

B S R & Co. LLP

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Review report

To Board of Directors of Alkem Laboratories Limited

We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Alkem Laboratories Limited ('the Company') and its subsidiaries listed in Annexure I (the Company and its subsidiaries constitute 'the Group') for the quarter ended 30 June 2017 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the quarter ended 31 March 2017 as reported in these consolidated financial results are the balancing figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the previous financial year. Also, the year to date figures for the period from 1 April 2016 to 31 December 2016 have only been reviewed and not subjected to audit.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these results based on our review.

We conducted our review in accordance with the Standard on Review Engagement (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 financial statements are 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.

We did not review the interim financial results of two subsidiaries included in the unaudited consolidated financial results, whose interim financial results reflect total revenues of Rs. 1,184.4 million for the quarter ended 30 June 2017, and total loss after tax of Rs 176.7 million and total comprehensive income (net) of Rs (175.5) million for the quarter ended 30 June 2017, as considered in the unaudited consolidated financial results. These financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our report 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. Our conclusion is not modified in respect of this matter

The unaudited consolidated financial results includes the interim financial results of fourteen subsidiaries which have not been subjected to limited review by their auditors and have been presented based on the financial information compiled by the Company's management. Interim financial results of these subsidiaries reflect total revenues of Rs. 1,038.2 million for the quarter ended 30 June 2017, and total loss after tax of Rs. 139.5 million and total comprehensive income (net) of Rs. (183.3) million for the quarter ended 30 June 2017, as considered in the unaudited consolidated financial results. Our conclusion is not modified in respect of this matter

Review report (*Continued*)

Alkem Laboratories Limited

Based on our review conducted as above and based on the consideration of the reports of other auditors and based on the consideration of interim financial information furnished to us by the management referred to in paragraph above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July, 2016 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 Registration No. 101248W/W-100022



Sadashiv Shetty

Partner

Membership No: 048648

Mumbai

11 August 2017

Alkem Laboratories Limited

Annexure I to the Review report

1. List of Subsidiaries

Sr. No.	Name of Subsidiaries
1.	ThePharmaNetwork, LLC, USA
2.	S & B Pharma Inc., USA
3.	Alkem Laboratories (NIG) Limited, Nigeria
4.	Pharmacor Pty Limited, Australia
5.	Alkem Laboratories (PTY) Ltd, South Africa
6.	Enzene Biosciences Limited, India
7.	Cachet Pharmaceuticals Private Limited, India
8.	Indchemie Health Specialities Private Limited, India
9.	Alkem Laboratories Corporation, Philippines
10.	Alkem Pharma GmbH, Germany
11.	S & B Holdings B.V., Netherlands
12.	Ascends Laboratories SDN BHD., Malaysia
13.	Ascends Laboratories SpA, Chile
14.	Alkem Laboratories Korea Inc, Korea
15.	Pharmacor Ltd., Kenya
16.	The PharmaNetwork, LLP, Kazakhstan
17.	Ascend Laboratories (UK) Ltd., UK
18.	Ascend Laboratories LLC, USA



ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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Tel No:91 22 3982 9999 Fax No: +91 22 2492 7190

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Statement of Unaudited Consolidated Financial Results for the quarter ended 30 June 2017

(₹ in Million except per share data)

Particulars	Quarter ended		Year ended	
	30.06.2017 Unaudited	31.03.2017 Audited	30.06.2016 Unaudited	31.03.2017 Audited
1 Revenue from Operations	12,952.4	12,514.0	14,808.3	58,525.0
2 Other Income	294.9	246.1	280.7	1,120.1
3 Total Income (1) + (2)	13,247.3	12,760.1	15,089.0	59,645.1
4 Expenses				
(a) Cost of materials consumed	4,233.8	3,679.8	3,411.8	14,493.2
(b) Purchases of stock-in-trade	2,466.2	2,331.4	3,176.4	10,618.1
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,076.1)	(1,403.3)	(799.4)	(2,896.0)
(d) Employee benefits expense	2,737.9	2,285.0	2,419.4	10,038.5
(e) Finance costs	125.6	114.5	99.6	451.6
(f) Depreciation and amortisation expense	306.3	263.7	229.5	1,011.7
(g) Other expenses	3,646.9	4,128.5	3,889.1	16,281.7
Total Expenses	12,440.6	11,399.6	12,426.4	49,998.8
5 Profit before exceptional item and tax (3) - (4)	806.7	1,360.5	2,662.6	9,646.3
6 Exceptional item	-	-	-	-
7 Profit before tax (5) - (6)	806.7	1,360.5	2,662.6	9,646.3
8 Tax expense / (Credit)				
Current tax	426.6	355.9	694.0	2,452.8
Deferred tax	(257.7)	(365.0)	(464.4)	(1,853.2)
Total Tax expense	168.9	(9.1)	229.6	599.6
9 Net Profit for the period (7) - (8)	637.8	1,369.6	2,433.0	9,046.7
10 Other Comprehensive Income (net of tax)				
Items that will not be reclassified to profit or loss	(4.5)	25.1	(52.6)	(64.5)
Income tax relating to items that will not be reclassified to profit or loss	1.5	(8.5)	18.2	22.3
Items that will be reclassified to profit or loss	(59.2)	(319.5)	80.6	(189.4)
Income tax relating to items that will be reclassified to profit or loss				
Total other Comprehensive Income (net of tax)	(62.2)	(302.9)	46.2	(231.6)
11 Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (net of tax)) (9) + (10)	575.6	1,066.7	2,479.2	8,815.1
12 Profit attributable to				
a) Owners of the Company	715.6	1,370.1	2,387.9	8,920.3
b) Non-Controlling Interest	(77.8)	(0.5)	45.1	126.4
13 Other Comprehensive Income attributable to				
a) Owners of the Company	(62.7)	(300.4)	46.2	(229.2)
b) Non-Controlling Interest	0.5	(2.5)	-	(2.4)
14 Total Comprehensive Income attributable to				
a) Owners of the Company	652.9	1,069.7	2,434.1	8,691.1
b) Non-Controlling Interest	(77.3)	(3.0)	45.1	124.0
15 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1
16 Other equity				44,437.3
17 Earnings Per Share of ₹2 each (not annualised for the quarters)				
(a) ₹ (Basic)	5.99	11.46	19.97	74.61
(b) ₹ (Diluted)	5.99	11.46	19.97	74.61

Notes :

- The above unaudited financial results of the Company were reviewed and recommended by the Audit Committee on 10 August 2017 and subsequently approved by the Board of Directors at its meeting held on 11 August 2017. The figures for the quarter ended 30 June 2017 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion in the limited review report for the quarter ended 30 June 2017. The figures for the quarter ended 31 March 2017 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto nine months ended 31 December 2016. Also, the figures up to the end of third quarter were only reviewed and not subjected to audit.
- The Group operates in one reportable business segment i.e. "Pharmaceuticals".
- Financial results for the periods presented have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.
- 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



B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Dated: 11 August 2017

B S R & Co. LLP

Chartered Accountants

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India

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Review report

To Board of Directors of Alkem Laboratories Limited

We have reviewed the accompanying statement of unaudited standalone financial results ('the Statement') of Alkem Laboratories Limited ('the Company') for the quarter ended 30 June 2017 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the quarter ended 31 March 2017 as reported in these standalone financial results are the balancing figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the previous financial year. Also, the year to date figures for the period from 1 April 2016 to 31 December 2016 have only been reviewed and not subjected to audit.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagement (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 financial statements are 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.

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 i.e. Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July, 2016 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

Mumbai

11 August 2017

ALKEM LABORATORIES LIMITED

CIN No.:L00305MH1973PLC174201

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Website : www.alkemlabs.com, Email Id : investors@alkem.com

Statement of Unaudited Standalone Financial Results for the Quarter ended 30 June 2017

(₹ in Million except per share data)

Particulars	Quarter ended		Year ended	
	30.06.2017 Unaudited	31.03.2017 Audited	30.06.2016 Unaudited	31.03.2017 Audited
1 Revenue from Operations	11,271.5	10,057.3	11,748.7	46,684.5
2 Other Income	237.7	299.7	328.2	1,166.0
3 Total Income (1) + (2)	11,509.2	10,357.0	12,076.9	47,850.5
4 Expenses				
(a) Cost of materials consumed	3,768.3	3,070.7	3,019.8	12,322.6
(b) Purchases of stock-in-trade	1,840.3	2,234.8	1,776.4	7,750.4
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(592.0)	(1,469.2)	(183.8)	(2,119.2)
(d) Employee benefits expense	1,967.0	1,590.0	1,764.5	7,222.5
(e) Finance costs	75.3	47.1	54.0	236.8
(f) Depreciation and amortisation expense	234.2	199.5	175.2	764.8
(g) Other expenses	2,773.6	3,538.2	2,896.8	12,728.3
Total Expenses	10,066.7	9,211.1	9,502.9	38,906.2
5 Profit before exceptional item and tax (3) - (4)	1,442.5	1,145.9	2,574.0	8,944.3
6 Exceptional item	-	-	-	-
7 Profit before tax (5) - (6)	1,442.5	1,145.9	2,574.0	8,944.3
8 Tax expense / (Credit)				
Current tax	299.0	282.6	539.9	1,909.4
Deferred tax	22.3	(365.0)	(480.7)	(1,796.7)
Total Tax expense	321.3	(82.4)	59.2	112.7
9 Net Profit for the period after tax (7) - (8)	1,121.2	1,228.3	2,514.8	8,831.6
10 Other Comprehensive Income (net of tax)				
Items that will not be reclassified to profit or loss	(6.2)	21.6	(52.5)	(56.1)
Income tax relating to items that will not be reclassified to profit or loss	2.1	(7.5)	18.2	19.4
Total Other Comprehensive Income	(4.1)	14.1	(34.3)	(36.7)
11 Total Comprehensive Income for the period (Comprising profit and other comprehensive income for the period) (9) + (10)	1,117.1	1,242.4	2,480.5	8,794.9
12 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	239.1	239.1	239.1	239.1
13 Other equity				43,687.4
14 Earnings Per Share of ₹ 2 each (not annualised for the quarters)				
(a) ₹ (Basic)	9.38	10.27	21.03	73.86
(b) ₹ (Diluted)	9.38	10.27	21.03	73.86

Notes :

- The above unaudited financial results of the Company were reviewed and recommended by the Audit Committee on 10 August 2017 and subsequently approved by the Board of Directors at its meeting held on 11 August 2017. The figures for the quarter ended 30 June 2017 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion in the limited review report for the quarter ended 30 June 2017. The figures for the quarter ended 31 March 2017 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto nine months ended 31 December 2016. Also, the figures up to the end of third quarter were only reviewed and not subjected to audit.
- Financial results for the periods presented have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.
- The Company operates in one reportable business segment i.e. "Pharmaceuticals".
- 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



B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Dated: 11 August 2017