

# B S R & Co. LLP

Chartered Accountants

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

Telephone +91 (22) 4345 5300  
Fax +91 (22) 4345 5399

## 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 and six months ended 30 September 2016 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 corresponding quarter and six months ended 30 September 2015 including the reconciliation of profit under Indian Accounting Standards (Ind AS) of the corresponding quarter and six months with net profit under previous GAAP, as reported in these financial results have been approved by Company's Board of Directors but have not been subjected to review or 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 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 November 2016

**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 Standalone Financial Results for the Quarter and Six Months ended 30 September 2016**

(₹ in Million except per share data)

Particulars	Quarter ended			Six Month ended	
	30.09.2016 Unaudited	30.06.2016 Unaudited	30.09.2015 Unaudited	30.09.2016 Unaudited	30.09.2015 Unaudited
<b>1 Income from Operations</b>					
(a) Sales / Income from Operations (inclusive of Excise Duty)	13,056.8	11,570.0	11,044.6	24,626.8	20,591.2
(b) Other Operating Income	215.4	178.7	173.2	394.1	286.3
<b>Total Income from Operations (inclusive of Excise Duty)</b>	<b>13,272.2</b>	<b>11,748.7</b>	<b>11,217.8</b>	<b>25,020.9</b>	<b>20,877.5</b>
<b>2 Expenses</b>					
(a) Cost of materials consumed	3,152.4	3,019.8	2,327.2	6,172.2	5,003.8
(b) Purchases of stock-in-trade	2,031.3	1,776.4	1,703.7	3,807.7	3,351.3
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	43.1	(183.8)	479.7	(140.7)	(42.8)
(d) Employee benefits expense	2,016.8	1,885.7	1,844.8	3,902.5	3,595.9
(e) Depreciation and amortisation expense	192.8	175.2	206.5	368.0	376.6
(f) Other expenses	3,022.8	2,775.6	2,467.8	5,798.4	4,922.0
<b>Total Expenses</b>	<b>10,459.2</b>	<b>9,448.9</b>	<b>9,029.7</b>	<b>19,908.1</b>	<b>17,206.8</b>
<b>3 Profit from Operations before Other Income, Finance Costs and Exceptional Item (1-2)</b>	<b>2,813.0</b>	<b>2,299.8</b>	<b>2,188.1</b>	<b>5,112.8</b>	<b>3,670.7</b>
<b>4 Other Income</b>	<b>306.9</b>	<b>328.2</b>	<b>558.9</b>	<b>635.1</b>	<b>963.3</b>
<b>5 Profit from ordinary activities before Finance Costs and Exceptional Item (3+4)</b>	<b>3,119.9</b>	<b>2,628.0</b>	<b>2,747.0</b>	<b>5,747.9</b>	<b>4,634.0</b>
<b>6 Finance costs</b>	<b>69.3</b>	<b>54.0</b>	<b>165.0</b>	<b>123.3</b>	<b>361.4</b>
<b>7 Profit from ordinary activities after Finance Costs but before Exceptional Item (5+6)</b>	<b>3,050.6</b>	<b>2,574.0</b>	<b>2,582.0</b>	<b>5,624.6</b>	<b>4,272.6</b>
<b>8 Exceptional item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9 Profit from ordinary activities before tax (7+8)</b>	<b>3,050.6</b>	<b>2,574.0</b>	<b>2,582.0</b>	<b>5,624.6</b>	<b>4,272.6</b>
<b>10 Tax expense / (Credit)</b>	<b>99.2</b>	<b>59.2</b>	<b>97.4</b>	<b>158.4</b>	<b>71.3</b>
<b>11 Net Profit for the period from ordinary activities after tax (9 + 10)</b>	<b>2,951.4</b>	<b>2,514.8</b>	<b>2,484.6</b>	<b>5,466.2</b>	<b>4,201.3</b>
<b>12 Extraordinary items (net of tax expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>13 Net Profit for the period (11+12)</b>	<b>2,951.4</b>	<b>2,514.8</b>	<b>2,484.6</b>	<b>5,466.2</b>	<b>4,201.3</b>
<b>14 Other Comprehensive Income (net of tax)</b>	<b>(8.3)</b>	<b>(34.3)</b>	<b>(0.7)</b>	<b>(42.6)</b>	<b>(1.3)</b>
<b>15 Total Comprehensive Income (after tax) (13 + 14)</b>	<b>2,943.1</b>	<b>2,480.5</b>	<b>2,483.9</b>	<b>5,423.6</b>	<b>4,200.0</b>
<b>16 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)</b>	<b>239.1</b>	<b>239.1</b>	<b>239.1</b>	<b>239.1</b>	<b>239.1</b>
<b>17 Earnings Per Share of ₹ 2 each (not annualised)</b>					
(a) ₹ (Basic)	24.68	21.03	20.78	45.72	35.14
(b) ₹ (Diluted)	24.68	21.03	20.78	45.72	35.14

Basudeo Narain Singh

## Statement of Assets and Liabilities As at 30 September 2016

(₹ in Million)

Particulars	As at 30 September 2016 Unaudited
<b>I. ASSETS</b>	
<b>1 Non-current assets</b>	
(a) Property, plant and equipment	8,924.1
(b) Capital work-in-progress	1,877.5
(c) Other Intangible assets	249.1
(d) Financial Assets	
(i) Investments	11,204.9
(ii) Loans	474.5
(iii) Others financial assets	1,466.6
(e) Deferred tax assets (net)	6,086.5
(f) Other non-current assets	1,414.2
Sub total - Non-current assets	<b>31,697.4</b>
<b>2 Current assets</b>	
(a) Inventories	6,062.0
(b) Financial Assets	
(i) Investments	3,544.5
(ii) Trade receivables	6,576.7
(iii) Cash and cash equivalents	41.8
(iv) Bank balances other than (iii) above	5,333.3
(v) Loans	108.9
(vi) Others financial assets	709.9
(c) Other current assets	1,896.1
Sub total - Current assets	<b>24,273.2</b>
<b>TOTAL ASSETS</b>	<b>55,970.6</b>
<b>II. EQUITY AND LIABILITIES</b>	
<b>1 Equity</b>	
(a) Equity share capital	239.1
(b) Other Equity	41,179.7
Sub total- Shareholders' Funds	<b>41,418.8</b>
<b>2 Non-current liabilities</b>	
(a) Provisions	860.3
(b) Deferred tax liabilities (Net)	970.4
(c) Other non-current liabilities	24.3
Sub total- Non-Current liabilities	<b>1,855.0</b>
<b>3 Current liabilities</b>	
(a) Financial Liabilities	
(i) Borrowings	4,200.0
(ii) Trade payables	4,117.5
(iii) Other financial liabilities	2,269.5
(b) Other current liabilities	710.9
(c) Provisions	1,006.1
(d) Current tax Liabilities (Net)	392.8
Sub total - Current liabilities	<b>12,696.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>55,970.6</b>

Basudeo Narain Singh

**Notes :**

- 1 The above unaudited standalone financial results of the Company were reviewed and recommended by the Audit Committee on 10 November 2016 and subsequently approved by the Board of Directors at its meeting held on 11 November 2016. The figures for the quarter and six months ended 30 September 2016 have been subjected to limited review by the statutory auditors. The auditors have expressed an unmodified opinion on the limited review report for the quarter and six months ended 30 September 2016.
- 2 Beginning 1 April 2016, the Company has for the first time adopted Indian Accounting Standard (Ind AS) with a transition date of 1 April 2015. Accordingly, these financial results have been prepared in compliance with Ind AS as notified by the Ministry of Corporate Affairs and prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting pronouncements generally accepted in India.
- 3 The figures and the reconciliation for the corresponding quarter and six months ended 30 September 2015 are not subjected to limited review by the auditors. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs in accordance with Ind AS.
- 4 During the quarter ended 30 September 2015, the Company had sold brands and trademarks relating to its In Vitro Fertilisation (IVF) formulations for a total consideration of ₹ 205 million. The same is disclosed under 'Other income' in the results for the quarter and six months ended 30 September 2015.
- 5 The Company's management, pursuant to Ind AS 108 - Operating Segments, has concluded that the Company has only one reportable segment which is Pharmaceuticals. Accordingly, no separate disclosures of segment information have been made.
- 6 During the quarter ended 30 September 2016, the Company has made further investment of ₹ 250 million in equity shares of Cachet Pharmaceuticals Private Limited, a subsidiary of the Company, resulting into increase of the Company's stake in the subsidiary from 51.0% to 58.8%.
- 7 The Board of Directors in its meeting held on 11 November 2016 have declared an interim dividend of ₹ 6 (Rupees six only) per equity share of the face value of ₹ 2 each (300%).
- 8 Reconciliation between financial results under previous Indian GAAP and Ind AS is as under:

(₹ in Million)

Particulars	Profit Reconciliation	
	Quarter Ended	Six Month Ended
	30.09.2015 Unaudited	30.09.2015 Unaudited
<b>Net Profit (after tax) under previous Indian GAAP</b>	<b>2,477.8</b>	<b>4,108.5</b>
Add/ (less) : Adjustments for GAAP Differences		
Net (loss)/gain arising on fair value accounting of financial assets	(1.5)	66.5
Net Actuarial loss on employee defined benefit plan reclassified to other comprehensive income	1.0	1.9
Restatement of provision for compensated absences	-	51.5
Others	10.4	14.4
Deferred Tax on above adjustments	(3.1)	(41.5)
<b>Net Profit before Other Comprehensive Income as per Ind AS</b>	<b>2,484.6</b>	<b>4,201.3</b>

- 9 Previous periods' figures have been regrouped/reclassified wherever required, to make them comparable with the figures for the current periods.

By Order of the Board  
For Alkem Laboratories Limited

*B.N. Singh*

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

Place: Mumbai  
Dated: 11 November 2016