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Review report

To Board of Directors of Alkem Laboratories Limited

We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Alkem Laboratories Limited ('the Company'), its subsidiaries listed in Annexure I (collectively referred to as 'the Group') for the quarter ended 31 December 2018 and the year-to-date results for the period from 1 April 2018 to 31 December 2018 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial results are 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.

We did not review the financial information of two subsidiaries included in the Statement, whose unaudited financial information reflect total revenue of Rs. 1,805.6 million and Rs. 5,466.3 million for the quarter ended 31 December 2018 and period from 1 April 2018 to 31 December 2018 respectively. This unaudited financial information has been reviewed by other auditors whose reports have been furnished to us, and our conclusion on the Statement, to the extent they have been derived from such unaudited financial information is based solely on the reports of such other auditors. Our conclusion is not modified in respect of this matter.

We did not review the financial information of seventeen subsidiaries included in the Statement, whose unaudited financial information reflect total revenue of Rs. 1,115.4 million and Rs. 3,550.1 million for the quarter ended 31 December 2018 and period from 1 April 2018 to 31 December 2018 respectively. This unaudited financial information has been furnished to us by the Management of the Company and our conclusion on the Statement, to the extent they have been derived from such unaudited financial information in respect of these subsidiaries, is based solely on such management certified unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these unaudited financial information are not material to the Group. Our conclusion is not modified in respect of this matter.



Review report (*Continued*)

Alkem Laboratories Limited

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 i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013, and other recognised accounting practices and policies 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.

For B S R & Co. LLP

Chartered Accountants

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



Sadashiv Shetty

Partner

Membership No: 048648

Mumbai

8 February 2019

Alkem Laboratories Limited

Annexure I to the Review report

1. List of Subsidiaries

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.	Alkem Laboratories (NIG) Limited, Nigeria	Wholly Owned Subsidiary (Upto 6 May 2018)
6.	Pharmacor Pty Limited, Australia	Wholly Owned Subsidiary
7.	Alkem Laboratories (PTY) Ltd, South Africa	Wholly Owned Subsidiary
8.	Enzene Biosciences Ltd, India	Wholly Owned 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.	Alkem Pharma GmbH, Germany	Wholly Owned Subsidiary
13.	Ascends Laboratories SDN BHD., Malaysia	Wholly Owned Subsidiary
14.	Ascends 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



ALKEM LABORATORIES LIMITED

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Statement of Unaudited Consolidated Financial Results for the Quarter and Nine months ended 31 December 2018

(₹ in Million except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2018 Unaudited	30.09.2018 Unaudited	31.12.2017 Unaudited	31.12.2018 Unaudited	31.12.2017 Unaudited	31.03.2018 Audited
1 Income						
(a) Revenue from Operations	19,250.3	19,189.2	17,411.9	55,029.9	49,091.9	64,124.8
(b) Other Income	93.5	240.2	238.6	600.4	868.4	1,146.5
Total Income	19,343.8	19,429.4	17,650.5	55,630.3	49,960.3	65,271.3
2 Expenses						
(a) Cost of materials consumed	4,593.1	4,330.7	4,394.6	12,563.5	11,489.0	15,672.3
(b) Purchases of stock-in-trade	3,489.2	2,550.8	3,528.0	9,372.3	7,848.3	10,358.9
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	147.7	758.2	(1,658.7)	594.7	(368.6)	(902.2)
(d) Employee benefits expense	3,463.5	3,278.6	3,113.7	10,136.6	8,929.6	11,916.4
(e) Finance costs	153.8	164.0	144.8	480.4	448.9	553.3
(f) Depreciation and amortisation expense	476.9	457.7	375.0	1,359.1	1,027.0	1,430.3
(g) Other expenses	4,439.0	4,629.2	4,429.0	13,565.2	12,134.8	16,982.5
Total Expenses	16,763.2	16,169.2	14,326.4	48,071.8	41,509.0	56,011.5
3 Profit before exceptional items and tax (1) - (2)	2,580.6	3,260.2	3,324.1	7,558.5	8,451.3	9,259.8
4 Exceptional items	-	-	-	-	-	-
5 Profit before tax (3) - (4)	2,580.6	3,260.2	3,324.1	7,558.5	8,451.3	9,259.8
6 Tax expense / (credit)						
Current tax	692.3	702.5	918.2	1,790.6	2,303.0	2,425.2
Deferred tax	(166.2)	(46.5)	597.2	(263.5)	427.4	450.4
Total Tax expense	526.1	656.0	1,515.4	1,527.1	2,730.4	2,875.6
7 Profit for the period (5) - (6)	2,054.5	2,604.2	1,808.7	6,031.4	5,720.9	6,384.2
8 Other Comprehensive Income (net of tax)						
Items that will not be reclassified to profit or loss	(3.2)	1.5	27.7	9.2	12.3	(105.4)
Income tax relating to items that will not be reclassified to profit or loss	1.1	(1.0)	(9.6)	(3.5)	(4.2)	37.1
Items that will be reclassified to profit or loss	(374.0)	436.5	(203.2)	342.0	(174.5)	(121.3)
Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other Comprehensive Income (net of tax)	(376.1)	437.0	(185.1)	347.7	(166.4)	(189.6)
9 Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8)	1,678.4	3,041.2	1,623.6	6,379.1	5,554.5	6,194.6
10 Profit attributable to						
a) Owners of the Company	2,025.3	2,544.7	1,716.4	5,931.5	5,638.6	6,309.4
b) Non-Controlling Interest	29.2	59.5	92.3	99.9	82.3	74.8
11 Other Comprehensive Income attributable to						
a) Owners of the Company	(374.0)	437.0	(174.3)	347.5	(156.6)	(190.7)
b) Non-Controlling Interest	(2.1)	-	(10.8)	0.2	(9.8)	1.1
12 Total Comprehensive Income attributable to						
a) Owners of the Company	1,651.3	2,981.7	1,542.1	6,279.0	5,482.0	6,118.7
b) Non-Controlling Interest	27.1	59.5	81.5	100.1	72.5	75.9
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						48,398.6
15 Earnings Per Share of ₹2 each (not annualised for quarters)						
(a) ₹ (Basic)	16.94	21.28	14.36	49.61	47.16	52.77
(b) ₹ (Diluted)	16.94	21.28	14.36	49.61	47.16	52.77

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Notes :

- 1 The above unaudited consolidated financial results of the Company were reviewed and recommended by the Audit Committee on 7 February 2019 and subsequently approved by the Board of Directors at its meeting held on 8 February 2019. The figures for the quarter and nine months ended 31 December 2018 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 2018.
- 2 The Group 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 nine months ended 31 December 2018 are not strictly comparable with those of the previous corresponding period presented.
- 4 The Board of Directors in its meeting held on 8 February 2019 have declared an interim dividend of ₹ 8 (Rupees eight only) per equity share of the face value of ₹ 2 each (400%).
- 5 Previous periods' figures have been regrouped/reclassified, where necessary, to make them comparable with the figures for the current period.

By Order of the Board
For Alkem Laboratories Limited



B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Dated: 8 February 2019