BSR&Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus, Apollo Mills Compound N. M. Joshi Marg, Mahalaxmi Mumbai - 400 011 India Telephone +91 (22) 4345 5300 Fax +91 (22) 4345 5399

Independent Auditor's Report

To the Board of Directors of Alkem Laboratories Limited

Report on the Audit of the Standalone Annual Financial Results

Opinion

We have audited the accompanying standalone annual financial results of Alkem Laboratories Limited (hereinafter referred to as the "Company") for the year ended 31 March 2020, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the Standalone annual financial results.

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results

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

Independent Auditor's Report (*Continued***)**

Alkem Laboratories Limited

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results (Continued)

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net profit/ loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

Independent Auditor's Report (*Continued***)**

Alkem Laboratories Limited

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

The standalone annual financial results include the results for the quarter ended 31 March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For B S R & Co. LLP

Chartered Accountants

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

SADASHIV SHANKAR SHETTY

Digitally signed by SADASHIV SHANKAR SHETTY Date: 2020.06.05 13:17:56 +05'30'

Sadashiv Shetty
Partner

Membership No: 048648

ICAI UDIN: 20048648AAAAAV9363

Mumbai 5 June 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 Audited Standalone Financial Results for the Quarter and Year ended 31 March 2020

(₹ in Million except per share data)

	(₹ in Million except per share data)					
	Particulars	31.03.2020	31.12.2019	31.03.2019	Year e 31.03.2020	31.03.2019
	i di diculato	Audited (Refer Note 1)	Unaudited	Audited (Refer Note 1)	Audited	Audited
		,		,		
1	Income	40.075.0	45.004.0	44.004.5	00 770 0	F7 440 0
	(a) Revenue from Operations	16,875.2	15,964.0	14,681.5	66,770.8	57,140.9
	(b) Other Income	259.2	267.5	187.6	959.8	675.8
	Total Income	17,134.4	16,231.5	14,869.1	67,730.6	57,816.7
2	Expenses					
	(a) Cost of materials consumed	4,263.7	4,687.0	4,261.0	17,998.7	14,972.2
	(b) Purchases of stock-in-trade	1,786.0	1,863.8	1,901.6	7,843.8	6,880.9
	(c) Changes in inventories of finished goods, work-in- progress and stock-in-trade	775.8	(1,014.4)	(103.2)	(336.9)	865.6
	(d) Employee benefits expense	2,255.5	2,821.3	2,449.5	10,667.6	9,600.9
	(e) Finance costs	95.1	99.5	14.5	387.1	282.6
	(f) Depreciation and amortisation expense	637.6	427.0	409.8	1,868.4	1,410.7
	(g) Other expenses	4,256.4	3,969.3	3,789.4	15,921.1	14,364.2
	Total Expenses	14,070.1	12,853.5	12,722.6	54,349.8	48,377.1
3	Profit before exceptional item and tax (1) - (2)	3,064.3	3,378.0	2,146.5	13,380.8	9,439.6
4	Exceptional item	-	-	-	· -	
5	Profit before tax (3) - (4)	3,064.3	3,378.0	2.146.5	13,380.8	9,439.6
6	Tax expense / (credit)	5,000	0,070.0	_,,,,,,,	,,,,,,,	5,100.0
	(a) Current tax	942.0	588.8	457.7	2,783.3	2,004.1
				-	•	
	(b) Deferred tax	(629.0)	(343.5)	(219.4)	(1,732.9)	(562.9)
	Sub-total (a + b)	313.0	245.3	238.3	1,050.4	1,441.2
	(c) Tax adjustment of earlier periods	39.2	(353.0)	-	(313.8)	-
	Total Tax Expense (a + b + c)	352.2	(107.7)	238.3	736.6	1,441.2
7	Profit for the period after tax (5 - 6)	2,712.1	3,485.7	1,908.2	12,644.2	7,998.4
8	Other Comprehensive Income (net of tax)					
	(a) Items that will not be reclassified to profit or loss (i) Remeasurements of defined benefit plans	(248.1)	(5.8)	(73.5)	(265.6)	(64.3)
	(ii) Tax on remeasurements of defined benefit plans	86.7	2.0	25.7	92.8	22.5
	(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)	(161.4)	(3.8)	(47.8)	(172.8)	(41.8)
9	Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive	2,550.7	3,481.9	1,860.4	12,471.4	7,956.6
	Income (net of tax)) (7) + (8)					
10	Paid-up Equity Share Capital (Face Value ₹ 2 each fully	239.1	239.1	239.1	239.1	239.1
11	paid up) Other Equity				62,565.3	54,413.0
	Earnings Per Share of ₹ 2 each (not annualised for the				J=,000.0	5 7,7 10.0
_	quarters)					
	(a) ₹ (Basic)	22.68	29.15	15.96	105.75	66.90
	(b) ₹ (Diluted)	22.68	29.15	15.96	105.75	66.90

Statement of Assets and Liabilities as at 31 March 2020

(₹ in Million)

Particulars			1	(₹ in Million)
Non-current assets (a) Propty, plant and equipment (b) Capital work-in-progress 3,136,6 3,8 (c) Intangible assets 1,475,1 3,3 (d) Investment in subsidiaries 1,7102,0 13,8 (e) Financial Assets (ii) Loans 334,7 (iii) Uhers financial assets 49,4 1,100,0 (iii) Uhers financial assets 49,4 1,100,0 (iii) Uhers financial assets 49,4 1,100,0 (iii) Others financial assets 49,4 1,100,0 (iii) Others financial assets 49,4 1,100,0 (iii) Other financial assets 49,4 1,100,0 (iii) Other non-current assets 514,0 5,100,0 (iv) On current tax assets (net) 301,5 2,100,0 (iv) Other non-current assets 54,0 5,100,0 (iv) Other non-current assets 48,840,6 42,1 (iv) Current assets 10,925,8 9,5,5 (iv) Other simentical assets 10,925,8 9,5,5 (iv) Other simentical assets 1,815,2 (iv) Other simentical assets 1,815,2 (iv) Other simentical assets 1,815,3 1,00,0 (iv) Other simentical assets 1,00,0 (iv) Other	Par	ticulars	March 2020	As at 31 March 2019 (Audited)
(a) Property, plant and equipment (b) Capital work-in-progress (c) Intangible assets (d) Investment in subsidiaries (e) Financial Assets (ii) Loans (iii) Cans (iii) Cans (iiii) Others financial assets (i) Investments (iii) Cans (iii) Cans (iiii) Others financial assets (iv) Province that assets (net) (iv) Earner dax assets (net) (iv) Other on-current assets (iv) Investments (iv) Earner dax assets (iv) Earner dax dax equivalents (iv) Earner dax equivalent equival	T.	ASSETS		
(b) Capital work-in-progress 3,136.6 3.8	1	Non-current assets		
(b) Capital work-in-progress 3,136.6 3.8		(a) Property, plant and equipment	16.892.5	15,737.6
(c) Intangible assets 1,475.1 13.8			1 '	3,815.9
(d) Investment in subsidiaries 17,102.0 13,8		(c) Intangible assets	1 '	326.2
(e) Financial Assets (i) Investments (ii) Loans (iii) Others financial assets (ii) Loans (iii) Others financial assets (iii) Carrent lax assets (net) (j) Non current sasets (h) Deferred tax assets (net) (j) Non current assets (h) Other non-current assets Total Non-current assets 2 Current assets (a) Inventories (b) Financial Assets (i) Investments (i) Investments (ii) Irade receivables (iii) Trade receivables (iii) Trade receivables (iv) Banb balances other than (iii) above (iv) Banb balances other than (iii) above (iv) Loans (iv) Others financial assets (c) Other current assets (d) Non-current assets held for sale Total Current assets TOTAL ASSETS II. EQUITY AND LIABILITIES II. Equity (a) Equity share capital (b) Other Equity (c) Equity share capital (d) Non-current liabilities (a) Financial Liabilities (a) Financial Liabilities (b) Financial Liabilities (c) Other non-current liabilities (d) Borrowings (d) Financial Liabilities (e) Financial Liabilities (i) Borrowings (ii) Trade payables Dues of Micro and Small Enterprises Dues of recreations of the Micro and Small Enterprises Dues of Micro and Small Enterprises Dues of recreations of the Micro and Small Enterprises Dues of recreations of the Micro and Small Enterprises Dues of recreations of the Micro and Small Enterprises Dues of recreations of the Micro and Small Enterprises (d) C) Other current liabilities (ii) Other current taibilities (iii) Correct tax Liabilities (d) C) C) Correct tax Liabilities (d) C) Correct tax Liabilities (d) C) C) Correct tax Liabilities (d) C) Correct tax Liabilities (d) C) C) Correct tax Liabilities (d)			1 '	13,821.7
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(iii) Others financial assets (f) Deferred tax assets (net) (g) Non current tax assets (net) (h) Other non-current assets Total Non-current assets 2 Current assets (a) Inventories (a) Inventories (b) Financial Assets (i) Investments (ii) Trade receivables (iii) Trade receivables (iiii) Cash and cash equivalents (iiii) Cash and cash equivalents (iii) Other sinancial assets (iv) Loans (iv) Others financial assets (c) Other current assets 1 233.9 (v) Other current assets (d) Non-current assets (d) Non-current assets (e) Other current assets (f) Non-current assets (g) Non-current assets (g) Non-current assets (g) Non-current assets (g) Financial Liabilities (g) Equity (g)				127.3
(i) Deferred tax assets (net) (g) Non current tax assets (net) (h) Other non-current assets Total Non-current assets 2 Current assets (a) Inventories (b) Financial Assets (ii) Irade receivables (iii) Trade receivables (iii) Trade receivables (iv) Bank balances other than (iii) above (v) Loans (v) Loans (vi) Other sinancial assets (d) Non-current assets Total Current assets 1.815.3 1.6(2) Other current assets (d) Non-current assets (e) Private (a) Equity (f) Equity (f) Equity (g) Equity (g) Equity (h) Cher Sinancial assets (h) Equity (h) Cher Current assets (h) Equity (h) Cher Current assets (h) Cher Current assets (h) Cher Current assets (h) Equity (h) Cher Current assets (h			1	161.2
On current tax assets (net)		\		6,365.9
Total Non-current assets				262.3
Total Non-current assets				554.1
2 Current assets (a) Inventories (b) Financial Assets (i) Investments (ii) Trade receivables (iii) Cash and cash equivalents (iii) Cash and cash equivalents (iv) Bank balances other than (iii) above (iv) Bank balances other than (iii) above (iv) Loans (iv) Others financial assets (iv) Other sinancial assets (iv) Other current as				42,114.7
(a) Inventories (b) Financial Assets (i) Investments (ii) Trade receivables (ii) Trade receivables (iii) Trade receivables (iii) Cash and cash equivalents (iii) Cash and cash equivalents (iv) Bank balances other than (iii) above (7,449, 2 2, 23, 9 2, 18, 18, 18, 18, 18, 18, 18, 18, 18, 18		Total Non-Current assets	40,040.0	42,114.7
(b) Financial Assets (i) Investments (i) Investments (ii) Trade receivables (iii) Cash and cash equivalents (iv) Bank balances other than (iii) above (iv) Loans (v) Loans (v) Others financial assets (vi) Cother current assets (d) Non-current assets held for sale TOTAL ASSETS II. EQUITY AND LIABILITIES I Equity (a) Equity Share capital (b) Other Equity (a) Equity Share capital (b) Other Equity (a) Financial Liabilities (a) Financial Liabilities (b) Borrowings (c) Other non-current liabilities (c) Other non-current liabilities (d) Borrowings (e) Frovisions (f) Borrowings (g) Financial Liabilities (g) Cher non-current liabilities (g) Borrowings (g) Financial Liabilities (h) Financial Lia	2			
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(ii) Trade receivables 15,55.7 9,6 (iii) Cash and cash equivalents 206.9 1,6 (iv) Bank balances other than (iii) above 7,449.2 2,3 (v) Loans 233.9 233.9 (v) Others financial assets 1,815.3 1,0 (c) Other current assets 4,241.1 3,6 (d) Non-current assets held for sale 157.5 1 Total Current assets 91,036.2 72,9 II. EQUITY AND LIABILITIES 91,036.2 72,9 I Equity 62,565.3 54,4 (a) Equity share capital 239.1 2 (b) Other Equity 62,565.3 54,4 7 total Equity 62,565.3 54,4 2 Non-current liabilities 1,815.6 1,815.6 (a) Financial Liabilities 1,815.6 1,815.6 1,815.6 (b) Provisions 9,80.9 1,50.4 1,50.9 1,50.9 Total Non-Current liabilities 2,446.9 1,5 (a) Financial Liabilities 3,141.1 2,4 (a) Financial Liabilities 952.3 3 (b) Other current liabilities			10150	0.404.0
(iii) Cash and cash equivalents 206.9 1.6 (iv) Bank balances other than (iii) above 7,449.2 2.3 (v) Loans 233.9 2 (vi) Other financial assets 1,815.3 1.6 (c) Other current assets 4,241.1 3.6 (d) Non-current assets held for sale 157.5 1 Total Current assets TOTAL ASSETS II. EQUITY AND LIABILITIES Equity (a) Equity share capital 239.1 2 (b) Other Equity 62,565.3 54,6 Total Equity 62,804.4 54,6 2 Non-current liabilities (a) Financial Liabilities (b) Provisions 550.4 (b) Provisions 550.4 1,815.6 (b) Provisions 2,446.9 1,5 3 Current liabilities (a) Financial Liabilities 2,446.9 1,5 (a) Financial Liabilities 2,446.9 1,5 3 Current liabilities (a) Financial Liabilities 3,141.1 2,1 (ii) Other financial liabilities				2,191.8
(iv) Bank balances other than (iii) above (v) Loans (vi) Others financial assets (vi) Other financial assets (vi) Other stinancial assets (vi) Other stinancial assets (c) Other current assets (d) Non-current assets TOTAL ASSETS I. EQUITY AND LIABILITIES 1 Equity (a) Equity share capital (b) Other Equity Total Equity (a) Financial Liabilities (a) Financial Liabilities (i) Borrowings (b) Other non-current liabilities (c) Other non-current liabilities (d) Frou and Small Enterprises Dues of Micro and Small Enterprises (c) Provisions (d) Other current liabilities (e) Provisions (fiii) Other financial Liabilities (iii) Other carrent liabilities (iii) Other financial Liabilities (iii) Other financial Liabilities (iii) Other financial Liabilities (iii) Other financial Liabilities (iii) Other carrent liabilities (iii) Other current liabiliti				9,666.4 1,614.4
(v) Loans (vi) Others financial assets (c) Other current assets (d) Non-current assets held for sale Total Current assets TOTAL ASSETS TOTAL ASSETS II. EQUITY AND LIABILITIES 1 Equity (a) Equity share capital (b) Other Equity (c) Other Equity (a) Equity (a) Equity share capital (b) Other Equity (c) Equity (d) Financial Liabilities (a) Financial Liabilities (b) Provisions (c) Other non-current liabilities (d) Borrowings (e) Other non-current liabilities (ii) Borrowings (iii) Trade payables Dues of Micro and Small Enterprises Dues of Micro and Small Enterprises Dues of Micro and Small Enterprises Dues of fireditors other than Micro and Small Enterprises (iii) Other financial liabilities (iiii) Other financial liabilities (iiii) Other financial liabilities (iiii) Other financi				2,365.0
Co Other current assets 4,241,1 3,6 157.5 157.5 157.5 30,8				262.5
(d) Non-current assets held for sale Total Current assets TOTAL ASSETS TOTAL ASSETS ### 157.5 1 42,195.6 30.6 ### 30.8 ### 31,036.2 72.5 ### 239.1 2 39.1 2 39.1 2 39.1 2 39.1 62,565.3 54.4 42,195.6 30.6 ### 32.5		(vi) Others financial assets		1,010.4
Total Current assets		(9)		3,603.8
II. EQUITY AND LIABILITIES 1				179.7 30,806.8
1 Equity (a) Equity share capital 239.1 2 (b) Other Equity 62,565.3 54,4 Total Equity 62,804.4 54,6 2 Non-current liabilities (a) Financial Liabilities (b) Provisions 550.4 (b) Provisions 1,815.6 1,4 (c) Other non-current liabilities 80.9 1,815.6 1,4 Total Non-Current liabilities 2,446.9 1,5 3 Current liabilities (i) Borrowings 12,030.6 4,5 (ii) Trade payables 952.3 3 Dues of Micro and Small Enterprises 952.3 3 Dues of Creditors other than Micro and Small Enterprises 7,171.1 7,1 (iii) Other financial liabilities 3,141.1 2,1 (b) Other current liabilities 815.2 7 (c) Provisions 1,498.4 1,3 (d) Current tax Liabilities (Net) 176.2		TOTAL ASSETS	91,036.2	72,921.5
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(a) Equity share capital 239.1 2 (b) Other Equity 62,565.3 54,4 Total Equity 62,804.4 54,6 2 Non-current liabilities 62,804.4 54,6 (a) Financial Liabilities 550.4 1,815.6 1,4 (b) Provisions 1,815.6 1,4 1,815.6 1,4 (c) Other non-current liabilities 80.9 1,5 1,6 1,5 1,5 1,5 1,6 1,5 1,6 1,6 1,6 1,6 1,6 1,6 1,6 1,6 1,6 1,6 1,6 1,6 1,6		•		
(b) Other Equity 62,565.3 54,4 Total Equity 62,804.4 54,6 2 Non-current liabilities (a) Financial Liabilities 550.4 (i) Borrowings 550.4 1,815.6 1,4 (b) Provisions 1,815.6 1,4 62,804.4 1,5 (b) Provisions 550.4 1,815.6 1,4 1,2 1,2 1,2 1,2 1,4 1,5 1,4 1,5 1,6 1,6 1,5 1,6 1,6 1,7 1,7 1,7 1,7 1,1 1,7 1,7 1,1 1,7 1,1 1,7 1,1 1,7 1,1 1,1 1,1 1,1 1,1 1,1	ļ .		239.1	239.1
Total Equity 62,804.4 54,60				54,413.0
(a) Financial Liabilities 550.4 (i) Borrowings 550.4 (b) Provisions 1,815.6 1,4 (c) Other non-current liabilities 80.9 2,446.9 1,5 Total Non-Current liabilities 2,446.9 1,5 3 Current liabilities 12,030.6 4,5 (i) Borrowings 12,030.6 4,5 (ii) Trade payables 952.3 3 Dues of Micro and Small Enterprises 952.3 3 Dues of creditors other than Micro and Small Enterprises 7,171.1 7,1 (iii) Other financial liabilities 3,141.1 2,1 (b) Other current liabilities 815.2 7 (c) Provisions 1,498.4 1,3 (d) Current tax Liabilities (Net) 176.2				54,652.1
(ii) Borrowings 550.4 (b) Provisions 1,815.6 1,4 (c) Other non-current liabilities 80.9 2,446.9 1,5 Total Non-Current liabilities 2,446.9 1,5 3 Current liabilities 12,030.6 4,5 (i) Borrowings 12,030.6 4,5 (ii) Trade payables 952.3 3 Dues of Micro and Small Enterprises 952.3 3 Dues of creditors other than Micro and Small Enterprises 7,171.1 7,1 (iii) Other financial liabilities 3,141.1 2,1 (b) Other current liabilities 815.2 7 (c) Provisions 1,498.4 1,3 (d) Current tax Liabilities (Net) 176.2	2	Non-current liabilities		
(b) Provisions 1,815.6 1,4 (c) Other non-current liabilities 80.9 1 Total Non-Current liabilities 2,446.9 1,5 3 Current liabilities (a) Financial Liabilities 12,030.6 4,9 (i) Borrowings 12,030.6 4,9 (ii) Trade payables 952.3 3 Dues of Micro and Small Enterprises 952.3 3 Dues of creditors other than Micro and Small Enterprises 7,171.1 7,1 (iii) Other financial liabilities 3,141.1 2,1 (b) Other current liabilities 815.2 7 (c) Provisions 1,498.4 1,3 (d) Current tax Liabilities (Net) 176.2				
(c) Other non-current liabilities 80.9 Total Non-Current liabilities 2,446.9 1,5 3 Current liabilities 2,446.9 1,5 (a) Financial Liabilities 12,030.6 4,9 (ii) Borrowings 12,030.6 4,9 (iii) Trade payables 952.3 3 Dues of Micro and Small Enterprises 952.3 3 Dues of creditors other than Micro and Small Enterprises 7,171.1 7,1 (iii) Other financial liabilities 3,141.1 2,1 (b) Other current liabilities 815.2 7 (c) Provisions 1,498.4 1,3 (d) Current tax Liabilities (Net) 176.2				63.2
Total Non-Current liabilities 2,446.9 1,5 3 Current liabilities (a) Financial Liabilities (ii) Borrowings 12,030.6 4,9 (ii) Trade payables Dues of Micro and Small Enterprises 952.3 3 Dues of creditors other than Micro and Small Enterprises 7,171.1 7,1 (iii) Other financial liabilities 3,141.1 2,1 (b) Other current liabilities 815.2 7 (c) Provisions 1,498.4 1,3 (d) Current tax Liabilities (Net) 176.2				1,415.2
3 Current liabilities (a) Financial Liabilities (i) Borrowings 12,030.6 4,9 (ii) Trade payables 952.3 3 Dues of Micro and Small Enterprises 952.3 3 Dues of creditors other than Micro and Small Enterprises 7,171.1 7,1 (iii) Other financial liabilities 3,141.1 2,1 (b) Other current liabilities 815.2 7 (c) Provisions 1,498.4 1,3 (d) Current tax Liabilities (Net) 176.2				92.3
(a) Financial Liabilities 12,030.6 4,5 (i) Borrowings 12,030.6 4,5 (ii) Trade payables 952.3 3 Dues of Micro and Small Enterprises 7,171.1 7,1 (iii) Other financial liabilities 3,141.1 2,1 (b) Other current liabilities 815.2 7 (c) Provisions 1,498.4 1,3 (d) Current tax Liabilities (Net) 176.2		Total Non-Current Habilities	2,446.9	1,570.7
(i) Borrowings 12,030.6 4,5 (ii) Trade payables 952.3 3 Dues of Micro and Small Enterprises 7,171.1 7,1 (iii) Other financial liabilities 3,141.1 2,1 (b) Other current liabilities 815.2 7 (c) Provisions 1,498.4 1,3 (d) Current tax Liabilities (Net) 176.2	3	Current liabilities		
(ii) Trade payables 952.3 Dues of Micro and Small Enterprises 952.3 Dues of creditors other than Micro and Small Enterprises 7,17.1 (iii) Other financial liabilities 3,141.1 (b) Other current liabilities 815.2 (c) Provisions 1,498.4 (d) Current tax Liabilities (Net) 176.2		(a) Financial Liabilities	40.000 -	
Dues of Micro and Small Enterprises 952.3 7,171.1 7,			12,030.6	4,966.4
Dues of creditors other than Micro and Small Enterprises 7,171.1 7,1 3,141.1 2,1		(II) Haue payables Dues of Micro and Small Enterprises	052.3	346.8
(iii) Other financial liabilities 3,141.1 2,1 (b) Other current liabilities 815.2 7 (c) Provisions 1,498.4 1,3 (d) Current tax Liabilities (Net) 176.2			7 171 1	7,194.1
(b) Other current liabilities 815.2 7 (c) Provisions 1,498.4 1,3 (d) Current tax Liabilities (Net) 176.2				2,131.6
(d) Current tax Liabilities (Net)			815.2	742.0
			1,498.4	1,310.9
Total Current liabilities 25,784.9 16,6		(d) Current tax Liabilities (Net)		6.9
		Total Current liabilities	25,784.9	16,698.7
TOTAL EQUITY AND LIABILITIES 91,036.2 72,9		TOTAL EQUITY AND LIABILITIES	91,036.2	72,921.5

Notes

- 1 The above audited standalone financial results of the Company were reviewed and recommended by the Audit Committee on 4 June 2020 and subsequently approved by the Board of Directors at its meeting held on 5 June 2020. The auditors have expressed an unmodified opinion on the financial results for the year ended 31 March 2020. The figures for the quarter ended 31 March 2020 and 31 March 2019 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 and 31 December 2018 respectively, which were subjected to limited review
- 2 In March 2020, the World Health Organisation declared COVID-19 to be a pandemic and several restrictions have been imposed by the Governments across the globe on travel, goods movement and transportation considering public health and safety measures. Considering the Company's products are classified as an 'essential commodity', management believes that the impact of the pandemic may not be significant. As of today, production facilities remain operational, following enhanced internal safety guidelines. The Company follows a multi-sourcing strategy for its raw materials allowing the Company to hedge supply risks and ensure reliable supply. The Company also maintains strategic safety stocks to ensure availability of raw materials and formulated products. The Company has considered internal and external information while assessing recoverability of its assets disclosed in the financial statement 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. 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 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 has 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 Effective 1 April 2019, the Company 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.646.2 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 year ended 31 March 2020 is lower by Rs.9.0 million and Rs.25.6 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.
- 5 The Company operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made
- 6 During the quarter ended 31 March 2020, the Company has paid an interim dividend of ₹ 22 (Rupees Twenty two only) per equity share (1100% on the face value of ₹ 2 each) for the financial year 2019-20. The Board of Directors at its meeting held on 5 June 2020 has recommended a final dividend of ₹ 3 (Rupees Three only) per equity share (150% on the face value of ₹ 2 each) for the financial year 2019-20.

Statement of Cash Flow for the year ended 31 March 2020

(₹ in million)

	Particulars	For the year ended	(₹ in million) For the year ended
	Particulars	31 March 2020 (Audited)	31 March 2019 (Audited)
Α.	Cash Flow from Operating Activities:		
	Profit before tax	13,380.8	9,439.6
	Adjustments for:	10,000	,
	Depreciation and amortisation	1,868.4	1,410.7
	Fair valuation of investments	148.0	43.8
	Profit on sale of investments (net)	-	(73.1)
	(Profit) / Loss on sale of property plant and equipment (net)	(38.8)	18.1
	Dividend income	(56.9)	(21.2)
	Interest income	(519.2)	(330.1)
	Interest expenses	387.1	282.6
	Allowances for doubtful debts	29.7	118.7
	Unrealised foreign currency (gain) / loss on revaluation (net)	(384.8)	(128.8)
	Rent income	(21.1)	(20.1)
	Subtotal of Adjustments	1,412.4	1,300.6
	Operating profit before working capital changes	14,793.2	10,740.2
	Changes in working capital:	,. ••	,
	Adjustments for (increase)/decrease in:		
	(Increase) / Decrease in trade receivables	(4,986.7)	(1,035.1)
	(Increase) / Decrease in loans, other financial assets and other assets	(1,451.1)	83.8
	(Increase) / Decrease in inventories	(1,013.0)	328.8
	Increase / (Decrease) in trade payable, other financial liabilities and other liabilities	1,492.5	(1,021.2)
	Increase / (Decrease) in provisions	322.3	399.4
	Subtotal of Adjustments	(5,636.0)	(1,244.3)
	Cash generated from operations	9,157.2	9,495.9
	Less: Income taxes paid (net of refund)	(2,339.4)	(2,045.0)
	Net cash generated from operating activities	6,817.8	7,450.9
В	Cash Flow from Investing Activities:		
	Purchases of property, plant and equipment	(2,820.9)	(3,548.9)
	Sale of property, plant and equipment	151.6	15.8
	Proceeds from sale of investments (net)	527.8	1,289.0
	Investments in subsidiaries	(3,280.1)	(1,740.8)
	(Redemption) of / Investment in bank deposits having maturity of more than 3 months	(5,005.3)	460.5
	Dividend received	56.9	21.2
	Interest received	397.2	352.5
	Rent received	21.1	20.1
	Net Cash (used in) investing activities	(9,951.7)	(3,130.6)
С	Cash Flow from Financing Activities:		
	Proceeds from / (Repayment) of current borrowings (net)	6,541.1	(316.8)
	(Repayment) of / Proceeds from non current borrowings (net)	-	(0.1)
	Repayment of lease liabilities	(108.5)	-
	Dividends and corporate dividend tax paid	(4,319.1)	(2,158.0)
	Interest paid	(387.1)	(282.6)
	Net cash generated from / (used in) financing activities	1,726.4	(2,757.5)
D	Net (decrease)/increase in cash and cash equivalents (A+B+C)	(1,407.5)	1,562.8
E	Cash and cash equivalents as at beginning of the year	1,614.4	51.6
F	Cash and cash equivalents as at end of the year (D+E)	206.9	1,614.4

Notes:

- 1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows"
- 2 Purchase of Property, Plant and Equipment includes movements of capital work-in-progress (including capital advances) during the year.

By Order of the Board For Alkem Laboratories Limited

BASUDEO Digitally signed by BASUDEO NARAIN NARAIN SINGH Date: 2020.06.05 12:49:15 +05'30'

Place: Mumbai B.N. Singh
Date: 5 June 2020 Executive Chairman
DIN: 00760310