

B S R & Co. LLP

Chartered Accountants

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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 2019 to 31 December 2019 ("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



Sadashiv Shetty
Partner

Membership No. 048648
UDIN:20048648AAAAA12558

Mumbai
7 February 2020

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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Statement of Unaudited Standalone Financial Results for the Quarter and Nine months ended 31 December 2019

(₹ in Million except per share data)

	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2019 Unaudited	30.09.2019 Unaudited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Unaudited	31.03.2019 Audited
1	Income						
	(a) Revenue from operations	15,964.0	18,946.5	15,358.4	49,895.6	42,459.4	57,140.9
	(b) Other income	267.5	305.9	54.6	700.6	488.2	675.8
	Total Income	16,231.5	19,252.4	15,413.0	50,596.2	42,947.6	57,816.7
2	Expenses						
	(a) Cost of materials consumed	4,687.0	4,414.3	3,963.7	13,735.0	10,711.2	14,972.2
	(b) Purchases of stock-in-trade	1,863.8	2,177.0	1,821.4	6,057.8	4,979.3	6,880.9
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,014.4)	839.3	389.4	(1,112.7)	968.8	865.6
	(d) Employee benefits expense	2,821.3	2,755.0	2,440.3	8,412.1	7,151.4	9,600.9
	(e) Finance costs	99.5	101.0	74.5	292.0	268.1	282.6
	(f) Depreciation and amortisation expense	427.0	402.5	351.1	1,230.8	1,000.9	1,410.7
	(g) Other expenses	3,969.3	3,910.4	3,503.4	11,664.7	10,574.8	14,364.2
	Total Expenses	12,853.5	14,599.5	12,543.8	40,279.7	35,654.5	48,377.1
3	Profit before exceptional item and tax (1) - (2)	3,378.0	4,652.9	2,869.2	10,316.5	7,293.1	9,439.6
4	Exceptional Item	-	-	-	-	-	-
5	Profit before tax (3) - (4)	3,378.0	4,652.9	2,869.2	10,316.5	7,293.1	9,439.6
6	Tax expense / (credit)						
	(a) Current tax	588.8	720.2	586.1	1,841.3	1,546.4	2,004.1
	(b) Deferred tax	(343.5)	(407.5)	(129.2)	(1,103.9)	(343.5)	(562.9)
	Sub-total (a + b)	245.3	312.7	456.9	737.4	1,202.9	1,441.2
	(c) Tax adjustment of earlier periods	(353.0)	-	-	(353.0)	-	-
	Total Tax Expense (a + b + c)	(107.7)	312.7	456.9	384.4	1,202.9	1,441.2
7	Profit for the period after tax (5 - 6)	3,485.7	4,340.2	2,412.3	9,932.1	6,090.2	7,998.4
8	Other Comprehensive Income (net of tax)						
	Items that will not be reclassified to profit or loss	(5.8)	(5.9)	3.0	(17.5)	9.2	(64.3)
	Income tax relating to items that will not be reclassified to profit or loss	2.0	2.1	(1.1)	6.1	(3.2)	22.5
	Items that will be reclassified to profit or loss	-	-	-	-	-	-
	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Total Other Comprehensive Income (net of tax)	(3.8)	(3.8)	1.9	(11.4)	6.0	(41.8)
9	Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8)	3,481.9	4,336.4	2,414.2	9,920.7	6,096.2	7,956.6
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						54,413.0
12	Earnings Per Share of ₹ 2 each (not annualised for the quarters)						
	(a) ₹ (Basic)	29.15	36.30	20.18	83.07	50.94	66.90
	(b) ₹ (Diluted)	29.15	36.30	20.18	83.07	50.94	66.90



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Notes :

- 1 The above unaudited standalone financial results of the Company were reviewed and recommended by the Audit Committee on 6 February 2020 and subsequently approved by the Board of Directors at its meeting held on 7 February 2020. The figures for the quarter and nine months ended 31 December 2019 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion on the financial results for the quarter and nine months ended 31 December 2019.
- 2 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 nine months ended 31 December 2019 is lower by **Rs.5.4 million** and **Rs.16.6 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.
- 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 As per Ind AS 103, purchase consideration for acquisition of certain assets from AbbVie Inc.,USA. on 30 December 2019 and certain assets and liabilities of an industrial undertaking from Cachet Pharmaceuticals Private Limited, a subsidiary of the Company on 15 October 2019 have been allocated on a provisional basis. Going forward, the accounting for the acquired assets and liabilities may change on the basis of additional information, if any.
- 5 The Board of Directors at its meeting held on 7 February 2020 have declared an interim dividend of ₹ 22 (Rupees Twenty two only) per equity share (1100% on the face value of ₹ 2 each) for the financial year ended 2019-20.
- 6 The Company operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.

Place: Mumbai
Date: 7 February 2020



By Order of the Board
For Alkem Laboratories Limited

A handwritten signature in black ink, appearing to read "B.N. Singh".

B.N. Singh
Executive Chairman
DIN: 00760310