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Review report

To Board of Directors of Alkem Laboratories Limited

We have reviewed the accompanying statement of unaudited standalone financial results ('the Statement') of Alkem Laboratories Limited ('the Company') for the quarter ended 31 December 2018 and the year-to-date results for the period from 1 April 2018 to 31 December 2018 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the standalone financial results are 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.

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 i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies 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.

For B S R & Co. LLP
Chartered Accountants

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



Sadashiv Shetty
Partner

Membership No: 048648

Mumbai
8 February 2019

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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Statement of Unaudited Standalone Financial Results for the Quarter and Nine months ended 31 December 2018

(₹ in Million except per share data)

| | Particulars | Quarter ended | | | Nine months ended | | Year ended |
|-----------|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| | | 31.12.2018 Unaudited | 30.09.2018 Unaudited | 31.12.2017 Unaudited | 31.12.2018 Unaudited | 31.12.2017 Unaudited | 31.03.2018 Audited |
| 1 | Income | | | | | | |
| | (a) Revenue from Operations | 15,360.3 | 14,402.2 | 14,228.2 | 42,462.5 | 41,258.2 | 52,817.8 |
| | (b) Other Income | 57.5 | 234.3 | 223.9 | 485.1 | 759.3 | 1,001.4 |
| | Total Income | 15,417.8 | 14,636.5 | 14,452.1 | 42,947.6 | 42,017.5 | 53,819.2 |
| 2 | Expenses | | | | | | |
| | (a) Cost of materials consumed | 3,963.7 | 3,710.5 | 3,638.8 | 10,711.2 | 9,746.7 | 13,276.9 |
| | (b) Purchases of stock-in-trade | 1,821.4 | 1,261.6 | 2,739.8 | 4,979.3 | 6,051.2 | 8,389.5 |
| | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 389.4 | 568.2 | (1,288.9) | 968.8 | 164.2 | (914.2) |
| | (d) Employee benefits expense | 2,440.3 | 2,283.5 | 2,232.7 | 7,151.4 | 6,420.8 | 8,616.3 |
| | (e) Finance costs | 74.5 | 89.4 | 71.8 | 268.1 | 260.1 | 323.7 |
| | (f) Depreciation and amortisation expense | 351.1 | 333.7 | 283.0 | 1,000.9 | 774.7 | 1,076.5 |
| | (g) Other expenses | 3,508.2 | 3,541.9 | 3,768.1 | 10,574.8 | 9,893.4 | 13,707.6 |
| | Total Expenses | 12,548.6 | 11,788.8 | 11,445.3 | 35,654.5 | 33,311.1 | 44,476.3 |
| 3 | Profit before exceptional item and tax (1) - (2) | 2,869.2 | 2,847.7 | 3,006.8 | 7,293.1 | 8,706.4 | 9,342.9 |
| 4 | Exceptional item | - | - | - | - | - | - |
| 5 | Profit before tax (3) - (4) | 2,869.2 | 2,847.7 | 3,006.8 | 7,293.1 | 8,706.4 | 9,342.9 |
| 6 | Tax expense / (credit) | | | | | | |
| | Current tax | 586.1 | 620.3 | 824.5 | 1,546.4 | 2,028.7 | 2,016.6 |
| | Deferred tax | (129.2) | (155.6) | 52.6 | (343.5) | 119.2 | 167.9 |
| | Total Tax expense | 456.9 | 464.7 | 877.1 | 1,202.9 | 2,147.9 | 2,184.5 |
| 7 | Profit for the period after tax (5 - 6) | 2,412.3 | 2,383.0 | 2,129.7 | 6,090.2 | 6,558.5 | 7,158.4 |
| 8 | Other Comprehensive Income (net of tax) | | | | | | |
| | Items that will not be reclassified to profit or loss | 3.0 | 3.1 | (6.2) | 9.2 | (18.6) | (111.1) |
| | Income tax relating to items that will not be reclassified to profit or loss | (1.1) | (1.0) | 2.1 | (3.2) | 6.4 | 38.4 |
| | 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) | 1.9 | 2.1 | (4.1) | 6.0 | (12.2) | (72.7) |
| 9 | Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8) | 2,414.2 | 2,385.1 | 2,125.6 | 6,096.2 | 6,546.3 | 7,085.7 |
| 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 | | | | | | 48,614.5 |
| 12 | Earnings Per Share of ₹ 2 each (not annualised for the quarters) | | | | | | |
| | (a) ₹ (Basic) | 20.18 | 19.93 | 17.81 | 50.94 | 54.85 | 59.87 |
| | (b) ₹ (Diluted) | 20.18 | 19.93 | 17.81 | 50.94 | 54.85 | 59.87 |

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Notes :

- 1 The above unaudited standalone financial results of the Company were reviewed and recommended by the Audit Committee on 7 February 2019 and subsequently approved by the Board of Directors at its meeting held on 8 February 2019. The figures for the quarter and nine months ended 31 December 2018 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 2018.
- 2 The Company operates in one reportable business segment i.e. "Pharmaceuticals".
- 3 Post implementation of Goods and Service Tax ("GST") with effect from 1 July 2017, Revenue from operations is disclosed net of GST. Revenue from operations for the period prior to 1 July 2017 included excise duty which is now subsumed under GST. Accordingly, revenue from operations for the nine months ended 31 December 2018 are not strictly comparable with those of the previous corresponding period presented.
- 4 The Board of Directors in its meeting held on 8 February 2019 have declared an interim dividend of ₹ 8 (Rupees eight only) per equity share of the face value of ₹ 2 each (400%).
- 5 Previous periods' figures have been regrouped/reclassified, where necessary, to make them comparable with the figures for the current period.

By Order of the Board
For Alkem Laboratories Limited



B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Dated: 8 February 2019