



**ALKEM**

**ALKEM LABORATORIES LTD.**

Regd. Office : " ALKEM HOUSE", Senapati Bapat Marg,  
Lower Parel, MUMBAI 400 013. Phone : 3982 9999, Fax : 022-2495 2955  
Email : [contact@alkem.com](mailto:contact@alkem.com) Website : [www.alkemlabs.com](http://www.alkemlabs.com)  
CIN no :- U00305MH1973PLC174201



**Press Release**

**Alkem reports Q4FY16 and FY16 Results**

**Mumbai, May 27, 2016:** Alkem Labs Ltd (Alkem) today announced its consolidated financial results for fourth quarter & twelve months ending March 31<sup>st</sup>, 2016. These results were taken on record by the Board of Directors at a Meeting held in Mumbai today.

**Key highlights of Q4FY16 financial performance**

- Net Income from Operations was Rs.11,426 million, year-on-year growth of 25.3%
  - India sales were Rs.7,748 million, year-on-year growth of 22.8%
  - International sales were Rs.3,361 million, year-on-year growth of 28.1%
- Gross Margin improved to 62.6% compared to 57.1% in Q4FY15
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.1,580 million, resulting in EBITDA margin of 13.8% vs. 14.8% in Q4FY15. EBITDA grew by 17.4% YoY
- R&D expenses for the quarter was Rs.870 million, or 7.6% of net operating income compared to Rs.666 million in Q4FY15 at 7.3% of net operating income. R&D expenses for the year was Rs.2,149 million, or 4.3% of net operating income
- Profit before tax (PBT) was Rs.1,639 million, a growth of 9.0% compared to Q4FY15
- Net Profit (after Minority Interest) was Rs.567 million, year-on-year de-growth of 56.9%. The decline in the Net Profit was primarily on account of MAT credit entitlement write-off of Rs.834 million, included under tax expense in the current quarter

**Key highlights of FY16 financial performance**

- Net Income from Operations was Rs.49,915 million, year-on-year growth of 33.3%
  - India sales were Rs.35,362 million, year-on-year growth of 30.4%.
  - International sales were Rs.13,407 million, year-on-year growth of 41.3%
- Gross Margin improved to 60.7% compared to 54.8% in FY15
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.8,482 million, resulting in EBITDA margin of 17.0% vs. 11.3% in FY15. EBITDA grew by 101.1% YoY
- Profit before tax (PBT) was Rs.8,451 million, a growth of 87.5% compared to FY15
- Net Profit (after Minority Interest) was Rs.6,731 million, year-on-year growth of 71.9%
- Net cash generation for the year was Rs.3,780 million

*Commenting on the results, Prabhat Agrawal, CEO, Alkem said, "Fiscal year 2016 has been a satisfying year for the company with good all-round performance. The Company not only delivered robust revenue growth but also healthy margin improvement and strong cash generation. We would continue to drive our performance in fiscal 2017 and deliver shareholder value through growth in our key markets, cost optimisation and focus on executional excellence inspite of certain Industry headwinds."*

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**Operational Highlights****Domestic Business**

Our Domestic sales for Q4FY16 grew by 22.8% YoY, recording a sales of Rs.7,748 million as compared to Rs.6,309 million for Q4FY15. For FY16, our Domestic sales grew by 30.4% YoY to Rs.35,362 million compared to Rs.27,127 million in FY15. The sales numbers are after consolidation of Indchemie and Cachet's results in the current financial year.

As per IMS SSA MAT March 2016, during the quarter we registered value growth of 13.2% YoY, outperforming the Indian Pharmaceutical Market (IPM) which grew by 12.1% YoY. Also for twelve months ending March 2016, we grew ahead of IPM with YoY growth of 14.4% compared to IPM growth of 13.5%. The outperformance during the quarter and 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.

The performance highlights of the key therapeutic segments in Q4FY16 and FY16 are as shown in the table below:

Key Therapy segment	Q4FY16				FY16			
	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	9.4%	4.9%	1	Unchanged	10.3%	6.4%
Gastro Intestinal	3	Unchanged	20.6%	12.5%	3	Unchanged	19.0%	15.1%
Pain / Analgesics	3	+1	12.2%	8.0%	3	Unchanged	14.2%	11.2%
Vitamins / Minerals / Nutrients	5	+2	17.4%	15.9%	5	+1	16.2%	15.0%
Respiratory	20	Unchanged	12.1%	10.0%	19	-1	16.5%	10.7%
Neuro / CNS	14	+2	28.6%	15.0%	14	+2	23.5%	15.1%
Derma	17	-2	9.8%	15.5%	15	Unchanged	18.8%	17.0%
Cardiac	30	+1	19.9%	12.5%	30	+1	33.7%	14.2%
Anti-Diabetic	28	+1	22.8%	17.5%	28	+1	31.2%	19.8%
<b>Total</b>	<b>6</b>	<b>2</b>	<b>13.2%</b>	<b>12.1%</b>	<b>5</b>	<b>+1</b>	<b>14.4%</b>	<b>13.5%</b>

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

Source: IMS SSA MAT March 2016



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**International Business**

Our International sales for Q4FY16 grew by 28.1% YoY, recording sales of Rs.3,361 million as compared to Rs.2,624 million for Q4FY15. For FY16, our International sales grew by 41.3% to Rs.13,407 million compared to Rs.9,489 million in FY15.

- **US sales** for the quarter was Rs.2,434 million, recording a year-on-year growth of 17.9%. For FY16, US sales was Rs.9,907 million, up 39.3% compared to FY15.
- **Other International Markets sales** for the quarter were Rs.927 million, recording a year-on-year growth of 65.8%. For FY16, Other International Markets sales were Rs.3,500 million, up 47.2% compared to FY15.

**R&D Investments**

Our Revenue R&D expenses for the quarter were Rs.870 million, or 7.6% of net operating income. Similarly for FY16, our Revenue R&D expenses were Rs.2,149 million, or 4.3% of net operating income.

During the quarter, we filed 6 abbreviated new drug applications (ANDAs) with the US FDA and received 3 approvals (including 1 tentative approvals). For FY16, we filed 12 ANDAs with the US FDA and received 12 approvals (including 4 tentative approvals).

As on 31<sup>st</sup> March 2016, we have filed a total of 76 ANDAs and 1 new drug application (NDA) with the US FDA of which 31 are Para IV filings including first-to-files (FTFs). Of these, we have received approvals for 30 ANDAs (including 4 tentative approvals) and 1 NDA.

**Write-off of MAT credit entitlement during the quarter**

During the quarter, considering future growth requirement of domestic business, the company has commenced construction of new units at Sikkim which will be entitled for fiscal incentives including benefit under income tax. Further, Finance Act 2016 has partially extended income tax benefit on R&D expenditure up to fiscal year 2019-20. These factors may result into lower utilisation of accumulated MAT credit entitlement to the extent of Rs.834 million as at 31 March 2016, which has been charged off and included under tax expense in current quarter and year ended 31 March 2016.



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**Q4FY16 Conference Call at 6:00pm IST, May 27th, 2016**

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, May 27th, 2016 from 6:00 pm to 7:00 pm IST to discuss its Q4FY16 & FY16 financial results.

Alkem Laboratories Ltd. will be represented on the call by Mr. Sandeep Singh, Joint Managing Director, Mr. Prabhat Agrawal, Chief Executive Officer and the senior management team.

Edelweiss Securities will host the call.

**Details of the conference call are as under:**

**Time:** 6:00 pm to 7:00 pm IST (GMT + 5:30) on Friday, May 27th, 2016.

**Dial in Details:**

India : +91 22 6746 8328 / 3938 1028

**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](http://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](http://www.alkemlabs.com)

**For further information or queries please contact**

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