

## Limited review report

# To 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 and year to date results for the period from 1 April 2020 to 30 September 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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SHETTY

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**Sadashiv Shetty**

*Partner*

Membership No: 048648

UDIN: 20048648AAAACP9664

Mumbai  
6 November 2020

# ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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## Statement of Unaudited Standalone Financial Results for the Quarter and Six months ended 30 September 2020

(₹ in Million except per share data)

Particulars	Quarter ended			Six months ended		Year ended
	30.09.2020 Unaudited	30.06.2020 Unaudited	30.09.2019 Unaudited	30.09.2020 Unaudited	30.09.2019 Unaudited	31.03.2020 Audited
<b>1 Income</b>						
(a) Revenue from operations	19,841.0	15,508.5	18,946.5	35,349.5	33,931.6	66,770.8
(b) Other income	248.4	324.5	305.9	572.9	433.1	959.8
<b>Total Income</b>	<b>20,089.4</b>	<b>15,833.0</b>	<b>19,252.4</b>	<b>35,922.4</b>	<b>34,364.7</b>	<b>67,730.6</b>
<b>2 Expenses</b>						
(a) Cost of materials consumed	3,915.4	4,664.0	4,414.3	8,579.4	9,048.0	17,998.7
(b) Purchases of stock-in-trade	2,573.8	2,101.8	2,177.0	4,675.6	4,194.0	7,843.8
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,095.6	(1,834.1)	839.3	(738.5)	(98.3)	(336.9)
(d) Employee benefits expense	2,951.3	2,844.3	2,755.0	5,795.6	5,590.8	10,667.6
(e) Finance costs	147.6	120.4	101.0	268.0	192.5	387.1
(f) Depreciation and amortisation expense	516.2	478.5	402.5	994.7	803.8	1,868.4
(g) Other expenses	3,362.2	2,666.8	3,910.4	6,029.0	7,695.4	15,921.1
<b>Total Expenses</b>	<b>14,562.1</b>	<b>11,041.7</b>	<b>14,599.5</b>	<b>25,603.8</b>	<b>27,426.2</b>	<b>54,349.8</b>
<b>3 Profit before exceptional item and tax (1) - (2)</b>	<b>5,527.3</b>	<b>4,791.3</b>	<b>4,652.9</b>	<b>10,318.6</b>	<b>6,938.5</b>	<b>13,380.8</b>
<b>4 Exceptional item</b>	-	-	-	-	-	-
<b>5 Profit before tax (3) - (4)</b>	<b>5,527.3</b>	<b>4,791.3</b>	<b>4,652.9</b>	<b>10,318.6</b>	<b>6,938.5</b>	<b>13,380.8</b>
<b>6 Tax expense / (credit)</b>						
(a) Current tax	974.9	833.3	720.2	1,808.2	1,252.5	2,783.3
(b) Deferred tax	(399.6)	(303.6)	(407.5)	(703.2)	(760.4)	(1,732.9)
<b>Sub-total (a + b)</b>	<b>575.3</b>	<b>529.7</b>	<b>312.7</b>	<b>1,105.0</b>	<b>492.1</b>	<b>1,050.4</b>
(c) Tax adjustment of earlier periods	-	-	-	-	-	(313.8)
<b>Total Tax Expense</b>	<b>575.3</b>	<b>529.7</b>	<b>312.7</b>	<b>1,105.0</b>	<b>492.1</b>	<b>736.6</b>
<b>7 Profit for the period after tax (5 - 6)</b>	<b>4,952.0</b>	<b>4,261.6</b>	<b>4,340.2</b>	<b>9,213.6</b>	<b>6,446.4</b>	<b>12,644.2</b>
<b>8 Other Comprehensive Income (net of tax)</b>						
(a) Items that will not be reclassified to profit or loss						
(i) Remeasurements of defined benefit plans	2.4	(9.8)	(5.9)	(7.4)	(11.7)	(265.6)
(ii) Tax on remeasurements of defined benefit plans	(0.8)	3.4	2.1	2.6	4.1	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	-	-	-	-	-	-
<b>Total Other Comprehensive Income (net of tax)</b>	<b>1.6</b>	<b>(6.4)</b>	<b>(3.8)</b>	<b>(4.8)</b>	<b>(7.6)</b>	<b>(172.8)</b>
<b>9 Total Comprehensive Income for the period (comprising Profit for the period after tax and Other Comprehensive Income (net of tax)) (7) + (8)</b>	<b>4,953.6</b>	<b>4,255.2</b>	<b>4,336.4</b>	<b>9,208.8</b>	<b>6,438.8</b>	<b>12,471.4</b>
<b>10 Paid-up Equity Share Capital</b> (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1	239.1	239.1
<b>11 Other Equity</b>						62,565.3
<b>12 Earnings Per Share of ₹ 2 each (not annualised for the periods)</b>						
(a) ₹ (Basic)	41.42	35.64	36.30	77.06	53.92	105.75
(b) ₹ (Diluted)	41.42	35.64	36.30	77.06	53.92	105.75

## Statement of Assets and Liabilities as at 30 September 2020

(₹ in Million)

Particulars	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
<b>I. ASSETS</b>		
<b>1 Non-current assets</b>		
(a) Property, plant and equipment	16,417.4	16,892.5
(b) Capital work-in-progress	3,304.9	3,136.6
(c) Intangible assets	1,314.2	1,475.1
(d) Investment in subsidiaries	18,598.0	17,102.0
(e) Financial Assets		
(i) Investments	857.1	843.2
(ii) Loans	337.4	334.7
(iii) Others financial assets	1,296.4	49.4
(f) Deferred tax assets (net)	8,897.4	8,191.6
(g) Non-current tax assets (net)	112.7	301.5
(h) Other non-current assets	512.8	514.0
<b>Total Non-current assets</b>	<b>51,648.3</b>	<b>48,840.6</b>
<b>2 Current assets</b>		
(a) Inventories	12,411.9	10,925.8
(b) Financial Assets		
(i) Investments	1,636.9	1,615.2
(ii) Trade receivables	14,912.3	15,550.7
(iii) Cash and cash equivalents	260.2	206.9
(iv) Bank balances other than (iii) above	11,192.3	7,449.2
(v) Loans	222.5	233.9
(vi) Others financial assets	2,127.2	1,815.3
(c) Other current assets	4,132.7	4,241.1
(d) Non-current assets held for sale	145.1	157.5
<b>Total Current assets</b>	<b>47,041.1</b>	<b>42,195.6</b>
<b>TOTAL ASSETS</b>	<b>98,689.4</b>	<b>91,036.2</b>
<b>II. EQUITY AND LIABILITIES</b>		
<b>1 Equity</b>		
(a) Equity share capital	239.1	239.1
(b) Other Equity	71,415.5	62,565.3
<b>Total Equity</b>	<b>71,654.6</b>	<b>62,804.4</b>
<b>2 Non-current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	495.0	550.4
(b) Provisions	1,885.6	1,815.6
(c) Other non-current liabilities	75.1	80.9
<b>Total Non-Current liabilities</b>	<b>2,455.7</b>	<b>2,446.9</b>
<b>3 Current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	10,777.2	12,030.6
(ii) Trade payables		
Dues of Micro and Small Enterprises	450.1	952.3
Dues of creditors other than Micro and Small Enterprises	5,874.8	7,171.1
(iii) Other financial liabilities	4,235.1	3,141.1
(b) Other current liabilities	777.5	815.2
(c) Provisions	1,795.7	1,498.4
(d) Current tax Liabilities (Net)	668.7	176.2
<b>Total Current liabilities</b>	<b>24,579.1</b>	<b>25,784.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>98,689.4</b>	<b>91,036.2</b>

**Notes :**

- 1 The above unaudited standalone financial results were reviewed and recommended by the Audit Committee on 5 November 2020 and subsequently approved by the Board of Directors at its meeting held on 6 November 2020. The figures for the quarter and six months ended 30 September 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 six months ended 30 September 2020.
- 2 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.
- 3 During the quarter ended 30 September 2020, the Company has paid 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.
- 4 The Company operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.

**Statement of Cash Flow for the six months ended 30 September 2020**

(₹ in Million)

Particulars	For six months ended 30 September 2020 (Unaudited)	For six months ended 30 September 2019 (Unaudited)
<b>A. Cash Flow from Operating Activities:</b>		
Profit before tax	10,318.6	6,938.5
<b>Adjustments for:</b>		
Depreciation and amortisation	994.7	803.8
Unrealised (gain) / loss on fair valuation of investments (net)	(53.3)	(20.9)
Profit on sale of investments (net)	(14.3)	-
(Profit)/Loss on sale of property, plant and equipment (net)	0.1	(40.3)
Dividend income	-	(26.1)
Interest income	(349.3)	(201.6)
Interest expenses	268.0	192.5
Allowances for doubtful debts	32.8	(9.3)
Unrealised foreign currency (gain) / loss on revaluation (net)	202.8	178.4
Rent income	(11.3)	(10.1)
<b>Subtotal of Adjustments</b>	<b>1,070.2</b>	<b>866.4</b>
<b>Operating profit before working capital changes</b>	<b>11,388.8</b>	<b>7,804.9</b>
Changes in working capital:		
(Increase) / Decrease in trade receivables	(148.2)	(3,022.2)
(Increase) / Decrease in loans, other financial assets and other assets	(173.1)	(1,104.3)
(Increase) / Decrease in inventories	(1,486.1)	230.3
Increase / (Decrease) in trade payable, other financial liabilities and other liabilities	(746.4)	52.1
Increase / (Decrease) in provisions	359.9	301.6
<b>Subtotal of Adjustments</b>	<b>(2,193.9)</b>	<b>(3,542.5)</b>
Cash generated from operations	9,194.9	4,262.4
Less: Income taxes paid (net of refund)	(1,126.8)	(1,056.9)
<b>Net cash generated from operating activities</b>	<b>8,068.1</b>	<b>3,205.5</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of property, plant and equipment	(512.9)	(1,140.1)
Sale of property, plant and equipment	3.1	92.4
Proceeds from sale of investments (net)	32.2	126.9
Investment in subsidiaries	(1,496.2)	(508.0)
(Investment made) / Redemption of bank deposits having maturity of more than 3 months (net)	(4,991.3)	(2,838.5)
Dividend received	-	26.1
Interest received	260.0	207.2
Rent received	11.3	10.1
<b>Net Cash used in investing activities</b>	<b>(6,693.8)</b>	<b>(4,023.9)</b>
<b>C. Cash Flow from Financing Activities:</b>		
(Repayment of) / Proceeds from current borrowings (net)	(695.4)	2,464.8
Repayment of lease liabilities (net)	(51.2)	(54.8)
Dividends and corporate dividend tax paid	(358.7)	(1,147.9)
Interest paid	(215.7)	(192.5)
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,321.0)</b>	<b>1,069.6</b>
<b>D. Net increase in cash and cash equivalents (A+B+C)</b>	<b>53.3</b>	<b>251.2</b>
<b>E. Cash and cash equivalents as at beginning of the period</b>	<b>206.9</b>	<b>1,614.4</b>
<b>F. Cash and cash equivalents as at end of the period (D+E)</b>	<b>260.2</b>	<b>1,865.6</b>

**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"
- Purchase of Property, Plant and Equipment includes movements of capital work-in-progress (including capital advances) during the period.

By Order of the Board  
**For Alkem Laboratories Limited**

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Narayan  
Singh

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Singh  
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Place: Mumbai  
Date: 6 November 2020

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