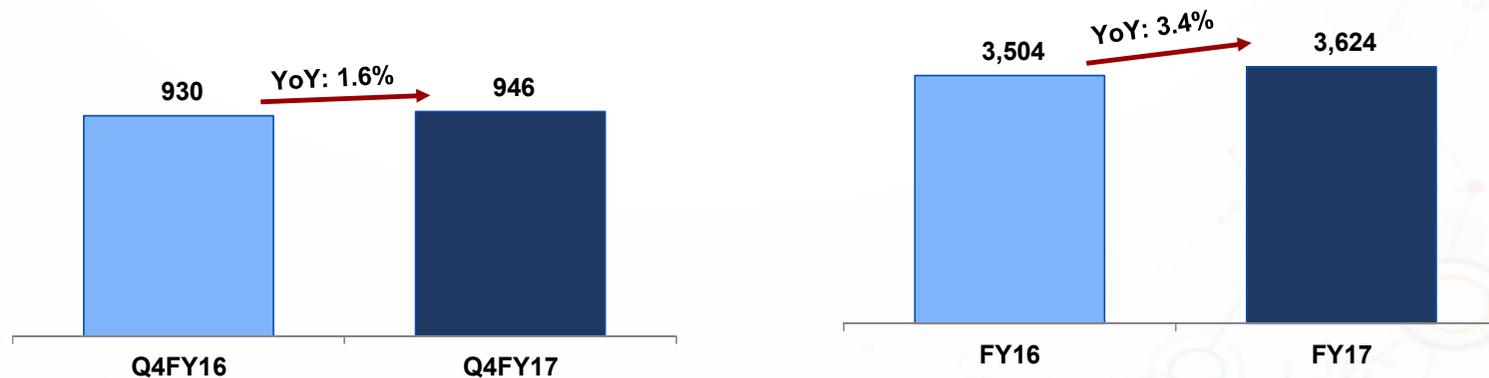
Facility	Scope	Inspection Date	Update
Daman (India)	Formulation	September 2016 – received 13 observations	EIR Report received in December 2016
Baddi (India)	Formulation	March 2017 - received 3 observations	EIR Report received in May 2017
Ankleshwar (India)	API	December 2016 - received 3 observations	EIR Report received in March 2017
Mandva (India)	API	September 2015	EIR Report received in March 2016
St. Louis (US)	Formulation	February 2016	EIR Report received
California (US)	API	May 2015	EIR Report received

Other International Markets – Focusing on select markets

Other International Markets : Q4FY17 Sales of Rs.946 million (1.6% growth YoY)

- Other International sales contributed 7.6% to total sales for Q4FY17
- During FY17, Company's key markets of Australia, Chile and Kazakhstan recorded healthy growth
- **Depth over breadth** - The Company is focusing on key select markets rather than spreading itself thin over too many markets

Other International Markets sales (INR mn)



Financials – Key Ratios and Balance Sheet items (Consolidated)

Particulars (INR mn)	FY17	FY16
Return on Capital Employed (Post Tax)	21.8%	21.7%
Return on Net Worth	20.0%	20.1%
Book Value per share (Rs.)	374	309
Receivable days	45	38
Inventory days*	75	67
Payable days*	46	42
Net Working Capital days	73	62
Gross Debt (Rs. million)	6,595	6,575
Net Cash (Rs. million)**	7,172	9,214

*Inventory days and payable days calculated on Net Revenues from Operations

**Net Cash = Cash and Bank Balance + Investments

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

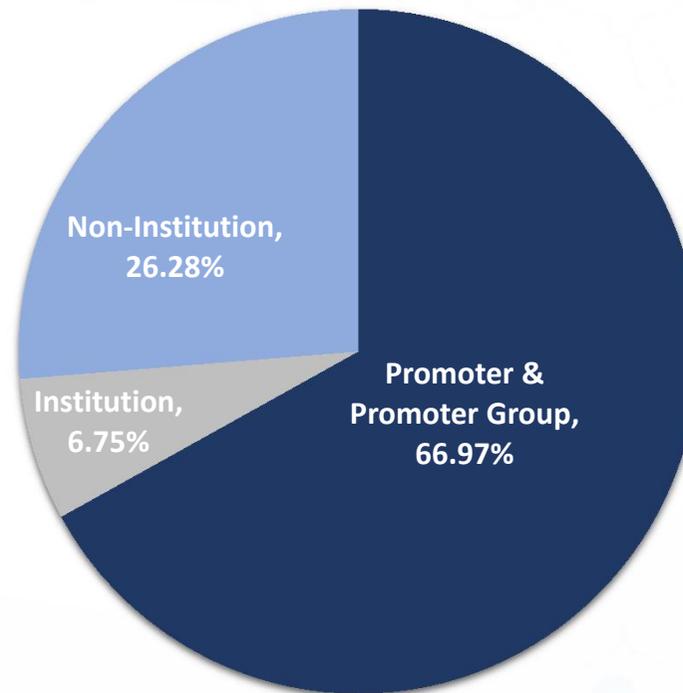
Continued focus on R&D to accelerate ANDA filings for the US markets and develop differentiated portfolio

5

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

Latest Shareholding Pattern

Shareholding pattern as on 31th March 2017



Institution – Mutual 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

Contact

Gagan Borana

Investor Relations

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Email: gagan.borana@alkem.com

