

**Limited review report**

**To 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 2019 and year to date results for the period from 1 April 2019 to 31 December 2019 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (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 SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

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



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<b>Sr. No.</b>	<b>Name of entity</b>	<b>Relationship</b>
6.	Alkem Laboratories (NIG) Limited, Nigeria	Wholly Owned Subsidiary (Upto 6 May 2018)
7.	Alkem Laboratories (PTY) Ltd, South Africa	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.	Alkem Laboratories Korea Inc, Korea	Wholly Owned Subsidiary
17.	Pharmacor Ltd., Kenya	Wholly Owned Subsidiary
18.	The PharmaNetwork, LLP, Kazakhstan	Wholly Owned Subsidiary
19.	Ascend Laboratories (UK) Ltd., UK	Wholly Owned Subsidiary
20.	Ascend Laboratories Ltd., Canada	Wholly Owned Subsidiary
21.	Alkem Foundation	Wholly Owned Subsidiary
22.	Ascend Laboratories S.A.S, Colombia	Wholly Owned Subsidiary (w.e.f. 4 June 2019)

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 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 statements/ financial information/ financial results of two subsidiaries included in the Statement, whose interim financial statements/ financial information/ financial results reflect total revenues of Rs 2,063.1 million and Rs. 6,392.2 million, total net profit after tax of Rs. 171.5 million and Rs 408.6 million and total comprehensive income of Rs 165.9 million and Rs 386.9 million, for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the consolidated unaudited financial results. These interim financial statements/ financial information/ financial results have been reviewed by other auditors whose reports have been furnished to us 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.

Our conclusion on the Statement is not modified in respect of the above matters.



**Limited review report (*Continued*)**

**Alkem Laboratories Limited**

7. The Statement includes the interim financial statements/ financial information/ financial results of seventeen subsidiaries which have not been reviewed, whose interim financial statements/ financial information/ financial results reflect total revenue of Rs. 1,526.6 million and Rs. 4190.5 million, total net loss after tax of Rs. 502.2 million and Rs. 1502.4 million and total comprehensive income of Rs. (514.7) million and Rs. (1,501.7) million for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the Statement. According to the information and explanations given to us by the management, these interim financial statements/ financial information/ financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter

For **B S R & Co. LLP**

*Chartered Accountants*

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



**Sadashiv Shetty**

*Partner*

Mumbai  
7 February 2020

Membership No: 048648  
UDIN: 20048648AAAAAH3076

# ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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## Statement of Unaudited Consolidated Financial Results for the Quarter and Nine months ended 31 December 2019

(₹ in Million except per share data)

	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2019 Unaudited	30.09.2019 Unaudited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Unaudited	31.03.2019 Audited
<b>1</b>	<b>Income</b>						
	(a) Revenue from operations	21,818.4	22,640.3	19,263.2	62,953.7	55,041.6	73,571.9
	(b) Other income	278.6	314.2	75.8	767.5	588.7	877.0
	<b>Total Income</b>	<b>22,097.0</b>	<b>22,954.5</b>	<b>19,339.0</b>	<b>63,721.2</b>	<b>55,630.3</b>	<b>74,448.9</b>
<b>2</b>	<b>Expenses</b>						
	(a) Cost of materials consumed	5,494.2	5,284.7	4,687.3	16,232.6	13,010.6	18,111.4
	(b) Purchases of stock-in-trade	3,834.3	3,668.2	3,144.8	10,946.4	8,088.6	11,301.9
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(984.2)	90.1	147.7	(2,673.5)	594.7	36.4
	(d) Employee benefits expense	3,956.2	3,896.3	3,463.5	11,755.7	10,136.6	13,624.6
	(e) Finance costs	170.4	177.5	153.8	509.1	480.4	546.3
	(f) Depreciation and amortisation expense	594.8	564.0	476.9	1,717.1	1,359.1	1,931.8
	(g) Other expenses	4,985.2	5,175.1	4,684.4	14,988.9	14,401.8	19,349.9
	<b>Total Expenses</b>	<b>18,050.9</b>	<b>18,855.9</b>	<b>16,758.4</b>	<b>53,476.3</b>	<b>48,071.8</b>	<b>64,902.3</b>
<b>3</b>	<b>Profit before exceptional items and tax (1) - (2)</b>	<b>4,046.1</b>	<b>4,098.6</b>	<b>2,580.6</b>	<b>10,244.9</b>	<b>7,558.5</b>	<b>9,546.6</b>
<b>4</b>	<b>Exceptional items</b>	-	-	-	-	-	-
<b>5</b>	<b>Profit before tax (3) - (4)</b>	<b>4,046.1</b>	<b>4,098.6</b>	<b>2,580.6</b>	<b>10,244.9</b>	<b>7,558.5</b>	<b>9,546.6</b>
<b>6</b>	<b>Tax expense / (credit)</b>						
	(a) Current tax	740.4	776.5	692.3	2,151.7	1,790.6	2,291.7
	(b) Deferred tax	(240.9)	(483.1)	(166.2)	(1,131.5)	(263.5)	(481.5)
	<b>Sub-total (a + b)</b>	<b>499.5</b>	<b>293.4</b>	<b>526.1</b>	<b>1,020.2</b>	<b>1,527.1</b>	<b>1,810.2</b>
	(c) Tax adjustment of earlier periods	(353.0)	-	-	(353.0)	-	-
	<b>Total Tax Expense (a + b + c)</b>	<b>146.5</b>	<b>293.4</b>	<b>526.1</b>	<b>667.2</b>	<b>1,527.1</b>	<b>1,810.2</b>
<b>7</b>	<b>Profit for the period (5) - (6)</b>	<b>3,899.6</b>	<b>3,805.2</b>	<b>2,054.5</b>	<b>9,577.7</b>	<b>6,031.4</b>	<b>7,736.4</b>
<b>8</b>	<b>Other Comprehensive Income (net of tax)</b>						
	Items that will not be reclassified to profit or loss	(13.5)	(20.8)	(3.2)	(46.9)	9.2	(69.4)
	Income tax relating to items that will not be reclassified to profit or loss	4.2	6.3	1.1	13.8	(3.5)	23.7
	Items that will be reclassified to profit or loss	117.2	101.4	(374.0)	87.2	342.0	355.7
	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	<b>Total Other Comprehensive Income (net of tax)</b>	<b>107.9</b>	<b>86.9</b>	<b>(376.1)</b>	<b>54.1</b>	<b>347.7</b>	<b>310.0</b>
<b>9</b>	<b>Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8)</b>	<b>4,007.5</b>	<b>3,892.1</b>	<b>1,678.4</b>	<b>9,631.8</b>	<b>6,379.1</b>	<b>8,046.4</b>
<b>10</b>	<b>Profit attributable to</b>						
	a) Owners of the Company	3,819.8	3,708.5	2,025.3	9,383.0	5,931.5	7,605.1
	b) Non-Controlling Interest	79.8	96.7	29.2	194.7	99.9	131.3
<b>11</b>	<b>Other Comprehensive Income attributable to</b>						
	a) Owners of the Company	110.5	91.9	(374.0)	64.2	347.5	311.1
	b) Non-Controlling Interest	(2.6)	(5.0)	(2.1)	(10.1)	0.2	(1.1)
<b>12</b>	<b>Total Comprehensive Income attributable to</b>						
	a) Owners of the Company	3,930.3	3,800.4	1,651.3	9,447.2	6,279.0	7,916.2
	b) Non-Controlling Interest	77.2	91.7	27.1	184.6	100.1	130.2
<b>13</b>	<b>Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)</b>	<b>239.1</b>	<b>239.1</b>	<b>239.1</b>	<b>239.1</b>	<b>239.1</b>	<b>239.1</b>
<b>14</b>	<b>Other Equity</b>						<b>54,154.3</b>
<b>15</b>	<b>Earnings Per Share of ₹2 each (not annualised for the quarters)</b>						
	(a) ₹ (Basic)	31.95	31.02	16.94	78.48	49.61	63.61
	(b) ₹ (Diluted)	31.95	31.02	16.94	78.48	49.61	63.61



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**Notes :**

- 1 The above unaudited consolidated financial results of the Company were reviewed and recommended by the Audit Committee on 6 February 2020 and subsequently approved by the Board of Directors at its meeting held on 7 February 2020. The figures for the quarter and nine months ended 31 December 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 and nine months ended 31 December 2019.
- 2 Effective 1 April 2019, the Group 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.947.2 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 and nine months ended 31 December 2019 is lower by **Rs.14.0 million and Rs.25.9 million** respectively. 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 Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on 20 September 2019 which is effective 1 April 2019, domestic companies have the option to pay corporate income tax rate at 22% plus applicable surcharge and cess subject to certain conditions. The Company and its subsidiaries incorporated in India have made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit.
- 4 As per Ind AS 103, purchase consideration for acquisition of certain assets from AbbVie Inc., USA. on 30 December 2019 has been allocated on a provisional basis. Going forward, the accounting for the acquired assets may change on the basis of additional information, if any.
- 5 The Board of Directors at its meeting held on 7 February 2020 have declared an interim dividend of ₹ 22 (Rupees Twenty two only) per equity share (1100% on the face value of ₹ 2 each) for the financial year ended 2019-20.
- 6 The Company operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.



**Place: Mumbai**  
**Date: 7 February 2020**



By Order of the Board  
For Alkem Laboratories Limited

**B.N. Singh**  
**Executive Chairman**  
DIN: 00760310