


FORM A

[Consolidated Financial Results]

1	Name of Company :	ALKEM LABORATORIES LIMITED
2	Annual financial statements for the year ended	31st March 2016
3	Type of Audit observation	Unmodified
4	Frequency of observation	Not Applicable
5	To be signed by -	
	• CEO/Managing Director	<i>[Signature]</i> [Ambhat Agrawal, B. M. Singh] Executive chairman
	• CFO	<i>[Signature]</i> [Rajesh Dubey]
	• Auditor of the company	<i>[Signature]</i> 27 May 2016 
	• Audit Committee Chairman	<i>[Signature]</i> [R. L. Shenoy]

B S R & Co. LLP

Chartered Accountants

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Independent Auditor's Report on Quarterly Consolidated Financial Results and Consolidated Year to Date Results of Alkem Laboratories Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To the Board of Directors of
Alkem Laboratories Limited

We have audited the accompanying annual consolidated financial results of Alkem Laboratories Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group') for the year ended 31 March 2016 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the quarter ended 31 March 2016 and the corresponding quarter ended in the previous year as reported in these consolidated financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year. Also the year to date figures for the period from 1 April 2015 to 31 December 2015 have only been reviewed and not subjected to audit.

Management's Responsibility for the Consolidated Financial Results

These consolidated financial results have been prepared on the basis of the annual consolidated financial statements and reviewed quarterly consolidated financial results up to the end of third quarter, which is the responsibility of the Company's management and have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards prescribed, under Section 133 of the Companies Act, 2013 ('the Act') read with rule 7 of the Companies (Accounts) Rules, 2014 issued thereunder and other accounting principles generally accepted in India and in compliance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial results based on our audit of the annual consolidated financial statements. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



Independent Auditor's Report on Quarterly Consolidated Financial Results and Consolidated Year to Date Results of Alkem Laboratories Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Continued)

Alkem Laboratories Limited

Opinion

In our opinion and to the best of our information and according to the explanations given to us these quarterly consolidated financial results as well as the consolidated year to date results:

- (i) includes the financial results of seventeen subsidiaries for the year ended 31 March 2016 (Refer Annexure);
- (ii) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (iii) give a true and fair view of the consolidated net profit and other financial information for the year ended 31 March 2016.

Other matters

We did not audit the financial statements / financial information of seventeen subsidiaries included in the consolidated financial results, whose financial statements / financial information reflect total assets of Rs 17,178.1 million as at 31 March 2016 and total revenues of Rs 17,818.1 million for the year ended 31 March 2016, as considered in the consolidated financial results. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, 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.

We draw attention to note 5 and 6 to the consolidated financial results, which states that the Company got listed in the month of December 2015. Accordingly, the consolidated financial results for the quarter and nine months ended 31 December 2015 are drawn up for the first time in accordance with Regulation 33 of the Listing regulations. Therefore, figures for the quarter ended 31 March 2015 were neither subjected to limited review nor subjected to audit and are as prepared by the Company's management.

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

Chartered Accountants

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



Sadashiv Shetty

Partner

Membership No: 048648

Mumbai

27 May 2016

Annexure

1. List of Subsidiaries

Sr. No.	Name of Subsidiaries
1.	ThePharmaNetwork, LLC, USA
2.	S & B Pharma Inc., USA
3.	Alkem Laboratories (NIG) Limited, Nigeria
4.	Pharmacor Pty Limited, Australia
5.	Alkem Laboratories (PTY) Ltd, South Africa
6.	Enzene Biosciences Limited, India
7.	Cachet Pharmaceuticals Private Limited, India
8.	Indchemie Health Specialities Private Limited, India
9.	Alkem Laboratories Corporation, Philippines
10.	Alkem Pharma GmbH, Germany
11.	S & B Holdings B.V., Netherlands
12.	Ascends Laboratories SDN BHD., Malaysia
13.	Ascends Laboratories SpA, Chile
14.	Alkem Laboratories Korea Inc, Korea
15.	Pharmacor Ltd., Kenya
16.	The PharmaNetwork, LLP, Kazakhstan
17.	Ascend Laboratories (UK) Ltd., UK



ALKEM LABORATORIES LIMITED

CIN No.:U00305MH1973PLC174201

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Statement of Audited Consolidated Financial Results for the Quarter and Year ended 31 March, 2016

(₹ in Million)

Particulars	Quarter ended			Year ended	
	31.03.2016 Audited (Refer Note 4)	31.12.2015 Unaudited	31.03.2015 Unaudited (Refer Note 5)	31.03.2016 Audited	31.03.2015 Audited
1 Income from Operations					
(a) Net Sales / Income from Operations (Net of Excise Duty)	11,109.7	12,459.9	8,933.5	48,768.5	36,615.9
(b) Other Operating Income	316.1	287.4	185.8	1,146.9	817.6
Total Income from Operations (Net)	11,425.8	12,747.3	9,119.3	49,915.4	37,433.5
2 Expenses					
(a) Cost of materials consumed	3,339.3	2,363.9	2,055.3	11,712.7	8,620.3
(b) Purchases of stock-in-trade	1,755.4	2,020.1	2,035.7	8,802.3	8,622.5
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(815.8)	705.2	(178.4)	(903.3)	(336.8)
(d) Employee benefits expense	2,065.6	2,336.9	1,674.3	9,171.3	6,458.7
(e) Depreciation and amortisation expense	260.0	244.4	181.3	1,005.8	709.4
(f) Other expenses	3,500.9	2,967.4	2,186.1	12,650.1	9,850.5
Total Expenses	10,105.4	10,637.9	7,954.3	42,438.9	33,924.6
3 Profit / (Loss) from Operations before Other Income, Finance Costs and Exceptional Item (1-2)	1,320.4	2,109.4	1,165.0	7,476.5	3,508.9
4 Other Income	425.9	330.4	505.1	1,645.1	1,810.4
5 Profit / (Loss) from ordinary activities before Finance Costs and Exceptional Item (3+4)	1,746.3	2,439.8	1,670.1	9,121.6	5,319.3
6 Finance costs	107.3	169.9	166.2	670.6	811.1
7 Profit / (Loss) from ordinary activities after Finance Costs but before Exceptional Item (5+6)	1,639.0	2,269.9	1,503.9	8,451.0	4,508.2
8 Exceptional item	-	-	-	-	-
9 Profit / (Loss) from ordinary activities before tax (7+8)	1,639.0	2,269.9	1,503.9	8,451.0	4,508.2
10 Tax expense / (Credit)	1,065.8	345.4	188.8	1,606.0	592.3
11 Net Profit / (Loss) for the period from ordinary activities after tax (9 + 10)	573.2	1,924.5	1,315.1	6,845.0	3,915.9
12 Extraordinary items (net of tax expense)	-	-	-	-	-
13 Net Profit / (Loss) for the period (11+12)	573.2	1,924.5	1,315.1	6,845.0	3,915.9
14 Minority Interest	(6.0)	(35.2)	-	(113.8)	-
15 Net Profit / (Loss) after taxes, minority interest (13 +14)	567.2	1,889.3	1,315.1	6,731.2	3,915.9
16 Paid-up Equity Share Capital (Face Value ₹ 2 each)	239.1	239.1	239.1	239.1	239.1
17 Reserves excluding Revaluation Reserve (as per balance sheet)				34,787.4	29,751.4
18 Earnings Per Share of ₹2 each (not annualised)					
(a) ₹ (Basic)	4.74	15.80	11.00	56.30	32.75
(b) ₹ (Diluted)	4.74	15.80	11.00	56.30	32.75

Baldeo Vaidya Singh

Consolidated Statement of Assets and Liabilities As at 31 March 2016

(₹ in Million)

Particulars		As at 31 March 2016 Audited	As at 31 March 2015 Audited
A	EQUITY AND LIABILITIES		
i	Shareholders' Funds		
	(a) Share Capital	239.1	239.1
	(b) Reserves and Surplus	34,787.4	29,751.4
	Sub total- Shareholders' Funds	35,026.5	29,990.5
ii	Deferred Government Grant	31.0	35.8
iii	Minority Interest	965.4	856.5
iv	Non-current Liabilities		
	(a) Long-term Borrowings	1,211.6	334.3
	(b) Deferred Tax Liabilities (Net)	1,027.3	963.5
	(c) Other Long term Liabilities	23.0	51.4
	(d) Long-term Provisions	778.4	665.8
	Sub total- Non-current Liabilities	3,040.3	2,015.0
v	Current Liabilities		
	(a) Short-term Borrowings	4,642.5	11,285.7
	(b) Trade Payables	5,792.8	4,659.3
	(c) Other Current Liabilities	3,671.3	3,270.6
	(d) Short-term Provisions	1,216.9	844.2
	Sub total- Current Liabilities	15,323.5	20,059.8
	TOTAL - EQUITY AND LIABILITIES	54,386.7	52,957.6
B	ASSETS		
i	Non-current Assets		
	(a) Fixed Assets	12,609.5	11,429.3
	(b) Goodwill on Consolidation	3,530.6	3,421.0
	(c) Non-Current Investments	2,263.4	4,197.3
	(d) Deferred Tax Assets (net)	82.3	44.8
	(e) Long-term Loans and Advances	6,440.0	5,421.7
	(f) Other Non-current Assets	2,399.3	5,063.0
	Sub total - Non-current Assets	27,325.1	29,577.1
ii	Current Assets		
	(a) Current Investments	1,956.7	610.5
	(b) Inventories	9,094.3	7,842.3
	(c) Trade Receivables	5,645.1	5,270.8
	(d) Cash and Cash Equivalents	7,964.3	7,907.6
	(e) Short-term Loans and Advances	1,563.9	1,296.3
	(f) Other Current Assets	837.3	453.0
	Sub total - Current Assets	27,061.6	23,380.5
	TOTAL - ASSETS	54,386.7	52,957.6

[Handwritten Signature]

Notes :

- 1 The company has two segments i.e pharmaceuticals and investing.

Particulars	Quarter ended			Year ended	
	31.03.16	31.12.15	31.03.15	31.03.16	31.03.15
	Audited (Refer Note 4)	Unaudited	Unaudited (Refer Note 5)	Audited	Audited
Segment Revenue					
Pharma Business	11,425.8	12,747.3	9,119.3	49,915.4	37,433.5
Investing #	398.6	327.3	475.8	1,395.9	1,761.2
Unallocated	-	-	-	-	-
Total	11,824.4	13,074.6	9,595.1	51,311.3	39,194.7
Less: Inter Segment Revenue	-	-	-	-	-
Net Sales/ Income from Operation #	11,824.4	13,074.6	9,595.1	51,311.3	39,194.7
Segment Results before, tax and Interest					
Pharma Business	1,347.9	2,112.2	1,195.0	7,726.0	3,558.7
Investing *	366.8	261.0	443.8	1,153.0	1,422.9
Unallocated	-	-	-	-	-
Total	1,714.7	2,373.2	1,638.8	8,879.0	4,981.6
Less :i) Interest*	75.7	103.3	134.9	428.0	473.4
ii) Other Unallocable Expenditure net off	-	-	-	-	-
iii) Unallocable income	-	-	-	-	-
Total Profit Before Tax	1,639.0	2,269.9	1,503.9	8,451.0	4,508.2
Capital Employed (Segment Asset - Segment Liabilities)					
Pharma Business	24,351.7	26,002.7	23,275.8	24,351.7	23,275.8
Investing	13,804.2	15,574.6	16,604.2	13,804.2	16,604.2
Unallocated	(3,129.4)	(5,697.5)	(9,889.5)	(3,129.4)	(9,889.5)
Total	35,026.5	35,879.8	29,990.5	35,026.5	29,990.5

Revenue from investing segment forms part of 'Other income' in the results.

* Interest is allocated to the investing segment on the basis of net assets

- 2 Net Sales / Income from Operation by geographical segment is as shown below :

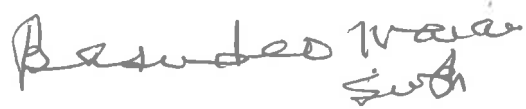
Particulars	Quarter ended			Year ended	
	31.03.16	31.12.15	31.03.15	31.03.16	31.03.15
	Audited (Refer Note 4)	Unaudited	Unaudited (Refer Note 5)	Audited	Audited
Revenue within India	8,172.6	8,929.6	6,952.4	37,051.1	29,582.4
Revenue outside India	3,651.8	4,145.0	2,642.7	14,260.2	9,612.3

- 3 The above audited consolidated financial results of the Company were reviewed and recommended by the Audit Committee on 26 May 2016 and subsequently approved by the Board of Directors at its meeting held on 27 May 2016.
- 4 The figures for the quarter ended 31 March 2016 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 2015, which were subjected to limited review.
- 5 The financial results for the quarter ended 31 March 2015 were not subject to limited review and are as prepared by the management.
- 6 During the year ended 31 March 2016, the Company completed the Initial Public Offering (IPO) of 12,853,442 equity shares of face value ₹ 2 Each ("Equity Shares") of the Company for cash at a price of ₹ 1,050 per equity share (₹ 950 per equity share for eligible employees) through an offer for sale, by the selling shareholders aggregating upto ₹ 13,477.6 million and the equity shares of the Company were listed on the BSE Limited and the National Stock Exchange of India Limited on 23 December 2015. Expenses incurred by the Company in connection with the IPO have been recovered from the selling shareholders.
- 7 During the year ended 31 March 2016, The Company has declared two interim dividends. These two interim dividends constitutes a total payout of ₹ 12.70 per equity share (635% on the face value of ₹ 2 each) for the financial year 2015-16.
- 8 The above results include the results of Indchemie Health Specialities Private Limited and Cachet Pharmaceuticals Private Limited in which the Company acquired 51% stake on 30 March 2015 and 27 March 2015 respectively. Accordingly, the results for the quarter and year ended 31 March 2016 are not strictly comparable with the corresponding previous periods.
- 9 On 5 June 2015, S&B Pharma Inc. USA, a wholly owned subsidiary consummated the acquisition of substantially, all the assets of Long Pharmaceuticals ("Long"), a Missouri Limited Liability Company in USA. The total net consideration paid was US \$ 6.8 million, equivalent to ₹ 434.8 million .
- 10 Until 31 March 2014, the Company accounted for sales returns on actual returns. With effect from 1 April 2014, in line with an opinion of Expert Advisory Committee of the Institute of Chartered Accountants of India on accounting for sales returns, the company has revised its approach by accounting for anticipated sales returns. Accordingly, the results for the year ended 31 March 2015 include a charge for anticipated sales returns with respect to previous years aggregating ₹ 398.3 million and is adjusted in 'Net Sales'.
- 11 During the quarter ended 30 September 2015, the Company had sold brands and trademarks relating to its In Vitro Fertilisation (IVF) formulations for a total consideration of ₹ 205 million. The same is disclosed under 'Other income' in the results for the year ended 31 March 2016.
- 12 During the quarter ended 31 December 2014, the Company had settled some pending legal matters in relation to product infringement claims on the Company by paying ₹ 262.5 million which is disclosed under 'Other Expenses' in the results for the year ended 31 March 2015.
- 13 In accordance with Accounting Standard (AS)- 20 - Earnings Per Share, for the purposes of earnings per share calculations, the number of equity shares outstanding for the quarter and year ended 31 March 2015 has been adjusted for the following corporate actions which were approved by Shareholders of the Company at the EGM on 16 March 2015.
- (i) Sub-division of one equity shares of face value of ₹ 10/- each into 5 equity shares of ₹ 2/- each and
- (ii) Issue of 59,782,500 fully paid up bonus shares of (Face value of ₹ 2 per share)

Basundhar Wadai Singh

- 14 During the quarter ended 31 March 2016, considering future growth requirement of domestic business, the Company has commenced construction of new units at Sikkim which will be entitled for fiscal incentives including benefit under Income tax. Further, Finance Act 2016 has partially extended income tax benefit on R&D expenditure up to fiscal year 2019-20. These factors may result in to lower utilisation of accumulated MAT credit entitlement to the extent of Rs. 834.1 million as at 31 March 2016, which has been charged off and included under tax expense in current quarter and year ended 31 March 2016
- 15 Previous periods' figures have been regrouped/reclassified wherever required, to make them comparable with the figures for the current periods.

By Order of the Board
For Aikem Laboratories Limited



B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Dated: 27 May 2016