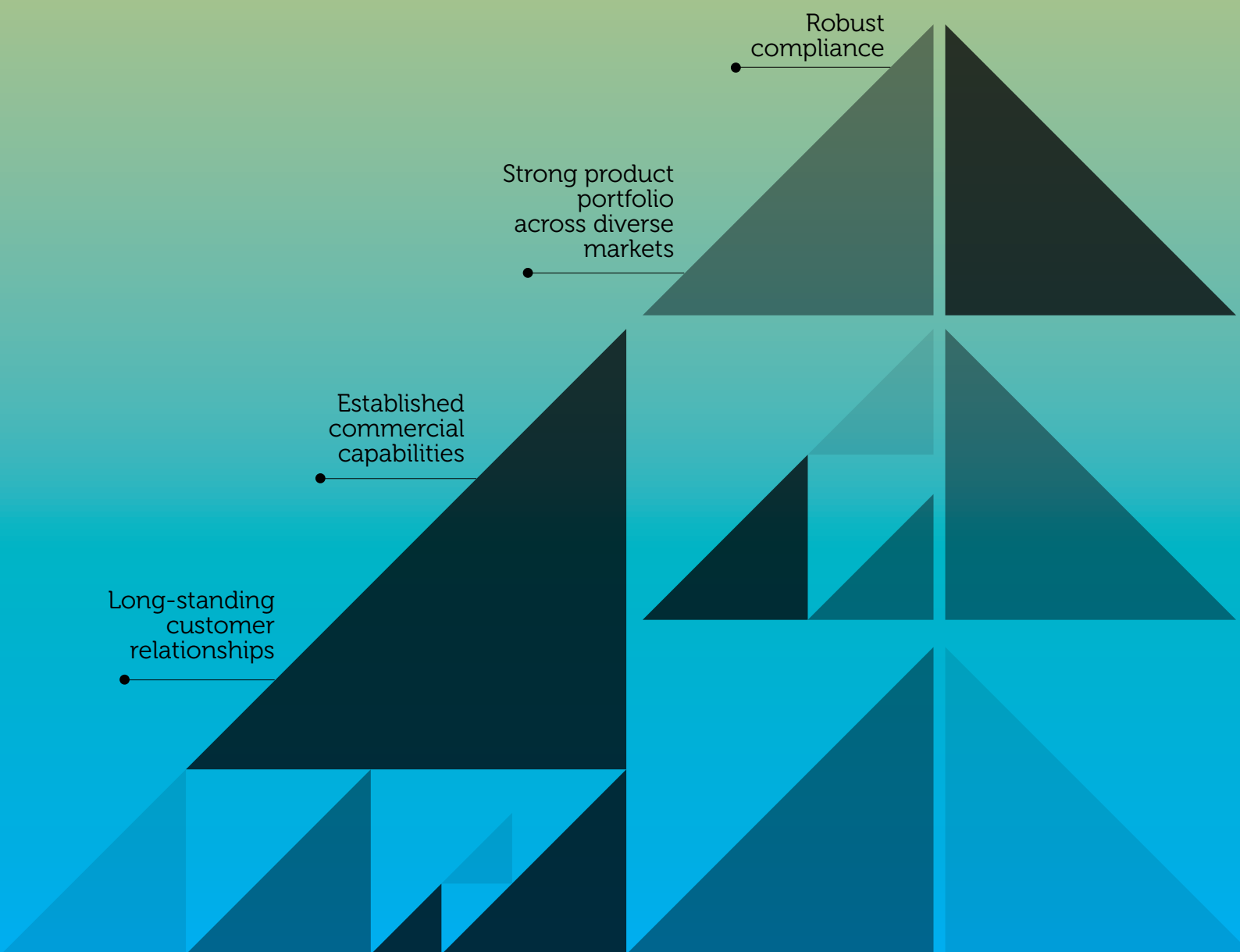


SUSTAINABLE *Growth.*  
ENDURING *Value.*



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### Operational Highlights



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### CEO's Perspective



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Read more



For further information log on to  
[www.lauruslabs.com](http://www.lauruslabs.com)

## Key Numbers

₹  
**18,919** million  
**REVENUE**

27% 5-year CAGR

**24%**  
**EBITDA  
MARGIN**

as on March 31, 2017

₹  
**22/-** share  
**EPS - BASIC**

as on March 31, 2017

₹  
**2,026** million  
**NET PROFIT**

23% 5-year CAGR

# *In this, our maiden post-IPO annual report, we present the story of our strengths and strategies to grow in India and across the world.*

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Our strategy has always been to consolidate our presence in traditional markets, while at the same time expand to newer ones. We have consistently focused on enhancing R&D and manufacturing capabilities, deepening integration and enriching our portfolio.

Our robust framework for quality and risk-governance enables us to introduce new products consistently, while improving the breadth and depth of our reach. The world's bellwether generic pharmaceutical companies by revenues are our clients; and we continue to foster deep and diverse relationships with our clients and partners.

Our scientists are working hard to turn promising research into affordable medicines and achieving encouraging outcomes across multiple therapeutic

segments. We are committed to deliver innovative and cost-effective therapies to help patients with better treatment options.

We will continue to strengthen our leadership position in APIs, especially in the therapeutic areas like the anti-retroviral, Hepatitis C, oncology, cardiovascular and diabetic among others. Formulations business also offers significant opportunities. We have already filed a dossier with WHO and three ANDA applications with the US FDA. We have also initiated ARV, API supply into the European market and undertaking dedicated R&D in existing products, and in areas where there is significant growth potential. In line with our credo of 'Research First', we are expanding our R&D centre at Hyderabad and have already completed the FDF facility.

We are committed to positively impact our client's business outcomes by focusing on better customer experience across all touch points and channels. We have alliances with various partners for the development of products in specified therapeutic areas on profit and cost sharing basis.

We have the right culture, infrastructure and knowhow to grow sustainably and create value that endures for the long-term.

## Firm Footsteps towards Sustainable Growth

Ever since we began our journey, we at Laurus Labs have consistently leveraged opportunities to build a sustainable and value-creating enterprise. The result is that we have now emerged as a leading research and development ('R&D') driven pharmaceutical company in India.

We enjoy leadership position in generic active pharmaceutical ingredients ('APIs') for select, high-growth therapeutic areas of anti-retrovirals ('ARVs') and Hepatitis C. Our best-in-class infrastructure and consistent focus on knowledge accretion and innovation have enabled us to expand our presence in high-growth markets.

Today, we are a segment-leading manufacturer of high quality APIs, a preferred partner for NCE development and manufacture; and a trusted source of specialty ingredients for the nutraceutical industry. We have commercialised 59 products since inception, and our future is very exciting than what we have achieved so far.



### Vision

To become a leading player in offering integrated solutions to global pharmaceutical needs in creating a healthier world.







### Mission

We constantly strive for innovation to enhance quality and to provide affordable integrated pharmaceutical solutions to facilitate wellness and well-being across the globe.

9 out of 10 top generic pharmaceuticals by revenue in 2016-17 are our customers.

## Business Segments

	Business	Product & Service Offerings	Filings	Infrastructure
<b>Generics – API</b>  <b>Revenue Contribution</b>  <b>91.3%</b>	<p>Comprises the development, manufacture and sale of APIs and advanced intermediates in the ARV, Hepatitis C, Oncology, Cardiovascular, Anti-diabetic, Anti-asthmatic, Gastroenterology and Ophthalmic therapeutic areas</p>	<ul style="list-style-type: none"> <li>● Anti-retroviral (ARV)</li> <li>● Hepatitis C</li> <li>● Oncology</li> <li>● Large volume APIs for cardiovascular, anti-diabetic, anti-asthmatic, gastroenterology therapeutic areas</li> <li>● Small volume APIs for the ophthalmic therapeutic area</li> </ul>	<ul style="list-style-type: none"> <li>● Commercialised 59 products</li> <li>● 39 DMFs filed</li> </ul>	4 manufacturing facilities (2,000 KL)
<b>Generics FDF</b>  <b>Revenue Contribution</b>  <b>0.1%</b>	<p>Comprises the development and manufacture of oral solid formulations</p> <p>Building on API strengths to forward integrate and become a leading FDF player in the global pharmaceutical market</p>	<ul style="list-style-type: none"> <li>● ARVs</li> <li>● Anti-diabetic</li> <li>● Cardiovascular</li> <li>● Proton Pump Inhibitor</li> </ul>	Filed 3 ANDAs with US FDA, one dossier with WHO. In addition completed validation for 4 products	1 billion tablets / year capacity facility (expandable to 5 billion tablets/ year)
<b>Synthesis</b>  <b>Revenue Contribution</b>  <b>5.4%</b>	<p>Performs contract development and manufacturing services for global pharmaceutical companies from preclinical supplies to commercial scale manufacturing</p>	<ul style="list-style-type: none"> <li>● Commercial scale contract manufacturing</li> <li>● Clinical phase supplies</li> <li>● Analytical and research services</li> </ul>	NA	Dedicated manufacturing (Unit 5) unit for major customer
<b>Ingredients</b>  <b>Revenue Contribution</b>  <b>3.2%</b>	<p>Comprises the manufacture and sale of specialty ingredients for use in nutraceutical, dietary supplements and cosmeceutical products.</p> <p>Leverages existing R&amp;D, process chemistry competence and manufacturing capabilities</p>	Nutraceuticals (natural ingredients), dietary supplements and cosmeceutical products	NA	Manufactured at Unit 1, Unit 2, Unit 3 and Kilo Lab in R&D

## Manufacturing Facilities

Unit	Location	Description	Approvals
Kilo lab	Plot No. DS1 and DS2, IKP Knowledge Park, Turkapally, Shameerpet, Ranga Reddy District, Hyderabad 500 078, Telangana, India	43 reactors and a capacity of 4.3 KL	US FDA, KFDA and PMDA. The latest successful audit by US FDA was in June 2016
1	Plot No. 21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531 021, Andhra Pradesh, India	API manufacturing facility and includes capacity for ingredients, synthesis and contract manufacturing. 314 reactors with a total capacity of 1,140 KL	US FDA, WHO-Geneva, NIP Hungary, KFDA and PMDA. The latest successful audit by US FDA and WHO-Geneva was in April 2015
2	Plot No. 19, 20, 21, APSEZ, Atchutapuram, Visakhapatnam 531 011, Andhra Pradesh, India	FDF and API manufacturing facility. Plant with a capacity of 1 billion tablets/year for FDF manufacturing. API block with 12 reactors and total capacity of 84 KL	BfArM - Germany. Successful completion of US FDA inspection in API facility in May 2017. EIR received from US FDA for the FDF facility in May 2017
3	Plot No. 18, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531 021, Andhra Pradesh, India	API manufacturing facility and includes capacity for ingredients, synthesis and contract manufacturing  80 reactors installed with a total capacity of 605 KL which is being expanded to 126 reactors with a total capacity of 780 KL and the expansion got completed during the quarter ended December 2016	US FDA, WHO-Geneva, and EU. The latest successful audit by US FDA and WHO-Geneva was in April 2015
4	Plot No. 25, Lalamkoduru, Atchutapuram, Visakhapatnam 531 011, Andhra Pradesh, India	Nutraceuticals, intermediaries and API manufacturing facility	Construction commenced and will be operational in 2017-18
5	Plot No. 102 & 103, SEZ, Lemarhi, Parawada, Visakhapatnam 531 021, Andhra Pradesh, India	API manufacturing facility with a planned capacity of 46 reactors with a total capacity of 126 KL, dedicated to potent intermediaries and APIs	Operations commenced in December 2016

## Relevant Facts

**55+**

NUMBER OF R&D  
LABORATORIES

**90+**

APIs  
MANUFACTURED

**41**

PATENTS  
GRANTED  
TILL 2016-17

**39**

FILED  
DMFs

**2,600+**

EMPLOYEES

SERVING

**200+**  
CUSTOMERS

**59**

PRODUCTS  
COMMERCIALISED

## Strategic Priorities

### Capitalise on leadership position in APIs in select, high-growth therapeutic areas

- Significant increase in eligible HIV patient population with revised WHO guidelines
- ARV drugs patent expiry in the US and European market
- Strong opportunity in Hepatitis C in emerging markets
- Oncology therapeutic areas in regulated markets

### Expand API portfolio

- Leverage process chemistry skills to expand API product portfolio
- Contract manufacturing of Generic APIs

### Leverage API cost advantage for forward integration into Generic FDF

- Leverage API capabilities and capture operating efficiencies
- 2 partnership for commercialisation of ANDAs in US

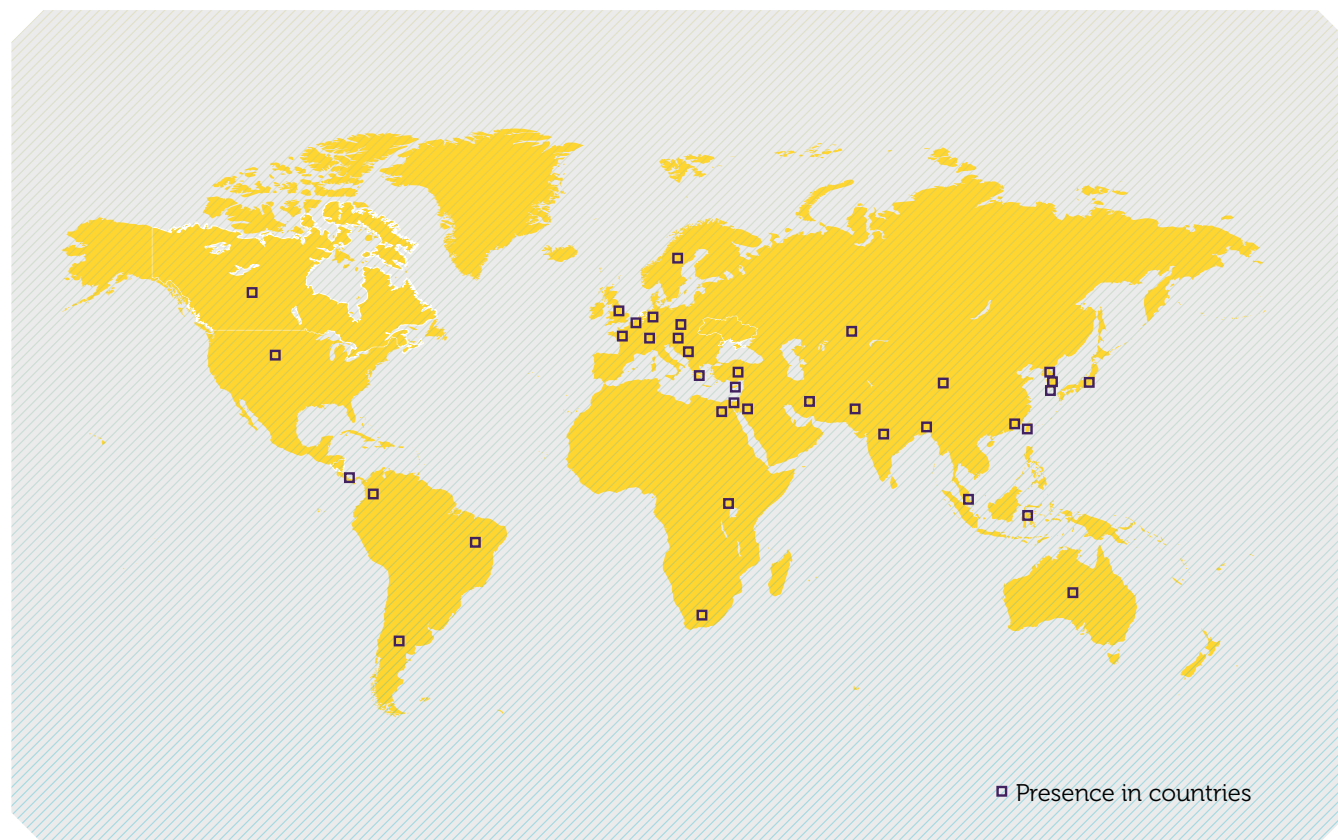
### Develop synthesis business

- Focus on supply of key starting materials and intermediates for new chemical entities
- Contract with Aspen for supply of hormonal intermediates

### Strengthen ingredients business

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

## Widening Global Presence



## Strengths we Cherish

### Leadership in APIs in select, high-growth therapeutic areas

At Laurus Labs, we are a leading developer and manufacturer of generic APIs in select, high-growth therapeutic areas of ARV and Hepatitis C. We also manufacture APIs in oncology and other therapeutic areas. Our enriched portfolio and scale of operations help us capitalise on the ARV API opportunity.

### Strong R&D capabilities

Our 'research-first' approach has been critical to our success, and remains our key competitive advantage. Our dedicated R&D team is committed to developing processes and products to create a diverse range of cost-effective medicines. Research is a key catalyst that drives our vision of becoming a respected, profitable, and integrated global pharmaceutical company.

### Modern and regulatory compliant manufacturing capacities

We have three manufacturing facilities in Visakhapatnam and a kilo lab facility in Hyderabad, which has received one or more approvals from WHO, US FDA, PMDA, NIP Hungary, KFDA or BfArM. We have put in place a robust framework to implement uniform manufacturing standards across all our facilities; and to achieve standardised product quality for all our markets.

### Long-standing relationships with multi-national pharmaceutical companies

At Laurus Labs, we have maintained long-standing relationships with multi-national pharmaceutical companies. Our top five customers have been with us for at least five years and they have cumulatively contributed to more than 65% of our total revenue. Key reasons behind our long-lasting relationships are our product quality, and manufacturing standards that comply with evolving regulatory standards.

### Robust compliance

We have progressively reinforced our compliance in line with demanding standards in regulated markets. We are strengthening this culture of compliance through consistent investments in people, technologies, and processes.

### Experienced promoters and dynamic team

Promoters with nearly three decades of experience drive our team with their vision and strategies for value creation in an evolving regulatory scenario. Our key operational personnel have extensive knowledge and understanding of the global generic pharmaceutical business environment.

They also have the expertise and global experience to organically scale up the business.



## *Decades-rich experience*

The Company's core managerial team has an average pharmaceutical industry experience of more than two decades. Almost all members of the team have been associated with the Company since its formative years.

OUR TOP FIVE CUSTOMERS HAVE BEEN WITH US FOR AT LEAST FIVE YEARS AND THEY HAVE CUMULATIVELY CONTRIBUTED TO MORE THAN 65% OF OUR TOTAL REVENUE.

## Making an Attractive Investment Case

**1**

Established commercial capabilities

**2**

Strong product portfolio across diverse markets

**3**

Experienced R&D team and large, differentiated pipeline

**4**

High-quality global manufacturing footprint and efficient operations

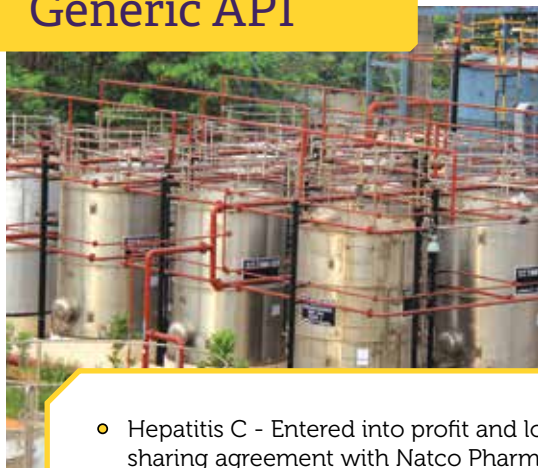
**5**

Experienced management team with a proven track record

## Operational Highlights, 2016-17

- Launched a successful IPO
- Prepayment of long-term loans of ₹ 2,263 million from IPO Proceeds, ₹ 596 million spent on general corporate purposes after meeting IPO expenses of ₹ 138 million
- Supply of APIs under ARV, Hepatitis C programmes and Oncology continues to grow
- R&D opex investment ₹ 1,054 million and 5.6% as a percentage of sales
- Unit 4 expansion is in progress, the facility will add capacity to Generics API, Synthesis and Ingredients business
- Operations at Unit 2 of Sriam Labs at Visakhapatnam (100% subsidiary of Laurus) commenced

### Generic API



- Hepatitis C - Entered into profit and loss sharing agreement with Natco Pharma for the manufacture and sale of Sofosbuvir, Ledipasvir, Daclatasvir and Velpatasvir
- Entered into a contract with Dr. Reddy's for the development and marketing of several anti-retroviral formulations on profit and cost sharing basis
- Filed 205 patent applications and 41 patents granted
- Expansion of R&D centre at Hyderabad completed
- Successful completion of US FDA inspection at Unit 2 in May 2017

### Generic FDF



- Capacity expansion of 5 billion tablets in progress
- Filed 3 ANDAs with US FDA and 1 dossier with WHO from the FDF facility; and intends to file another 6 ANDAs for the next year
- EIR received from US FDA for the FDF facility in May 2017
- FDF opex investments are ₹ 982 million which includes ₹ 335 million relating to the R&D
- Several formulation dossiers under development for US, Europe and other emerging markets