

B S R & Co. LLP

Chartered Accountants

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Limited Review Report on unaudited standalone financial results of Alkem Laboratories Limited for the quarter ended 30 September 2022 and year-to-date results for the period from 01 April 2022 to 30 September 2022 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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 September 2022 and year-to-date results for the period from 01 April 2022 to 30 September 2022 ("the Statement"), which includes financial information of one branch.
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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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. 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 Securities and Exchange Board of India (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

Balajirao Pothana

Partner

Mumbai

11 November 2022

Membership No.: 122632

UDIN: 22122632BCUCMZ6044

ALKEM LABORATORIES LIMITED

CIN No. : L00305MH1973PLC174201

Regd. Office and Corporate Office: Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, Maharashtra, India.

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Statement of Unaudited Standalone Financial Results for the Quarter and Six months ended 30 September 2022

(₹ in Million except per share data)

Particulars	Quarter ended			Six months ended		Year ended
	30.09.2022 Unaudited	30.06.2022 Unaudited	30.09.2021 Unaudited	30.09.2022 Unaudited	30.09.2021 Audited	31.03.2022 Audited
1 Income						
(a) Revenue from Operations	24,614.9	20,583.5	23,639.9	45,198.4	46,426.6	88,298.1
(b) Other Income	736.4	553.1	432.1	1,289.5	824.2	1,998.9
Total Income	25,351.3	21,136.6	24,072.0	46,487.9	47,250.8	90,297.0
2 Expenses						
(a) Cost of materials consumed	6,748.1	6,073.1	6,967.5	12,821.2	13,505.6	28,497.5
(b) Purchases of stock-in-trade	2,553.5	1,839.1	2,987.2	4,392.6	5,616.9	10,770.4
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,243.8	1,267.7	(670.5)	2,511.5	(712.1)	(3,609.0)
(d) Employee benefits expense	4,129.7	3,870.3	3,615.0	8,000.0	7,637.3	14,344.9
(e) Finance costs	200.2	220.2	85.0	420.4	175.6	379.0
(f) Depreciation and amortisation expense	577.4	568.1	538.2	1,145.5	1,055.4	2,189.8
(g) Other expenses	5,883.0	5,700.2	4,862.3	11,583.2	8,994.8	20,190.7
Total Expenses	21,335.7	19,538.7	18,384.7	40,874.4	36,273.5	72,763.3
3 Profit before exceptional items and tax (1) - (2)	4,015.6	1,597.9	5,687.3	5,613.5	10,977.3	17,533.7
4 Exceptional items	-	-	-	-	-	-
5 Profit before tax (3) + (4)	4,015.6	1,597.9	5,687.3	5,613.5	10,977.3	17,533.7
6 Tax expense / (credit)						
(a) Current tax	699.8	275.1	989.6	974.9	1,905.8	3,038.2
(b) Deferred tax	(191.1)	(78.2)	(882.4)	(269.3)	(1,201.3)	(917.0)
Total Tax Expense (a + b)	508.7	196.9	107.2	705.6	704.5	2,121.2
7 Profit for the period after tax (5 - 6)	3,506.9	1,401.0	5,580.1	4,907.9	10,272.8	15,412.5
8 Other Comprehensive Income (net of tax)						
(a) (i) Items that will not be reclassified to profit or loss	(6.3)	(6.3)	(15.9)	(12.6)	(31.9)	(74.7)
(ii) Income tax relating to items that will not be reclassified to profit or loss	2.2	2.2	5.6	4.4	11.2	26.1
(b) (i) Items that will be reclassified to profit or loss	-	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total Other Comprehensive Income (net of tax)	(4.1)	(4.1)	(10.3)	(8.2)	(20.7)	(48.6)
9 Total Comprehensive Income for the period (7) + (8)	3,502.8	1,396.9	5,569.8	4,899.7	10,252.1	15,363.9
10 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1	239.1	239.1
11 Other Equity						87,197.5
12 Earnings Per Share (not annualised for the periods)						
(a) Basic (₹)	29.33	11.72	46.67	41.05	85.92	128.90
(b) Diluted (₹)	29.33	11.72	46.67	41.05	85.92	128.90

Statement of Unaudited Standalone Assets and Liabilities as at 30 September 2022

(₹ in Million)

Particulars	As at 30 September 2022 (Unaudited)	As at 31 March 2022 (Audited)
I. ASSETS		
1 Non-current assets		
(a) Property, plant and equipment	16,841.8	17,312.2
(b) Right of use assets	986.8	913.9
(c) Capital work-in-progress	2,756.9	2,324.5
(d) Other Intangible assets	590.1	594.6
(e) Investment in subsidiaries	23,002.6	22,770.2
(f) Financial Assets		
(i) Investments	1,700.7	1,164.3
(ii) Loans	83.3	178.5
(iii) Other financial assets	1,213.0	6,282.1
(g) Deferred tax assets (net)	10,761.0	10,487.4
(h) Non current tax assets (net)	338.3	330.5
(i) Other non-current assets	540.7	727.4
Total Non-current assets	58,815.2	63,085.6
2 Current assets		
(a) Inventories	17,351.9	19,757.3
(b) Financial Assets		
(i) Investments	1,191.5	1,351.6
(ii) Trade receivables	20,185.8	17,682.2
(iii) Cash and cash equivalents	241.6	818.2
(iv) Bank balances other than (iii) above	22,744.0	22,153.9
(v) Loans	195.0	145.3
(vi) Other financial assets	1,890.2	1,542.2
(c) Other current assets	5,434.5	5,138.1
(d) Non-current assets held for sale	-	17.3
Total Current assets	69,234.5	68,606.1
TOTAL ASSETS	128,049.7	131,691.7
II. EQUITY AND LIABILITIES		
1 Equity		
(a) Equity share capital	239.1	239.1
(b) Other Equity	91,619.0	87,197.5
Total Equity	91,858.1	87,436.6
2 Non-current liabilities		
(a) Financial Liabilities		
(i) Lease liabilities	474.0	378.4
(b) Provisions	3,537.5	2,576.3
(c) Other non-current liabilities	61.7	62.8
Total Non-Current liabilities	4,073.2	3,017.5
3 Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	15,373.1	22,455.2
(ia) Lease liabilities	94.1	104.2
(ii) Trade payables		
Dues of Micro and Small Enterprises	883.7	794.4
Dues of creditors other than Micro and Small Enterprises	8,584.6	10,315.8
(iii) Other financial liabilities	4,515.2	4,799.1
(b) Other current liabilities	1,251.4	828.7
(c) Provisions	1,416.3	1,940.2
(d) Current tax Liabilities (Net)	-	-
Total Current liabilities	32,118.4	41,237.6
TOTAL EQUITY AND LIABILITIES	128,049.7	131,691.7

Statement of Unaudited Standalone Cash Flow for the period ended 30 September 2022

(₹ in million)

Particulars	For six months ended 30 September 2022 (Unaudited)	For six months ended 30 September 2021 (Unaudited)
A. Cash Flow from Operating Activities:		
Profit before tax	5,613.5	10,977.3
<u>Adjustments for:</u>		
Depreciation and amortisation	1,145.5	1,055.4
Unrealised (gain) / loss on fair valuation of investments (net)	(20.4)	(38.7)
Profit on sale of investments (net)	(19.8)	(19.1)
Loss on sale / write off of property plant and equipment (net)	47.8	(4.9)
Dividend income	(36.3)	(35.7)
Interest income	(704.1)	(491.9)
Interest expenses	420.4	175.6
Allowances for doubtful debts	24.2	4.1
Liabilities no longer required written back	-	(67.7)
Unrealised foreign currency (gain) / loss on revaluation (net)	(335.0)	(93.5)
Subtotal of Adjustments	522.3	483.6
Operating profit before working capital changes	6,135.8	11,460.9
Adjustments for changes in working capital:		
(Increase) in trade receivables	(1,859.8)	(3,306.6)
(Increase) / Decrease in loans, other financial assets and other assets	(407.7)	968.4
(Increase) / Decrease in inventories	2,405.4	(724.5)
Increase / (Decrease) in trade payable, other financial liabilities and other liabilities	(1,541.0)	36.2
Increase in provisions	340.7	684.8
Subtotal of Adjustments	(1,062.4)	(2,341.7)
Cash generated from operations	5,073.4	9,119.2
Less: Income taxes paid (net of refund)	(982.7)	(1,408.8)
Net cash generated from operating activities	4,090.7	7,710.4
B. Cash Flow from Investing Activities:		
Purchases of property, plant and equipment	(881.0)	(1,168.3)
Sale of property, plant and equipment	7.8	18.0
Proceeds from sale of / (Purchase of) investments (net)	(336.1)	145.9
Investments in subsidiaries	(232.4)	(3,985.0)
Investment made in bank deposits having maturity of more than 3 months (net)	4,468.0	(4,444.1)
Dividend received	36.3	35.7
Interest received	519.1	334.4
Net cash generated from / (used in) investing activities	3,581.7	(9,063.4)
C. Cash Flow from Financing Activities:		
(Repayment of) / Proceeds from current borrowings (net)	(7,372.0)	2,906.6
Repayment of lease liabilities (net)	(62.2)	(80.0)
Dividends paid	(478.3)	(597.8)
Interest paid	(336.5)	(154.9)
Net cash (used in)/generated from financing activities	(8,249.0)	2,073.9
D Net (decrease)/increase in cash and cash equivalents (A+B+C)	(576.6)	720.9
E Cash and cash equivalents as at beginning of the year	818.2	152.2
F Cash and cash equivalents as at end of the period (D+E)	241.6	873.1

Notes:

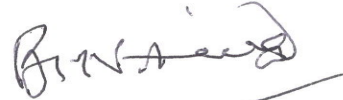
- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows"

Notes to the Standalone Financial results:

- 1 The above unaudited standalone financial results of the Company were reviewed and recommended by the Audit Committee on 10 November 2022 and subsequently approved by the Board of Directors at its meeting held on 11 November 2022. The auditors have issued an unmodified report on the financial results for the quarter and six months ended 30 September 2022.
- 2 During the quarter ended 30 September 2022, the Company paid a final dividend of ₹ 4 (Rupees four only) per equity share (200% on the face value of ₹ 2 each) for the financial year 2021-22.
- 3 The Company operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.

Place: Mumbai
Date: 11 November 2022

By Order of the Board
For Alkem Laboratories Limited



B.N. Singh
Executive Chairman
DIN: 00760310