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Review report

To Board of Directors of Alkem Laboratories Limited

We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Alkem Laboratories Limited ('the Company') and its subsidiaries listed in Annexure I (collectively referred to as 'the Group') for the quarter ended 30 June 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'). Attention is drawn to the fact that the figures for the 3 months ended 31 March 2018 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

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 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.

We did not review the financial information of two subsidiaries included in the statement of unaudited consolidated financial results, whose unaudited financial information reflect total revenues of Rs. 1,702.3 million for the quarter ended 30 June 2018 and total assets of Rs. 5,582.1 million as at 30 June 2018. These unaudited financial information have been reviewed by other auditors whose reports have been furnished to us, and our opinion on the Statement, to the extent they have been derived from such unaudited financial information is based solely on the reports of such other auditors. Our conclusion is not modified in respect of this matter.

We did not review the financial information of sixteen subsidiaries included in the statement of unaudited consolidated financial results, whose unaudited financial information reflect total revenue of Rs. 1,321.5 million for the quarter ended 30 June 2018 and total assets of Rs. 11,563.1 million as at 30 June 2018. This unaudited financial information has been furnished to us by the Management and our opinion on the unaudited consolidated financial results, to the extent they have been derived from such unaudited financial information is based solely on such Management certified accounts. In our opinion and according to the information and explanations given to us by the management, these unaudited financial information are not material to the Group. Our conclusion is not modified in respect of this matter.



Review report (*Continued*)

Alkem Laboratories Limited

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. Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, and other recognised 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
10 August 2018

Alkem Laboratories Limited

Annexure I to the Review report

1. List of Subsidiaries

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
6.	Alkem Laboratories (PTY) Ltd, South Africa	Wholly Owned Subsidiary
7.	Enzene Biosciences Ltd, India	Wholly Owned Subsidiary
8.	Cachet Pharmaceuticals Pvt Ltd, India	Subsidiary
9.	Indchemie Health Specialities Pvt Ltd, India	Subsidiary
10.	Alkem Laboratories Corporation, Philippines	Wholly Owned Subsidiary
11.	Alkem Pharma GmbH, Germany	Wholly Owned Subsidiary
12.	Ascends Laboratories SDN BHD., Malaysia	Wholly Owned Subsidiary
13.	Ascends Laboratories SpA, Chile (Ascend Chile)	Wholly Owned Subsidiary
14.	Pharma Network SpA, Chile	Wholly Owned Subsidiary of Ascend Chile
15.	Alkem Laboratories Korea Inc, Korea	Wholly Owned Subsidiary
16.	Pharmacor Ltd., Kenya	Wholly Owned Subsidiary
17.	The PharmaNetwork, LLP, Kazakhstan	Wholly Owned Subsidiary
18.	Ascend Laboratories (UK) Ltd., UK	Wholly Owned Subsidiary
19.	Ascend Laboratories Ltd., Canada	Wholly Owned Subsidiary
20.	Alkem Foundation	Wholly Owned Subsidiary
21.	Alkem Laboratories (NIG) Limited, Nigeria	Wholly Owned Subsidiary (Upto 6 May 2018)



ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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

Statement of Unaudited Consolidated Financial Results for the Quarter ended 30 June 2018

(₹ in Million except per share data)

	Particulars	Quarter ended			Year ended
		30.06.2018 Unaudited	31.03.2018 Audited	30.06.2017 Unaudited	31.03.2018 Audited
1	Income				
	(a) Revenue from Operations	16,694.6	15,132.3	13,125.4	64,311.8
	(b) Other Income	162.5	178.7	294.9	959.5
	Total Income	16,857.1	15,311.0	13,420.3	65,271.3
2	Expenses				
	(a) Cost of materials consumed	3,639.7	4,183.3	4,233.8	15,672.3
	(b) Purchases of stock-in-trade	3,332.3	2,510.6	2,466.2	10,358.9
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(311.2)	(533.6)	(1,076.1)	(902.2)
	(d) Employee benefits expense	3,394.5	2,986.8	2,737.9	11,916.4
	(e) Finance costs	162.6	104.4	125.6	553.3
	(f) Depreciation and amortisation expense	424.5	403.3	306.3	1,430.3
	(g) Other expenses	4,497.0	4,847.7	3,819.9	16,982.5
	Total Expenses	15,139.4	14,502.5	12,613.6	56,011.5
3	Profit before exceptional item and tax (1) - (2)	1,717.7	808.5	806.7	9,259.8
4	Exceptional item	-	-	-	-
5	Profit before tax (3) - (4)	1,717.7	808.5	806.7	9,259.8
6	Tax expense / (Credit)				
	Current tax	395.8	122.2	426.6	2,425.2
	Deferred tax	(50.8)	23.0	(257.7)	450.4
	Total Tax expense	345.0	145.2	168.9	2,875.6
7	Profit for the period (5) - (6)	1,372.7	663.3	637.8	6,384.2
8	Other Comprehensive Income (net of tax)				
	Items that will not be reclassified to profit or loss	10.9	(117.7)	(4.5)	(105.4)
	Income tax relating to items that will not be reclassified to profit or loss	(3.6)	41.3	1.5	37.1
	Items that will be reclassified to profit or loss	279.5	53.2	(59.2)	(121.3)
	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Total other Comprehensive Income (net of tax)	286.8	(23.2)	(62.2)	(189.6)
9	Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8)	1,659.5	640.1	575.6	6,194.6
10	Profit attributable to				
	a) Owners of the Company	1,361.5	670.8	715.6	6,309.4
	b) Non-Controlling Interest	11.2	(7.5)	(77.8)	74.8
11	Other Comprehensive Income attributable to				
	a) Owners of the Company	284.5	(24.3)	(62.7)	(190.7)
	b) Non-Controlling Interest	2.3	1.1	0.5	1.1
12	Total Comprehensive Income attributable to				
	a) Owners of the Company	1,646.0	646.5	652.9	6,118.7
	b) Non-Controlling Interest	13.5	(6.4)	(77.3)	75.9
13	Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1
14	Other equity				48,398.6
15	Earnings Per Share of ₹2 each (not annualised for quarters)				
	(a) ₹ (Basic)	11.39	5.61	5.99	52.77
	(b) ₹ (Diluted)	11.39	5.61	5.99	52.77

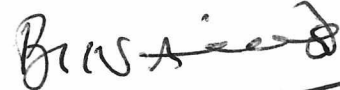
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Notes :

- 1 The above unaudited financial results of the Company were reviewed and recommended by the Audit Committee on 9 August 2018 and subsequently approved by the Board of Directors at its meeting held on 10 August 2018. The figures for the quarter ended 30 June 2018 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion on the financial results for three months ended 30 June 2018. The figures for the quarter ended 31 March 2018 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures upto nine months ended 31 December 2017, which were subjected to limited review.
- 2 The Group 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 quarter ended 30 June 2018 are not strictly comparable with those of the previous corresponding period presented.
- 4 During the quarter ended 30 June 2018, the Company's wholly owned subsidiary Alkem Laboratories (NIG) Limited, Nigeria has been liquidated with effect from 6 May 2018.
- 5 Previous periods' figures have been regrouped/reclassified, where necessary, to make them comparable with the figures for the current period.

Place: Mumbai
Dated: 10 August 2018

By Order of the Board
For Alkem Laboratories Limited



B.N. Singh
Executive Chairman
DIN: 00760310

B S R & Co. LLP

Chartered Accountants

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Mumbai - 400 011
India

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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 30 June 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'). Attention is drawn to the fact that the figures for the 3 months ended 31 March 2018 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

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 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. Indian Accounting Standards (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
10 August 2018

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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Statement of Unaudited Standalone Financial Results for the Quarter ended 30 June 2018

(₹ in Million except per share data)

	Particulars	Quarter ended		Year ended	
		30.06.2018 Unaudited	31.03.2018 Audited	30.06.2017 Unaudited	31.03.2018 Audited
1	Income				
	(a) Revenue from Operations	12,803.6	11,652.7	11,444.5	53,002.6
	(b) Other Income	89.7	149.0	237.7	816.6
	Total Income	12,893.3	11,801.7	11,682.2	53,819.2
2	Expenses				
	(a) Cost of materials consumed	3,037.0	3,530.2	3,768.3	13,276.9
	(b) Purchases of stock-in-trade	1,896.3	2,338.3	1,840.3	8,389.5
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	11.2	(1,078.4)	(592.0)	(914.2)
	(d) Employee benefits expense	2,427.6	2,195.5	1,967.0	8,616.3
	(e) Finance costs	104.2	63.6	75.3	323.7
	(f) Depreciation and amortisation expense	316.1	301.8	234.2	1,076.5
	(g) Other expenses	3,524.7	3,814.2	2,946.6	13,707.6
	Total Expenses	11,317.1	11,165.2	10,239.7	44,476.3
3	Profit before exceptional item and tax (1) - (2)	1,576.2	636.5	1,442.5	9,342.9
4	Exceptional item	-	-	-	-
5	Profit before tax (3) - (4)	1,576.2	636.5	1,442.5	9,342.9
6	Tax expense / (Credit)				
	Current tax	340.0	(12.1)	299.0	2,016.6
	Deferred tax	(58.7)	48.7	22.3	167.9
	Total Tax expense	281.3	36.6	321.3	2,184.5
7	Profit for the period after tax (5 - 6)	1,294.9	599.9	1,121.2	7,158.4
8	Other Comprehensive Income (net of tax)				
	Items that will not be reclassified to profit or loss	3.1	(92.5)	(6.2)	(111.1)
	Income tax relating to items that will not be reclassified to profit or loss	(1.1)	32.0	2.1	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)	2.0	(60.5)	(4.1)	(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)	1,296.9	539.4	1,117.1	7,085.7
10	Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	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)	10.83	5.02	9.38	59.87
	(b) ₹ (Diluted)	10.83	5.02	9.38	59.87

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Notes :

- 1 The above unaudited financial results of the Company were reviewed and recommended by the Audit Committee on 9 August 2018 and subsequently approved by the Board of Directors at its meeting held on 10 August 2018. The figures for the quarter ended 30 June 2018 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion on the financial results for three months ended 30 June 2018. The figures for the quarter ended 31 March 2018 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures upto nine months ended 31 December 2017, which were subjected to limited review.
- 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 quarter ended 30 June 2018 are not strictly comparable with those of the previous corresponding period presented.
- 4 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: 10 August 2018