

B S R & Co. LLP

Chartered Accountants

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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 annual standalone financial results of Alkem Laboratories Limited for the year ended 31 March 2018 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 the figures for the quarter ended 31 March 2018 and the corresponding quarter ended in the previous year as reported in these 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 upto the end of the third quarter had only been reviewed and not subjected to audit.

These standalone financial results have been prepared on the basis of the annual financial statements and reviewed quarterly standalone 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 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.



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 (Continued)

Alkem Laboratories Limited

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 2018.

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

Chartered Accountants

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



Sadashiv Shetty

Partner

Membership No: 048648

Mumbai
30 May 2018

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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Statement of Audited Standalone Financial Results for the Quarter and Year ended 31 March 2018

(₹ in Million except per share data)

Particulars	Quarter ended			Year ended	
	31.03.2018 Audited	31.12.2017 Unaudited	31.03.2017 Audited	31.03.2018 Audited	31.03.2017 Audited
1 Income					
(a) Revenue from Operations	11,652.7	14,225.2	10,057.3	53,002.6	46,684.5
(b) Other Income	149.0	226.9	299.7	816.6	1,166.0
Total Income	11,801.7	14,452.1	10,357.0	53,819.2	47,850.5
2 Expenses					
(a) Cost of materials consumed	3,530.2	3,638.8	3,070.7	13,276.9	12,322.6
(b) Purchases of stock-in-trade	2,338.3	2,739.8	2,234.8	8,389.5	7,750.4
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,078.4)	(1,288.9)	(1,469.2)	(914.2)	(2,119.2)
(d) Employee benefits expense	2,195.5	2,232.7	1,590.0	8,616.3	7,222.5
(e) Finance costs	63.6	71.8	47.1	323.7	236.8
(f) Depreciation and amortisation expense	301.8	283.0	199.5	1,076.5	764.8
(g) Other expenses (refer note 6)	3,814.2	3,768.1	3,538.2	13,707.6	12,728.3
Total Expenses	11,165.2	11,445.3	9,211.1	44,476.3	38,906.2
3 Profit before exceptional item and tax (1) - (2)	636.5	3,006.8	1,145.9	9,342.9	8,944.3
4 Exceptional item	-	-	-	-	-
5 Profit before tax (3) - (4)	636.5	3,006.8	1,145.9	9,342.9	8,944.3
6 Tax expense / (Credit)					
Current tax	(12.1)	824.5	282.6	2,016.6	1,909.4
Deferred tax	48.7	52.6	(365.0)	167.9	(1,796.7)
Total Tax expense	36.6	877.1	(82.4)	2,184.5	112.7
7 Profit for the period after tax (5 - 6)	599.9	2,129.7	1,228.3	7,158.4	8,831.6
8 Other Comprehensive Income (net of tax)					
Items that will not be reclassified to profit or loss	(92.5)	(6.2)	21.6	(111.1)	(56.1)
Income tax relating to items that will not be reclassified to profit or loss	32.0	2.1	(7.5)	38.4	19.4
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)	(60.5)	(4.1)	14.1	(72.7)	(36.7)
9 Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8)	539.4	2,125.6	1,242.4	7,085.7	8,794.9
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				48,614.5	43,687.4
12 Earnings Per Share of ₹ 2 each (not annualised for the quarters)					
(a) ₹ (Basic)	5.02	17.81	10.27	59.87	73.86
(b) ₹ (Diluted)	5.02	17.81	10.27	59.87	73.86

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Statement of Assets and Liabilities As at 31 March 2018

(₹ in Million)

Particulars	As at 31 March 2018 Audited	As at 31 March 2017 Audited
I. ASSETS		
1 Non-current assets		
(a) Property, plant and equipment	14,398.5	11,032.1
(b) Capital work-in-progress	2,989.2	2,184.4
(c) Intangible assets	311.4	224.2
(d) Financial Assets		
(i) Investments	13,014.4	12,256.4
(ii) Loans	1,074.9	417.6
(iii) Others financial assets	253.0	2,902.3
(e) Deferred tax assets (net)	5,780.5	5,910.0
(f) Income tax assets (net)	237.0	274.1
(g) Other non-current assets	746.1	1,102.1
Total Non-current assets	38,805.0	36,303.2
2 Current assets		
(a) Inventories	10,241.6	8,587.6
(b) Financial Assets		
(i) Investments	2,430.6	2,920.0
(ii) Trade receivables	8,750.0	6,333.2
(iii) Cash and cash equivalents	51.6	199.9
(iv) Bank balances other than (iii) above	2,731.4	1,790.7
(v) Loans	343.8	247.0
(vi) Others financial assets	1,526.7	1,131.5
(c) Current tax assets (net)	-	214.6
(d) Other current assets	3,261.0	1,237.6
(e) Assets held for sale	-	18.2
Total Current assets	29,336.7	22,680.3
TOTAL ASSETS	68,141.7	58,983.5
II. EQUITY AND LIABILITIES		
1 Equity		
(a) Equity share capital	239.1	239.1
(b) Other Equity	48,614.5	43,687.4
Total Equity	48,853.6	43,926.5
2 Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	63.3	-
(b) Provisions	1,260.3	810.6
(c) Other non-current liabilities	97.7	112.9
Total Non-Current liabilities	1,421.3	923.5
3 Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	5,411.9	3,682.3
(ii) Trade payables	8,185.6	6,852.4
(iii) Other financial liabilities	2,525.6	1,945.2
(b) Other current liabilities	719.1	614.0
(c) Provisions	1,024.6	1,029.4
(d) Current tax Liabilities (Net)	-	10.2
Total Current liabilities	17,866.8	14,133.5
TOTAL EQUITY AND LIABILITIES	68,141.7	58,983.5

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Notes :

- 1 The above audited financial results of the Company were reviewed and recommended by the Audit Committee on 29 May 2018 and subsequently approved by the Board of Directors at its meeting held on 30 May 2018. The auditors have expressed an unmodified opinion on the financial results for the year ended 31 March 2018. The figures for the quarter ended 31 March 2018 and 31 March 2017 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 2017 and 31 December 2016 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 and as per Ind AS 18, Revenue from operations is disclosed net of GST. Revenue from operations for the quarter and for the year ended 31 March 2017 included excise duty which is now subsumed under GST. Revenue from operations for the year ended 31 March 2018 includes excise duty up to 30 June 2017. Accordingly, revenue from operations for the quarter and year ended 31 March 2018 are not strictly comparable with those of the previous periods presented.
- 4 During the quarter and year ended 31 March 2018, the Company has utilized Minimum Alternate Tax ("MAT") credit amounting to **Rs.217.7 Million** derecognised in the year ended 31 March 2016. The current tax charge for the quarter and year ended 31 March 2018 is after MAT credit of said amount.
- 5 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.
- 6 During the year ended 31 March 2018, the Company has paid an interim dividend of ₹ 6 (Rupees six only) per equity share (300.0 % on the face value of ₹ 2 each) for the financial year 2017-18. The Board of Directors at its meeting held on 30 May 2018 has recommended a final dividend of ₹ 7 (Rupees seven only) per equity share (350.0 % on the face value of ₹ 2 each) for the financial year 2017-18.
- 7 Previous periods' figures have been regrouped/reclassified, where necessary, to make them comparable with the figures for the current period.

Place: Mumbai
Dated: 30 May 2018

By Order of the Board
For Alkem Laboratories Limited



B.N. Singh
Executive Chairman
DIN: 00760310