

B S R & Co. LLP

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Independent Auditor's Report on Standalone Financial 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 standalone annual financial results of Alkem Laboratories Limited ('the Company') for the year ended 31 March 2019 ('standalone annual financial results'), 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 figures for the last quarter ended 31 March 2019 and the corresponding quarter ended in the previous year as reported in these standalone annual 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 figures up to the end of the third quarter had only been reviewed and not subjected to audit.

These standalone annual financial results have been prepared on the basis of the annual financial statements and reviewed standalone quarterly financial results upto the end of third quarter, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these standalone annual financial results based on our audit of the annual standalone financial statements which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per 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.

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 financial results are 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.

In our opinion and to the best of our information and according to the explanations given to us, these financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (ii) give a true and fair view of the financial performance including other comprehensive income and other financial information for the year ended 31 March 2019.

For B S R & Co. LLP
Chartered Accountants

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



Sadashiv Shetty
Partner

Membership No: 048648

Mumbai
30 May 2019

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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Statement of Audited Standalone Financial Results for the Quarter and Year ended 31 March 2019

(₹ in Million except per share data)

Particulars	Quarter ended			Year ended	
	31.03.2019 Audited	31.12.2018 Unaudited	31.03.2018 Audited	31.03.2019 Audited	31.03.2018 Audited
1 Income					
(a) Revenue from Operations	14,678.4	15,360.3	11,551.9	57,140.9	52,810.1
(b) Other Income	190.7	57.5	249.8	675.8	1,009.1
Total Income	14,869.1	15,417.8	11,801.7	57,816.7	53,819.2
2 Expenses					
(a) Cost of materials consumed	4,261.0	3,963.7	3,530.2	14,972.2	13,276.9
(b) Purchases of stock-in-trade	1,901.6	1,821.4	2,338.3	6,880.9	8,389.5
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(103.2)	389.4	(1,078.4)	865.6	(914.2)
(d) Employee benefits expense	2,449.5	2,440.3	2,195.5	9,600.9	8,616.3
(e) Finance costs	14.5	74.5	63.6	282.6	323.7
(f) Depreciation and amortisation expense	409.8	351.1	301.8	1,410.7	1,076.5
(g) Other expenses	3,789.4	3,508.2	3,814.2	14,364.2	13,707.6
Total Expenses	12,722.6	12,548.6	11,165.2	48,377.1	44,476.3
3 Profit before exceptional item and tax (1) - (2)	2,146.5	2,869.2	636.5	9,439.6	9,342.9
4 Exceptional item	-	-	-	-	-
5 Profit before tax (3) - (4)	2,146.5	2,869.2	636.5	9,439.6	9,342.9
6 Tax expense / (credit)					
Current tax	457.7	586.1	(12.1)	2,004.1	2,016.6
Deferred tax	(219.4)	(129.2)	48.7	(562.9)	167.9
Total Tax expense	238.3	456.9	36.6	1,441.2	2,184.5
7 Profit for the period after tax (5 - 6)	1,908.2	2,412.3	599.9	7,998.4	7,158.4
8 Other Comprehensive Income (net of tax)					
Items that will not be reclassified to profit or loss	(73.5)	3.0	(92.5)	(64.3)	(111.1)
Income tax relating to items that will not be reclassified to profit or loss	25.7	(1.1)	32.0	22.5	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)	(47.8)	1.9	(60.5)	(41.8)	(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)	1,860.4	2,414.2	539.4	7,956.6	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
11 Other Equity				54,413.0	48,614.5
12 Earnings Per Share of ₹ 2 each (not annualised for the quarters)					
(a) ₹ (Basic)	15.96	20.18	5.02	66.90	59.87
(b) ₹ (Diluted)	15.96	20.18	5.02	66.90	59.87

B. V. A. S.

Statement of Assets and Liabilities As at 31 March 2019

(₹ in Million)

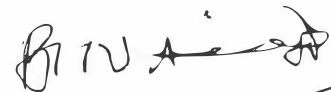
Particulars	As at 31 March 2019 (Audited)	As at 31 March 2018 (Audited)
I. ASSETS		
1 Non-current assets		
(a) Property, plant and equipment	15,737.6	14,398.5
(b) Capital work-in-progress	3,815.9	2,989.2
(c) Intangible assets	326.2	311.4
(d) Investment in subsidiaries	13,821.7	11,051.1
(e) Financial Assets		
(i) Investments	942.5	983.1
(ii) Loans	127.3	1,074.9
(iii) Others financial assets	161.2	253.0
(f) Deferred tax assets (net)	6,365.9	5,780.5
(g) Non current tax assets (net)	262.3	237.0
(h) Other non-current assets	554.1	746.1
Total Non-current assets	42,114.7	37,824.8
2 Current assets		
(a) Inventories	9,912.8	10,241.6
(b) Financial Assets		
(i) Investments	2,191.8	3,410.8
(ii) Trade receivables	9,666.4	8,750.0
(iii) Cash and cash equivalents	1,614.4	51.6
(iv) Bank balances other than (iii) above	2,365.0	2,731.4
(v) Loans	262.5	343.8
(vi) Others financial assets	1,010.4	1,316.3
(c) Other current assets	3,603.8	3,471.4
(d) Non-current assets held for sale	179.7	-
Total Current assets	30,806.8	30,316.9
TOTAL ASSETS	72,921.5	68,141.7
II. EQUITY AND LIABILITIES		
1 Equity		
(a) Equity share capital	239.1	239.1
(b) Other Equity	54,413.0	48,614.5
Total Equity	54,652.1	48,853.6
2 Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	63.2	63.3
(b) Provisions	1,688.3	1,260.3
(c) Other non-current liabilities	92.3	97.7
Total Non-Current liabilities	1,843.8	1,421.3
3 Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	4,966.4	5,411.9
(ii) Trade payables		
Dues of Micro and Small Enterprises	346.8	749.1
Dues of creditors other than Micro and Small Enterprises	7,194.1	7,436.5
(iii) Other financial liabilities	2,131.6	2,525.6
(b) Other current liabilities	742.0	719.1
(c) Provisions	1,037.8	1,024.6
(d) Current tax Liabilities (Net)	6.9	-
Total Current liabilities	16,425.6	17,866.8
TOTAL EQUITY AND LIABILITIES	72,921.5	68,141.7

B. W. A. S.

Notes :

- 1 The above audited 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 30 May 2019. The auditors have expressed an unmodified opinion on the financial results for the year ended 31 March 2019. The figures for the quarter ended 31 March 2019 and 31 March 2018 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 and 31 December 2017 respectively, 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 year ended 31 March 2019 are not strictly comparable with those of the previous corresponding period presented.
- 4 Other Expenses for the quarter and year ended 31 March 2018 includes **Rs.282.5 million** and **Rs.263.1 million** respectively on account of net loss on fair valuation of current investments, including loss of **Rs.369.1 million** and **Rs.380.1 million** respectively on account of fair valuation of investment in real estate fund as per the report of independent valuers. Corresponding net loss on account of fair valuation of current investments for the quarter and year ended 31 March 2019 amounts to **Rs.22.5 million** and **Rs.43.8 million** respectively.
- 5 During the year ended 31 March 2019, the Company has paid an interim dividend of ₹ 8 (Rupees eight only) per equity share (400.0 % on the face value of ₹ 2 each) for the financial year 2018-19. The Board of Directors at its meeting held on 30 May 2019 has recommended a final dividend of ₹ 8 (Rupees eight only) per equity share (400.0 % on the face value of ₹ 2 each) for the financial year 2018-19.

By Order of the Board
For Alkem Laboratories Limited



B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 30 May 2019