

**ALKEM LABORATORIES LTD.**

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

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• Email: contact@alkem.com • Website: www.alkemlabs.com
• CIN: L00305MH1973PLC174201

11th November, 2019

| | |
|---|--|
| The Corporate Relationship Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i> | National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. <i>Scrip Symbol: ALKEM</i> |
|---|--|

Dear Sirs,

Sub: Outcome of Board Meeting held on 11th November, 2019.

In continuation of our letter dated 18th October, 2019 and pursuant to Regulation 30 read with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Board of Directors of the Company, at its meeting held today, i.e. 11th November, 2019, has inter alia: .

1. approved the Standalone and Consolidated Unaudited Financial Results for the quarter and half year ended 30th September, 2019.
2. appointed Mr. Sarvesh Singh (DIN: 01278229) as an Additional Director and as a Whole Time Director designated as Executive Director on the Board of Directors of the Company w.e.f 11th November, 2019.

Accordingly we are enclosing herewith the copy of Standalone and Consolidated Unaudited Financial Results along with the Limited Review Report of the Statutory Auditors of the Company for the quarter and half year ended 30th September, 2019, as required under Regulation 33 of the Listing Regulations.

The meeting of the Board of Directors of the Company commenced at 10.30 A.M and concluded at 2.30 P.M

Kindly take the same on record.

Sincerely,

For **Alkem Laboratories Limited**


Manish Narang

President - Legal, Company Secretary & Compliance Officer

Encl.: a/a

B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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Limited review report

To Board of Directors of Alkem Laboratories Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Alkem Laboratories Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended 30 September 2019 and year to date results for the period from 1 April 2019 to 30 September 2019 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's 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 express a conclusion 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

| Sr. No. | Name of entity | Relationship |
|---------|---|---|
| 1. | S & B Holdings B.V., Netherlands (S&B Holdings) | Wholly Owned Subsidiary |
| 2. | ThePharmaNetwork, LLC, USA (TPN) | Wholly Owned Subsidiary of S&B Holdings |
| 3. | Ascend Laboratories LLC, USA | Wholly Owned Subsidiary of TPN |
| 4. | S & B Pharma Inc., USA | Wholly Owned Subsidiary |
| 5. | Pharmacor Pty Limited, Australia | Wholly Owned Subsidiary |

Limited review report (Continued)**Alkem Laboratories Limited**

| Sr. No. | Name of entity | Relationship |
|---------|---|--|
| 6. | Alkem Laboratories (NIG) Limited, Nigeria | Wholly Owned Subsidiary (Upto 6 May 2018) |
| 7. | Alkem Laboratories (PTY) Ltd, South Africa | Wholly Owned Subsidiary |
| 8. | Enzene Biosciences Ltd, India | Wholly Owned Subsidiary |
| 9. | Cachet Pharmaceuticals Pvt Ltd, India | Subsidiary |
| 10. | Indchemie Health Specialities Pvt Ltd, India | Subsidiary |
| 11. | Alkem Laboratories Corporation, Philippines | Wholly Owned Subsidiary |
| 12. | Ascend GmbH, Germany | Wholly Owned Subsidiary |
| 13. | Ascend Laboratories SDN BHD., Malaysia | Wholly Owned Subsidiary |
| 14. | Ascend Laboratories SpA, Chile (Ascend Chile) | Wholly Owned Subsidiary |
| 15. | Pharma Network SpA, Chile | Wholly Owned Subsidiary of Ascend Chile |
| 16. | Alkem Laboratories Korea Inc, Korea | Wholly Owned Subsidiary |
| 17. | Pharmacor Ltd., Kenya | Wholly Owned Subsidiary |
| 18. | The PharmaNetwork, LLP, Kazakhstan | Wholly Owned Subsidiary |
| 19. | Ascend Laboratories (UK) Ltd., UK | Wholly Owned Subsidiary |
| 20. | Ascend Laboratories Ltd., Canada | Wholly Owned Subsidiary |
| 21. | Alkem Foundation | Wholly Owned Subsidiary |
| 22. | Ascend Laboratories S.A.S, Colombia | Wholly Owned Subsidiary (w.e.f. 4 June 2019) |

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial statements/ financial information/ financial results of seven subsidiaries included in the Statement, whose interim financial statements/ financial information/ financial results reflect total assets of Rs 16,316.3 million as at 30 September 2019 and total revenues of Rs 3,662.0 million and Rs. 6,585.8 million, total net loss after tax of Rs. 331.5 million and Rs 617.6 million and total comprehensive income of Rs (325.9) million and Rs (632.9) million, for the quarter ended 30 September 2019 and for the period from 1 April 2019 to 30 September 2019, respectively, and cash flows (net) of Rs 364.0 million for the period from 1 April 2019 to 30 September 2019, as considered in the consolidated unaudited financial results. These interim financial statements/ financial information/ financial results have been reviewed by other auditors whose reports have been furnished to us and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matters.



Limited review report (*Continued*)

Alkem Laboratories Limited

7. The Statement includes the interim financial statements/ financial information/ financial results of twelve subsidiaries which have not been reviewed, whose interim financial statements/ financial information/ financial results reflect total assets of Rs. 3,372.4 million as at 30 September 2019 and total revenue of Rs. 209.9 million and Rs. 407.2 million, total net loss after tax of Rs. 68.9 million and Rs. 145.5 million and total comprehensive income of Rs. (45.4) million and Rs. (133.1) million for the quarter ended 30 September 2019 and for the period from 1 April 2019 to 30 September 2019, respectively, and cash flows (net) of Rs. 10.9 for the period from 1 April 2019 to 30 September 2019, as considered in the Statement. According to the information and explanations given to us by the management, these interim financial statements/ financial information/ financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Sadashiv Shetty

Partner

Mumbai
11 November 2019

Membership No: 048648
UDIN: 19048648AAAACO5689

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 Consolidated Financial Results for the Quarter and Six months ended 30 September 2019

(₹ in Million except per share data)

| | Particulars | Quarter ended | | | Six months ended | | Year ended |
|----|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| | | 30.09.2019 Unaudited | 30.06.2019 Unaudited | 30.09.2018 Unaudited | 30.09.2019 Unaudited | 30.09.2018 Unaudited | 31.03.2019 Audited |
| 1 | Income | | | | | | |
| | (a) Revenue from operations | 22,640.3 | 18,495.0 | 19,189.0 | 41,135.3 | 35,778.4 | 73,571.9 |
| | (b) Other income | 314.2 | 174.7 | 245.2 | 488.9 | 512.9 | 877.0 |
| | Total Income | 22,954.5 | 18,669.7 | 19,434.2 | 41,624.2 | 36,291.3 | 74,448.9 |
| 2 | Expenses | | | | | | |
| | (a) Cost of materials consumed | 5,284.7 | 5,453.7 | 4,484.2 | 10,738.4 | 8,323.3 | 18,111.4 |
| | (b) Purchases of stock-in-trade | 3,668.2 | 3,443.9 | 2,167.8 | 7,112.1 | 4,943.8 | 11,301.9 |
| | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 90.1 | (1,779.4) | 758.2 | (1,689.3) | 447.0 | 36.4 |
| | (d) Employee benefits expense | 3,896.3 | 3,903.2 | 3,278.6 | 7,799.5 | 6,673.1 | 13,624.6 |
| | (e) Finance costs | 177.5 | 161.2 | 164.0 | 338.7 | 326.6 | 546.3 |
| | (f) Depreciation and amortisation expense | 564.0 | 558.3 | 457.7 | 1,122.3 | 882.2 | 1,931.8 |
| | (g) Other expenses | 5,175.1 | 4,828.6 | 4,863.5 | 10,003.7 | 9,717.4 | 19,349.9 |
| | Total Expenses | 18,855.9 | 16,569.5 | 16,174.0 | 35,425.4 | 31,313.4 | 64,902.3 |
| 3 | Profit before exceptional items and tax (1) - (2) | 4,098.6 | 2,100.2 | 3,260.2 | 6,198.8 | 4,977.9 | 9,546.6 |
| 4 | Exceptional items | - | - | - | - | - | - |
| 5 | Profit before tax (3) - (4) | 4,098.6 | 2,100.2 | 3,260.2 | 6,198.8 | 4,977.9 | 9,546.6 |
| 6 | Tax expense / (credit) | | | | | | |
| | Current tax | 776.5 | 634.8 | 702.5 | 1,411.3 | 1,098.3 | 2,291.7 |
| | Deferred tax | (483.1) | (407.5) | (46.5) | (890.6) | (97.3) | (481.5) |
| | Total Tax Expense | 293.4 | 227.3 | 656.0 | 520.7 | 1,001.0 | 1,810.2 |
| 7 | Profit for the period (5) - (6) | 3,805.2 | 1,872.9 | 2,604.2 | 5,678.1 | 3,976.9 | 7,736.4 |
| 8 | Other Comprehensive Income (net of tax) | | | | | | |
| | Items that will not be reclassified to profit or loss | (20.8) | (12.6) | 1.5 | (33.4) | 12.4 | (69.4) |
| | Income tax relating to items that will not be reclassified to profit or loss | 6.3 | 3.3 | (1.0) | 9.6 | (4.6) | 23.7 |
| | Items that will be reclassified to profit or loss | 101.4 | (131.4) | 436.5 | (30.0) | 716.0 | 355.7 |
| | Income tax relating to items that will be reclassified to profit or loss | - | - | - | - | - | - |
| | Total Other Comprehensive Income (net of tax) | 86.9 | (140.7) | 437.0 | (53.8) | 723.8 | 310.0 |
| 9 | Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (7) + (8) | 3,892.1 | 1,732.2 | 3,041.2 | 5,624.3 | 4,700.7 | 8,046.4 |
| 10 | Profit attributable to | | | | | | |
| | a) Owners of the Company | 3,708.5 | 1,854.7 | 2,544.7 | 5,563.2 | 3,906.2 | 7,605.1 |
| | b) Non-Controlling Interest | 96.7 | 18.2 | 59.5 | 114.9 | 70.7 | 131.3 |
| 11 | Other Comprehensive Income attributable to | | | | | | |
| | a) Owners of the Company | 91.9 | (138.2) | 437.0 | (46.3) | 721.5 | 311.1 |
| | b) Non-Controlling Interest | (5.0) | (2.5) | - | (7.5) | 2.3 | (1.1) |
| 12 | Total Comprehensive Income attributable to | | | | | | |
| | a) Owners of the Company | 3,800.4 | 1,716.5 | 2,981.7 | 5,516.9 | 4,627.7 | 7,916.2 |
| | b) Non-Controlling Interest | 91.7 | 15.7 | 59.5 | 107.4 | 73.0 | 130.2 |
| 13 | Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up) | 239.1 | 239.1 | 239.1 | 239.1 | 239.1 | 239.1 |
| 14 | Other Equity | | | | | | 54,154.3 |
| 15 | Earnings Per Share of ₹2 each (not annualised for the quarters) | | | | | | |
| | (a) ₹ (Basic) | 31.02 | 15.51 | 21.28 | 46.53 | 32.67 | 63.61 |
| | (b) ₹ (Diluted) | 31.02 | 15.51 | 21.28 | 46.53 | 32.67 | 63.61 |



Binu A. Singh



Consolidated Statement of Assets and Liabilities as at 30 September 2019

| Particulars | As at 30 September 2019 (Unaudited) | As at 31 March 2019 (Audited) |
|--|--|--|
| I. ASSETS | | |
| 1 Non-current assets | | |
| (a) Property, plant and equipment | 20,612.2 | 21,056.2 |
| (b) Capital work-in-progress | 5,770.8 | 4,929.6 |
| (c) Goodwill | 236.4 | 231.5 |
| (d) Other Intangible assets | 1,379.4 | 442.6 |
| (e) Goodwill on consolidation | 3,597.3 | 3,574.1 |
| (f) Financial Assets | | |
| (i) Investments | 988.2 | 957.4 |
| (ii) Loans | 115.2 | 136.3 |
| (iii) Others financial assets | 879.0 | 462.0 |
| (g) Deferred tax assets (net) | 7,977.7 | 7,076.3 |
| (h) Non current tax assets (net) | 156.5 | 392.7 |
| (i) Other non-current assets | 741.9 | 661.9 |
| Total Non-current assets | 42,454.6 | 39,920.6 |
| 2 Current assets | | |
| (a) Inventories | 16,210.5 | 14,998.7 |
| (b) Financial Assets | | |
| (i) Investments | 2,159.8 | 2,278.8 |
| (ii) Trade receivables | 14,286.4 | 12,484.1 |
| (iii) Cash and cash equivalents | 3,070.5 | 2,490.5 |
| (iv) Bank balances other than (iii) above | 6,554.8 | 4,125.5 |
| (v) Loans | 313.7 | 308.0 |
| (vi) Others financial assets | 1,516.5 | 1,064.6 |
| (c) Other current assets | 4,859.3 | 4,293.8 |
| (d) Non-current assets held for sale | 118.2 | 117.3 |
| Total Current assets | 49,089.7 | 42,161.3 |
| TOTAL ASSETS | 91,544.3 | 82,081.9 |
| II. EQUITY AND LIABILITIES | | |
| 1 Equity | | |
| (a) Equity share capital | 239.1 | 239.1 |
| (b) Other Equity | 58,514.0 | 54,154.3 |
| Equity attributable to owners of the Company | 58,753.1 | 54,393.4 |
| (c) Non-controlling interest | 1,409.2 | 1,326.1 |
| Total Equity | 60,162.3 | 55,719.5 |
| 2 Non-current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 3,336.9 | 2,313.0 |
| (b) Provisions | 2,315.3 | 2,010.3 |
| (c) Deferred tax liabilities (Net) | - | 3.0 |
| (d) Other non-current liabilities | 88.1 | 133.9 |
| Total Non-Current liabilities | 5,740.3 | 4,460.2 |
| 3 Current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 10,802.6 | 6,712.7 |
| (ii) Trade payables | | |
| Dues of Micro and Small Enterprises | 900.7 | 606.3 |
| Dues of Creditors other than Micro and Small Enterprises | 6,637.7 | 9,016.2 |
| (iii) Other financial liabilities | 5,078.8 | 3,428.7 |
| (b) Other current liabilities | 808.5 | 852.1 |
| (c) Provisions | 1,371.7 | 1,265.1 |
| (d) Current tax Liabilities (Net) | 41.7 | 21.1 |
| Total Current liabilities | 25,641.7 | 21,902.2 |
| TOTAL EQUITY AND LIABILITIES | 91,544.3 | 82,081.9 |



Notes :

- 1 The above unaudited consolidated financial results of the Company were reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 11 November 2019. The figures for the quarter and six months ended 30 September 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 six months ended 30 September 2019.
- 2 Effective 1 April 2019, the Group 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.947.2 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 six months ended 30 September 2019 is lower by **Rs.6.3 million and Rs.11.9 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 and its subsidiaries incorporated in India have 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 The Board of Directors at its meeting held on 30 May 2019 had recommended a final dividend of ₹ 8 (Rupees eight only) per equity share (400.0 % on the face value of ₹ 2 each) for the financial year 2018-19 which was paid during the quarter ended 30 September 2019.
- 5 The Group operates in one reportable business segment i.e. "Pharmaceuticals", accordingly no separate disclosure of segment has been made.

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Statement of Consolidated Cash Flow for the six months ended 30 September 2019

(₹ in million)

| Particulars | For six months ended 30 September 2019 (Unaudited) | For six months ended 30 September 2018 (Unaudited) |
|---|---|---|
| A Cash Flow from Operating Activities: | | |
| Profit before Tax | 6,198.8 | 4,977.9 |
| <u>Adjustments for:</u> | | |
| Depreciation and amortisation expense | 1,122.3 | 882.2 |
| Profit on sale of investments | (0.5) | (42.7) |
| Unrealised (Profit) / loss on fair valuation of investments (net) | (15.8) | 2.8 |
| (Profit) / Loss on sale of property, plant and equipment (net) | (19.8) | 5.6 |
| Employee stock compensation expenses | 1.4 | 1.8 |
| Unrealised foreign currency loss on revaluation (net) | 171.7 | 218.9 |
| Dividend Income | (0.8) | (0.1) |
| Impairment loss on property, plant and equipment | 34.0 | - |
| Interest Income | (262.7) | (185.2) |
| Interest expenses | 338.7 | 326.6 |
| Allowances for doubtful debts | - | 94.1 |
| Rent income | (2.7) | (2.7) |
| Subtotal of Adjustments | 1,365.8 | 1,301.3 |
| Operating profit before working capital changes | 7,564.6 | 6,279.2 |
| Changes in working capital: | | |
| Increase in trade receivables | (1,734.7) | (1,686.9) |
| (Increase) in loans, other financial assets and other assets | (718.6) | (204.6) |
| (Increase) / Decrease in inventories | (1,203.4) | 401.6 |
| Decrease in trade payable, other financial liabilities and other liabilities | (934.6) | (2,726.3) |
| Increase in provisions | 381.0 | 267.6 |
| Subtotal of adjustments | (4,210.3) | (3,948.6) |
| Cash generated from operations | 3,354.3 | 2,330.6 |
| Less: Income taxes paid (net of refund) | (1,201.6) | (1,159.6) |
| Net Cash generated from operating activities | 2,152.7 | 1,171.0 |
| B Cash Flow from Investing Activities: | | |
| Purchases of property, plant and equipment | (1,768.9) | (3,478.0) |
| Sale of property, plant and equipment | 93.9 | 5.8 |
| Proceeds from sale of investments (net) | 111.8 | 1,061.6 |
| (Investment) in / Redemption of bank deposits having maturity of more than 3 months | (2,870.6) | 1,545.5 |
| Dividend received | 0.8 | 0.1 |
| Interest received | 268.3 | 272.9 |
| Rent received | 2.7 | 2.7 |
| Net cash (used in) investing activities | (4,162.0) | (589.4) |
| C Cash Flow from Financing Activities: | | |
| Proceeds from non-current borrowings (net) | 641.5 | 418.7 |
| Proceeds from / (Repayment) of current borrowings (net) | 3,571.6 | (48.7) |
| Repayment of lease liabilities | (91.9) | - |
| Dividends and corporate dividend tax paid | (1,182.7) | (1,036.8) |
| Interest and bank charges paid | (338.6) | (325.2) |
| Net cash (used in)/generated from financing activities | 2,599.9 | (992.0) |
| D Net (decrease)/increase in Cash and Cash Equivalents (A+B+C) | 590.6 | (410.5) |
| E Cash & Cash Equivalents as at the beginning of the period | 2,490.5 | 1,667.1 |
| Add/Less: Effect of exchange difference on foreign currency cash and cash equivalents | (10.6) | 77.1 |
| F Cash & Cash Equivalents as at the end of the period (D+E) | 3,070.5 | 1,333.8 |

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.



Place: Mumbai
Date: 11 November 2019

By Order of the Board
For Alkem Laboratories Limited

B.N. Singh

B.N. Singh
Executive Chairman
DIN: 00760310



BSR & Co. LLP

Chartered Accountants

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India

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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 30 September 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 BSR & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-100022



Sadashiv Shetty
Partner

Mumbai
11 November 2019

Membership No: 048648
UDIN: 19048648AAAACN8608

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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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 Six months ended 30 September 2019

(₹ in Million except per share data)

| Particulars | Quarter ended | | | Six months ended | | Year ended |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| | 30.09.2019 Unaudited | 30.06.2019 Unaudited | 30.09.2018 Unaudited | 30.09.2019 Unaudited | 30.09.2018 Unaudited | 31.03.2019 Audited |
| 1 Income | | | | | | |
| (a) Revenue from operations | 18,946.5 | 14,985.1 | 14,402.0 | 33,931.6 | 27,101.0 | 57,140.9 |
| (b) Other income | 305.9 | 127.2 | 239.3 | 433.1 | 433.6 | 675.8 |
| Total Income | 19,252.4 | 15,112.3 | 14,641.3 | 34,364.7 | 27,534.6 | 57,816.7 |
| 2 Expenses | | | | | | |
| (a) Cost of materials consumed | 4,414.3 | 4,633.7 | 3,710.5 | 9,048.0 | 6,747.5 | 14,972.2 |
| (b) Purchases of stock-in-trade | 2,177.0 | 2,017.0 | 1,261.6 | 4,194.0 | 3,157.9 | 6,880.9 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 839.3 | (937.6) | 568.2 | (98.3) | 579.4 | 865.6 |
| (d) Employee benefits expense | 2,755.0 | 2,835.8 | 2,283.5 | 5,590.8 | 4,711.1 | 9,600.9 |
| (e) Finance costs | 101.0 | 91.5 | 89.4 | 192.5 | 193.6 | 282.6 |
| (f) Depreciation and amortisation expense | 402.5 | 401.3 | 333.7 | 803.8 | 649.8 | 1,410.7 |
| (g) Other expenses | 3,910.4 | 3,785.0 | 3,546.7 | 7,695.4 | 7,071.4 | 14,364.2 |
| Total Expenses | 14,599.5 | 12,826.7 | 11,793.6 | 27,426.2 | 23,110.7 | 48,377.1 |
| 3 Profit before exceptional item and tax (1) - (2) | 4,652.9 | 2,285.6 | 2,847.7 | 6,938.5 | 4,423.9 | 9,439.6 |
| 4 Exceptional item | - | - | - | - | - | - |
| 5 Profit before tax (3) - (4) | 4,652.9 | 2,285.6 | 2,847.7 | 6,938.5 | 4,423.9 | 9,439.6 |
| 6 Tax expense / (credit) | | | | | | |
| Current tax | 720.2 | 532.3 | 620.3 | 1,252.5 | 960.3 | 2,004.1 |
| Deferred tax | (407.5) | (352.9) | (155.6) | (760.4) | (214.3) | (562.9) |
| Total Tax Expense | 312.7 | 179.4 | 464.7 | 492.1 | 746.0 | 1,441.2 |
| 7 Profit for the period after tax (5 - 6) | 4,340.2 | 2,106.2 | 2,383.0 | 6,446.4 | 3,677.9 | 7,998.4 |
| 8 Other Comprehensive Income (net of tax) | | | | | | |
| Items that will not be reclassified to profit or loss | (5.9) | (5.8) | 3.1 | (11.7) | 6.2 | (64.3) |
| Income tax relating to items that will not be reclassified to profit or loss | 2.1 | 2.0 | (1.0) | 4.1 | (2.1) | 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) | 2.1 | (7.6) | 4.1 | (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) | 4,336.4 | 2,102.4 | 2,385.1 | 6,438.8 | 3,682.0 | 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) | 36.30 | 17.62 | 19.93 | 53.92 | 30.76 | 66.90 |
| (b) ₹ (Diluted) | 36.30 | 17.62 | 19.93 | 53.92 | 30.76 | 66.90 |



BN A...



Statement of Assets and Liabilities as at 30 September 2019

(₹ in Million)

| Particulars | As at 30 September 2019 (Unaudited) | As at 31 March 2019 (Audited) |
|--|--|-------------------------------------|
| I. ASSETS | | |
| 1 Non-current assets | | |
| (a) Property, plant and equipment | 15,535.2 | 15,737.6 |
| (b) Capital work-in-progress | 4,131.2 | 3,815.9 |
| (c) Intangible assets | 986.2 | 326.2 |
| (d) Investment in subsidiaries | 14,329.6 | 13,821.7 |
| (e) Financial Assets | | |
| (i) Investments | 958.0 | 942.5 |
| (ii) Loans | 316.7 | 127.3 |
| (iii) Others financial assets | 776.2 | 161.2 |
| (f) Deferred tax assets (net) | 7,130.2 | 6,365.9 |
| (g) Non current tax assets (net) | 60.0 | 262.3 |
| (h) Other non-current assets | 848.8 | 554.1 |
| Total Non-current assets | 45,072.1 | 42,114.7 |
| 2 Current assets | | |
| (a) Inventories | 9,682.5 | 9,912.8 |
| (b) Financial Assets | | |
| (i) Investments | 2,070.4 | 2,191.8 |
| (ii) Trade receivables | 12,697.9 | 9,666.4 |
| (iii) Cash and cash equivalents | 1,865.6 | 1,614.4 |
| (iv) Bank balances other than (iii) above | 4,564.5 | 2,365.0 |
| (v) Loans | 263.5 | 262.5 |
| (vi) Others financial assets | 1,426.4 | 1,010.4 |
| (c) Other current assets | 4,099.5 | 3,603.8 |
| (d) Non-current assets held for sale | 124.1 | 179.7 |
| Total Current assets | 36,794.4 | 30,806.8 |
| TOTAL ASSETS | 81,866.5 | 72,921.5 |
| II. EQUITY AND LIABILITIES | | |
| 1 Equity | | |
| (a) Equity share capital | 239.1 | 239.1 |
| (b) Other Equity | 59,703.9 | 54,413.0 |
| Total Equity | 59,943.0 | 54,652.1 |
| 2 Non-current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 596.2 | 63.2 |
| (b) Provisions | 1,931.5 | 1,688.3 |
| (c) Other non-current liabilities | 86.7 | 92.3 |
| Total Non-Current liabilities | 2,614.4 | 1,843.8 |
| 3 Current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 7,609.6 | 4,966.4 |
| (ii) Trade payables | | |
| Dues of Micro and Small Enterprises | 677.6 | 346.8 |
| Dues of creditors other than Micro and Small Enterprises | 5,609.5 | 7,194.1 |
| (iii) Other financial liabilities | 3,600.3 | 2,131.6 |
| (b) Other current liabilities | 704.3 | 742.0 |
| (c) Provisions | 1,107.8 | 1,037.8 |
| (d) Current tax Liabilities (Net) | - | 6.9 |
| Total Current liabilities | 19,309.1 | 16,425.6 |
| TOTAL EQUITY AND LIABILITIES | 81,866.5 | 72,921.5 |



Notes :

- 1 The above unaudited standalone financial results of the Company were reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 11 November 2019. The figures for the quarter and six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 2019 is lower by **Rs.5.8 million** and **Rs.11.2 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 On 15 October 2019, the Company has acquired an industrial undertaking having facility of manufacturing liquid and food products, on a going concern basis from Cachet Pharmaceuticals Private Limited, a subsidiary of the Company for a total consideration of **Rs.518.5 million**.
- 5 The Board of Directors at its meeting held on 30 May 2019 had recommended a final dividend of ₹ 8 (Rupees eight only) per equity share (400.0 % on the face value of ₹ 2 each) for the financial year 2018-19 which was paid during the quarter ended 30 September 2019.
- 6 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 2019

(₹ in Million)

| Particulars | For six months ended 30 September 2019 (Unaudited) | For six months ended 30 September 2018 (Unaudited) |
|---|---|---|
| A Cash Flow from Operating Activities: | | |
| Profit before tax | 6,938.5 | 4,423.9 |
| <u>Adjustments for:</u> | | |
| Depreciation and amortisation | 803.8 | 649.8 |
| Fair valuation of investments | (20.9) | - |
| Profit on sale of investments (net) | - | (42.6) |
| (Profit)/Loss on sale of property, plant and equipment (net) | (40.3) | 4.8 |
| Dividend income | (26.1) | (20.5) |
| Interest income | (201.6) | (145.3) |
| Interest expenses | 192.5 | 193.6 |
| Allowances for doubtful debts | (9.3) | 70.3 |
| Unrealised foreign currency loss on revaluation (net) | 178.4 | 143.4 |
| Rent income | (10.1) | (10.0) |
| Subtotal of Adjustments | 866.4 | 843.5 |
| Operating profit before working capital changes | 7,804.9 | 5,267.4 |
| Changes in working capital: | | |
| Adjustments for (increase)/decrease in: | | |
| Increase in trade receivables | (3,022.2) | (646.5) |
| (Increase) / Decrease in loans, other financial assets and other assets | (1,104.3) | 316.5 |
| Decrease in inventories | 230.3 | 298.2 |
| Increase / (Decrease) in trade payable, other financial liabilities and other liabilities | 52.1 | (2,729.1) |
| Increase in provisions | 301.6 | 298.9 |
| Subtotal of Adjustments | (3,542.5) | (2,462.0) |
| Cash generated from operations | 4,262.4 | 2,805.4 |
| Less: Income taxes paid (net of refund) | (1,056.9) | (955.8) |
| Net cash generated from operating activities | 3,205.5 | 1,849.6 |
| B Cash Flow from Investing Activities: | | |
| Purchases of property, plant and equipment | (1,140.1) | (2,309.7) |
| Sale of property, plant and equipment | 92.4 | 3.6 |
| Proceeds from sale of investments (net) | 126.9 | 1,083.8 |
| Investment in subsidiaries | (508.0) | (740.8) |
| (Investment) in / Redemption of bank deposits having maturity of more than 3 months | (2,838.5) | 1,439.4 |
| Dividend received | 26.1 | 20.5 |
| Interest received | 207.2 | 232.3 |
| Rent received | 10.1 | 10.0 |
| Net Cash (used in) investing activities | (4,023.9) | (260.9) |
| C Cash Flow from Financing Activities: | | |
| Proceeds from / (Repayment) of current borrowings (net) | 2,464.8 | (170.0) |
| Repayment of lease liabilities | (54.8) | - |
| Dividends and corporate dividend tax paid | (1,147.9) | (1,009.0) |
| Interest paid | (192.5) | (193.6) |
| Net cash generated / (used in) financing activities | 1,069.6 | (1,372.6) |
| D Net increase in cash and cash equivalents (A+B+C) | 251.2 | 216.1 |
| E Cash and cash equivalents as at beginning of the period | 1,614.4 | 51.6 |
| F Cash and cash equivalents as at end of the period (D+E) | 1,865.6 | 267.7 |

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

Place: Mumbai
Date: 11 November 2019



By Order of the Board
For Alkem Laboratories Limited

(Signature)

B.N. Singh
Executive Chairman

