



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



10th February, 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 Q3FY17 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q3FY17 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 Q3FY17 and 9MFY17 Results

Mumbai, February 10, 2017: Alkem Laboratories Ltd. (Alkem) today announced its consolidated financial results for the third quarter & nine months ending December 31st, 2016. These results were taken on record by the Board of Directors at a Meeting held in Mumbai today.

Key highlights of Q3FY17 financial performance

- Total Income from Operations was Rs.14,819 million, year-on-year growth of 15.1%
 - India sales were Rs.10,298 million, year-on-year growth of 13.5%
 - International sales were Rs.4,324 million, year-on-year growth of 18.7%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.2,681 million, resulting in EBITDA margin of 18.1% vs. 18.3% in Q3FY16. EBITDA grew by 13.7% YoY
- R&D expenses for the quarter was Rs.851 million, or 5.7% of net operating income
- Profit before tax (PBT) was Rs.2,554 million, a growth of 20.0% compared to Q3FY16
- Net Profit (after Minority Interest) was Rs.2,334 million, year-on-year growth of 24.9%

Key highlights of 9MFY17 financial performance

- Total Income from Operations was Rs.46,011 million, year-on-year growth of 18.0%
 - India sales were Rs.33,590 million, year-on-year growth of 18.0%
 - International sales were Rs.11,806 million, year-on-year growth of 17.5%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.8,497 million, resulting in EBITDA margin of 18.5% vs. 17.9% in 9MFY16. EBITDA grew by 21.8% YoY
- R&D expenses for 9MFY17 was Rs.2,289 million, or 5.0% of net operating income compared
- Profit before tax (PBT) was Rs.8,286 million, a growth of 17.8% compared to 9MFY16
- Net Profit (after Minority Interest) was Rs.7,550 million, year-on-year growth of 15.3%

Commenting on the results, Prabhat Agrawal, CEO, Alkem said, "Q3FY17 has been a challenging quarter in terms of business environment, especially for the acute segment which was impacted by demonetization, coupled with a weak anti-infective season. Amidst this tough business environment, we are pleased to report a healthy and consistent growth without compromising on our margins. Our US business also contributed with strong revenue growth during the quarter driven mainly by market share gains. Further we successfully closed the USFDA inspection at our Daman facility in a record time which takes out the regulatory uncertainty. We look forward to carry this momentum ahead for the rest of the financial year."



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Operational Highlights

Domestic Business

Our Domestic sales for Q3FY17 grew by 13.5% YoY, recording a sales of Rs.10,298 million as compared to Rs.9,074 million for Q3FY16. For 9MFY17, our Domestic sales grew by 18.0% YoY to Rs.33,590 million compared to Rs.28,471 million in 9MFY16.

As per IMS December 2016, during the quarter we registered value growth of 6.2% YoY, outperforming the Indian Pharmaceutical Market (IPM) which grew by 5.7% YoY. YoY growth during the quarter was impacted due to demonetization, de-growth in the anti-infective market, expansion in NLEM list and WPI led price cuts. For nine months ending December 2016, we continued to grow ahead of IPM with YoY growth of 13.5% compared to IPM growth of 9.9%, thereby maintaining our rank as the fifth largest pharmaceutical company in India in terms of domestic sales.

The outperformance during the quarter and nine months ending December 2016 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. During the quarter, while we maintained our market leading rankings in our established therapy segments, we also improved our rankings in our emerging therapy areas like Neuro / CNS, Cardiac and Anti-Diabetes.

The performance highlights of the key therapeutic segments in Q3FY17 and 9MFY17 are as shown in the table below:

Key Therapy segment	Q3FY17				9MFY17			
	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	-1.2%	-4.7%	1	Unchanged	13.4%	7.6%
Gastro Intestinal	3	Unchanged	15.1%	5.8%	3	Unchanged	15.2%	8.4%
Pain / Analgesics	3	Unchanged	15.1%	5.3%	3	Unchanged	14.1%	8.5%
Vitamins / Minerals / Nutrients	5	Unchanged	8.5%	7.4%	6	-1	10.8%	9.3%
Respiratory	21	-2	-5.4%	4.3%	19	-1	9.4%	12.0%
Neuro / CNS	10	+1	18.4%	8.6%	11	Unchanged	20.1%	11.0%
Derma	18	Unchanged	18.9%	15.9%	18	-2	11.6%	15.4%
Cardiac	29	+2	15.9%	8.1%	30	+1	13.6%	9.0%
Anti-Diabetic	27	+2	23.6%	17.2%	26	+2	26.3%	17.4%
Total	5	+1	6.2%	5.7%	5	Unchanged	13.5%	9.9%

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

Source: IMS SSA MAT December 2016



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Alliance with Haw Par to exclusively market, sell and distribute Tiger Balm range of products in India

The Company entered into an alliance with Haw Par India Pvt Ltd., a wholly owned subsidiary of Haw Par Healthcare Ltd., Singapore to exclusively market, sell and distribute Tiger Balm range of products in India. Tiger Balm range of products is an internationally known remedy for headaches, upper respiratory congestions, rheumatic or arthritic pains and muscular sprains. Tiger Balm products will be promoted by Alkem Healthcare, an Over the Counter (OTC) division of Alkem.

As per Euromonitor 2015, the size of OTC Analgesic market in India is about Rs.20bn and has grown at a CAGR of 9.9% through 2010 to 2015. Of this, topical OTC analgesic which includes ointments, creams, gels, sprays and patches accounts for more than 70% of the market with brands like Zandu Balm, Volini, Moov, Amrutanjan, Iodex, Emami, Tiger Balm, etc. Also, 90% of total OTC Analgesic sales happens through chemist channel where Alkem has a strong reach. Tiger Balm features amongst the top ten brands in the topical OTC analgesic market in India.

We believe this alliance will lend significant thrust to our domestic OTC business.

International Business

Our International sales for Q3FY17 grew by 18.7% YoY, recording sales of Rs.4,324 million as compared to Rs.3,644 million for Q3FY16. For 9MFY17, our International sales grew by 17.5% to Rs.11,806 million compared to Rs.10,046 million in 9MFY16.

- **US sales** for the quarter was Rs.3,385 million, recording a year-on-year growth of 30.1%. For 9MFY17, US sales was Rs.9,127 million, up 22.1% compared to 9MFY16.
- **Other International Markets sales** for the quarter were Rs.939 million, compared to Rs.1,041 million in Q3FY16. For 9MFY17, Other International Markets sales were Rs.2,678 million, up 4.1% compared to 9MFY16.

R&D Investments

Our Revenue R&D expenses for the quarter were Rs.851 million, or 5.7% of total operating income. Similarly for 9MFY17, our Revenue R&D expenses were Rs.2,289 million, or 5.0% of total operating income.

During the quarter, we filed 1 abbreviated new drug applications (ANDAs) with the US FDA and received 1 tentative approval. For 9MFY17, we filed 1 ANDA with the US FDA and received 5 approvals (including 4 tentative approvals).

As on 31st December 2016, we have filed a total of 77 ANDAs and 1 new drug application (NDA) with the US FDA of which 33 are Para IV filings including first-to-files (FTFs). Of these, we have received approvals for 35 ANDAs (including 08 tentative approvals) and 1 NDA.



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Q3FY17 Conference Call at 5:30pm IST, February 10th, 2017

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, February 10th, 2017 at 5:30 pm IST to discuss its Q3FY17 & 9MFY17 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 will host the call.

Details of the conference call are as under:

Time: 5:30 pm IST (GMT + 5:30) on Friday, February 10th, 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 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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Alkem Laboratories Ltd.

Investor Presentation Q3FY17

10th February 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.

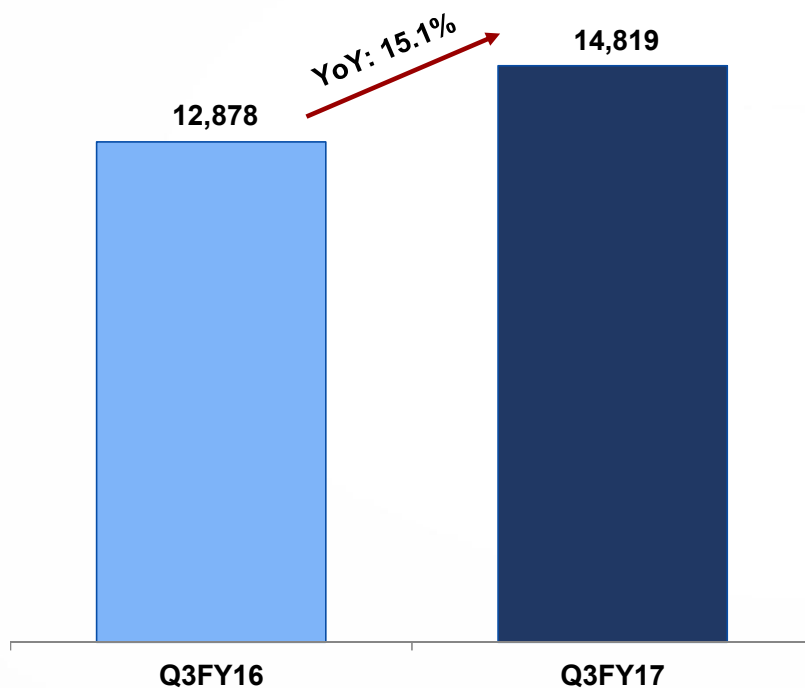
Should one or more of such risks and uncertainties materialize, or should any underlying assumption prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements.

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.

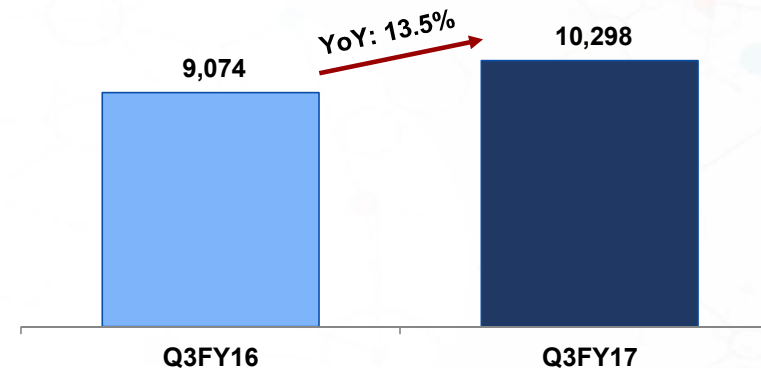
Key Financial Highlights of Q3FY17 (Consolidated)

All figures in INR mn

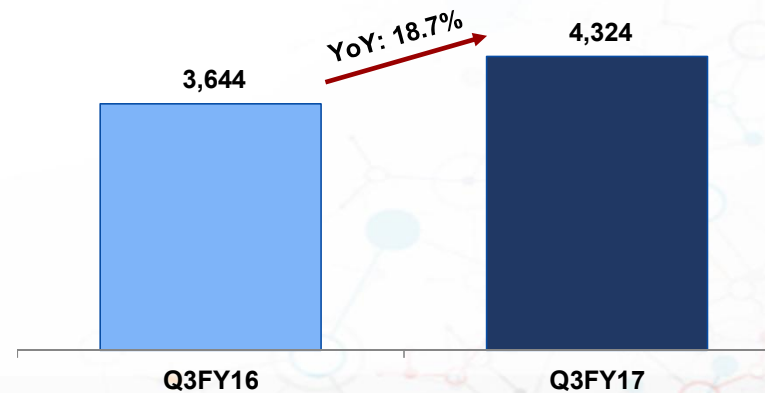
Total Revenue from Operations



India sales



International sales



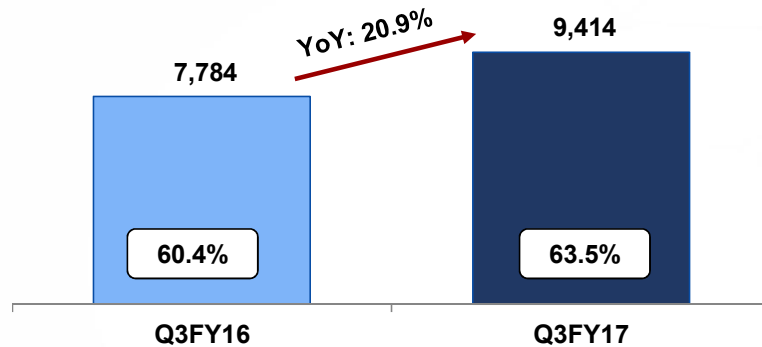
Healthy growth in key markets of India and US amidst tough business environment



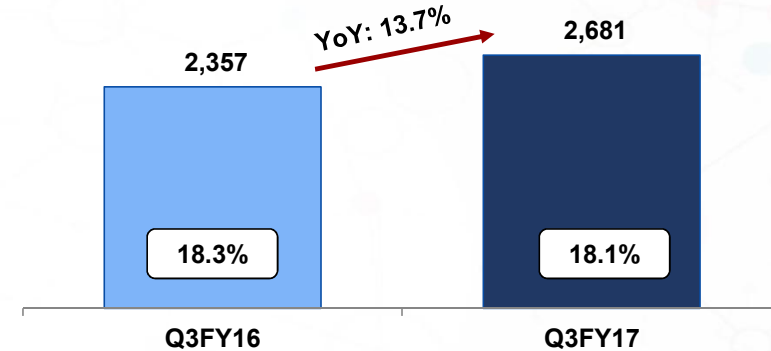
Key Financial Highlights of Q3FY17 (Consolidated)

All figures in INR mn

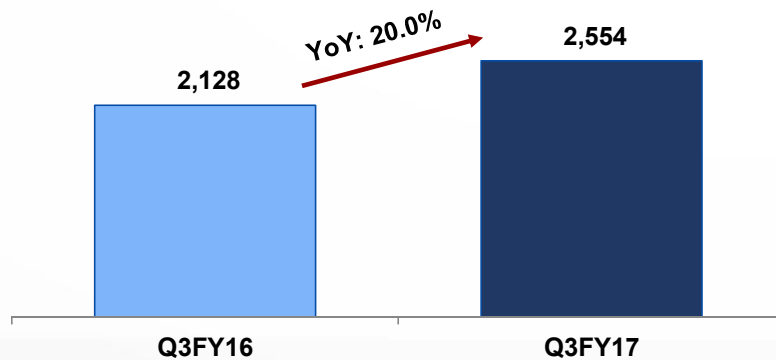
Gross Profit and Gross Margin



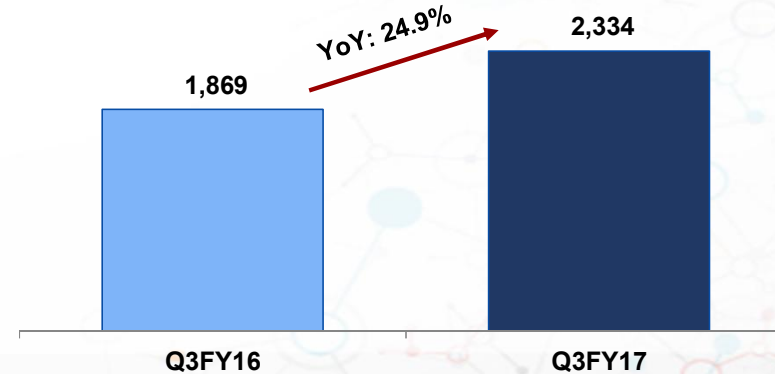
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Continued efforts towards improving profitability showing results



Key Financial Highlights – 9MFY17 (Consolidated)

Particulars (INR mn)	9MFY17	9MFY16	YoY growth
Income from Operations	46,011	38,994	18.0%
Gross Profit	28,404	23,661	20.0%
Gross Profit margin	61.7%	60.7%	
EBITDA	8,497	6,974	21.8%
EBITDA margin	18.5%	17.9%	
PBT	8,286	7,032	17.8%
PBT margin	18.0%	18.0%	
PAT (After Minority Interest)	7,550	6,549	15.3%
PAT margin	16.4%	16.8%	
EPS (Rs / share)	63.15	54.77	15.3%

A satisfying year so far with healthy revenue growth accompanied by improved margin profile

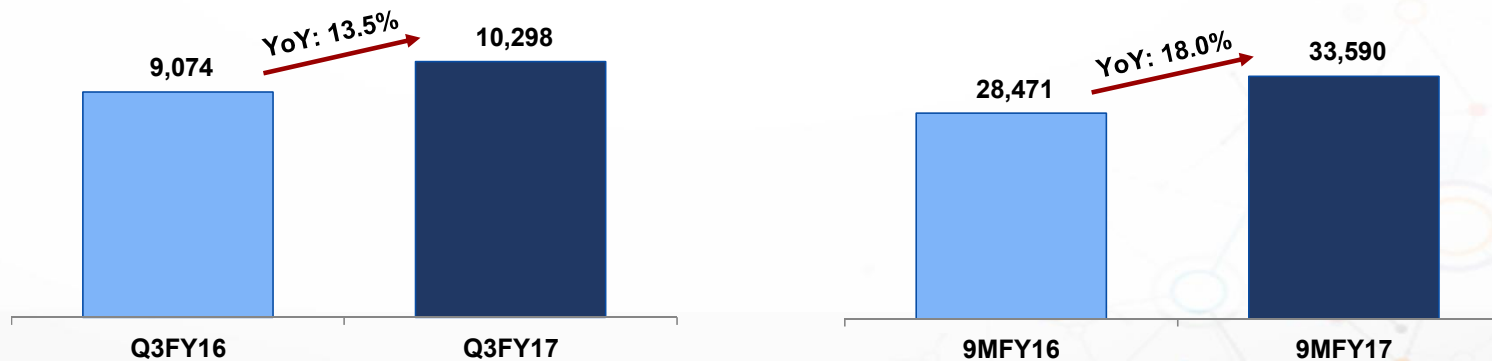


India Business – Continued Outperformance

India Business: Q3FY17 Sales of Rs.10,298 million (13.5% growth YoY)

- India sales contributed 70.4% to total sales for Q3FY17
- During the quarter, Company's secondary sales¹ grew by 6.2% – higher than corresponding IPM growth of 5.7%
- This outperformance was achieved amidst a challenging business environment, especially for the acute business which was impacted by demonetization, coupled with a weak anti-infective season
- For 9MFY17, Company's secondary sales¹ growth was 13.5% – 360bps higher than corresponding IPM growth of 9.9%
- The Company entered into an alliance with Haw Par India Pvt Ltd. to exclusively market, sell and distribute Tiger Balm range of products in India. This alliance will lend significant thrust to the Company's domestic OTC business

India sales (INR mn)

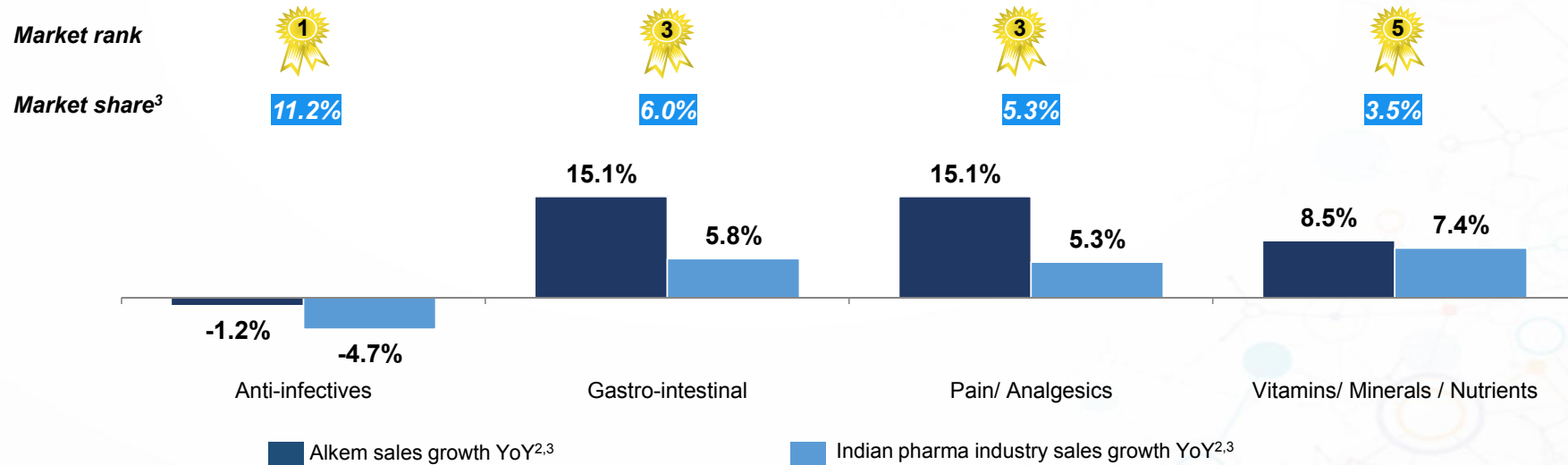


¹ Source: IMS TSA MAT December 2016

Established Therapies – Maintain our leading positions

- During the quarter, the Company delivered more than 350bps of outperformance to the market in its established therapy areas of Anti-Infectives, Gastro-Intestinal and Pain / Analgesic
- During the quarter, the Indian anti-infective market registered a YoY de-growth partly impacted by demonetization
- Company maintained its leading position in the established therapies along with market share gains

Secondary sales performance in Q3FY17



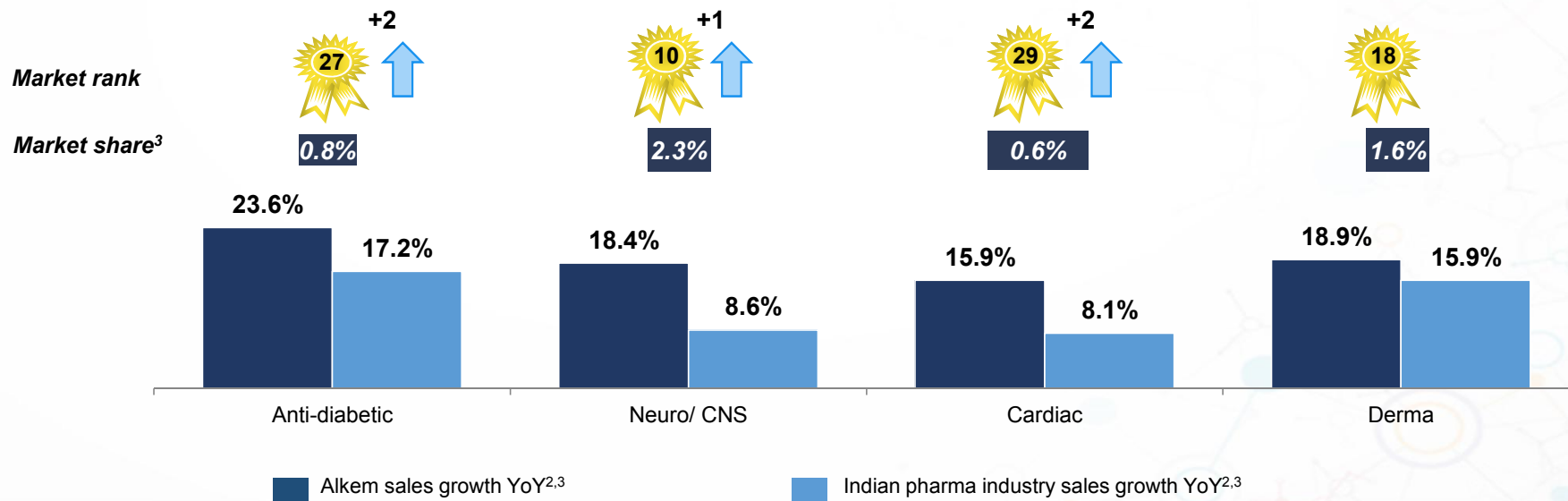
Source: IMS TSA MAT December 2016 ² Domestic formulations sales; ³ For 3 months ended December '16



Emerging Therapies – Building on the Base

- Emerging therapies of the Company registered a healthy performance led by strong secondary sales growth in Anti-diabetic, Neuro / CNS, Cardiac and Derma
- Company moved up the ranking in the important therapy areas of Anti-diabetic, Neuro / CNS and Cardiac
- The Company continued to acquire market share through new product launches, sustained marketing efforts and building traction with the prescriber base

Secondary sales performance in Q3FY17



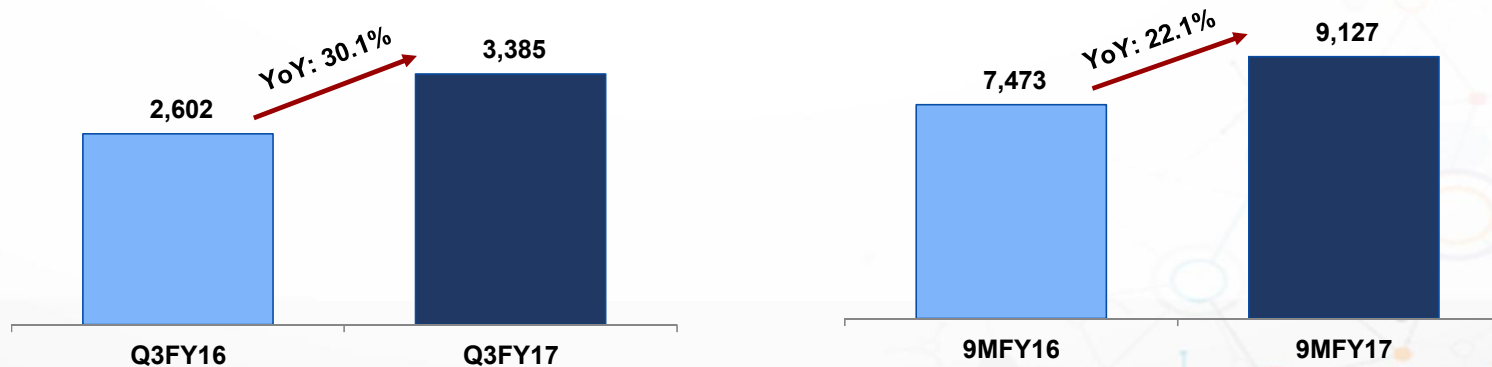
Source: IMS TSA MAT December 2016 ² Domestic formulations sales; ³ For 3 months ended December '16

US Business – Healthy growth largely led by market share gains

US Business: Q3FY17 Sales of Rs.3,385 million (30.1% growth YoY)

- US sales contributed 23.1% to total sales for Q3FY17
- Good winter season helped the QoQ growth during the quarter
- The Company launched 1 new products during the quarter, taking the total to 5 new products launches in 9MFY17
- In Q3FY17, the Company filed 1 ANDA and received one tentative approval, taking the cumulative ANDA approvals to 35 (including 8 tentative approvals) and 1 NDA - as on 31st December 2016
- **Update on USFDA inspections**
 - The Company successfully closed the USFDA inspection at the Daman formulation facility with an EIR in December 2016
 - The Company received 3 observations for its Ankleshwar API facility which was inspected in December 2016. The Company has replied to the USFDA with a detailed corrective and preventive plan within the stipulated timelines.

US sales (INR mn)

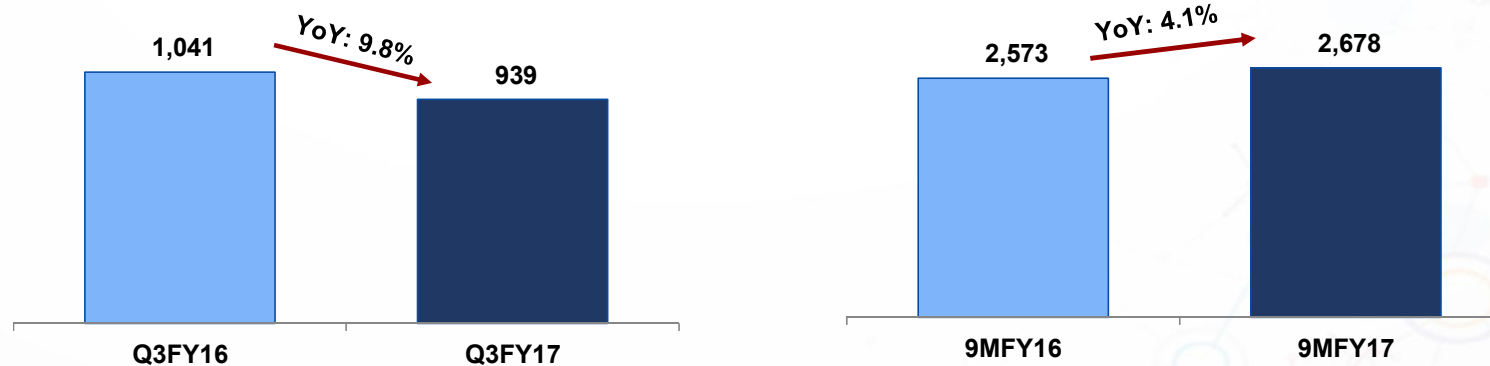


Other International Markets – Focusing on select markets

Other International Markets : Q3FY17 Sales of Rs.939 million (9.8% de-growth YoY)

- Other International sales contributed 6.4% to total sales for Q3FY17
- During 9MFY17, Company's key markets of Australia, Chile and Kazakhstan recorded healthy growth in local currency terms
- **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)

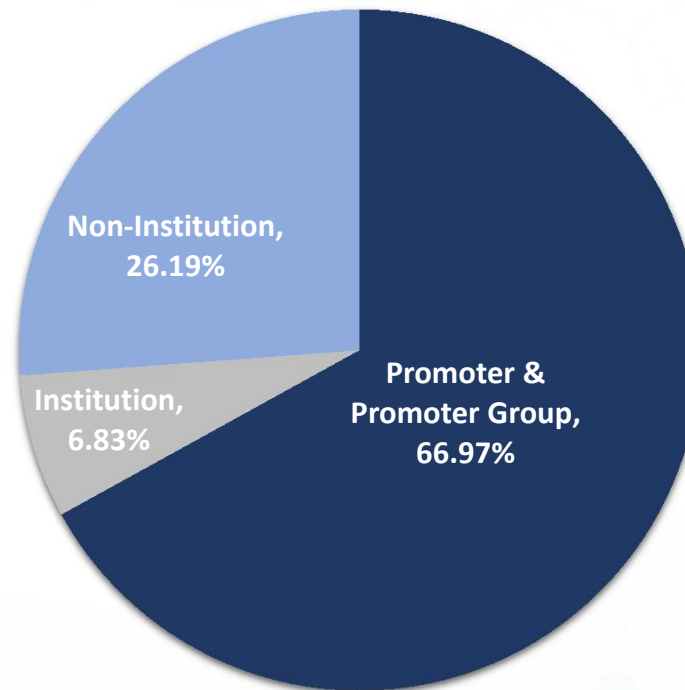


Strategy going forward

- 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 December 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

Contact

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