

B S R & Co. LLP

Chartered Accountants

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Limited review Report

To the 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 2020 (“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 2020 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.

B S R & Co (a partnership firm with
Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability, Partnership
with LLP Registration No. AAB-8181)
with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011 India

Limited review Report (Continued)

Alkem Laboratories Limited

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
SHANKAR SHETTY

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Date: 2020.08.07 13:19:35
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Sadashiv Shetty

Partner

Membership No: 048648

ICAI UDIN: 20048648AAAABS5517

Mumbai
7 August 2020

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

Statement of Unaudited Standalone Financial Results for the Quarter ended 30 June 2020

(₹ in Million except per share data)

| Particulars | Quarter ended | | | Year ended |
|---|-------------------------|---|-------------------------|-----------------------|
| | 30.06.2020 Unaudited | 31.03.2020 Audited (Refer Note 1) | 30.06.2019 Unaudited | 31.03.2020 Audited |
| 1 Income | | | | |
| (a) Revenue from Operations | 15,508.5 | 16,875.2 | 14,985.1 | 66,770.8 |
| (b) Other Income | 324.5 | 259.2 | 127.2 | 959.8 |
| Total Income | 15,833.0 | 17,134.4 | 15,112.3 | 67,730.6 |
| 2 Expenses | | | | |
| (a) Cost of materials consumed | 4,664.0 | 4,263.7 | 4,633.7 | 17,998.7 |
| (b) Purchases of stock-in-trade | 2,101.8 | 1,786.0 | 2,017.0 | 7,843.8 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (1,834.1) | 775.8 | (937.6) | (336.9) |
| (d) Employee benefits expense | 2,844.3 | 2,255.5 | 2,835.8 | 10,667.6 |
| (e) Finance costs | 120.4 | 95.1 | 91.5 | 387.1 |
| (f) Depreciation and amortisation expense | 478.5 | 637.6 | 401.3 | 1,868.4 |
| (g) Other expenses | 2,666.8 | 4,256.4 | 3,785.0 | 15,921.1 |
| Total Expenses | 11,041.7 | 14,070.1 | 12,826.7 | 54,349.8 |
| 3 Profit before exceptional item and tax (1) - (2) | 4,791.3 | 3,064.3 | 2,285.6 | 13,380.8 |
| 4 Exceptional item | - | - | - | - |
| 5 Profit before tax (3) - (4) | 4,791.3 | 3,064.3 | 2,285.6 | 13,380.8 |
| 6 Tax expense / (credit) | | | | |
| (a) Current tax | 833.3 | 942.0 | 532.3 | 2,783.3 |
| (b) Deferred tax | (303.6) | (629.0) | (352.9) | (1,732.9) |
| Sub-total (a + b) | 529.7 | 313.0 | 179.4 | 1,050.4 |
| (c) Tax adjustment of earlier periods | - | 39.2 | - | (313.8) |
| Total Tax Expense (a + b + c) | 529.7 | 352.2 | 179.4 | 736.6 |
| 7 Profit for the period after tax (5 - 6) | 4,261.6 | 2,712.1 | 2,106.2 | 12,644.2 |
| 8 Other Comprehensive Income (net of tax) | | | | |
| (a) Items that will not be reclassified to profit or loss | | | | |
| (i) Remeasurements of defined benefit plans | (9.8) | (248.1) | (5.8) | (265.6) |
| (ii) Tax on remeasurements of defined benefit plans | 3.4 | 86.7 | 2.0 | 92.8 |
| (b) Items that will be reclassified to profit or loss | | | | |
| (i) Foreign currency translation difference of foreign operations | - | - | - | - |
| (ii) Tax on remeasurements of foreign currency translation difference of foreign operations | - | - | - | - |
| Total Other Comprehensive Income (net of tax) | (6.4) | (161.4) | (3.8) | (172.8) |
| 9 Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8) | 4,255.2 | 2,550.7 | 2,102.4 | 12,471.4 |
| 10 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up) | 239.1 | 239.1 | 239.1 | 239.1 |
| 11 Other Equity | | | | 62,565.3 |
| 12 Earnings Per Share of ₹ 2 each (not annualised for the quarters) | | | | |
| (a) ₹ (Basic) | 35.64 | 22.68 | 17.62 | 105.75 |
| (b) ₹ (Diluted) | 35.64 | 22.68 | 17.62 | 105.75 |

Notes

- 1 The above unaudited standalone financial results of the Company were reviewed and recommended by the Audit Committee on 6 August 2020 and subsequently approved by the Board of Directors at its meeting held on 7 August 2020. The auditors have expressed an unmodified opinion on the financial results for the quarter ended 30 June 2020. The figures for the quarter ended 31 March 2020 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 2019, which were subjected to limited review.
- 2 The Company has considered internal and external information while assessing recoverability of its assets upto the date of approval of these financial results by the Board of Directors. Based on such assessment and considering the current economic indicators, the Company expects to recover the carrying amount of these assets. The Board of Directors has also considered the impact of COVID-19 on the business for the foreseeable future and have concluded that the Company has sufficient resources to continue as a going concern. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.
- 3 The Company 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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NARAIN NARAIN SINGH
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Place: Mumbai
Date: 7 August 2020

B.N. Singh
Executive Chairman
DIN: 00760310