

**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

07th February, 2020

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 Board Meeting held on 7th February, 2020

In continuation of our letter dated 29th January, 2020 and pursuant to Regulation 30 read with regulation 33 and Regulation 42 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors of the Company, at its meeting held today, i.e. 07th February, 2020 has inter alia:

- a. Approved the Standalone and Consolidated Unaudited Financial Results for the quarter and nine months ended 31st December, 2019.

A copy of the said Financial Results and Limited Review Report of the Statutory Auditors of the Company, as required under Regulation 33 of the Listing Regulations, is enclosed herewith.

- b. Declared Interim Dividend of Rs 22/- (Rupees Twenty Two only) per equity share on the face value of Rs. 2/- per share for the financial year 2019-20 pursuant to Regulation 43 read with Regulation 30 of the Listing Regulations.

The date of payment of Interim Dividend shall be on and from 18th February, 2020.

Further, as informed vide our letter dated 29th January, 2020 submitted to the Stock Exchanges pursuant to Regulation 42 of the Listing Regulations, the record date for the purpose of payment of interim dividend for the financial year 2019-20 would be Saturday, 15th February, 2020.

- c. Based on recommendation of Nomination and Remuneration Committee and subject to approval of shareholders, approved the re-appointment and increase in remuneration of Mr. Basudeo N. Singh (DIN: 00760310) as Executive Chairman of the Company for a period of five (5) consecutive years with effect from 1st April, 2020 upto 31st March, 2025.
- d. Based on recommendation of Nomination and Remuneration Committee and subject to approval of shareholders, approved the appointment of Mr. Narendra Kumar Aneja (DIN: 00124302) as an Additional Director, designated as Independent Director on the Board of Directors of the Company with effect from 16th March, 2020 to 15th March 2025.

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

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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Limited review report

To Board of Directors of Alkem Laboratories Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Alkem Laboratories Limited (“the Parent”) and its subsidiaries (the Parent and its subsidiaries together referred to as “the Group”), for the quarter ended 31 December 2019 and year to date results for the period from 1 April 2019 to 31 December 2019 (“the Statement”), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (‘Listing Regulations’).
2. This Statement, which is the responsibility of the Parent’s management and approved by the Parent’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “*Interim Financial Reporting*” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the 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 Inc., USA	Wholly Owned Subsidiary
5.	Pharmacor Pty Limited, Australia	Wholly Owned Subsidiary



Limited review report (Continued)**Alkem Laboratories Limited**

Sr. No.	Name of entity	Relationship
6.	Alkem Laboratories (NIG) Limited, Nigeria	Wholly Owned Subsidiary (Upto 6 May 2018)
7.	Alkem Laboratories (PTY) Ltd, South Africa	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
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.	Ascend Laboratories S.A.S, Colombia	Wholly Owned Subsidiary (w.e.f. 4 June 2019)

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial statements/ financial information/ financial results of two subsidiaries included in the Statement, whose interim financial statements/ financial information/ financial results reflect total revenues of Rs 2,063.1 million and Rs. 6,392.2 million, total net profit after tax of Rs. 171.5 million and Rs 408.6 million and total comprehensive income of Rs 165.9 million and Rs 386.9 million, for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the consolidated unaudited financial results. These interim financial statements/ financial information/ financial results have been reviewed by other auditors whose reports have been furnished to us and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matters.



Limited review report (*Continued*)

Alkem Laboratories Limited

7. The Statement includes the interim financial statements/ financial information/ financial results of seventeen subsidiaries which have not been reviewed, whose interim financial statements/ financial information/ financial results reflect total revenue of Rs. 1,526.6 million and Rs. 4190.5 million, total net loss after tax of Rs. 502.2 million and Rs. 1502.4 million and total comprehensive income of Rs. (514.7) million and Rs. (1,501.7) million for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the Statement. According to the information and explanations given to us by the management, these interim financial statements/ financial information/ financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Sadashiv Shetty

Partner

Membership No: 048648

UDIN: 20048648AAAAAH3076

Mumbai
7 February 2020

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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

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

Statement of Unaudited Consolidated Financial Results for the Quarter and Nine months ended 31 December 2019

(₹ in Million except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2019 Unaudited	30.09.2019 Unaudited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Unaudited	31.03.2019 Audited
1 Income						
(a) Revenue from operations	21,818.4	22,640.3	19,263.2	62,953.7	55,041.6	73,571.9
(b) Other income	278.6	314.2	75.8	767.5	588.7	877.0
Total Income	22,097.0	22,954.5	19,339.0	63,721.2	55,630.3	74,448.9
2 Expenses						
(a) Cost of materials consumed	5,494.2	5,284.7	4,687.3	16,232.6	13,010.6	18,111.4
(b) Purchases of stock-in-trade	3,834.3	3,668.2	3,144.8	10,946.4	8,088.6	11,301.9
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(984.2)	90.1	147.7	(2,673.5)	594.7	36.4
(d) Employee benefits expense	3,956.2	3,896.3	3,463.5	11,755.7	10,136.6	13,624.6
(e) Finance costs	170.4	177.5	153.8	509.1	480.4	546.3
(f) Depreciation and amortisation expense	594.8	564.0	476.9	1,717.1	1,359.1	1,931.8
(g) Other expenses	4,985.2	5,175.1	4,684.4	14,988.9	14,401.8	19,349.9
Total Expenses	18,050.9	18,855.9	16,758.4	53,476.3	48,071.8	64,902.3
3 Profit before exceptional items and tax (1) - (2)	4,046.1	4,098.6	2,580.6	10,244.9	7,558.5	9,546.6
4 Exceptional items	-	-	-	-	-	-
5 Profit before tax (3) - (4)	4,046.1	4,098.6	2,580.6	10,244.9	7,558.5	9,546.6
6 Tax expense / (credit)						
(a) Current tax	740.4	776.5	692.3	2,151.7	1,790.6	2,291.7
(b) Deferred tax	(240.9)	(483.1)	(166.2)	(1,131.5)	(263.5)	(481.5)
Sub-total (a + b)	499.5	293.4	526.1	1,020.2	1,527.1	1,810.2
(c) Tax adjustment of earlier periods	(353.0)	-	-	(353.0)	-	-
Total Tax Expense (a + b + c)	146.5	293.4	526.1	667.2	1,527.1	1,810.2
7 Profit for the period (5) - (6)	3,899.6	3,805.2	2,054.5	9,577.7	6,031.4	7,736.4
8 Other Comprehensive Income (net of tax)						
Items that will not be reclassified to profit or loss	(13.5)	(20.8)	(3.2)	(46.9)	9.2	(69.4)
Income tax relating to items that will not be reclassified to profit or loss	4.2	6.3	1.1	13.8	(3.5)	23.7
Items that will be reclassified to profit or loss	117.2	101.4	(374.0)	87.2	342.0	355.7
Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total Other Comprehensive Income (net of tax)	107.9	86.9	(376.1)	54.1	347.7	310.0
9 Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8)	4,007.5	3,892.1	1,678.4	9,631.8	6,379.1	8,046.4
10 Profit attributable to						
a) Owners of the Company	3,819.8	3,708.5	2,025.3	9,383.0	5,931.5	7,605.1
b) Non-Controlling Interest	79.8	96.7	29.2	194.7	99.9	131.3
11 Other Comprehensive Income attributable to						
a) Owners of the Company	110.5	91.9	(374.0)	64.2	347.5	311.1
b) Non-Controlling Interest	(2.6)	(5.0)	(2.1)	(10.1)	0.2	(1.1)
12 Total Comprehensive Income attributable to						
a) Owners of the Company	3,930.3	3,800.4	1,651.3	9,447.2	6,279.0	7,916.2
b) Non-Controlling Interest	77.2	91.7	27.1	184.6	100.1	130.2
13 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1	239.1	239.1
14 Other Equity						54,154.3
15 Earnings Per Share of ₹2 each (not annualised for the quarters)						
(a) ₹ (Basic)	31.95	31.02	16.94	78.48	49.61	63.61
(b) ₹ (Diluted)	31.95	31.02	16.94	78.48	49.61	63.61



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Notes :

- 1 The above unaudited consolidated financial results of the Company were reviewed and recommended by the Audit Committee on 6 February 2020 and subsequently approved by the Board of Directors at its meeting held on 7 February 2020. The figures for the quarter and nine months ended 31 December 2019 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion on the financial results for the quarter and nine months ended 31 December 2019.
- 2 Effective 1 April 2019, the Group has adopted Ind AS 116 "Leases" applicable to all contracts having lease components existing on 1 April 2019 using modified retrospective approach. This has resulted in recognising right of use asset and a corresponding lease liability of **Rs.947.2 million** as at 1 April 2019. In the statement of profit and loss for the current period, operating lease expenses has changed from lease rent to depreciation cost for the right of use asset and finance cost for interest accrued on lease liability. Due to this change, profit before tax for the quarter and nine months ended 31 December 2019 is lower by **Rs.14.0 million and Rs.25.9 million** respectively. Consequent to adoption of Ind AS 116, there is no impact on retained earnings as on 1 April 2019 resulting in no restatement in results of comparative period.
- 3 Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on 20 September 2019 which is effective 1 April 2019, domestic companies have the option to pay corporate income tax rate at 22% plus applicable surcharge and cess subject to certain conditions. The Company and its subsidiaries incorporated in India have made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit.
- 4 As per Ind AS 103, purchase consideration for acquisition of certain assets from AbbVie Inc., USA. on 30 December 2019 has been allocated on a provisional basis. Going forward, the accounting for the acquired assets may change on the basis of additional information, if any.
- 5 The Board of Directors at its meeting held on 7 February 2020 have declared an interim dividend of ₹ 22 (Rupees Twenty two only) per equity share (1100% on the face value of ₹ 2 each) for the financial year ended 2019-20.
- 6 The Company operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.

Place: Mumbai
Date: 7 February 2020



By Order of the Board
For Alkem Laboratories Limited


B.N. Singh
Executive Chairman
DIN: 00760310

B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
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India

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Limited review report

To Board of Directors of Alkem Laboratories Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Alkem Laboratories Limited ('the Company') for the quarter ended and year to date results for the period from 1 April 2019 to 31 December 2019 ('the Statement').
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For B S R & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-100022



Sadashiv Shetty
Partner

Membership No. 048648
UDIN:20048648AAAAAI2558

Mumbai
7 February 2020

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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

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

Statement of Unaudited Standalone Financial Results for the Quarter and Nine months ended 31 December 2019

(₹ in Million except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2019 Unaudited	30.09.2019 Unaudited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Unaudited	31.03.2019 Audited
1 Income						
(a) Revenue from operations	15,964.0	18,946.5	15,358.4	49,895.6	42,459.4	57,140.9
(b) Other income	267.5	305.9	54.6	700.6	488.2	675.8
Total Income	16,231.5	19,252.4	15,413.0	50,596.2	42,947.6	57,816.7
2 Expenses						
(a) Cost of materials consumed	4,687.0	4,414.3	3,963.7	13,735.0	10,711.2	14,972.2
(b) Purchases of stock-in-trade	1,863.8	2,177.0	1,821.4	6,057.8	4,979.3	6,880.9
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,014.4)	839.3	389.4	(1,112.7)	968.8	865.6
(d) Employee benefits expense	2,821.3	2,755.0	2,440.3	8,412.1	7,151.4	9,600.9
(e) Finance costs	99.5	101.0	74.5	292.0	268.1	282.6
(f) Depreciation and amortisation expense	427.0	402.5	351.1	1,230.8	1,000.9	1,410.7
(g) Other expenses	3,969.3	3,910.4	3,503.4	11,664.7	10,574.8	14,364.2
Total Expenses	12,853.5	14,599.5	12,543.8	40,279.7	35,654.5	48,377.1
3 Profit before exceptional item and tax (1) - (2)	3,378.0	4,652.9	2,869.2	10,316.5	7,293.1	9,439.6
4 Exceptional Item	-	-	-	-	-	-
5 Profit before tax (3) - (4)	3,378.0	4,652.9	2,869.2	10,316.5	7,293.1	9,439.6
6 Tax expense / (credit)						
(a) Current tax	588.8	720.2	586.1	1,841.3	1,546.4	2,004.1
(b) Deferred tax	(343.5)	(407.5)	(129.2)	(1,103.9)	(343.5)	(562.9)
Sub-total (a + b)	245.3	312.7	456.9	737.4	1,202.9	1,441.2
(c) Tax adjustment of earlier periods	(353.0)	-	-	(353.0)	-	-
Total Tax Expense (a + b + c)	(107.7)	312.7	456.9	384.4	1,202.9	1,441.2
7 Profit for the period after tax (5 - 6)	3,485.7	4,340.2	2,412.3	9,932.1	6,090.2	7,998.4
8 Other Comprehensive Income (net of tax)						
Items that will not be reclassified to profit or loss	(5.8)	(5.9)	3.0	(17.5)	9.2	(64.3)
Income tax relating to items that will not be reclassified to profit or loss	2.0	2.1	(1.1)	6.1	(3.2)	22.5
Items that will be reclassified to profit or loss	-	-	-	-	-	-
Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total Other Comprehensive Income (net of tax)	(3.8)	(3.8)	1.9	(11.4)	6.0	(41.8)
9 Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8)	3,481.9	4,336.4	2,414.2	9,920.7	6,096.2	7,956.6
10 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1	239.1	239.1
11 Other Equity						54,413.0
12 Earnings Per Share of ₹ 2 each (not annualised for the quarters)						
(a) ₹ (Basic)	29.15	36.30	20.18	83.07	50.94	66.90
(b) ₹ (Diluted)	29.15	36.30	20.18	83.07	50.94	66.90



B. V. A. K. S.



Notes :

- 1 The above unaudited standalone financial results of the Company were reviewed and recommended by the Audit Committee on 6 February 2020 and subsequently approved by the Board of Directors at its meeting held on 7 February 2020. The figures for the quarter and nine months ended 31 December 2019 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion on the financial results for the quarter and nine months ended 31 December 2019.
- 2 Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases" applicable to all contracts having lease components existing on 1 April 2019 using modified retrospective approach. This has resulted in recognising right of use asset and a corresponding lease liability of **Rs.646.2 million** as at 1 April 2019. In the statement of profit and loss for the current period, operating lease expenses has changed from lease rent to depreciation cost for the right of use asset and finance cost for interest accrued on lease liability. Due to this change, profit before tax for the quarter and nine months ended 31 December 2019 is lower by **Rs.5.4 million** and **Rs.16.6 million** respectively. Consequent to adoption of Ind AS 116, there is no impact on retained earnings as on 1 April 2019 resulting in no restatement in results of comparative period.
- 3 Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on 20 September 2019 which is effective 1 April 2019, domestic companies have the option to pay corporate income tax rate at 22% plus applicable surcharge and cess subject to certain conditions. The Company has made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit.
- 4 As per Ind AS 103, purchase consideration for acquisition of certain assets from AbbVie Inc.,USA. on 30 December 2019 and certain assets and liabilities of an industrial undertaking from Cachet Pharmaceuticals Private Limited, a subsidiary of the Company on 15 October 2019 have been allocated on a provisional basis. Going forward, the accounting for the acquired assets and liabilities may change on the basis of additional information, if any.
- 5 The Board of Directors at its meeting held on 7 February 2020 have declared an interim dividend of ₹ 22 (Rupees Twenty two only) per equity share (1100% on the face value of ₹ 2 each) for the financial year ended 2019-20.
- 6 The Company operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.

Place: Mumbai
Date: 7 February 2020



By Order of the Board
For Alkem Laboratories Limited

A handwritten signature in black ink, appearing to read "B.N. Singh", written over a horizontal line.

B.N. Singh
Executive Chairman
DIN: 00760310

**ALKEM LABORATORIES LTD.**

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7th February, 2020

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

Sub: Press Release and Analyst Presentation on Q3FY20 and 9MFY20 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q3FY20 and 9MFY20 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



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Press Release

Alkem reports Q3FY20 and 9MFY20 Results

Mumbai, February 7, 2020: Alkem Laboratories Ltd (Alkem) today announced its standalone and consolidated financial results for the third quarter & nine months ending December 31, 2019. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key financial highlights of Q3FY20

- Revenue from Operations was Rs.21,818 million, year-on-year growth of 13.3%
 - India sales were Rs.14,239 million, year-on-year growth of 14.1%
 - International sales were Rs.7,253 million, year-on-year growth of 11.0%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.4,533 million, resulting in EBITDA margin of 20.8% vs. 16.3% in Q3FY19. EBITDA grew by 44.6% YoY
- R&D expenses for the quarter was Rs.1,205 million, or 5.5% of Revenue from Operations compared to Rs.1,195 million in Q3FY19 at 6.2% of Revenue from Operations
- Profit before tax (PBT) was Rs.4,046 million, a growth of 56.8% compared to Q3FY19
- Net Profit (after Minority Interest) was Rs.3,820 million, year-on-year growth of 88.6%

Key financial highlights of 9MFY20

- Revenue from Operations was Rs.62,954 million, year-on-year growth of 14.4%
 - India sales were Rs.41,964 million, year-on-year growth of 14.8%
 - International sales were Rs.19,857 million, year-on-year growth of 11.4%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.11,704 million, resulting in EBITDA margin of 18.6% vs. 16.0% in 9MFY20. EBITDA grew by 32.9% YoY
- R&D expenses for 9MFY20 was Rs.3,473 million, or 5.5% of Revenue from Operations compared to Rs.3,230 million in 9MFY19 at 5.9% of Revenue from Operations
- Profit before tax (PBT) was Rs.10,245 million, a growth of 35.5% compared to 9MFY19
- Net Profit (after Minority Interest) was Rs.9,383 million, year-on-year growth of 58.2%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "Q3FY20 has been a strong quarter for the Company marked by double digit revenue growth and significant expansion in our EBITDA margins. We continued our outperformance in the India market driven by strong brands, effective sales and marketing strategies and new product launches. In the US market also we grew at a healthy pace on the back of new product launches. Our efforts towards cost optimization and process improvement are steadily reflecting in our financials. We look forward to carry this momentum and deliver a sustainable and profitable growth going ahead."



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- CIN: L00305MH1973PLC174201

Operational Highlights

India Business

In Q3FY20, the Company's India sales grew by 14.1% YoY, recording a sales of Rs.14,239 million as compared to Rs.12,475 million in Q3FY19. For 9MFY20, the Company's India sales grew by 14.8% to Rs.41,964 million compared to Rs.36,565 million in 9MFY19.

As per IQVIA Data, during the quarter, the Company registered value growth of 15.4% YoY, outperforming the Indian Pharmaceutical Market (IPM) growth of 9.6% YoY. In the anti-infectives segment, which is the Company's largest therapy segment, it grew at almost 1.5x the therapy growth rate. Also in the vitamins / minerals / nutrient segment, the Company grew at more than 2x the therapy growth rate, thereby gaining one rank in the market. In the chronic therapy segments like neuro / CNS, cardiac, anti-diabetes and derma, the Company continued to grow significantly ahead of the therapy growth rate, thereby gaining market share and improving its market ranking. The Company now features amongst the top six neuro/CNS companies and amongst the top fifteen derma companies in India. This is a result of its strong brands, effective sales and marketing strategies, robust supply chain and distribution network and contribution from new product launches.

The performance highlights in the key therapeutic segments in Q3FY20 and 9MFY20 is as shown below:

Key Therapy segment	Q3FY20				9MFY20			
	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	20.8%	12.1%	1	Unchanged	24.8%	14.6%
Gastro Intestinal	3	Unchanged	7.6%	7.0%	3	Unchanged	14.3%	9.4%
Pain / Analgesics	3	Unchanged	8.4%	9.7%	3	Unchanged	12.8%	12.4%
Vitamins / Minerals / Nutrients	4	+1	17.3%	7.3%	4	Unchanged	23.9%	11.0%
Neuro / CNS	6	+2	16.4%	7.0%	6	+2	15.1%	8.8%
Derma	13	+4	19.2%	8.9%	14	+3	13.3%	9.3%
Cardiac	26	Unchanged	17.0%	9.6%	26	Unchanged	23.3%	11.0%
Anti-Diabetic	21	+1	23.5%	9.4%	21	+1	31.5%	11.7%
Total	5	Unchanged	15.4%	9.6%	5	+1	19.5%	11.2%

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

Source: IQVIA Data December 2019

International Business

In Q3FY20, the Company's International sales grew by 11.0% YoY, recording sales of Rs.7,253 million as compared to Rs.6,532 million in Q3FY19. For 9MFY20, the Company's International sales grew by 11.4% to Rs.19,857 million compared to Rs.17,820 million in 9MFY19.

- **US sales** for the quarter was Rs.5,837 million, recording a year-on-year growth of 12.6%. For 9MFY20, US sales was Rs.15,930 million, up 12.6% compared to 9MFY19.



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- **Other International Markets sales** for the quarter was Rs.1,416 million, recording a year-on-year growth of 5.0%. For 9MFY20, Other International Markets sales was Rs.3,927 million, up 6.8% compared to 9MFY19.

R&D Investments

During the quarter, the Company filed 4 abbreviated new drug applications (ANDAs) with the US FDA and received 4 approvals (including 1 tentative approval). For 9MFY20, the Company filed 11 ANDAs with the US FDA and received 15 approvals (including 4 tentative approval).

As on December 31, 2019, the Company has filed a total of 135 ANDAs and 1 new drug application (NDA) with the US FDA. Of these, it has received approvals for 80 ANDAs (including 11 tentative approvals) and 1 NDA.

Update on US FDA inspection

Facility	Capability	Last inspection	Status post last inspection
St. Louis (US)	Formulation	February 2020	Received Form 483 with 3 observations
Baddi (India)	Formulation	August 2019	Successfully closed without any observations
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
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

*OAI – Official Action Indicated

EIR – Establishment Inspection Report



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Q3FY20 and 9MFY20 Conference Call at 5:00pm IST, February 7, 2020

Alkem will organize a conference call for investors and analysts on Friday, February 7, 2020 from 5:00pm to 6:00pm IST to discuss its Q3FY20 and 9MFY20 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 will host the call.

Details of the conference call are as under:

Time: 5:00 pm to 6:00 pm IST (GMT + 5:30) on Friday, February 7, 2020.

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

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 data December 2019). The Company also has presence in more than 50 international markets, with the United States being its key focus market.

For more information on Alkem Laboratories Ltd., please visit www.alkemlabs.com

For further information or queries please contact

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Investor Relations – Alkem Laboratories Ltd.

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Alkem Laboratories Limited

Investor Presentation Q3FY20
February 7, 2020





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 Q3FY20 and 9MFY20

Strong quarter marked by healthy revenue growth and significant improvement in EBITDA margins

- **Revenue from Operations** grew by 13.3% YoY during the quarter, accompanied by 450 bps YoY improvement in EBITDA margin
- **Profit After Tax** for the quarter grew by 88.6% compared to the previous year
- **India Business:** As per secondary sales data by IQVIA, the Company's secondary sales growth in Q3FY20 was 15.4% YoY, which is more than 1.5x faster than IPM growth of 9.6% YoY
 - For 9MFY20, the Company's secondary sales growth was 19.5% YoY – significantly head of IPM growth of 11.2% YoY (Source: IQVIA data)
- **US Business** grew in double digits during Q3FY20 and 9MFY20, largely driven by new product launches
- **R&D** expenses during the quarter was at 5.5% of revenue from operations
 - The Company filed 11 ANDAs and received 15 ANDA approvals (including 4 tentative) from the US FDA in 9MFY20

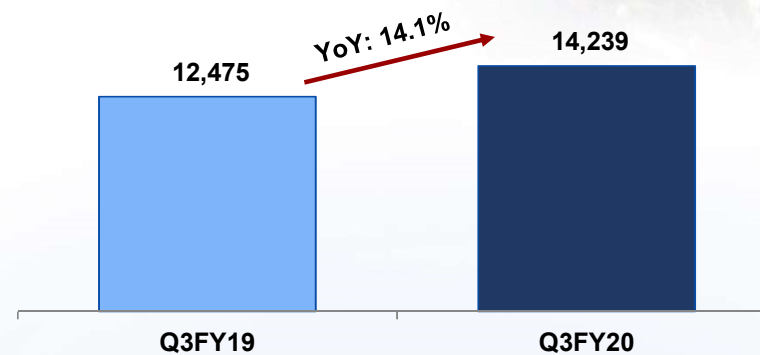
Key Financial Highlights – Q3FY20

All figures in Rs mn

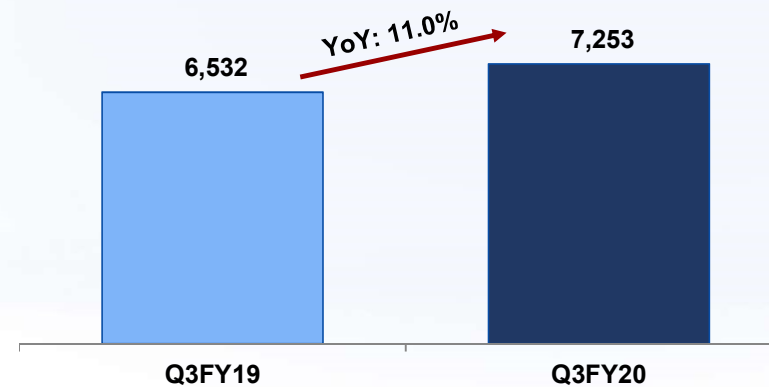
Revenue from Operations



India sales



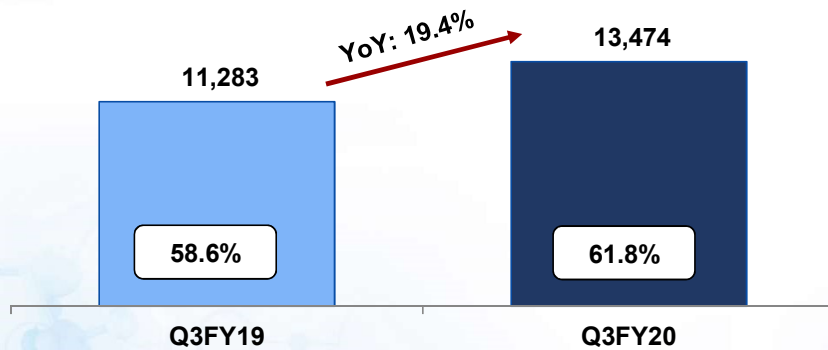
International sales



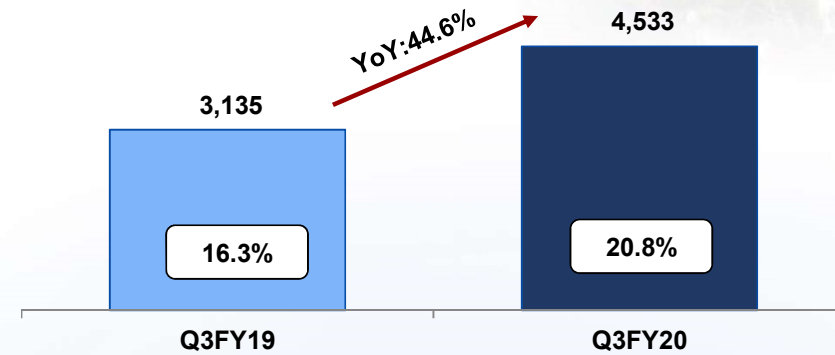
Key Financial Highlights – Q3FY20

All figures in Rs mn

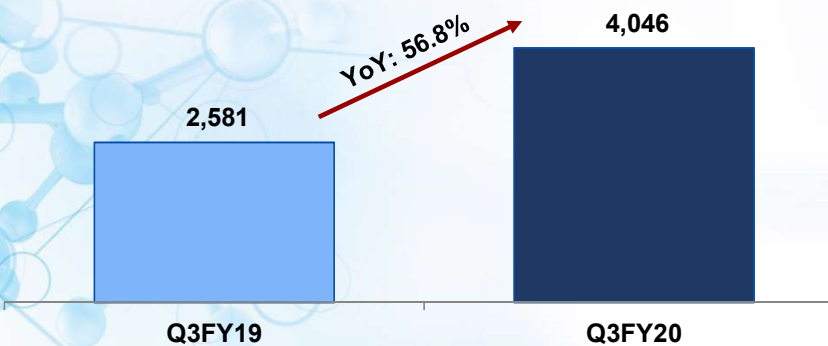
Gross Profit and Gross Margin



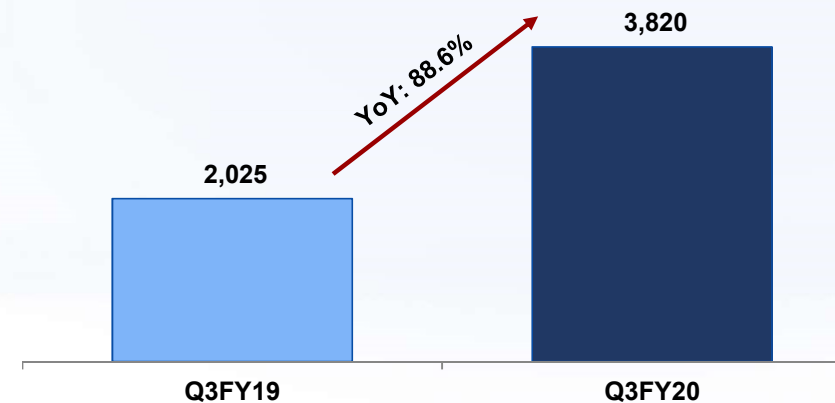
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights

9MFY20 (Consolidated)

Particulars (Rs mn)	9MFY20	9MFY19	YoY growth
Revenue from Operations	62,954	55,042	14.4%
Gross Profit	38,448	33,348	15.3%
Gross Profit margin	61.1%	60.6%	
EBITDA	11,704	8,809	32.9%
EBITDA margin	18.6%	16.0%	
PBT	10,245	7,559	35.5%
PBT margin	16.3%	13.7%	
PAT (After Minority Interest)	9,383	5,932	58.2%
PAT margin	14.9%	10.8%	
EPS (Rs / share)	78.48	49.61	

India Business

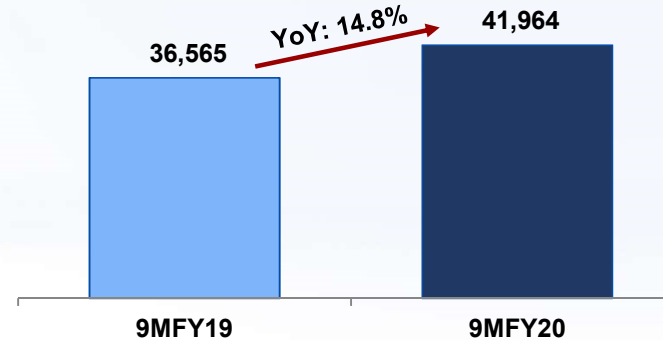
India Business: Q3FY20 Sales of Rs.14,239 million (14.1% YoY growth)

- India sales contributed 66.3% to total sales in Q3FY20
- In Q3FY20, Company's secondary sales grew by 15.4% YoY - significantly ahead of the IPM growth of 9.6% YoY. Similarly in 9MFY20 also, the Company grew ahead of the IPM with growth of 19.5% compared IPM growth of 11.2% (Source: IQVIA data)
- This outperformance was mainly led by Anti-Infectives segment where the Company grew at more than 1.5x the therapy growth rate and maintained its leadership position (Source: IQVIA data)
- During the quarter, the Company also improved its ranking in the chronic therapy segments like Neuro / CNS, Derma and Anti-Diabetes (Source: IQVIA data)

Q3FY20 – India Sales (Rs mn)



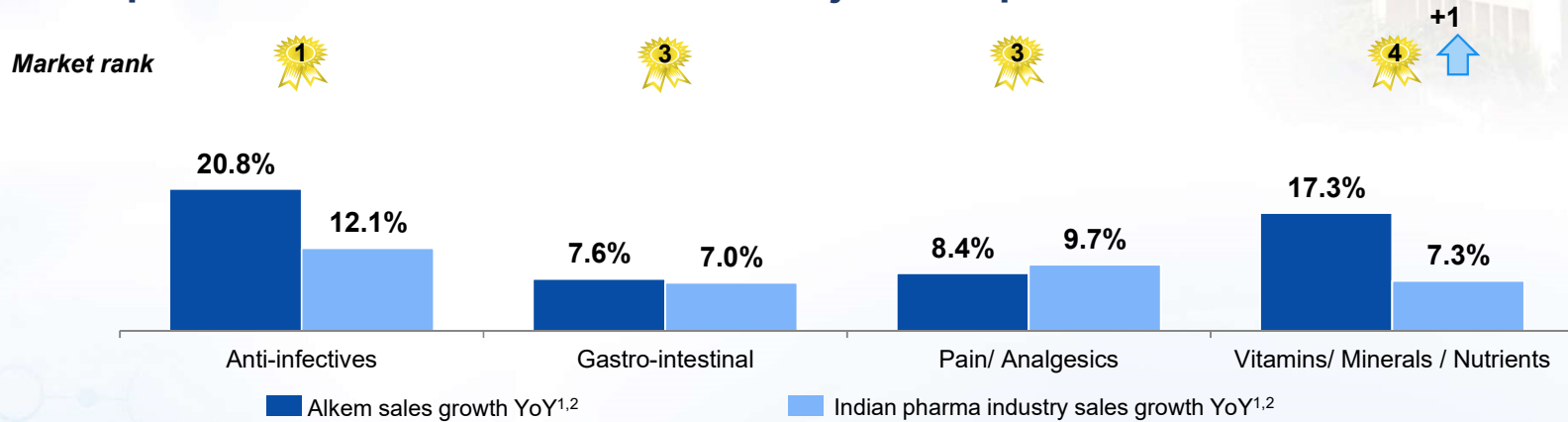
9MFY20 – India Sales (Rs mn)



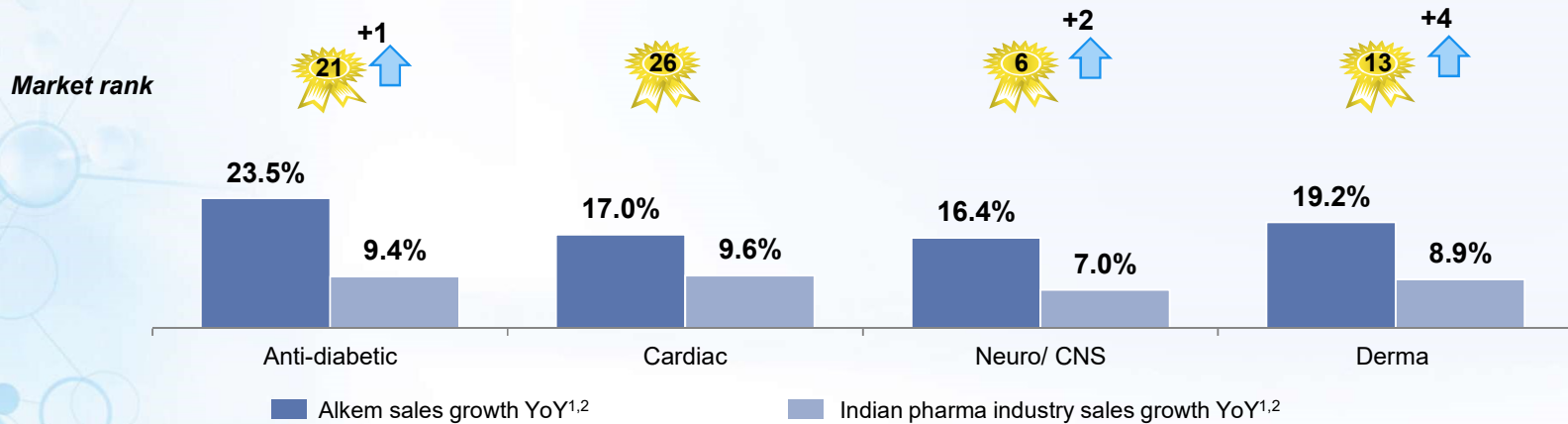
Secondary Sales Performance

Outperformance across most of the major therapeutic areas in Q3FY20

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem



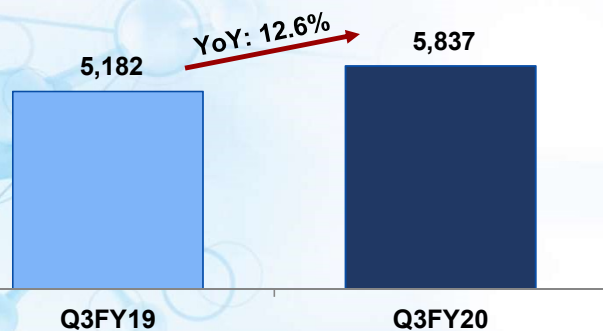
Source: IQVIA data ¹ Domestic formulations sales; ² For 3 months ended December 31, 2019

US Business

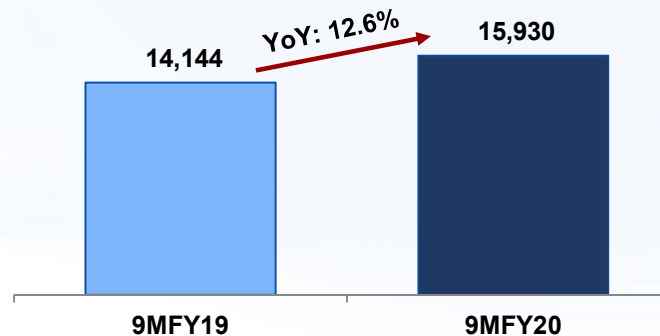
US Business: Q3FY20 Sales of Rs.5,837 million (12.6% growth YoY)

- US sales contributed 27.2% to total sales in Q3FY20
- The YoY growth in the US business during the quarter was mainly driven by new product launches
- In Q3FY20, the Company filed 4 ANDAs with the US FDA and received 4 approvals (including 1 tentative approval)
- As on December 31, 2019, the Company has filed a total of 136 ANDAs (including 1 NDA) with the US FDA and has received 81 approvals (including 11 tentative approvals and 1 NDA)

Q3FY20 – US Sales (Rs mn)



9MFY20 – US Sales (Rs mn)



Update on the US FDA inspection

Facility	Scope	Last inspection	Status post last inspection
St. Louis (US)	Formulation	February 2020	Received Form 483 with 3 observations
Daman (India)	Formulation	August 2019	EIR# received in October 2019, thereby successfully closing the inspection
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*OAI – Official Action Indicated

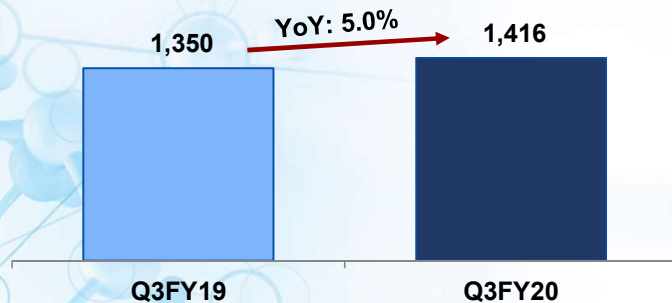
EIR – Establishment Inspection Report

Other International Business

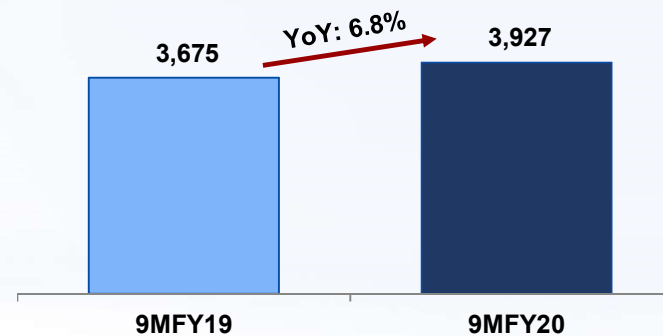
Other International Business: Q3FY20 Sales of Rs.1,416 million (5.0% growth YoY)

- Other International Market sales contributed 6.6% to total sales in Q3FY20
- The Company has presence in Australia, Europe, South East Asia, Latin America and Africa
- Company's key markets like Australia, Chile, Philippines and Kazakhstan registered healthy YoY growth during the quarter and 9MFY20

**Q3FY20 – Other International Sales
(Rs mn)**

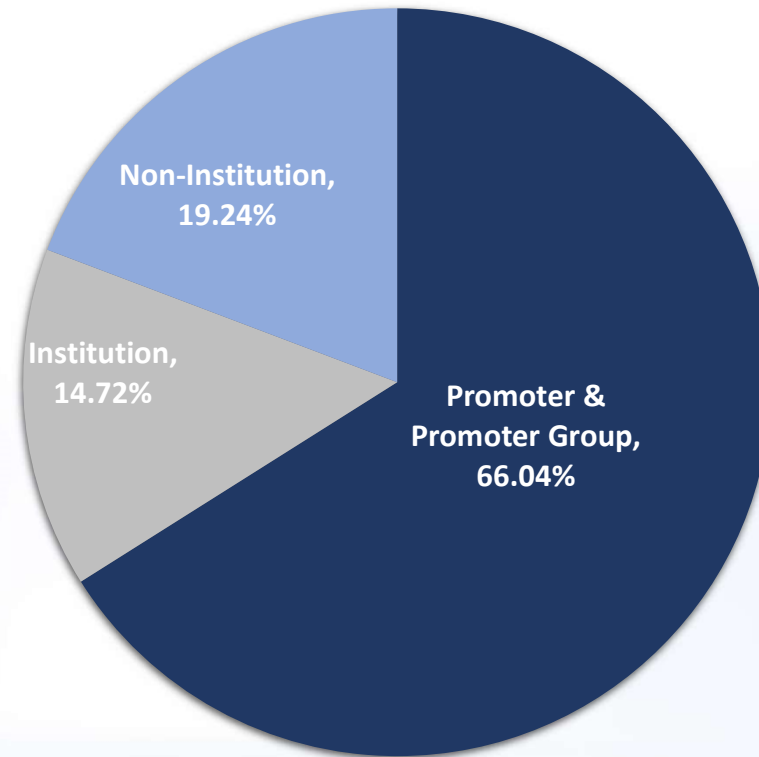


**9MFY20 – Other International Sales
(Rs mn)**



Latest Shareholding Pattern

Shareholding pattern as on December 31, 2019



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

