

**ALKEM LABORATORIES LTD.**

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

- Phone: +91-22-3982 9999 • Fax: 022-2495 2955
- Email: contact@alkem.com • Website: www.alkemlabs.com
- CIN: L00305MH1973PLC174201

25th May, 2021

| | |
|---|--|
| The Corporate Relationship Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Scrip Code: 539523 | National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. Scrip Symbol: ALKEM |
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Dear Sirs,

Sub: Outcome of the Board Meeting held on 25th May, 2021

Kindly refer to our intimation letter dated 14th May, 2021, pursuant to Regulation 30 read with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), regarding holding of Board Meeting on 25th May, 2021 to *inter alia* approve the Audited Financial Results for the quarter and financial year ended 31st March 2021 and to recommend dividend, if any. The Board of Directors at its meeting held today i.e. 25th May, 2021, has, *inter alia*:

1. approved the Standalone and Consolidated Audited Financial Statements of the Company for the quarter and financial year ended 31st March, 2021.
2. recommended a final dividend of Rs. 5/- (Rupees Five only) per equity share of Rs. 2/- each for the financial year ended 31st March, 2021, for the approval of the shareholders of the Company at the ensuing Annual General Meeting.
3. fixed that the 47th Annual General Meeting of the Company shall be held on 27th August, 2021 and the record date for the purpose of the said Annual General Meeting has been fixed as 20th August, 2021.
4. fixed 10th August, 2021 as the record date for the purpose of payment of final dividend. The dividend, if declared by the shareholders, shall be paid on and from 01st September 2021.
5. based on recommendation of Nomination and Remuneration Committee and subject to approval of shareholders at the ensuing Annual General Meeting, approved the re-appointment of Dr. Dhccraj Sharma as an Independent Director of the Company for the second term of five (5) consecutive years with effect from 26th May, 2022 upto 25th May, 2027.
6. approved the restructuring of the Company's subsidiaries in USA subject to necessary statutory and regulatory approvals (detailed disclosure as per the format of Regulation 30 of Listing Regulations shall be filed separately).

Accordingly, we are enclosing herewith Standalone and Consolidated Audited Financial Results for the quarter and financial year ended 31st March, 2021 and the Auditor's Report thereon.



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The Company hereby declares that the Auditors have expressed an unmodified opinion in the Audit Reports on Standalone and Consolidated Financial Results for the quarter and financial year ended 31st March, 2021.

The meeting of the Board of Directors of the Company commenced at 11.00 a.m. and concluded at 01.45 p.m.

Kindly take the same on record.

Sincerely,
For **Alkem Laboratories Limited**

Manish Narang
President - Legal, Company Secretary & Compliance Officer

Encl.: a/a

B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

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Independent Auditors' Report

To the Board of Directors of Alkem Laboratories Limited

Report on the audit of the Consolidated Annual Financial Results

Opinion

We have audited the accompanying consolidated annual financial results of Alkem Laboratories Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), for the year ended 31 March 2021, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements /financial results/ financial information of the subsidiaries , the aforesaid consolidated annual financial results:

- a. include the annual financial results of the following entities

| Sr. No. | Name of entity | Relationship |
|---------|---|---|
| 1. | S & B Holdings B.V., Netherlands (S&B Holdings) | Wholly Owned Subsidiary |
| 2. | ThePharmaNetwork, LLC, USA (TPN) | Wholly Owned Subsidiary of S & B Holdings |
| 3. | Ascend Laboratories LLC, USA | Wholly Owned Subsidiary of TPN |
| 4. | S & B Pharma LLC (w.e.f. 8 April 2020) | Wholly owned Subsidiary of TPN |
| 5. | S & B Pharma Inc., USA | Wholly Owned Subsidiary |
| 6. | Pharmacor Pty Limited, Australia | Wholly Owned Subsidiary |
| 7. | Ascend Laboratories (PTY) Ltd, South Africa (formerly known as Alkem Laboratories (PTY) Ltd) | Wholly Owned Subsidiary |
| 8. | Enzene Biosciences Ltd, India | Subsidiary |
| 9. | Cachet Pharmaceuticals Pvt Ltd, India | Subsidiary |
| 10. | Indchemie Health Specialities Pvt Ltd, India | Subsidiary |
| 11. | Alkem Laboratories Corporation, Philippines | Wholly Owned Subsidiary |
| 12. | Ascend GmbH, Germany | Wholly Owned Subsidiary |
| 13. | Ascend Laboratories SDN BHD., Malaysia | Wholly Owned Subsidiary |
| 14. | Ascend Laboratories SpA, Chile (Ascend Chile) | Wholly Owned Subsidiary |
| 15. | Pharma Network SpA, Chile | Wholly Owned Subsidiary of Ascend Chile |

Registered Office:

Independent Auditors' Report (Continued)

Alkem Laboratories Limited

Opinion (Continued)

| Sr. No. | Name of entity | Relationship |
|---------|--|-------------------------|
| 16. | Alkem Laboratories Korea Inc, Korea | Wholly Owned Subsidiary |
| 17. | Pharmacor Ltd., Kenya | Wholly Owned Subsidiary |
| 18. | The PharmaNetwork, LLP, Kazakhstan | Wholly Owned Subsidiary |
| 19. | Ascend Laboratories (UK) Ltd., UK | Wholly Owned Subsidiary |
| 20. | Ascend Laboratories Ltd., Canada | Wholly Owned Subsidiary |
| 21. | Alkem Foundation | Wholly Owned Subsidiary |
| 22. | Connect 2 Clinic Private Limited (w.e.f. 12 June 2020) | Wholly Owned Subsidiary |
| 23. | Ascend Laboratories S.A.S, Colombia | Wholly Owned Subsidiary |

- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net profit and other comprehensive income and other financial information of the Group for the year ended 31 March 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those SAs are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Annual Financial Results* section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the “Other Matters” paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated annual financial results.

Management’s and Board of Directors’ Responsibilities for the Consolidated Annual Financial Results

These consolidated annual financial results have been prepared on the basis of the consolidated annual financial statements.

The Holding Company’s Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net profit/ loss and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

Independent Auditors' Report (Continued)

Alkem Laboratories Limited

Management's and Board of Directors' Responsibilities for the Consolidated Annual Financial Results (Continued)

The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated annual financial results by the Management and the Directors of the Holding Company, as aforesaid.

In preparing the consolidated annual financial results, the Management and the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial results made by the Management and Board of Directors.

Independent Auditors' Report (Continued)

Alkem Laboratories Limited

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results (Continued)

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated annual financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated annual financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular No CIR/CFD/CMD1/44/2019 issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

- (a) The consolidated annual financial results include the audited financial results of 20 subsidiaries, whose financial statements/financial results/ financial information reflect Group's share of total assets of Rs. 21,750 million (before consolidation adjustments) as at 31 March 2021, Group's share of total revenue of Rs. 14,653 million (before consolidation adjustments) and Group's share of total net loss after tax of Rs. 651 million (before consolidation adjustments) and Group's share of net cash inflows of Rs 120 million for the year ended on that date, as considered in the consolidated annual financial results, which have been audited by their respective independent auditors. The independent auditors' reports on financial statements/ financial results/financial information of these entities have been furnished to us by the management and our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

Independent Auditors' Report (Continued)

Alkem Laboratories Limited

Other Matters (Continued)

Our opinion on the consolidated annual financial results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial results/financial information certified by the Board of Directors.

- (b) The consolidated annual financial results include the results for the quarter ended 31 March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

SADASHIV
SHANKAR
SHETTY

Digitally signed by
SADASHIV SHANKAR
SHETTY
Date: 2021.05.25
12:54:48 +05'30'

Sadashiv Shetty
Partner

Membership Number: 048648
UDIN: 21048648AAAABA1154

Mumbai
25 May 2021

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

Regd. Office and Corporate Office: Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, Maharashtra, India.

Tel No:91 22 3982 9999 Fax No: +91 22 2492 7190

Website : www.alkemlabs.com, Email Id : investors@alkem.com

Statement of Audited Consolidated Financial Results for the Quarter and Year ended 31 March 2021

(₹ in Million except per share data)

| Particulars | Quarter ended | | | Year ended | |
|---|---|-------------------------|---|-----------------------|-----------------------|
| | 31.03.2021 Audited (Refer Note 1) | 31.12.2020 Unaudited | 31.03.2020 Audited (Refer Note 1) | 31.03.2021 Audited | 31.03.2020 Audited |
| 1 Income | | | | | |
| (a) Revenue from Operations | 21,921.6 | 23,180.5 | 20,489.9 | 88,650.1 | 83,443.6 |
| (b) Other Income | 462.8 | 964.0 | 274.7 | 2,332.1 | 1,042.2 |
| Total Income | 22,384.4 | 24,144.5 | 20,764.6 | 90,982.2 | 84,485.8 |
| 2 Expenses | | | | | |
| (a) Cost of materials consumed | 6,633.7 | 7,188.1 | 5,085.7 | 23,945.4 | 21,318.3 |
| (b) Purchases of stock-in-trade | 3,456.0 | 3,772.6 | 3,484.2 | 14,377.6 | 14,430.6 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (659.9) | (2,083.9) | 374.0 | (3,338.4) | (2,299.5) |
| (d) Employee benefits expense | 4,090.4 | 4,097.5 | 3,299.2 | 16,210.3 | 15,054.9 |
| (e) Finance costs | 107.1 | 130.7 | 141.5 | 589.2 | 650.6 |
| (f) Depreciation and amortisation expense | 685.1 | 690.0 | 810.5 | 2,745.8 | 2,527.6 |
| (g) Other expenses | 5,490.4 | 4,915.1 | 5,216.5 | 18,031.3 | 20,205.4 |
| Total Expenses | 19,802.8 | 18,710.1 | 18,411.6 | 72,561.2 | 71,887.9 |
| 3 Profit before exceptional items and tax (1) - (2) | 2,581.6 | 5,434.4 | 2,353.0 | 18,421.0 | 12,597.9 |
| 4 Exceptional items | - | - | - | - | - |
| 5 Profit before tax (3) - (4) | 2,581.6 | 5,434.4 | 2,353.0 | 18,421.0 | 12,597.9 |
| 6 Tax expense / (credit) | | | | | |
| (a) Current tax | 811.1 | 1,011.7 | 1,390.8 | 3,965.3 | 3,542.5 |
| (b) Deferred tax | (721.7) | (215.8) | (992.4) | (1,722.0) | (2,123.9) |
| Sub-total (a + b) | 89.4 | 795.9 | 398.4 | 2,243.3 | 1,418.6 |
| (c) Tax adjustment of earlier periods | - | - | 39.2 | - | (313.8) |
| Total Tax Expense (a + b + c) | 89.4 | 795.9 | 437.6 | 2,243.3 | 1,104.8 |
| 7 Profit for the period (5) - (6) | 2,492.2 | 4,638.5 | 1,915.4 | 16,177.7 | 11,493.1 |
| 8 Other Comprehensive Income (net of tax) | | | | | |
| (a) (i) Items that will not be reclassified to profit or loss | (57.1) | (26.4) | (234.0) | (89.2) | (280.9) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 20.3 | 7.5 | 82.7 | 29.9 | 96.5 |
| (b) (i) Items that will be reclassified to profit or loss | 38.1 | (103.2) | 365.8 | (283.7) | 453.0 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | - | - | - | - | - |
| Total other Comprehensive Income (net of tax) | 1.3 | (122.1) | 214.5 | (343.0) | 268.6 |
| 9 Total Comprehensive Income for the period (7) + (8) | 2,493.5 | 4,516.4 | 2,129.9 | 15,834.7 | 11,761.7 |
| 10 Profit attributable to | | | | | |
| a) Owners of the Company | 2,399.9 | 4,509.6 | 1,887.7 | 15,850.2 | 11,270.7 |
| b) Non-Controlling Interest | 92.3 | 128.9 | 27.7 | 327.5 | 222.4 |
| 11 Other Comprehensive Income attributable to | | | | | |
| a) Owners of the Company | (1.5) | (115.3) | 209.8 | (339.6) | 274.0 |
| b) Non-Controlling Interest | 2.8 | (6.8) | 4.7 | (3.4) | (5.4) |
| 12 Total Comprehensive Income attributable to | | | | | |
| a) Owners of the Company | 2,398.4 | 4,394.3 | 2,097.5 | 15,510.6 | 11,544.7 |
| b) Non-Controlling Interest | 95.1 | 122.1 | 32.4 | 324.1 | 217.0 |
| 13 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up) | 239.1 | 239.1 | 239.1 | 239.1 | 239.1 |
| 14 Other Equity | | | | 73,528.2 | 61,367.6 |
| 15 Earnings Per Share of ₹2 each (not annualised for the quarters) | | | | | |
| (a) Basic (₹) | 20.07 | 37.72 | 15.79 | 132.57 | 94.26 |
| (b) Diluted (₹) | 20.07 | 37.72 | 15.79 | 132.57 | 94.26 |

Consolidated Statement of Assets and Liabilities as at 31 March 2021

(₹ in Million)

| Particulars | As at 31 March 2021 (Audited) | As at 31 March 2020 (Audited) |
|--|-------------------------------------|-------------------------------------|
| I. ASSETS | | |
| 1 Non-current assets | | |
| (a) Property, plant and equipment | 22,339.3 | 23,062.9 |
| (b) Capital work-in-progress | 3,932.8 | 3,629.7 |
| (c) Goodwill | 250.3 | 259.3 |
| (d) Other Intangible assets | 1,636.6 | 2,032.7 |
| (e) Goodwill on consolidation | 3,703.6 | 3,725.2 |
| (f) Financial Assets | | |
| (i) Investments | 1,539.5 | 915.0 |
| (ii) Loans | 110.4 | 106.1 |
| (iii) Others financial assets | 577.7 | 466.8 |
| (g) Deferred tax assets (net) | 11,079.1 | 9,325.7 |
| (h) Non-current tax assets (net) | 171.1 | 345.4 |
| (i) Other non-current assets | 564.0 | 530.1 |
| Total Non-current assets | 45,904.4 | 44,398.9 |
| 2 Current assets | | |
| (a) Inventories | 23,124.4 | 18,188.2 |
| (b) Financial Assets | | |
| (i) Investments | 1,788.3 | 1,698.9 |
| (ii) Trade receivables | 16,072.1 | 16,493.6 |
| (iii) Cash and cash equivalents | 1,742.2 | 1,759.4 |
| (iv) Bank balances other than (iii) above | 18,162.3 | 9,162.7 |
| (v) Loans | 312.2 | 279.7 |
| (vi) Others financial assets | 2,481.1 | 1,931.0 |
| (c) Other current assets | 5,550.1 | 5,362.2 |
| (d) Non-current assets held for sale | 55.5 | 180.8 |
| Total Current assets | 69,288.2 | 55,056.5 |
| TOTAL ASSETS | 115,192.6 | 99,455.4 |
| II. EQUITY AND LIABILITIES | | |
| 1 Equity | | |
| (a) Equity share capital | 239.1 | 239.1 |
| (b) Other Equity | 73,528.2 | 61,367.6 |
| Equity attributable to owners of the Company | 73,767.3 | 61,606.7 |
| (c) Non-controlling interest | 1,812.8 | 1,483.0 |
| Total Equity | 75,580.1 | 63,089.7 |
| 2 Non-current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 342.5 | 739.1 |
| (ii) Other financial liabilities | 633.9 | 853.3 |
| (b) Provisions | 2,507.3 | 2,229.8 |
| (c) Other non-current liabilities | 88.3 | 97.7 |
| Total Non-Current liabilities | 3,572.0 | 3,919.9 |
| 3 Current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 16,359.6 | 15,035.1 |
| (ii) Trade payables | | |
| Dues of Micro and Small Enterprises | 1,189.6 | 1,025.0 |
| Dues of Creditors other than Micro and Small Enterprises | 9,504.5 | 8,515.5 |
| (iii) Other financial liabilities | 5,237.7 | 4,519.6 |
| (b) Other current liabilities | 1,193.4 | 1,035.1 |
| (c) Provisions | 2,366.4 | 1,933.8 |
| (d) Current tax Liabilities (Net) | 189.3 | 381.7 |
| Total Current liabilities | 36,040.5 | 32,445.8 |
| TOTAL EQUITY AND LIABILITIES | 115,192.6 | 99,455.4 |

Notes :

- 1 The above audited consolidated financial results of the Company were reviewed and recommended by the Audit Committee on 24 May 2021 and subsequently approved by the Board of Directors at its meeting held on 25 May 2021. The auditors have expressed an unmodified opinion on the financial results for the year ended 31 March 2021. The figures for the quarter ended 31 March 2021 and 31 March 2020 are balancing figures between audited figures in respect of the full financial year and the unaudited published year-to-date figures up to 31 December 2020 and 31 December 2019 respectively, which were subjected to limited review.
- 2 The Group has considered internal and external information while assessing recoverability of its assets upto the date of approval of these financial results by the Board of Directors. Based on such assessment and considering the current economic indicators, the Group expects to recover the carrying amount of these assets. The Board of Directors has also considered the impact of COVID-19 on the business for the foreseeable future and have concluded that the Group has sufficient resources to continue as a going concern. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Group will continue to closely monitor any material changes to future economic conditions.
- 3 During the year ended 31 March 2021, the Group has received net consideration of **Rs.351.0 Million** towards assignment of a trademark together with associated goodwill, business and commercial rights and the same has been recognised under Other Income. The same has been accrued in the quarter ended 31 December 2020.
- 4 For business synergies, ease of administration and simplification in the organization structure for its business operations in USA market, the Company's Board of Directors at its meeting held on 25 May 2021 has approved the proposed plan for restructuring of the USA business operations by bringing both the subsidiary entities namely, S & B Pharma Inc, USA ("S & B") (engaged in manufacturing of pharmaceutical products and contract research) and The PharmaNetwork LLC, USA ("TPNC") (engaged in sales & marketing of pharmaceuticals products) under a single umbrella by removing intermediary holding company S & B Holdings BV, Netherlands ("S & B BV"). This Board approved restructuring is subject to necessary statutory and regulatory approvals.
- 5 The Group operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.
- 6 During the quarter ended 31 March 2021, the Company has paid an interim dividend of ₹ 25 (Rupees Twenty five only) per equity share (1250% on the face value of ₹ 2 each) for the financial year 2020-21. The Board of Directors at its meeting held on 25 May 2021 has recommended a final dividend of ₹ 5 (Rupees Five only) per equity share (250% on the face value of ₹ 2 each) for the financial year 2020-21.
- 7 Previous year figures have been regrouped/reclassified wherever required, to make them comparable with the figures for the current year.

Statement of Consolidated Cash flow for the year ended 31 March 2021

(₹ in million)

| Particulars | For the year ended 31 March 2021 (Audited) | For the year ended 31 March 2020 (Audited) |
|---|--|--|
| A Cash Flow from Operating Activities: | | |
| Profit before Tax | 18,421.0 | 12,597.9 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 2,745.8 | 2,527.6 |
| Profit on sale of investments | (102.6) | (0.8) |
| Unrealised (gain) / loss on fair valuation of investments (net) | (266.9) | 172.2 |
| Profit on sale of property plant and equipment (net) | (37.0) | (12.6) |
| Employee stock compensation expenses | 1.1 | 1.5 |
| Recovery of bad debts | (114.9) | - |
| Unrealised foreign currency (gain) / loss on revaluation (net) | 9.7 | (275.4) |
| Dividend Income | (0.2) | (1.1) |
| Profit on sale of brand (net) | (351.0) | - |
| Impairment loss on property, plant and equipment | - | 32.7 |
| Interest Income | (901.2) | (631.2) |
| Interest expenses | 589.2 | 650.6 |
| Allowances for doubtful debts | 82.8 | 101.7 |
| Rent income | (8.4) | (6.5) |
| Subtotal of Adjustments | 1,646.4 | 2,558.7 |
| Operating profit before working capital changes | 20,067.4 | 15,156.6 |
| Adjustments for changes in working capital: | | |
| Increase in trade receivables | (257.6) | (2,574.4) |
| Increase in loans, other financial assets and other assets | (926.5) | (1,538.0) |
| Increase in inventories | (4,977.0) | (2,817.4) |
| Increase / (Decrease) in trade payable, other financial liabilities and other liabilities | 2,124.2 | (37.4) |
| Increase in provisions | 625.3 | 495.2 |
| Subtotal of adjustments | (3,411.6) | (6,472.0) |
| Cash generated from operations | 16,655.8 | 8,684.6 |
| Less: Income taxes paid (net of refund) | (4,006.8) | (2,833.8) |
| Net Cash generated from operating activities | 12,649.0 | 5,850.8 |
| B Cash Flow from Investing Activities: | | |
| Purchases of property, plant and equipment | (1,949.1) | (3,630.9) |
| Sale of property, plant and equipment | 104.6 | 154.5 |
| (Purchase of) / Proceeds from sale of investments (net) | (348.3) | 457.5 |
| Profit on sale of brand (net) | 351.0 | - |
| Investment made in bank deposits having maturity of more than 3 months | (8,937.9) | (4,911.4) |
| Dividend received | 0.2 | 1.1 |
| Interest received | 785.7 | 509.2 |
| Rent received | 8.4 | 6.5 |
| Net cash used in investing activities | (9,985.4) | (7,413.5) |
| C Cash Flow from Financing Activities: | | |
| Repayment of non-current borrowings (net) | (387.4) | (1,810.5) |
| Proceeds from current borrowings (net) | 1,784.2 | 7,841.2 |
| Dividends and corporate dividend tax paid | (3,347.8) | (4,395.6) |
| Repayment of lease liabilities | (230.3) | (193.0) |
| Interest and bank charges paid | (536.2) | (650.6) |
| Net cash (used in)/generated from financing activities | (2,717.5) | 791.5 |
| D Net (decrease)/increase in Cash and Cash Equivalents (A+B+C) | (53.9) | (771.2) |
| E Cash & Cash Equivalents as at the beginning of the year | 1,759.4 | 2,490.5 |
| Add/Less: Effect of exchange difference on foreign currency cash and cash equivalents | 36.7 | 40.1 |
| F Cash & Cash Equivalents as at the end of the year (D+E) | 1,742.2 | 1,759.4 |

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows".
- Purchase of Property, Plant and Equipment includes movements of capital work-in-progress (including capital advances) during the year.

By Order of the Board
For Alkem Laboratories Limited

Basudeo
Narayan
Singh

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Basudeo Narayan Singh
Date: 2021.05.25
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Place: Mumbai
Date: 25 May 2021

B.N. Singh
Executive Chairman
DIN: 00760310

B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

Independent Auditors' Report

To the Board of Directors of Alkem Laboratories Limited

Report on the audit of the Standalone Annual Financial Results

Opinion

We have audited the accompanying standalone annual financial results of Alkem Laboratories Limited (hereinafter referred to as the "Company") for the year ended 31 March 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the Standalone annual financial results.

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results

These standalone annual financial results have been prepared on the basis of the standalone annual financial statements

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net profit/ loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

Registered Office:

Independent Auditors' Report (Continued)

Alkem Laboratories Limited

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results (Continued)

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial results made by the Management and Board of Directors.

Independent Auditors' Report (*Continued*)

Alkem Laboratories Limited

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results (*Continued*)

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The standalone annual financial results include the results for the quarter ended 31 March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

SADASHIV
SHANKAR
SHETTY



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Date: 2021.05.25 12:53:01
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Sadashiv Shetty
Partner

Membership Number:048648
UDIN: 21048648AAAAAZ7085

Mumbai
25 May 2021

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

Regd. Office and Corporate Office: Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, Maharashtra, India.

Tel No:91 22 3982 9999 Fax No: +91 22 2492 7190

Website : www.alkemlabs.com, Email Id : investors@alkem.com

Statement of Audited Standalone Financial Results for the Quarter and Year ended 31 March 2021

(₹ in Million except per share data)

| | Particulars | Quarter ended | | | Year ended | |
|-----------|---|---|-------------------------|---|-----------------------|-----------------------|
| | | 31.03.2021 Audited (Refer Note 1) | 31.12.2020 Unaudited | 31.03.2020 Audited (Refer Note 1) | 31.03.2021 Audited | 31.03.2020 Audited |
| 1 | Income | | | | | |
| | (a) Revenue from Operations | 19,174.7 | 17,787.5 | 16,875.2 | 72,196.8 | 66,770.8 |
| | (b) Other Income | 487.7 | 724.6 | 259.2 | 1,900.1 | 959.8 |
| | Total Income | 19,662.4 | 18,512.1 | 17,134.4 | 74,096.9 | 67,730.6 |
| 2 | Expenses | | | | | |
| | (a) Cost of materials consumed | 5,765.9 | 6,119.9 | 4,263.7 | 20,465.2 | 17,998.7 |
| | (b) Purchases of stock-in-trade | 2,073.9 | 2,448.4 | 1,786.0 | 9,197.9 | 7,843.8 |
| | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (200.8) | (2,073.6) | 775.8 | (3,012.9) | (336.9) |
| | (d) Employee benefits expense | 2,909.6 | 2,882.0 | 2,255.5 | 11,587.2 | 10,667.6 |
| | (e) Finance costs | 73.6 | 87.7 | 95.1 | 429.3 | 387.1 |
| | (f) Depreciation and amortisation expense | 493.8 | 500.8 | 637.6 | 1,989.3 | 1,868.4 |
| | (g) Other expenses | 4,462.0 | 3,979.1 | 4,256.4 | 14,470.1 | 15,921.1 |
| | Total Expenses | 15,578.0 | 13,944.3 | 14,070.1 | 55,126.1 | 54,349.8 |
| 3 | Profit before exceptional item and tax (1) - (2) | 4,084.4 | 4,567.8 | 3,064.3 | 18,970.8 | 13,380.8 |
| 4 | Exceptional items (Refer note 5) | (127.8) | - | - | (127.8) | - |
| 5 | Profit before tax (3) + (4) | 3,956.6 | 4,567.8 | 3,064.3 | 18,843.0 | 13,380.8 |
| 6 | Tax expense / (credit) | | | | | |
| | (a) Current tax | 709.4 | 800.7 | 942.0 | 3,318.3 | 2,783.3 |
| | (b) Deferred tax | (380.2) | (242.7) | (629.0) | (1,326.1) | (1,732.9) |
| | Sub-total (a + b) | 329.2 | 558.0 | 313.0 | 1,992.2 | 1,050.4 |
| | (c) Tax adjustment of earlier periods | - | - | 39.2 | - | (313.8) |
| | Total Tax Expense (a + b + c) | 329.2 | 558.0 | 352.2 | 1,992.2 | 736.6 |
| 7 | Profit for the period after tax (5 - 6) | 3,627.4 | 4,009.8 | 2,712.1 | 16,850.8 | 12,644.2 |
| 8 | Other Comprehensive Income (net of tax) | | | | | |
| | (a) (i) Items that will not be reclassified to profit or loss | (65.7) | (3.6) | (248.1) | (76.7) | (265.6) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | 22.9 | 1.3 | 86.7 | 26.8 | 92.8 |
| | (b) (i) Items that will be reclassified to profit or loss | - | - | - | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | - | - | - | - | - |
| | Total Other Comprehensive Income (net of tax) | (42.8) | (2.3) | (161.4) | (49.9) | (172.8) |
| 9 | Total Comprehensive Income for the period (7) + (8) | 3,584.6 | 4,007.5 | 2,550.7 | 16,800.9 | 12,471.4 |
| 10 | Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up) | 239.1 | 239.1 | 239.1 | 239.1 | 239.1 |
| 11 | Other Equity | | | | 76,018.4 | 62,565.3 |
| 12 | Earnings Per Share of ₹ 2 each (not annualised for the quarters) | | | | | |
| | (a) Basic (₹) | 30.34 | 33.54 | 22.68 | 140.93 | 105.75 |
| | (b) Diluted (₹) | 30.34 | 33.54 | 22.68 | 140.93 | 105.75 |

Statement of Assets and Liabilities as at 31 March 2021

(₹ in Million)

| Particulars | As at 31 March 2021 (Audited) | As at 31 March 2020 (Audited) |
|--|-------------------------------------|-------------------------------------|
| I. ASSETS | | |
| 1 Non-current assets | | |
| (a) Property, plant and equipment | 16,486.0 | 16,892.5 |
| (b) Capital work-in-progress | 3,232.6 | 3,136.6 |
| (c) Intangible assets | 1,097.6 | 1,475.1 |
| (d) Investment in subsidiaries | 18,770.4 | 17,102.0 |
| (e) Financial Assets | | |
| (i) Investments | 1,131.7 | 843.2 |
| (ii) Loans | 333.2 | 334.7 |
| (iii) Others financial assets | 221.3 | 49.4 |
| (f) Deferred tax assets (net) | 9,544.3 | 8,191.6 |
| (g) Non current tax assets (net) | 70.2 | 227.4 |
| (h) Other non-current assets | 524.6 | 514.0 |
| Total Non-current assets | 51,411.9 | 48,766.5 |
| 2 Current assets | | |
| (a) Inventories | 15,132.6 | 10,925.8 |
| (b) Financial Assets | | |
| (i) Investments | 1,621.7 | 1,615.2 |
| (ii) Trade receivables | 15,565.5 | 15,550.7 |
| (iii) Cash and cash equivalents | 152.2 | 206.9 |
| (iv) Bank balances other than (iii) above | 16,581.4 | 7,449.2 |
| (v) Loans | 211.1 | 233.9 |
| (vi) Others financial assets | 2,282.0 | 1,815.3 |
| (c) Other current assets | 4,713.4 | 4,337.3 |
| (d) Non-current assets held for sale | 55.5 | 157.5 |
| Total Current assets | 56,315.4 | 42,291.8 |
| TOTAL ASSETS | 107,727.3 | 91,058.3 |
| II. EQUITY AND LIABILITIES | | |
| 1 Equity | | |
| (a) Equity share capital | 239.1 | 239.1 |
| (b) Other Equity | 76,018.4 | 62,565.3 |
| Total Equity | 76,257.5 | 62,804.4 |
| 2 Non-current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 63.2 | 63.2 |
| (ii) Other financial liabilities | 333.7 | 487.2 |
| (b) Provisions | 1,904.2 | 1,825.0 |
| (c) Other non-current liabilities | 69.3 | 80.9 |
| Total Non-Current liabilities | 2,370.4 | 2,456.3 |
| 3 Current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 13,328.4 | 12,030.6 |
| (ii) Trade payables | | |
| Dues of Micro and Small Enterprises | 1,044.7 | 952.3 |
| Dues of creditors other than Micro and Small Enterprises | 8,484.5 | 7,171.1 |
| (iii) Other financial liabilities | 3,336.7 | 3,141.1 |
| (b) Other current liabilities | 918.5 | 815.2 |
| (c) Provisions | 1,936.5 | 1,585.2 |
| (d) Current tax Liabilities (Net) | 50.1 | 102.1 |
| Total Current liabilities | 29,099.4 | 25,797.6 |
| TOTAL EQUITY AND LIABILITIES | 107,727.3 | 91,058.3 |

Notes :

- 1 The above audited standalone financial results of the Company were reviewed and recommended by the Audit Committee on 24 May 2021 and subsequently approved by the Board of Directors at its meeting held on 25 May 2021. The auditors have expressed an unmodified opinion on the financial results for the year ended 31 March 2021. The figures for the quarter ended 31 March 2021 and 31 March 2020 are balancing figures between audited figures in respect of the full financial year and the unaudited published year-to-date figures up to the third quarter ended 31 December 2020 and 31 December 2019 respectively, which were subjected to limited review.
- 2 The Company has considered internal and external information while assessing recoverability of its assets upto the date of approval of these financial results by the Board of Directors. Based on such assessment and considering the current economic indicators, the Company expects to recover the carrying amount of these assets. The Board of Directors has also considered the impact of COVID-19 on the business for the foreseeable future and have concluded that the Company has sufficient resources to continue as a going concern. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.
- 3 During the year ended 31 March 2021, the Company has received net consideration of **Rs.351.0 Million** towards assignment of a trademark together with associated goodwill, business and commercial rights and the same has been recognised under Other Income. The same has been accrued in the quarter ended 31 December 2020.
- 4 For business synergies, ease of administration and simplification in the organization structure for its business operations in USA market, the Company's Board of Directors at its meeting held on 25 May 2021 has approved the proposed plan for restructuring of the USA business operations by bringing both the subsidiary entities namely, S & B Pharma Inc, USA ("S & B") (engaged in manufacturing of pharmaceutical products and contract research) and The PharmaNetwork LLC, USA ("TPNC") (engaged in sales & marketing of pharmaceuticals products) under a single umbrella by removing intermediary holding company S & B Holdings BV, Netherlands ("S & B BV"). This Board approved restructuring is subject to necessary statutory and regulatory approvals.
- 5 The Company has made an assessment of the recoverable value of investment in its subsidiaries taking into account the decline in operational performance, changes in the outlook of future profitability, weaker market conditions, among other potential indicators. Accordingly, during the quarter ended 31 March 2021, an impairment loss of **Rs.127.8 Million** has been recognised towards investment in Alkem Laboratories Corporation, Philippines, a wholly owned subsidiary of the Company in accordance with IND AS 36 'Impairment of assets' and the same has been disclosed as an 'Exceptional item'.
- 6 The Company operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.
- 7 During the quarter ended 31 March 2021, the Company has paid an interim dividend of ₹ 25 (Rupees Twenty five only) per equity share (1250% on the face value of ₹ 2 each) for the financial year 2020-21. The Board of Directors at its meeting held on 25 May 2021 has recommended a final dividend of ₹ 5 (Rupees Five only) per equity share (250% on the face value of ₹ 2 each) for the financial year 2020-21.
- 8 Previous year figures have been regrouped/reclassified wherever required, to make them comparable with the figures for the current year.

Statement of Cash Flow for the year ended 31 March 2021

(₹ in million)

| Particulars | For the year ended 31 March 2021 (Audited) | For the year ended 31 March 2020 (Audited) |
|--|---|---|
| A. Cash Flow from Operating Activities: | | |
| Profit before tax | 18,843.0 | 13,380.8 |
| <u>Adjustments for:</u> | | |
| Depreciation and amortisation | 1,989.3 | 1,868.4 |
| Unrealised (gain) / loss on fair valuation of investments (net) | (260.6) | 148.0 |
| Profit on sale of investments (net) | (17.7) | - |
| Loss / (profit) on sale of property plant and equipment (net) | 23.1 | (38.8) |
| Dividend income | - | (56.9) |
| Profit on sale of brand (net) | (351.0) | - |
| Interest income | (783.0) | (519.2) |
| Interest expenses | 429.3 | 387.1 |
| Allowances for doubtful debts | 44.6 | 29.7 |
| Recovery of Bad debts | (114.9) | - |
| Impairment of investment in subsidiaries | 127.8 | - |
| Unrealised foreign currency (gain) / loss on revaluation (net) | 169.1 | (384.8) |
| Rent income | (22.6) | (21.1) |
| Subtotal of Adjustments | 1,233.4 | 1,412.4 |
| Operating profit before working capital changes | 20,076.4 | 14,793.2 |
| Adjustments for changes in working capital: | | |
| Increase in trade receivables | (599.8) | (4,986.7) |
| Increase in loans, other financial assets and other assets | (907.8) | (1,451.1) |
| Increase in inventories | (4,206.8) | (1,013.0) |
| Increase in trade payable, other financial liabilities and other liabilities | 1,742.0 | 1,492.5 |
| Increase in provisions | 353.8 | 322.3 |
| Subtotal of Adjustments | (3,618.6) | (5,636.0) |
| Cash generated from operations | 16,457.8 | 9,157.2 |
| Less: Income taxes paid (net of refund) | (3,213.0) | (2,339.4) |
| Net cash generated from operating activities | 13,244.8 | 6,817.8 |
| B. Cash Flow from Investing Activities: | | |
| Purchases of property, plant and equipment | (1,308.1) | (2,820.9) |
| Sale of property, plant and equipment | 10.5 | 151.6 |
| Proceeds from sale of / (Purchase of) investments (net) | (16.8) | 527.8 |
| Profit on sale of brands (net) | 351.0 | - |
| Investments in subsidiaries | (1,796.2) | (3,280.1) |
| Investment made in bank deposits having maturity of more than 3 months | (9,139.5) | (5,005.3) |
| Dividend received | - | 56.9 |
| Interest received | 666.6 | 397.2 |
| Rent received | 22.6 | 21.1 |
| Net Cash used in investing activities | (11,209.9) | (9,951.7) |
| C. Cash Flow from Financing Activities: | | |
| Proceeds from current borrowings (net) | 1,757.6 | 6,541.1 |
| Repayment of lease liabilities | (123.1) | (108.5) |
| Dividends and corporate dividend tax paid | (3,347.8) | (4,319.1) |
| Interest paid | (376.3) | (387.1) |
| Net cash (used in)/generated from financing activities | (2,089.6) | 1,726.4 |
| D. Net (decrease)/increase in cash and cash equivalents (A+B+C) | (54.7) | (1,407.5) |
| E. Cash and cash equivalents as at beginning of the year | 206.9 | 1,614.4 |
| F. Cash and cash equivalents as at end of the year (D+E) | 152.2 | 206.9 |

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows"
- Purchase of Property, Plant and Equipment includes movements of capital work-in-progress (including capital advances) during the year.

Place: Mumbai
Date: 25 May 2021

By Order of the Board
For Alkem Laboratories Limited

Basudeo
Narayan
Singh

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Singh
Date: 2021.05.25
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B.N. Singh
Executive Chairman
DIN: 00760310

**ALKEM LABORATORIES LTD.**

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

- Phone: +91-22-3982 9999 • Fax: 022-2495 2955
- Email: contact@alkem.com • Website: www.alkemlabs.com
- CIN: L00305MH1973PLC174201

25th May, 2021

| | |
|---|--|
| 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> |
|---|--|

Dear Sirs,

Sub: Press Release and Analyst Presentation on Q4FY21 and FY21 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q4FY21 and FY21 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

Encl.: a/a



ALKEM LABORATORIES LTD.

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

- Phone: +91-22-3982 9999 • Fax: 022-2495 2955
- Email: contact@alkem.com • Website: www.alkemlabs.com
- CIN: L00305MH1973PLC174201

Press Release

Alkem reports Q4FY21 and FY21 Results

Mumbai, May 25, 2021: Alkem Laboratories Ltd (Alkem) today announced its standalone and consolidated financial results for fourth quarter and twelve months ended March 31, 2021. These results were taken on record by the Board of Directors at its meeting held in Mumbai today.

Key highlights of Q4FY21 financial performance

- Total Revenue from Operations was ₹ 21,922 million, year-on-year growth of 7.0%
 - India sales were ₹ 14,732 million, year-on-year growth of 17.1%
 - International sales were ₹ 6,907 million, year-on-year decline of 8.2%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 2,911 million, resulting in EBITDA margin of 13.3% vs. 14.8% in Q4FY20. EBITDA declined by 3.9% YoY
- R&D expenses for the quarter was ₹ 1,408 million, or 6.4% of total revenue from operations compared to ₹ 1,253 million in Q4FY20 at 6.1% of total revenue from operations
- Profit before tax (PBT) was ₹ 2,582 million, a growth of 9.7% compared to Q4FY20
- Net Profit (after Minority Interest) was ₹ 2,400 million, year-on-year growth of 27.1%

Key highlights of FY21 financial performance

- Total Revenue from Operations was ₹ 88,650 million, year-on-year growth of 6.2%
 - India sales were ₹ 56,996 million, year-on-year growth of 4.5%
 - International sales were ₹ 30,288 million, year-on-year growth of 10.6%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 19,424 million, resulting in EBITDA margin of 21.9% vs. 17.7% in FY20. EBITDA grew by 31.8% YoY
- R&D expenses for FY21 was ₹ 5,322 million, or 6.0% of total revenue from operations compared to ₹ 4,726 million in FY20 at 5.7% of total revenue from operations
- Profit before tax (PBT) was ₹ 18,421 million, a growth of 46.2% compared to FY20
- Net Profit (after Minority Interest) was ₹ 15,850 million, year-on-year growth of 40.6%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, “FY21 was an unprecedented year marked by disruptions and restrictions due to COVID pandemic. During these testing times, we tried our best to deliver on our commitments to our patients around the world by ensuring uninterrupted supply of medicines. For this, I would like to thank each and every Alkemite for their determination, perseverance and agility to adapt to different on ground situations. Given the challenging backdrop, we performed well in FY21 with about 6% YoY revenue growth, more than 400bps improvement in EBITDA margin and about 40% growth in net profit. We also ended the year with a healthy balance sheet with net cash of more than ₹ 500 Crores.”



ALKEM LABORATORIES LTD.

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Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

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- Email: contact@alkem.com • Website: www.alkemlabs.com
- CIN: L00305MH1973PLC174201

Operational Highlights

Domestic Business

In Q4FY21, the Company's India sales grew by 17.1% YoY, recording sales of ₹ 14,732 million as compared to ₹ 12,576 million in Q4FY20. For FY21, the Company's India sales was ₹ 56,996 million compared to ₹ 54,540 million in FY20 – growth of 4.5% YoY.

As per IQVIA data for the quarter ended March 31, 2021, the Company grew ahead of the Indian Pharmaceutical Market (IPM) with a growth of 9.8% YoY compared to IPM growth of 8.5%. In most of the large therapy segments like Anti-Infectives, Pain Management, Vitamins / Minerals / Nutrients, Neuro / CNS, Cardiac and Anti-Diabetes, the Company grew faster than the segment growth rate thereby gaining market share. On MAT basis for FY21, the Company continues to feature amongst the top five companies in the Indian pharmaceutical market and has a leadership position in Anti-infective segment. Many of the Company's top brands outperformed in their representative markets in FY21. Company's trade generic business also delivered robust growth during Q4FY21 and FY21.

The performance highlights of the key therapeutic segments in Q4FY21 and FY21 are as shown in the table below:

| Key Therapy segment | Q4FY21 | | | | FY21 | | | |
|---------------------|------------|---------------------|--------------------|------------------|------------|---------------------|--------------------|------------------|
| | 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 | -0.5% | -5.8% | 1 | Unchanged | -9.5% | -11.9% |
| Gastro Intestinal | 3 | Unchanged | 17.3% | 17.4% | 3 | Unchanged | 7.4% | 6.2% |
| Pain / Analgesics | 3 | Unchanged | 9.8% | 8.0% | 3 | Unchanged | -1.9% | -0.7% |
| VMN** | 2 | +2 | 36.0% | 16.4% | 4 | Unchanged | 27.4% | 10.5% |
| Neuro / CNS | 8 | Unchanged | 12.8% | 12.1% | 8 | Unchanged | -3.5% | 9.7% |
| Derma | 16 | Unchanged | 9.4% | 12.6% | 18 | -4 | -13.7% | 5.7% |
| Cardiac | 27 | Unchanged | 13.1% | 9.9% | 27 | -1 | 15.4% | 12.9% |
| Anti-Diabetic | 19 | +2 | 27.0% | 6.8% | 20 | +1 | 18.3% | 8.7% |
| Total | 6 | Unchanged | 9.8% | 8.5% | 5 | Unchanged | 0.3% | 4.3% |

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

**VMN – Vitamins / Minerals / Nutrients

Source: IQVIA Data

International Business

In Q4FY21, the Company's International sales declined by 8.2% YoY, recording sales of ₹ 6,907 million as compared to ₹ 7,523 million in Q4FY20. For FY21, the Company's International sales grew by 10.6% to ₹ 30,288 million compared to ₹ 27,380 million in FY20.

- **US sales** for the quarter was ₹ 5,435 million, recording a year-on-year decline of 10.4%. For FY21, US sales was ₹ 24,512 million, up 11.4% compared to FY20.
- **Other International Markets sales** for the quarter was ₹ 1,472 million, recording a year-on-year growth of 1.2%. For FY21, Other International Markets sales was ₹ 5,776 million, up 7.3% compared to FY20.



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R&D Investments

During the quarter, the Company filed 4 abbreviated new drug applications (ANDAs) with the US FDA and received 10 approvals (including 3 tentative approvals). For FY21, the Company filed 9 ANDAs with the US FDA and received 25 approvals (including 6 tentative approvals).

As on March 31, 2021, the Company filed a total of 150 ANDAs and 2 new drug applications (NDA) with the US FDA. Of these, it has received approvals for 108 ANDAs (including 16 tentative approvals) and 2 NDAs.

Update on US FDA Inspections

| Facility | Capability | Last inspection | Status post last inspection |
|--------------------|-------------|-------------------------|--|
| St. Louis (US) | Formulation | January - February 2020 | EIR# received in May 2020, thereby successfully closing the inspection |
| Baddi (India) | Formulation | February 2020 | EIR# received in March 2020, thereby successfully closing the inspection |
| Daman (India) | Formulation | August 2019 | EIR# received in October 2019, thereby successfully closing the inspection |
| California (US) | API | August 2018 | Successfully closed without any observations. EIR received in October 2018 |
| Ankleshwar (India) | API | December 2016 | EIR# received in March 2017, thereby successfully closing the inspection |
| Mandva (India) | API | September 2015 | EIR# received in March 2016, thereby successfully closing the inspection |

EIR – Establishment Inspection Report



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Q4FY21 and FY21 Conference Call at 4:30pm IST, May 25, 2021

Alkem will organize a conference call for investors and analysts on Tuesday, May 25, 2021 from 4:30pm to 5:30pm IST to discuss its Q4FY21 and FY21 financial results.

Alkem Laboratories Ltd. will be represented on the call by Mr. Sandeep Singh, Managing Director and the senior management team.

Motilal Oswal Securities Ltd. will host the call.

Details of the conference call are as under:

Time: 4:30 pm IST (GMT + 5:30) on Tuesday, May 25, 2021

Dial in Details:

India : +91 22 6280 1149 / +91 22 7115 8050

International Toll Free

USA : 1 866 746 2133

UK : 0 808 101 1573

Singapore : 800 101 2045

Hong Kong : 800 964 448

Express Join with Diamond Pass

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=5744373&linkSecurityString=13c7a00789>

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 800 brands in India, Alkem is ranked the fifth largest pharmaceutical company in India in terms of domestic sales (Source: IQVIA March 2021). The Company also has presence in more than 40 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 Q4FY21
May 25, 2021**

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 of Q4FY21 and FY21

Healthy performance in a challenging year

- **Revenue from Operations** grew by 6.2% YoY during the financial year, accompanied by 420bps expansion in EBITDA margin to 21.9% and Net Profit growth of 40.6% YoY
- **During the Quarter**, Revenue from Operations grew by 7.0% YoY and Net Profit grew by of 27.1% YoY
- **India Business**: Company's secondary sales witnessed good recovery in the second half of the financial year compared to YoY decline in the first half (Source: IQVIA data)
 - Company's top brands continue to grow ahead of their respective markets (Source: IQVIA data)
 - Company's Trade Generic business registered robust growth during the quarter and the year gone by
- **US Business** grew by 11.4% YoY during the financial year, largely driven by new product launches
- **R&D** expenses in FY21 was at 6.0% of revenue from operations compared to 5.7% in FY20
 - The Company filed 9 ANDAs with the US FDA and received 25 approvals (including 6 tentative approval) in FY21
- **Healthy Balance Sheet** with net cash of ₹ 5.3bn as on March 31, 2021

Key Financial Highlights – Q4FY21 (Consolidated)

All figures in ₹ mn

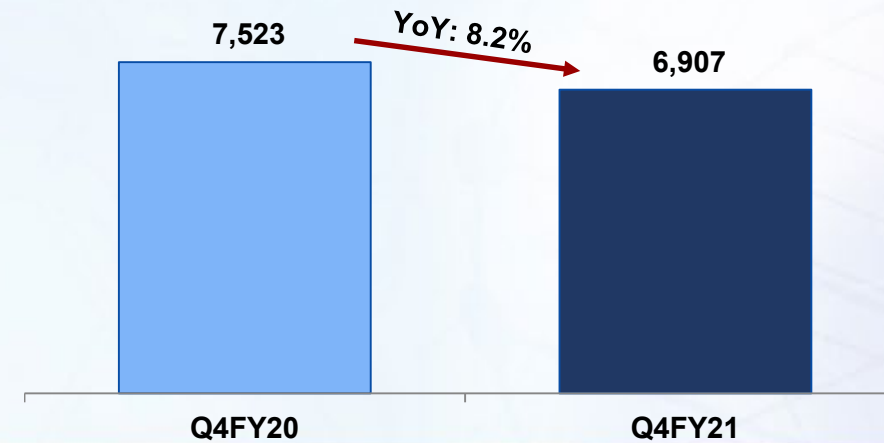
Revenue from Operations



India sales



International sales

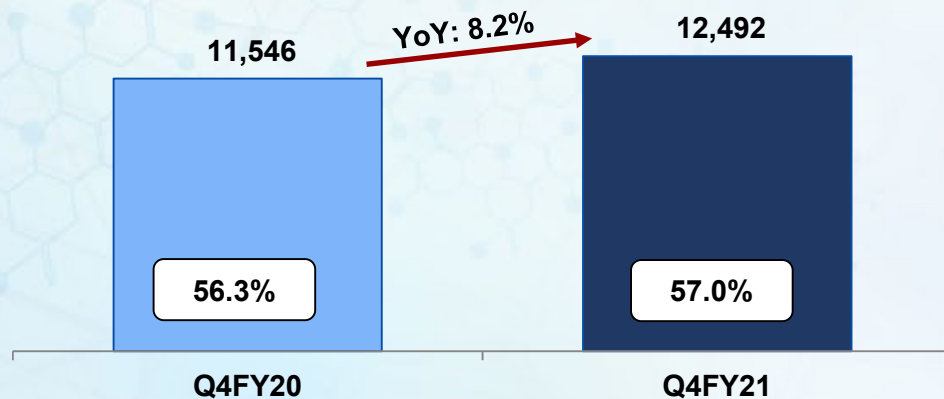


Key Financial Highlights – Q4FY21 (Consolidated)

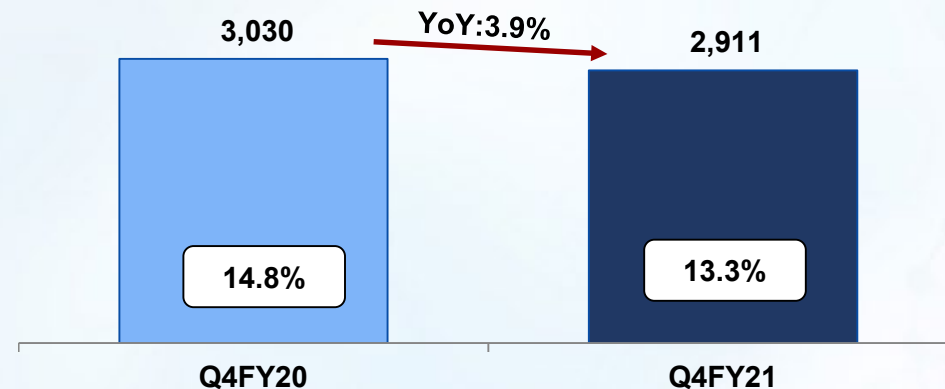


All figures in ₹ mn

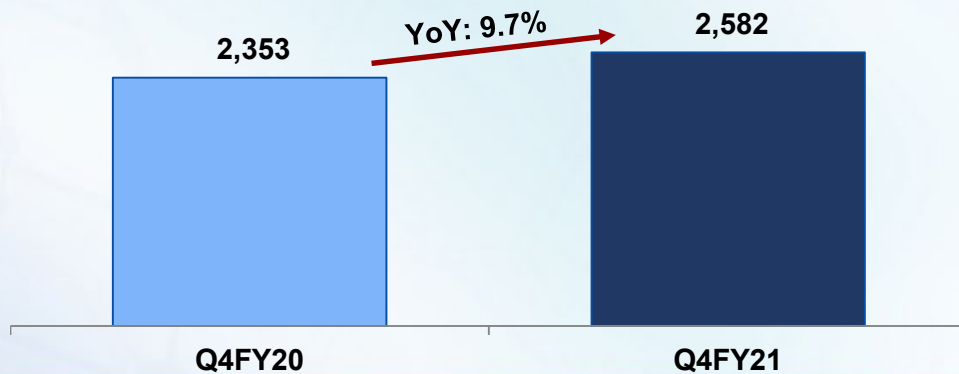
Gross Profit and Gross Margin



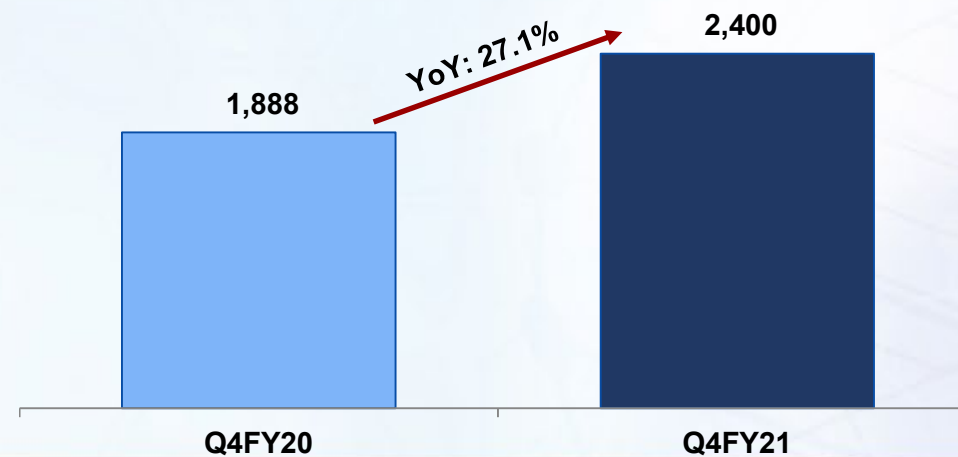
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights – FY21 (Consolidated)



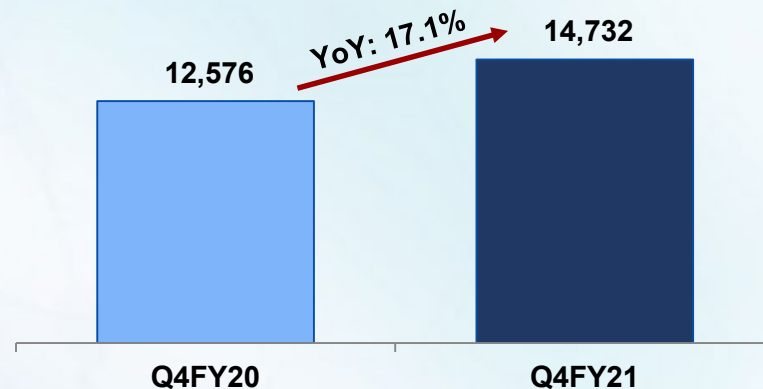
| Particulars (₹ mn) | FY21 | FY20 | YoY growth |
|-------------------------------|--------|--------|------------|
| Revenue from Operations | 88,650 | 83,444 | 6.2% |
| Gross Profit | 53,666 | 49,994 | 7.3% |
| Gross Profit margin | 60.5% | 59.9% | |
| EBITDA | 19,424 | 14,734 | 31.8% |
| EBITDA margin | 21.9% | 17.7% | |
| PBT | 18,421 | 12,598 | 46.2% |
| PBT margin | 20.8% | 15.1% | |
| PAT (After Minority Interest) | 15,850 | 11,271 | 40.6% |
| PAT margin | 17.9% | 13.5% | |
| EPS (₹ / share) | 132.57 | 94.26 | 40.6% |

India Business

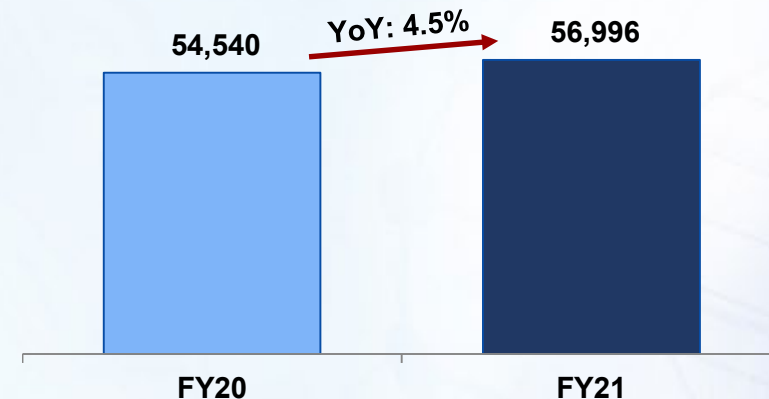
India Business: Q4FY21 Sales of ₹ 14,732 million (17.1% YoY growth)

- India sales contributed 68.1% to total sales in Q4FY21
- Company witnessed good recovery in the second half of the financial year compared to YoY decline in the first half
- Company's Trade Generic business delivered a robust growth during the quarter and the financial year
- In Q4FY21, the Company's secondary sales grew by 9.8% YoY compared to IPM growth of 8.5% YoY (Source: IQVIA data)
- During the quarter, the Company grew ahead of the market in the therapy areas of anti-infectives, pain management, vitamins / minerals / nutrients, neuro / CNS, cardiac and anti-diabetes (Source: IQVIA data)

Q4FY21 – India Sales (₹ mn)



FY21 – India Sales (₹ mn)



Secondary Sales Performance

Company's India business registered healthy recovery in the second half of FY21 compared to YoY decline in the first half

| Therapy segment | Alkem's Secondary Sales Growth YoY | | | | |
|---------------------------------|------------------------------------|--------------|-------------|-------------|-------------|
| | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 | FY21 |
| Anti-infectives | -22.1% | -12.2% | -3.9% | -0.5% | -9.5% |
| Gastro Intestinal | -4.0% | 6.0% | 12.5% | 17.3% | 7.4% |
| Pain / Analgesics | -14.1% | -5.4% | 3.2% | 9.8% | -1.9% |
| Vitamins / Minerals / Nutrients | 3.9% | 30.3% | 39.6% | 36.0% | 27.4% |
| Neuro / CNS | -14.7% | -9.8% | -2.2% | 12.8% | -3.5% |
| Derma | -35.7% | -19.2% | -11.2% | 9.4% | -13.7% |
| Cardiac | 13.9% | 17.1% | 17.6% | 13.1% | 15.4% |
| Anti-Diabetic | 11.7% | 13.2% | 21.2% | 27.0% | 18.3% |
| Total | -11.8% | -2.0% | 5.4% | 9.8% | 0.3% |

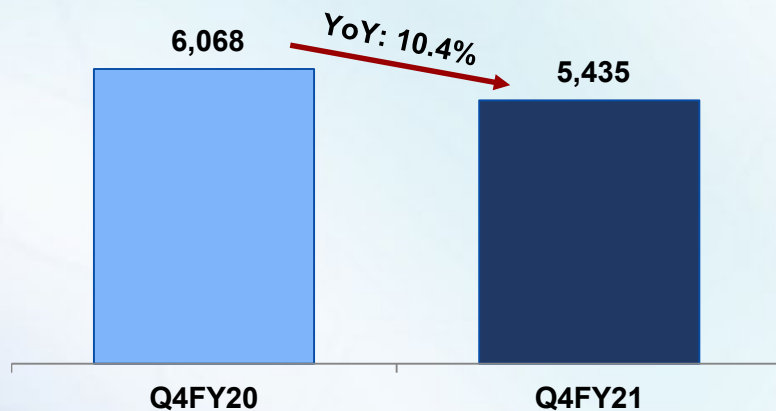
(Source: IQVIA data)

US Business

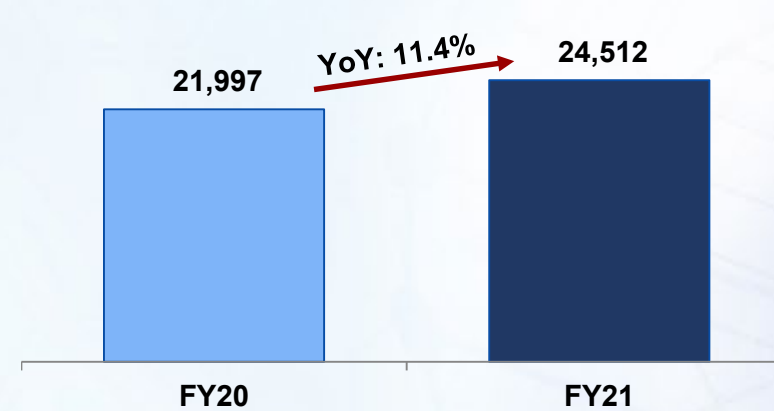
US Business: Q4FY21 Sales of ₹ 5,435 million (YoY decline of 10.4%)

- US sales contributed 25.1% to total sales in Q4FY21
- Company's US sales doubled in four years through FY17 to FY21 registering a CAGR of 19.5% led by new product launches and market share gain in existing products
- In FY21, the Company filed 9 ANDAs with the US FDA and received 25 approvals (including 6 tentative approval)
- As on March 31, 2021, the Company has filed a total of 152 ANDAs (including 2 NDAs) with the US FDA and has received 110 approvals (including 16 tentative approvals and 2 NDAs)

Q4FY21 – US Sales (₹ mn)



FY21 – US Sales (₹ mn)



US Business



EIR for all the six facilities inspected by the US FDA

| Facility | Capability | Last inspection | Status post last inspection |
|---------------------------|-------------|-------------------------|-------------------------------|
| St. Louis (US) | Formulation | January - February 2020 | EIR# received in May 2020 |
| Baddi (India) | Formulation | February 2020 | EIR# received in March 2020 |
| Daman (India) | Formulation | August 2019 | EIR# received in October 2019 |
| California (US) | API | August 2018 | EIR# received in October 2018 |
| Ankleshwar (India) | API | December 2016 | EIR# received in March 2017 |
| Mandva (India) | API | September 2015 | EIR# received in March 2016 |

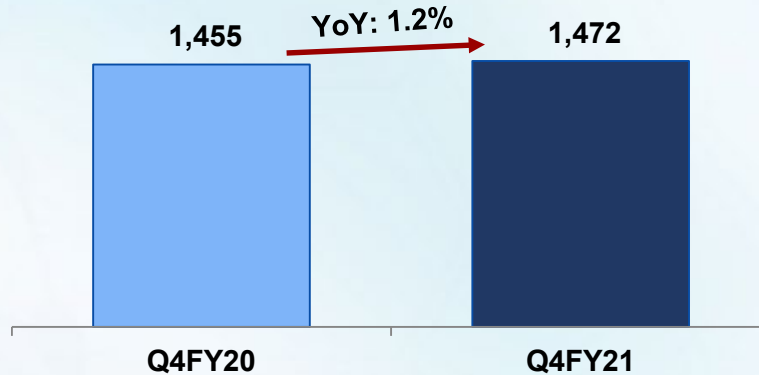
EIR – Establishment Inspection Report indicating successful close of inspection

Other International Business

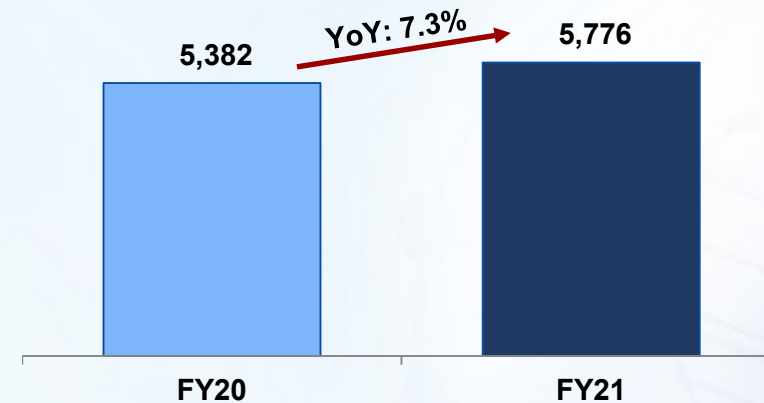
Other International Business: Q4FY21 Sales of ₹ 1,472 million (1.2% YoY growth)

- Other International Market sales contributed 6.8% to total sales in Q4FY21
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Chile, Kazakhstan and UK registered healthy growth during the year

**Q4FY21 – Other International Sales
(₹ mn)**

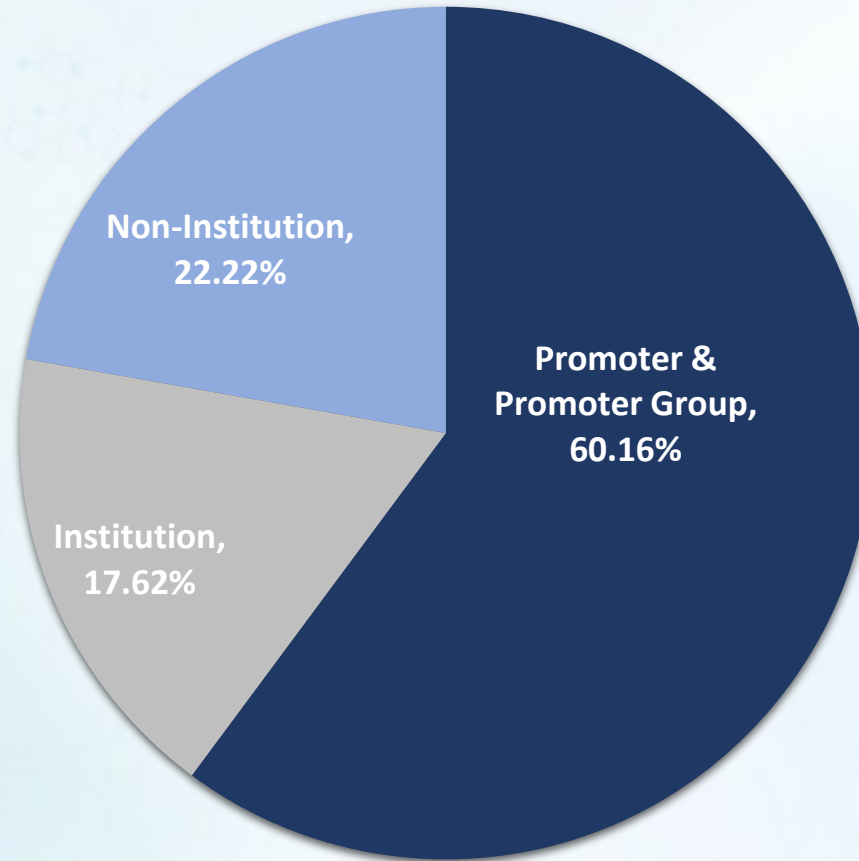


**FY21 – Other International Sales
(₹ mn)**



Latest Shareholding Pattern

Shareholding pattern as on March 31, 2021



Institution – Mutual Funds, Alternate Investment 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

For further information or queries, please contact

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