

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 31 December 2021 and year-to-date results for the period from 01 April 2021 to 31 December 2021 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 31 December 2021 and year-to-date results for the period from 01 April 2021 to 31 December 2021 ("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 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

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Balajirao Pothana

Partner

Membership No.: 122632

UDIN:22122632AAIMPQ8594

Mumbai
04 February 2022

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

Unaudited Statement of Standalone Financial Results for the Quarter and Nine months ended 31 December 2021

(₹ in Million except per share data)

	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2021 Unaudited	30.09.2021 Unaudited	31.12.2020 Unaudited	31.12.2021 Unaudited	31.12.2020 Unaudited	31.03.2021 Audited
1	Income						
	(a) Revenue from Operations	21,808.4	23,639.9	17,787.5	68,235.0	53,022.1	72,196.8
	(b) Other Income	632.4	432.1	724.6	1,456.6	1,412.4	1,900.1
	Total Income	22,440.8	24,072.0	18,512.1	69,691.6	54,434.5	74,096.9
2	Expenses						
	(a) Cost of materials consumed	7,331.9	6,967.5	6,119.9	20,837.5	14,699.3	20,465.2
	(b) Purchases of stock-in-trade	2,694.6	2,987.2	2,448.4	8,311.5	7,124.0	9,197.9
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,748.2)	(670.5)	(2,073.6)	(2,460.3)	(2,812.1)	(3,012.9)
	(d) Employee benefits expense	3,400.8	3,615.0	2,882.0	11,038.1	8,677.6	11,587.2
	(e) Finance costs	72.6	85.0	87.7	248.2	355.7	429.3
	(f) Depreciation and amortisation expense	584.3	538.2	500.8	1,639.7	1,495.5	1,989.3
	(g) Other expenses	5,406.7	4,862.3	3,979.1	14,401.5	10,008.1	14,470.1
	Total Expenses	17,742.7	18,384.7	13,944.3	54,016.2	39,548.1	55,126.1
3	Profit before exceptional items and tax (1) - (2)	4,698.1	5,687.3	4,567.8	15,675.4	14,886.4	18,970.8
4	Exceptional items (Refer Note 3)	-	-	-	-	-	(127.8)
5	Profit before tax (3) + (4)	4,698.1	5,687.3	4,567.8	15,675.4	14,886.4	18,843.0
6	Tax expense / (credit)						
	(a) Current tax	808.3	989.6	800.7	2,714.1	2,608.9	3,318.3
	(b) Deferred tax	(481.1)	(882.4)	(242.7)	(1,682.4)	(945.9)	(1,326.1)
	Total Tax Expense (a + b)	327.2	107.2	558.0	1,031.7	1,663.0	1,992.2
7	Profit for the period after tax (5 - 6)	4,370.9	5,580.1	4,009.8	14,643.7	13,223.4	16,850.8
8	Other Comprehensive Income (net of tax)						
	(a) (i) Items that will not be reclassified to profit or loss	(16.0)	(15.9)	(3.6)	(47.9)	(11.0)	(76.7)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	5.5	5.6	1.3	16.7	3.9	26.8
	(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)	(10.5)	(10.3)	(2.3)	(31.2)	(7.1)	(49.9)
9	Total Comprehensive Income for the period (7) + (8)	4,360.4	5,569.8	4,007.5	14,612.5	13,216.3	16,800.9
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						76,018.4
12	Earnings Per Share (not annualised for the periods)						
	(a) Basic (₹)	36.56	46.67	33.54	122.47	110.60	140.93
	(b) Diluted (₹)	36.56	46.67	33.54	122.47	110.60	140.93

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 3 February 2022 and subsequently approved by the Board of Directors at its meeting held on 4 February 2022. The auditors have issued an unmodified report on the financial results for the quarter and nine months ended 31 December 2021.
- 2 Pursuant to the Board of Directors approval at its meeting held on 25 May 2021 on the proposed plan for restructuring of the USA business operations by bringing both the subsidiaries namely, S & B Pharma Inc, USA ("S & B") and The PharmaNetwork LLC, USA ("TPNC") under a single umbrella by removing intermediary holding company S & B Holdings BV, Netherlands ("S & B BV"), the Company on 4 October 2021 has consummated the transaction whereby TPNC acquired 100% shares of S&B from the Company in exchange of TPNC's shares. Subsequently, with effect from 5 January 2022, S & B now stands dissolved and all its assets and liabilities are now transferred by TPNC as capital contribution in its subsidiary S & B Pharma LLC.
- 3 The Company has made an assessment of the recoverable value of investment in its subsidiaries taking into account the decline in operational performance, changes in the outlook of future profitability, weaker market conditions, among other potential indicators. Accordingly, during the year ended 31 March 2021, an impairment loss of Rs.127.8 Million was recognised towards investment in Alkem Laboratories Corporation, Philippines, a wholly owned subsidiary of the Company in accordance with IND AS 36 'Impairment of assets' and the same has been disclosed as an 'Exceptional item'.
- 4 The Board of Directors at its meeting held on 4 February 2022 have declared an interim dividend of ₹ 30 (Rupees Thirty only) per equity share (1500% on the face value of ₹ 2 each) for the financial year ending 2021-22.
- 5 The Company operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.

By Order of the Board
For Alkem Laboratories Limited

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Singh

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

Place: Mumbai
Date: 4 February 2022