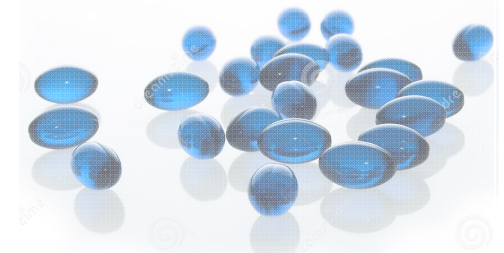




Alkem Laboratories Limited

Investor Presentation Q4FY16

27th May 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.



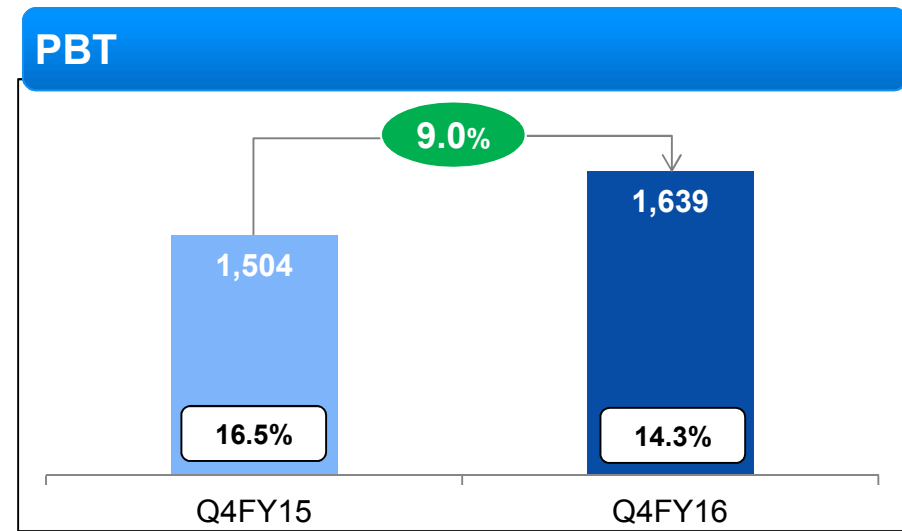
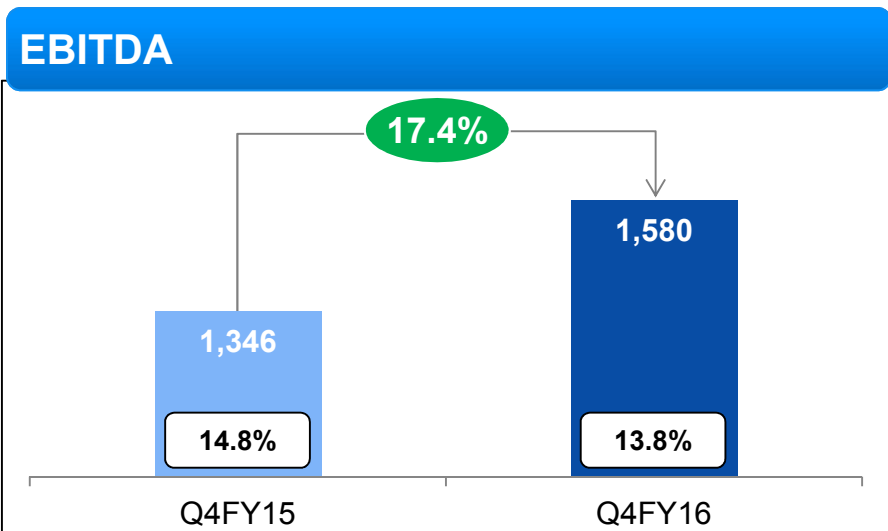
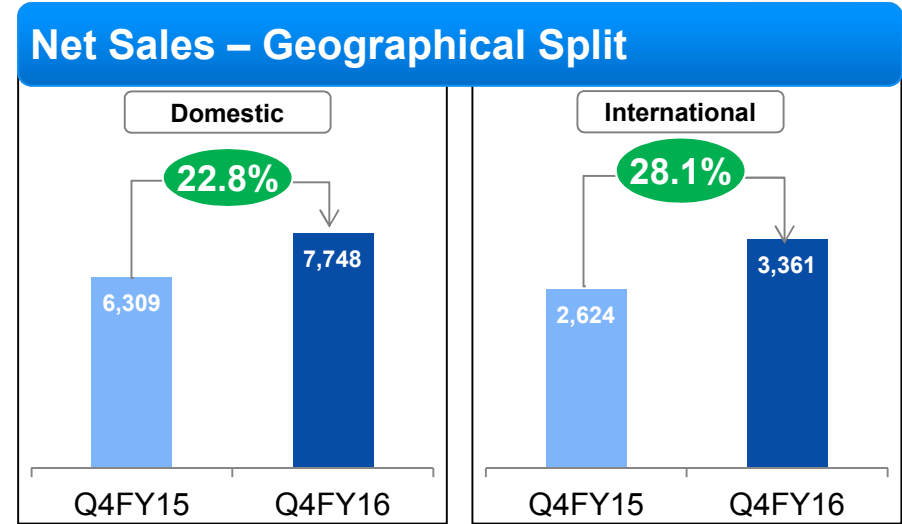
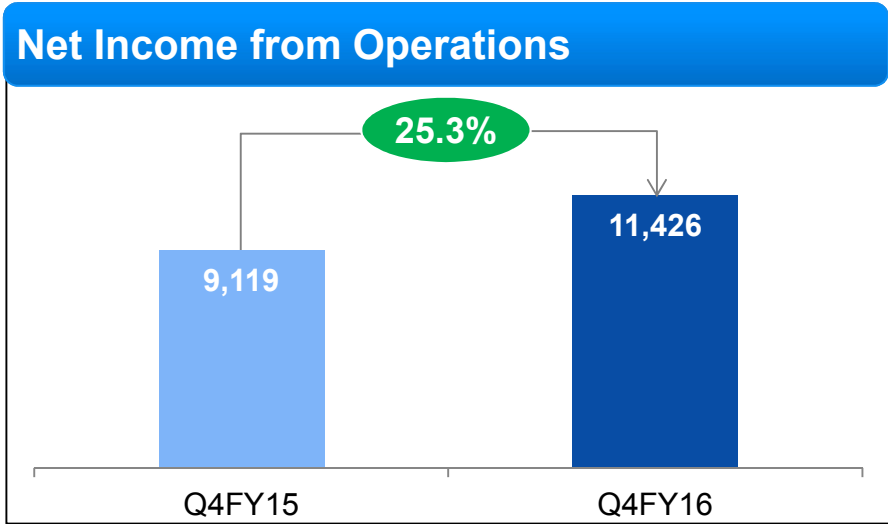
FY16 – A Satisfying Year For The Company

- **Successful IPO Listing** – The Company got listed on the NSE and the BSE in December 2015 with its IPO book getting subscribed over 40 times
- **Profitable Growth** - Net operating income during the year grew by 33.3%* with more than 500bps year-on-year improvement in Gross margin and EBITDA margin
- **Healthy Balance Sheet** – The Company generated net cash of Rs.3,780 million during the year
- **Outperformance in the India market** – The company grew ahead of the IPM, primarily driven by its leading position in key therapies areas, market share gains and new product launches
- **Uptick in ANDA approvals** - Company received 12 ANDA approvals in FY16 – highest so far in a year by the company
- **Successful USFDA inspections** - Formulation facilities at Baddi (India) and St. Louis (US), as well API facility at California (US) went through successful inspection from the USFDA. Further our API facility at Mandva received USFDA approval, making it our sixth USFDA approved facility
- **Acquired a formulation manufacturing facility in the US** to build capabilities in the areas of liquids, semi-solids and nasal sprays

* includes consolidation of Indchemie and Cachet's financial results in FY16

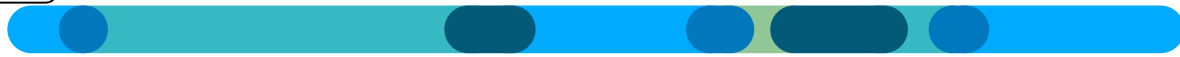
Financial Highlights – Q4FY16 Consolidated

All figures in INR mn



% of total income from operations

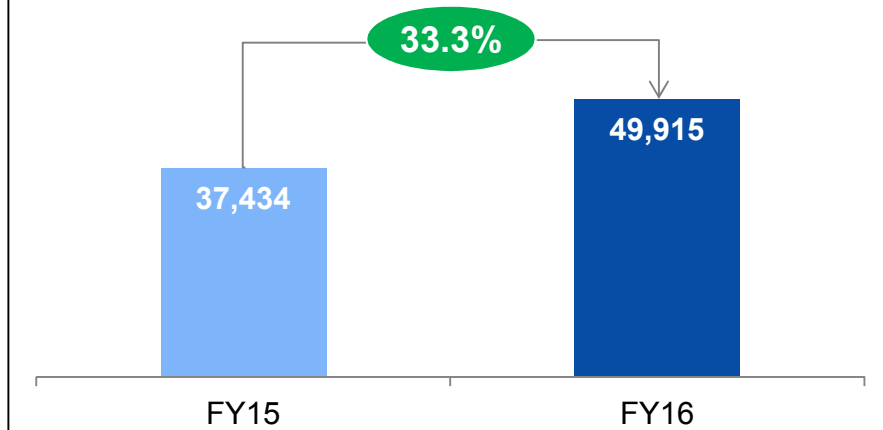
YoY Growth%



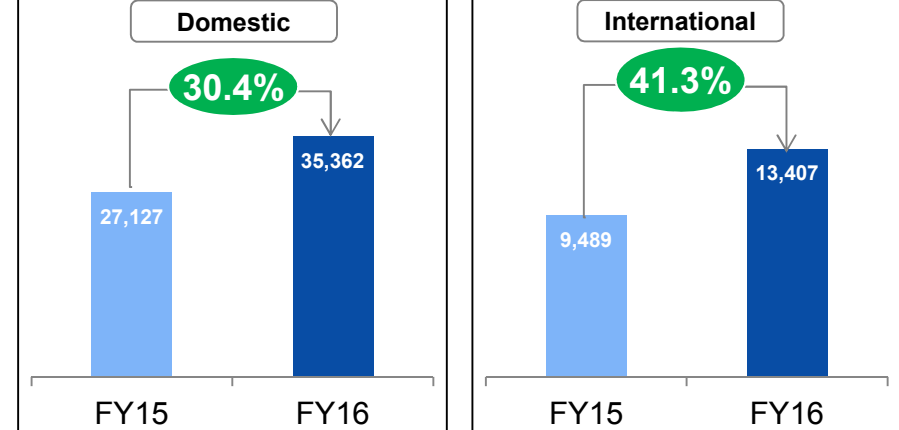
Financial Highlights – FY16 Consolidated

All figures in INR mn

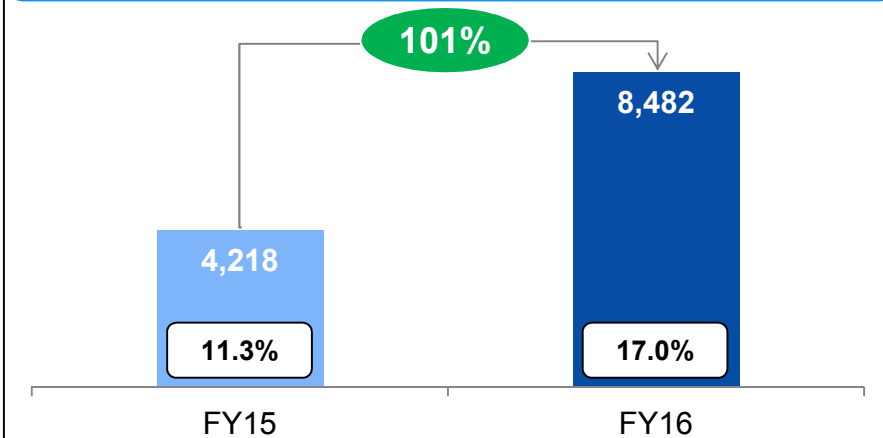
Net Income from Operations



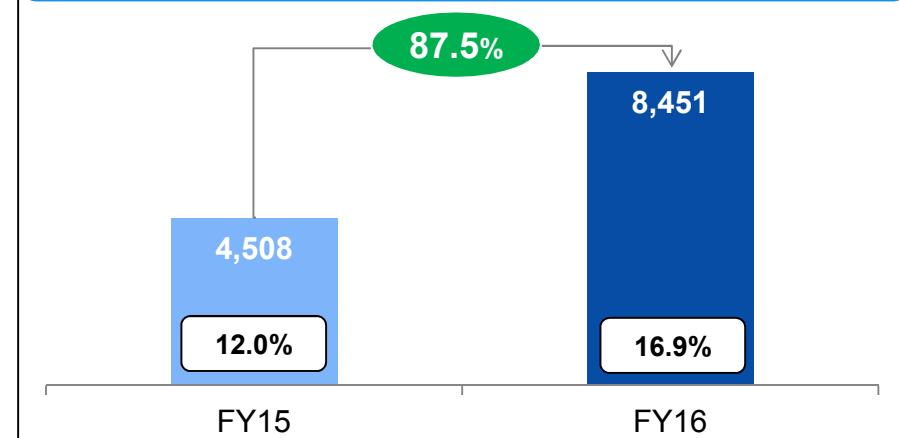
Net Sales – Geographical Split



EBITDA



PBT



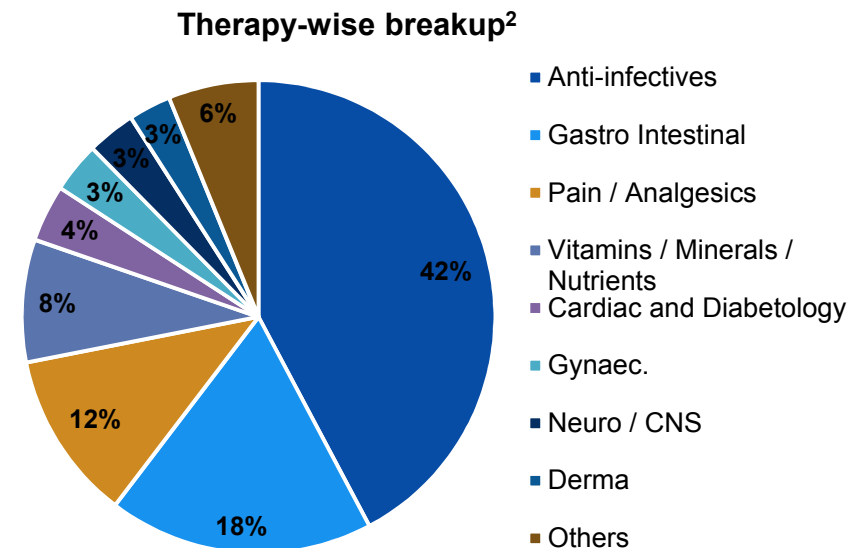
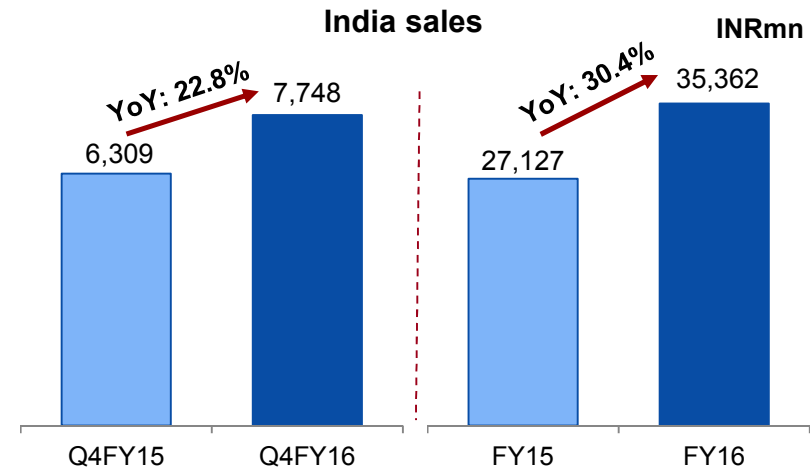
% of total income from operations

YoY Growth%

Business Highlight Q4FY16

India Business: Q4FY16 Net Sales of Rs.7,748 million (22.8% growth¹ YoY)

- India sales contributed 69.7% to total net sales for Q4FY16
- During the quarter and the year, our secondary sales² grew by 13.2% and 14.4% respectively – higher than corresponding IPM growth of 12.1% and 13.5%
- Company continued its outperformance with market share gain in established therapies of Anti-infectives, Gastro Intestinal, Pain / Analgesics and Vitamins / Minerals / Nutrients
- Company delivered robust growth in emerging therapies of Neuro / CNS, Cardiac and Anti-Diabetic and resultant improvement in market ranking
- Our brand Uprise-D3 entered the top 300 brands in India. We now have 14 brands among top 300 brands in India (Source: IMS SSA MAT Mar'16)



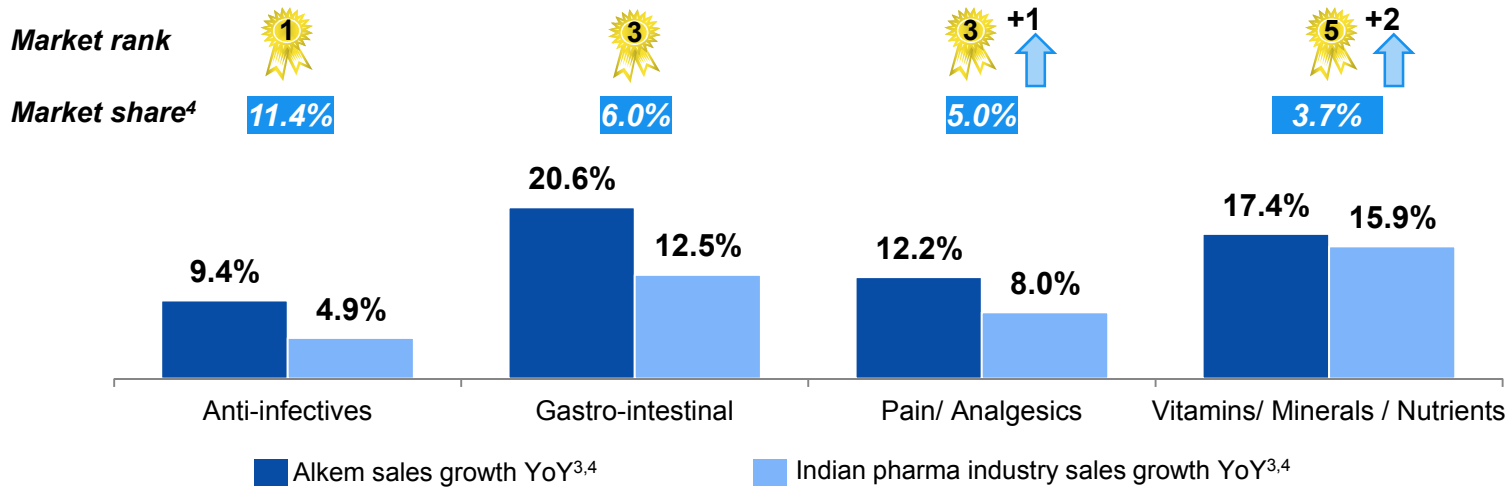
1. Growth after consolidation of Indchemie and Cachet's results in the current financial year

2. Source: IMS SSA MAT March 2016

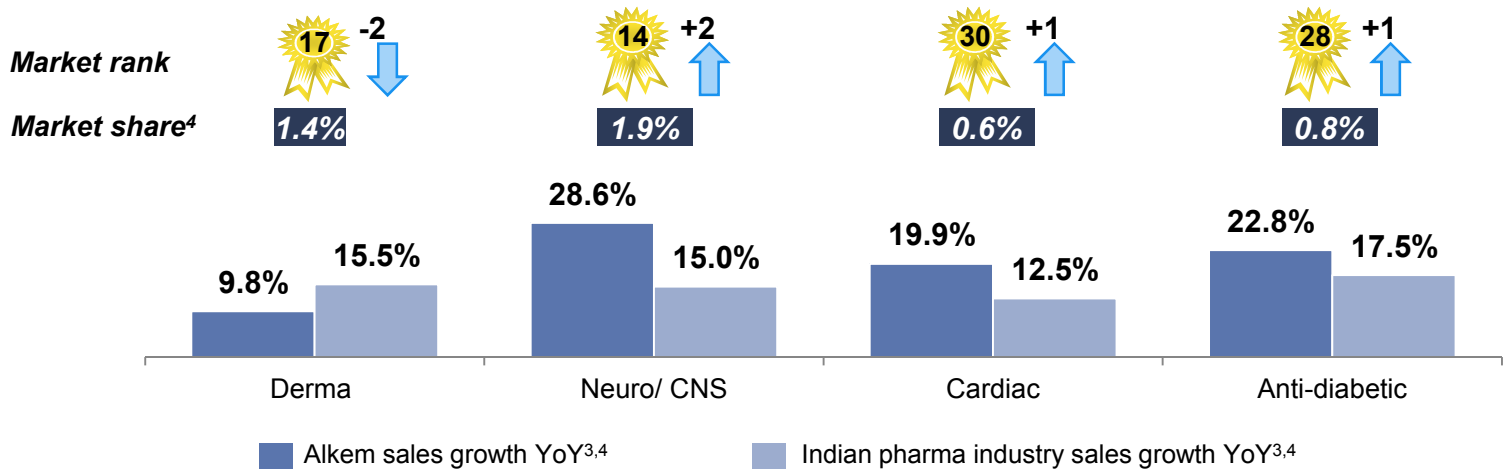
Business Highlight Q4FY16

India Business: Therapy Performance during Q4FY16

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem



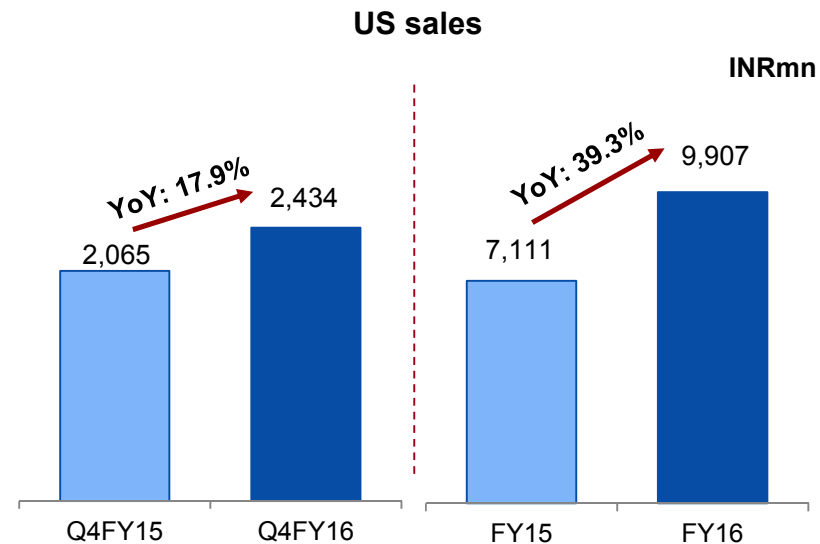
Source: IMS SSA MAT March 2016 ³ Domestic formulations sales; ⁴ For 3 months ended Mar'16



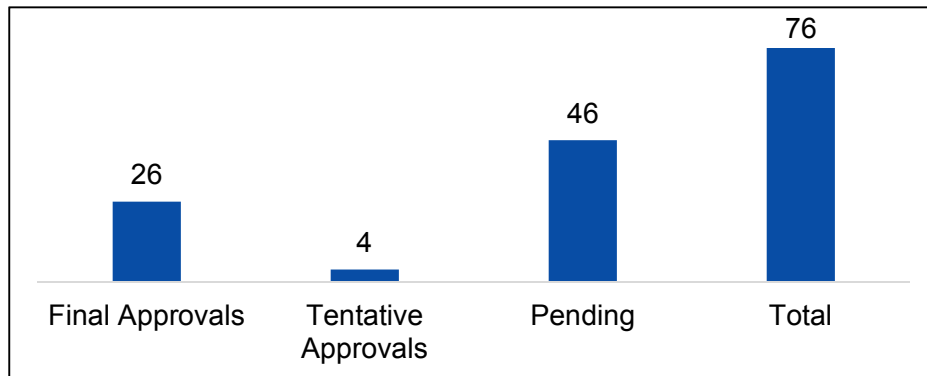
Business Highlight Q4FY16

US Business: Q4FY16 Net Sales of Rs.2,434 million (17.9% growth YoY)

- US sales contributed 21.9% to total net sales for Q4FY16
- Filed 6 ANDAs during the quarter, taking the cumulative ANDA filings to 76 and 1 NDA (as on 31st Mar'16)
- Received 3 ANDA approvals (including 1 tentative approvals) during the quarter, taking cumulative ANDA approvals to 30 (including 4 tentative approvals) and 1 NDA (as on 31st Mar'16)
- In FY16, we filed 12 ANDAs and received 12 approvals including 3 tentative approvals



Cumulative US ANDA filings⁵



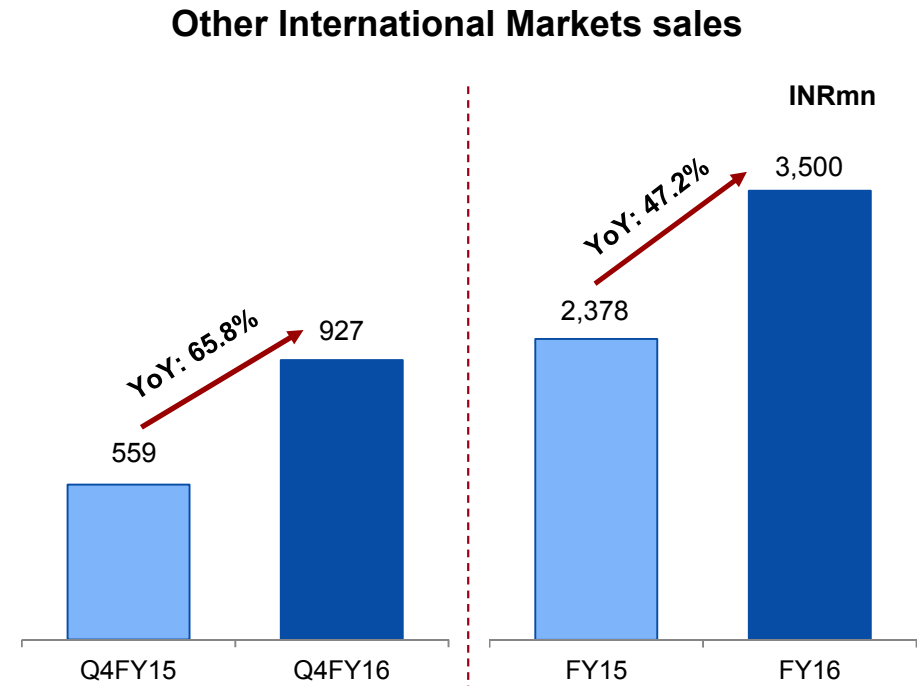
U.S. Filings	# Nos.
Total ANDAs filed	76
Para IV (including FTFs)	31
NDA	1
DMFs	22

5. As on 31st March 2016;

Business Highlight Q4FY16

Other International Markets: Q4FY16 Net Sales of Rs.927 million (65.8% growth YoY)

- Other International sales contributed 8.3% to total net sales for Q4FY16
- Company has presence in more than 50 international markets
- Robust growth in the Other International Markets despite adverse currency movement
- The growth was driven by strong underlying demand in markets such as Australia, Chile and Kazakhstan



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)	Q4FY16	Q4FY15	YoY growth	FY16	FY15	YoY growth
Net Income from Operations	11,426	9,119	25.3%	49,915	37,434	33.3%
Gross Profit	7,147	5,207	37.3%	30,304	20,528	47.6%
Gross Profit margin	62.6%	57.1%		60.7%	54.8%	
EBITDA	1,580	1,346	17.4%	8,482	4,218	101.1%
EBITDA margin	13.8%	14.8%		17.0%	11.3%	
PBT	1,639	1,504	9.0%	8,451	4,508	87.5%
PBT margin	14.3%	16.5%		16.9%	12.0%	
PAT (After Minority Interest)	567	1,315	(56.9)%	6,731	3,916	71.9%
PAT margin	5.0%	14.4%		13.5%	10.5%	
EPS	4.7	11.0	(56.9)%	56.3	32.8	71.9%

Note: In Q4FY16, the Company took a MAT credit entitlement write-off of Rs834mn (included in tax expenses)

Financials – Key Ratios and Balance Sheet items (Consolidated)

Particulars	FY16	FY15
RONW	19.2%	13.1%
Book Value per share (Rs.)	292.9	250.8
Receivable days	41	51
Inventory days*	67	77
Payable days*	42	45
Net Working Capital days	65	83 [#]
Gross Debt (Rs. million)	6,554	13,059
Net Cash (Rs. million)**	8,652	4,873

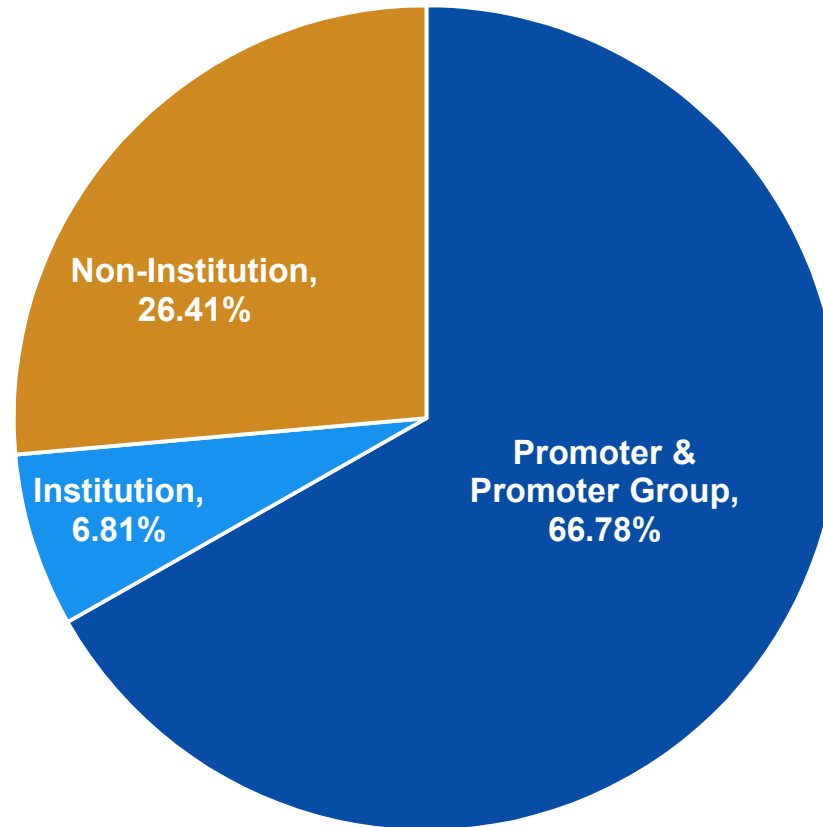
*Inventory days and payable days calculated on Net Revenues from Operations

[#]includes impact of consolidation of Inchemie and Cachet

**Net Cash = Cash and Bank Balance + Fixed Deposits + Interest Accrued on Fixed Deposits + Investments in funds, bonds, debentures and equity shares – Gross Debt

Latest Shareholding Pattern

Shareholding pattern as on 31st March 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

