

B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway, Goregaon (East),
Mumbai - 400 063, India

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

Limited Review Report on unaudited consolidated financial results of Alkem Laboratories Limited for the quarter ended 31 December 2021 and year-to-date results for the period from 01 April 2021 to 31 December 2021 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Alkem Laboratories Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Alkem Laboratories Limited ("the Parent"), and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter ended 31 December 2021 and year-to-date results for the period from 01 April 2021 to 31 December 2021 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's 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 express a conclusion 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the entities mentioned in Annexure I to the Statement.
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, 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.
6. We did not review the interim financial results of 6 subsidiaries included in the Statement, whose interim financial results reflect total revenues (before consolidation adjustments) of Rs. 3,793 million and Rs. 11,848 million, total net profit after tax (before consolidation adjustments) of Rs. 271 million and Rs. 973 million and total comprehensive income (before consolidation adjustments) of Rs. 265 million and Rs. 901 million for the quarter ended 31 December 2021 and for the period from 01 April 2021 to 31 December 2021 respectively, as considered in the unaudited consolidated financial results. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Parent's management and our conclusion on the Statement, 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 and the procedures performed by us as stated in paragraph 3 above.

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Our conclusion is not modified in respect of this matter.

7. Some of these subsidiaries located outside India whose interim financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Parent's management has converted the interim financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Parent's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Parent and reviewed by us.

Our conclusion is not modified in respect of this matter.

8. The Statement includes the interim financial information of 13 subsidiaries which have not been reviewed, whose interim financial information reflects total revenues (before consolidation adjustments) of Rs. 365 million and Rs. 1,167 million, total net loss after tax (before consolidation adjustments) of Rs. 14 million and Rs. 34 million and total comprehensive loss (before consolidation adjustments) of Rs. 15 million and Rs. 46 million for the quarter ended 31 December 2021 and for the period from 01 April 2021 to 31 December 2021 respectively, as considered in the Statement. According to the information and explanations given to us by the Parent's management, these interim financial information are not material to the Group.

Our conclusion is not modified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

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Balajirao Pothana
Partner

Membership No.: 122632
UDIN:22122632AAIMZK3630

Mumbai
04 February 2022

Annexure I

List of entities included in unaudited consolidated financial results.

Sr. No	Name of component	Relationship
1.	S & B Holdings B.V., Netherlands (S&B Holdings)	Wholly Owned Subsidiary
2.	ThePharmaNetwork, LLC, USA (TPN)	Wholly Owned Subsidiary
3.	Ascend Laboratories LLC, USA	Wholly Owned Subsidiary of TPN
4.	S & B Pharma LLC (w.e.f. 8 April 2020)	Wholly owned Subsidiary of TPN
5.	S & B Pharma Inc., USA	Wholly Owned Subsidiary of TPN (upto 05 January 2022)
6.	Pharmacor Pty Limited, Australia	Wholly Owned Subsidiary
7.	Ascend Laboratories (PTY) Ltd, South Africa (formerly known as Alkem Laboratories (PTY) Ltd)	Wholly Owned Subsidiary
8.	Enzene Biosciences Ltd, India	Subsidiary
9.	Cachet Pharmaceuticals Pvt Ltd, India	Subsidiary
10.	Indchemie Health Specialities Pvt Ltd, India	Subsidiary
11.	Alkem Laboratories Corporation, Philippines	Wholly Owned Subsidiary
12.	Ascend GmbH, Germany	Wholly Owned Subsidiary
13.	Ascend Laboratories SDN BHD., Malaysia	Wholly Owned Subsidiary
14.	Ascend Laboratories SpA, Chile (Ascend Chile)	Wholly Owned Subsidiary
15.	Pharma Network SpA, Chile	Wholly Owned Subsidiary of Ascend Chile
16.	Ascend Laboratories S.A. DE C.V., Mexico	Wholly Owned Subsidiary of Ascend Chile
17.	Alkem Laboratories Korea Inc, Korea	Wholly Owned Subsidiary
18.	Pharmacor Ltd., Kenya	Wholly Owned Subsidiary
19.	The Pharma Network, LLP, Kazakhstan	Wholly Owned Subsidiary
20.	Ascend Laboratories (UK) Ltd., UK	Wholly Owned Subsidiary
21.	Ascend Laboratories Ltd., Canada	Wholly Owned Subsidiary

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22.	Alkem Foundation, India	Wholly Owned Subsidiary
23	Connect 2 Clinic Private Limited (w.e.f. 12 June 2020), India	Wholly Owned Subsidiary
24.	Ascend Laboratories S.A.S, Colombia	Wholly Owned Subsidiary

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

Regd. Office and Corporate Office: Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, Maharashtra, India.

Tel No:91 22 3982 9999 Fax No: +91 22 2492 7190

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

Unaudited Statement of Consolidated Financial Results for the Quarter and Nine months ended 31 December 2021

(₹ in Million except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2021 Unaudited	30.09.2021 Unaudited	31.12.2020 Unaudited	31.12.2021 Unaudited	31.12.2020 Unaudited	31.03.2021 Audited
1 Income						
(a) Revenue from Operations	26,189.8	27,999.9	23,180.5	81,503.3	66,728.5	88,650.1
(b) Other Income	535.2	419.6	964.0	1,421.3	1,869.3	2,332.1
Total Income	26,725.0	28,419.5	24,144.5	82,924.6	68,597.8	90,982.2
2 Expenses						
(a) Cost of materials consumed	7,809.1	7,731.6	7,188.1	23,248.9	17,311.7	23,945.4
(b) Purchases of stock-in-trade	3,788.8	4,560.9	3,772.6	11,877.1	10,921.6	14,377.6
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,631.1)	(1,717.8)	(2,083.9)	(3,636.6)	(2,678.5)	(3,338.4)
(d) Employee benefits expense	4,709.0	4,944.9	4,097.5	14,972.2	12,119.9	16,210.3
(e) Finance costs	105.7	119.7	130.7	354.0	482.1	589.2
(f) Depreciation and amortisation expense	774.6	728.3	690.0	2,208.2	2,060.7	2,745.8
(g) Other expenses	6,529.5	6,236.5	4,915.1	17,884.8	12,540.9	18,031.3
Total Expenses	22,085.6	22,604.1	18,710.1	66,908.6	52,758.4	72,561.2
3 Profit before exceptional items and tax (1) - (2)	4,639.4	5,815.4	5,434.4	16,016.0	15,839.4	18,421.0
4 Exceptional items	-	-	-	-	-	-
5 Profit before tax (3) + (4)	4,639.4	5,815.4	5,434.4	16,016.0	15,839.4	18,421.0
6 Tax expense / (credit)						
(a) Current tax	921.8	1,082.6	1,011.7	3,186.3	3,154.2	3,965.3
(b) Deferred tax (Refer Note 2)	(1,615.9)	(852.5)	(215.8)	(2,891.4)	(1,000.3)	(1,722.0)
Total Tax Expense (a + b)	(694.1)	230.1	795.9	294.9	2,153.9	2,243.3
7 Profit for the period (5) - (6)	5,333.5	5,585.3	4,638.5	15,721.1	13,685.5	16,177.7
8 Other Comprehensive Income (net of tax)						
(a) (i) Items that will not be reclassified to profit or loss	(14.6)	(36.8)	(26.4)	(72.9)	(32.1)	(89.2)
(ii) Income tax relating to items that will not be reclassified to profit or loss	4.5	13.1	7.5	26.5	9.6	29.9
(b) (i) Items that will be reclassified to profit or loss	52.7	58.7	(103.2)	126.9	(321.8)	(283.7)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other Comprehensive Income (net of tax)	42.6	35.0	(122.1)	80.5	(344.3)	(343.0)
9 Total Comprehensive Income for the period (7) + (8)	5,376.1	5,620.3	4,516.4	15,801.6	13,341.2	15,834.7
10 Profit attributable to						
a) Owners of the Company	5,256.6	5,442.6	4,509.6	15,380.4	13,450.3	15,850.2
b) Non-Controlling Interest	76.9	142.7	128.9	340.7	235.2	327.5
11 Other Comprehensive Income attributable to						
a) Owners of the Company	41.7	41.9	(115.3)	87.5	(338.1)	(339.6)
b) Non-Controlling Interest	0.9	(6.9)	(6.8)	(7.0)	(6.2)	(3.4)
12 Total Comprehensive Income attributable to						
a) Owners of the Company	5,298.3	5,484.5	4,394.3	15,467.9	13,112.2	15,510.6
b) Non-Controlling Interest	77.8	135.8	122.1	333.7	229.0	324.1
13 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1	239.1	239.1
14 Other Equity						73,528.2
15 Earnings Per Share (not annualised for the periods)						
(a) Basic (₹)	43.96	45.52	37.72	128.64	112.49	132.57
(b) Diluted (₹)	43.96	45.52	37.72	128.64	112.49	132.57

Notes to the Consolidated Financial results:

- 1 The above unaudited consolidated financial results of the Company were reviewed and recommended by the Audit Committee on 3 February 2022 and subsequently approved by the Board of Directors at its meeting held on 4 February 2022. The auditors have issued an unmodified report on the financial results for the quarter and nine months ended 31 December 2021.
- 2 Pursuant to the Board of Directors approval at its meeting held on 25 May 2021 on the proposed plan for restructuring of the USA business operations by bringing both the subsidiaries namely, S & B Pharma Inc, USA ("S & B") and The PharmaNetwork LLC, USA ("TPNC") under a single umbrella by removing intermediary holding company S & B Holdings BV, Netherlands ("S & B BV"), the Company on 4 October 2021 has consummated the transaction whereby TPNC acquired 100% shares of S&B from the Company in exchange of TPNC's shares. Subsequently, with effect from 5 January 2022, S & B now stands dissolved and all its assets and liabilities are now transferred by TPNC as capital contribution in its subsidiary S & B Pharma LLC. Consequently, TPNC has recognised deferred tax asset on carry forward losses of erstwhile S & B amounting to Rs.1,086.0 million.
- 3 The Board of Directors at its meeting held on 4 February 2022 have declared an interim dividend of ₹ 30 (Rupees Thirty only) per equity share (1500% on the face value of ₹ 2 each) for the financial year ending 2021-22.
- 4 The Group operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.

By Order of the Board
For Alkem Laboratories Limited

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Singh

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B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 4 February 2022