

B S R & Co. LLP

Chartered Accountants

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Limited review report

To Board of Directors of Alkem Laboratories

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Alkem Laboratories Limited ('the Company') for the quarter ended and year to date results for the period from 1 April 2020 to 31 December 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. 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

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SHANKAR
SHETTY

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Sadashiv Shetty

Partner

Membership No: 048648

UDIN: 21048648AAAAAG5890

Mumbai
5 February 2021

Registered Office:

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 and Nine months ended 31 December 2020

(₹ in Million except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2020 Unaudited	30.09.2020 Unaudited	31.12.2019 Unaudited	31.12.2020 Unaudited	31.12.2019 Unaudited	31.03.2020 Audited
1 Income						
(a) Revenue from operations	17,787.5	19,841.0	15,964.0	53,022.1	49,895.6	66,770.8
(b) Other income	724.6	248.4	267.5	1,412.4	700.6	959.8
Total Income	18,512.1	20,089.4	16,231.5	54,434.5	50,596.2	67,730.6
2 Expenses						
(a) Cost of materials consumed	6,119.9	3,915.4	4,687.0	14,699.3	13,735.0	17,998.7
(b) Purchases of stock-in-trade	2,448.4	2,573.8	1,863.8	7,124.0	6,057.8	7,843.8
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,073.6)	1,095.6	(1,014.4)	(2,812.1)	(1,112.7)	(336.9)
(d) Employee benefits expense	2,882.0	2,951.3	2,821.3	8,677.6	8,412.1	10,667.6
(e) Finance costs	87.7	147.6	99.5	355.7	292.0	387.1
(f) Depreciation and amortisation expense	500.8	516.2	427.0	1,495.5	1,230.8	1,868.4
(g) Other expenses	3,979.1	3,362.2	3,969.3	10,008.1	11,664.7	15,921.1
Total Expenses	13,944.3	14,562.1	12,853.5	39,548.1	40,279.7	54,349.8
3 Profit before exceptional item and tax (1) - (2)	4,567.8	5,527.3	3,378.0	14,886.4	10,316.5	13,380.8
4 Exceptional item	-	-	-	-	-	-
5 Profit before tax (3) - (4)	4,567.8	5,527.3	3,378.0	14,886.4	10,316.5	13,380.8
6 Tax expense / (credit)						
(a) Current tax	800.7	974.9	588.8	2,608.9	1,841.3	2,783.3
(b) Deferred tax	(242.7)	(399.6)	(343.5)	(945.9)	(1,103.9)	(1,732.9)
Sub-total (a + b)	558.0	575.3	245.3	1,663.0	737.4	1,050.4
(c) Tax adjustment of earlier periods	-	-	(353.0)	-	(353.0)	(313.8)
Total Tax Expense (a + b + c)	558.0	575.3	(107.7)	1,663.0	384.4	736.6
7 Profit for the period after tax (5 - 6)	4,009.8	4,952.0	3,485.7	13,223.4	9,932.1	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	(3.6)	2.4	(5.8)	(11.0)	(17.5)	(265.6)
(ii) Tax on remeasurements of defined benefit plans	1.3	(0.8)	2.0	3.9	6.1	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)	(2.3)	1.6	(3.8)	(7.1)	(11.4)	(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)	4,007.5	4,953.6	3,481.9	13,216.3	9,920.7	12,471.4
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						62,565.3
12 Earnings Per Share of ₹ 2 each (not annualised for the periods)						
(a) ₹ (Basic)	33.54	41.42	29.15	110.60	83.07	105.75
(b) ₹ (Diluted)	33.54	41.42	29.15	110.60	83.07	105.75

Notes :

- 1 The above unaudited standalone financial results were reviewed and recommended by the Audit Committee on 4 February 2021 and subsequently approved by the Board of Directors at its meeting held on 5 February 2021. The figures for the quarter and nine months ended 31 December 2020 have been subjected to limited review by the statutory auditors. The auditors have issued an unmodified report on the financial results for the quarter and nine months ended 31 December 2020.
- 2 During the quarter ended 31 December 2020, the Company has received net consideration of **Rs.351.0 Million** towards assignment of a trademark together with associated goodwill, business and commercial rights and the same has been recognised under Other Income.
- 3 The Code on Social Security, 2020 ('Code') received Presidential assent in September 2020 and the same has been published in the Gazette of India. However, the related final rules and the date on which the Code will come into effect has not been notified. The Company will assess the impact once the subject rules are notified and will give appropriate impact in its financial statements in the period in which the Code becomes effective.
- 4 The Board of Directors at its meeting held on 5 February 2021 have declared an interim dividend of ₹ 25 (Rupees Twenty five only) per equity share (1250% on the face value of ₹ 2 each) for the financial year ended 2020-21.
- 5 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.
- 6 The Company operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.
- 7 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

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Narayan
Singh

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Narayan Singh
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B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 5 February 2021