

Chairman's Message

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Dear Shareholders,

As we prepare this year’s annual letter, the world is facing an unprecedented situation with the COVID-19 crisis having a far-reaching socio-economic impact. At Alkem, our thoughts have been with the frontline health and essential services workers who are most at risk as they battle it out to control the outbreak. In this unusually changed landscape, we renew our commitment to serve healthcare needs and collaborate for the benefit of all our stakeholders and for our great nation. Together, we will emerge stronger from this crisis. Meanwhile, we urge you to follow the proactive and pre-emptive guidelines to stay safe and stem the spread of COVID-19.

Every organisation’s journey is defined by milestones, and leadership that makes those milestones possible. Our Late Founder and Chairman, Mr. Samprada Singh, was a true visionary, who through his foresight and brilliance pioneered several landmark achievements to enable Alkem’s evolution into a globally reputed Indian pharmaceutical company. Leading by example and exemplifying the values of commitment, determination and integrity, our Late Founder will continue to be an inspiration as we live his dream and work hard together to take Alkem to greater heights.

As we review the year gone by, I take great satisfaction in reporting that the Company has delivered robust performance. More importantly, this performance has been broad-based with all our key markets recording healthy revenue growth. We also delivered significant improvement in our profitability. These results indicate that the efforts towards cost optimisation, better business mix and productivity improvements are yielding the desired outcomes. Lower effective tax rates on account of investments made in manufacturing facilities that are entitled to fiscal benefits have also worked to the Company’s advantage. We continue to drive strong cash flows and healthy balance sheet with our leaner operating model and enhanced commercial excellence.

Our diversified market presence is key to our ability to deliver sustained value. In India, we feature amongst the top pharmaceutical players, with market leadership in the acute therapeutic segments. We are also taking impressive strides in the fast-expanding chronic segment through focussed investments in select therapy areas. In the US, which is the world’s largest pharmaceutical market, we have been making

strong inroads despite a relatively late entry compared to other Indian players. While the competition is intense in this market, resulting in pricing pressure, we are confident of maintaining our growth momentum led by our robust ANDA filings and timely launches. We are also tending towards complex generics in the US, where the competition is relatively lower and market opportunity is higher.

Alkem was founded over four decades ago, on the principle to develop, manufacture and deliver affordable and effective drugs to make a difference in the lives of patients. Throughout our history, led by our dedicated and experienced R&D team, which has enabled us to strengthen our product portfolio and pipeline, we have maintained that patient-centric approach. During the year, we made R&D investments amounting to ₹ 4,726 million, which is about 5.7% of our total revenues. Our unflinching focus on regulatory compliance and ensuring adherence to the best global practices in quality and safety further strengthen our value proposition.

It gives me great pleasure to acknowledge the continued hard work, expertise and dedication of our employees. Without their efforts we would not have achieved so much. We remain committed to invest in our people for their ongoing learning and growth. We are also investing significantly in latest technologies to empower our people and enhance our operational excellence.

At Alkem, we understand the importance of giving back to our communities. During the year, we continued carrying out structured interventions in areas of health, education and rural infrastructure in the communities in which we live and work. Through our corporate social responsibility endeavours we aim to promote social and economic benefits for the financially vulnerable sections of the society and bring about a transformative change. In the tough times following the coronavirus crisis, we reached out to medical teams and patients at hospitals to provide protective equipment for their wellbeing. We also extended support to local communities by providing food essentials.

In closing, I would like to warmly thank our employees, customers, partners, the medical fraternity, government agencies and shareholders for their support throughout the year. I would also like to extend my sincere appreciation to my fellow Board members and to the senior management for their leadership and guidance. We look forward to continuing working together and driving greater momentum to build a stronger company and a more robust industry for the many people who depend on our solutions.

Warm Regards,

Basudeo N. Singh
Executive Chairman