

B S R & Co. LLP

Chartered Accountants

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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 30 June 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. Attention is drawn to the fact that the figures for the 3 months ended 31 March 2019 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.
5. 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: 19048648AAAABH3980

Mumbai
12 August 2019

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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Statement of Unaudited Standalone Financial Results for the Quarter ended 30 June 2019

(₹ in Million except per share data)

	Particulars	Quarter ended			Year ended
		30.06.2019 Unaudited	31.03.2019 Audited	30.06.2018 Unaudited	31.03.2019 Audited
1	Income				
	(a) Revenue from operations	14,985.1	14,678.4	12,699.0	57,140.9
	(b) Other income	127.2	190.7	194.3	675.8
	Total Income	15,112.3	14,869.1	12,893.3	57,816.7
2	Expenses				
	(a) Cost of materials consumed	4,633.7	4,261.0	3,037.0	14,972.2
	(b) Purchases of stock-in-trade	2,017.0	1,901.6	1,896.3	6,880.9
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(937.6)	(103.2)	11.2	865.6
	(d) Employee benefits expense	2,835.8	2,449.5	2,427.6	9,600.9
	(e) Finance costs	91.5	14.5	104.2	282.6
	(f) Depreciation and amortisation expense	401.3	409.8	316.1	1,410.7
	(g) Other expenses	3,785.0	3,789.4	3,524.7	14,364.2
	Total Expenses	12,826.7	12,722.6	11,317.1	48,377.1
3	Profit before exceptional item and tax (1) - (2)	2,285.6	2,146.5	1,576.2	9,439.6
4	Exceptional item	-	-	-	-
5	Profit before tax (3) - (4)	2,285.6	2,146.5	1,576.2	9,439.6
6	Tax expense / (credit)				
	Current tax	532.3	457.7	340.0	2,004.1
	Deferred tax	(352.9)	(219.4)	(58.7)	(562.9)
	Total Tax Expense	179.4	238.3	281.3	1,441.2
7	Profit for the period after tax (5 - 6)	2,106.2	1,908.2	1,294.9	7,998.4
8	Other Comprehensive Income (net of tax)				
	Items that will not be reclassified to profit or loss	(5.8)	(73.5)	3.1	(64.3)
	Income tax relating to items that will not be reclassified to profit or loss	2.0	25.7	(1.1)	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)	(47.8)	2.0	(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)	2,102.4	1,860.4	1,296.9	7,956.6
10	Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	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)	17.62	15.96	10.83	66.90
	(b) ₹ (Diluted)	17.62	15.96	10.83	66.90

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Notes :

- 1 The above unaudited standalone financial results of the Company were reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at their meeting held on 12 August 2019. The figures for the quarter ended 30 June 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 ended 30 June 2019. The figures for the quarter ended 31 March 2019 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 2018, which were subjected to limited review and not subjected to audit.
- 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 ended 30 June 2019 is lower by **Rs.5.4 million**. 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 The Company operates in one reportable business segment i.e. "Pharmaceuticals".

By Order of the Board
For Alkem Laboratories Limited



B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 12 August 2019