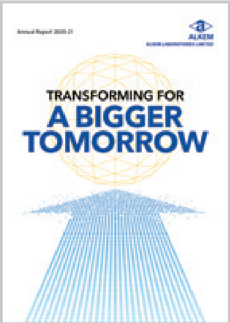
Annual Report 2020-21

ALKEM

ALKEM LABORATORIES LIMITED

TRANSFORMING FOR A BIGGER TOMORROW



ALKEM
Annual Report
2020-21

To view this report online,
please visit: **www.alkemlabs.com**

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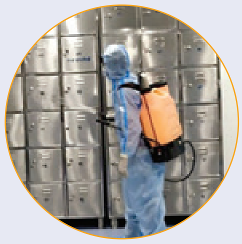

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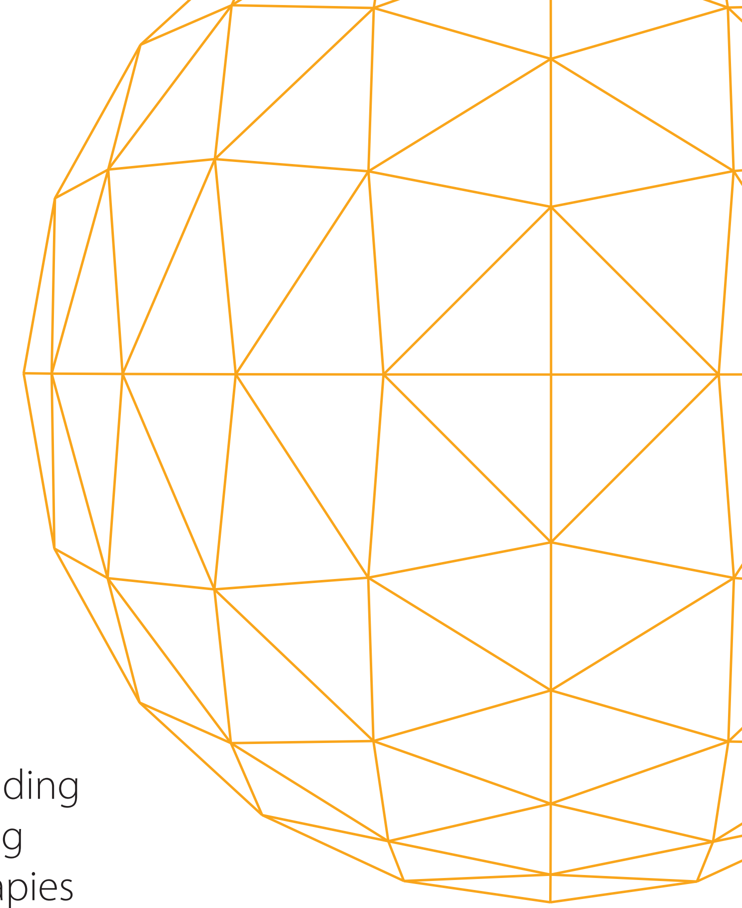
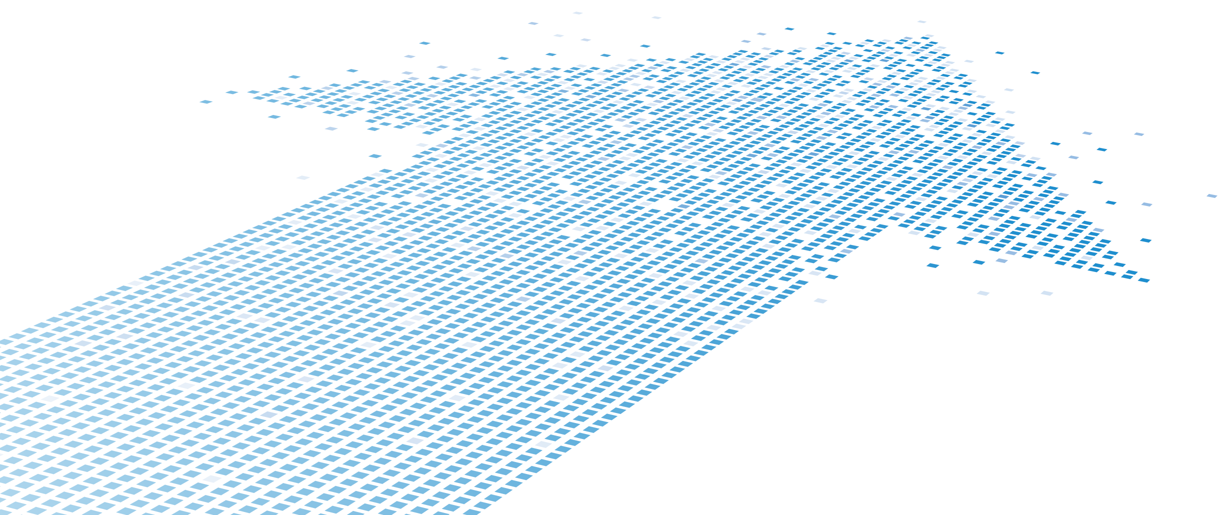


At Alkem, a combination of macro vision to achieve value-driven leadership in the Indian healthcare industry and beyond and micro execution in pursuit of operational excellence is underway.

Foresight and insight have led to the building of multiple state-of-the-art manufacturing facilities for the delivery of complex therapies such as biosimilars and controlled substances, constant R&D efforts led to a steady pipeline of new products, whilst operational transformation across various functional facets has unleashed new potential for enhancing business efficiency.

Alkem is transforming every aspect of its business. A transformation that will unleash a bigger tomorrow for all its stakeholders.

TRANSFORMING FOR A BIGGER TOMORROW



Corporate Information

BOARD OF DIRECTORS

Mr. Basudeo N. Singh
Executive Chairman

Mr. Sandeep Singh
Managing Director

Mr. Dhananjay Kumar Singh
Joint Managing Director

Mr. Balmiki Prasad Singh
Executive Director

Mr. Mritunjay Kumar Singh
Executive Director

Mr. Sarvesh Singh
Executive Director

Mr. Arun Kumar Purwar
Independent Director

Mr. Ranjal Laxmana Shenoy
Independent Director

Mr. Narendra Kumar Aneja
Independent Director

Ms. Sangeeta Singh
Independent Director

Ms. Sudha Ravi
Independent Director

Dr. Dheeraj Sharma
Independent Director

KEY MANAGERIAL PERSONNEL

Mr. Rajesh Dubey
President - Finance and Chief Financial Officer

Mr. Manish Narang
President – Legal, Company Secretary and Compliance Officer

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants

BANKERS

SBI Bank
HDFC Bank
Citi Bank
BNP Paribas Bank
DBS Bank
Yes Bank
Mizuho Bank
Kotak Mahindra Bank
Saraswat Co-op Bank
HSBC Bank
Axis Bank
Syndicate Bank
Barclays Bank
IDBI Bank
ICICI Bank
MUFJ Bank (Bank of Tokyo)
Emirates NBD
Firstrand Bank
Shinhan Bank
Federal Bank
HDFC Limited (NBFC)
LIC Housing Finance

REGISTERED OFFICE

Alkem House, Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013, Maharashtra, India
CIN: L00305MH1973PLC174201
Telephone: +91 22 3982 9999
Fax: +91 22 2495 2955
Website: www.alkemlabs.com
Email: investors@alkem.com

REGISTRAR & SHARE TRANSFER AGENTS

M/s Link Intime India Private Limited
Unit: Alkem Laboratories Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083
Telephone: +91 22 4918 6270
Fax: +91 22 4918 6060
E-mail id: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

PLANT LOCATIONS

1. Daman, India
2. Mandva, Gujarat, India
3. Ankleshwar, Gujarat, India
4. Unit I & II, Baddi, Himachal Pradesh, India
5. Kumrek, East Sikkim, India
6. Alkem Health Science, (Unit of the Company) Unit I, II & III, Samardung, South Sikkim, India
7. California, U.S.A.
8. Missouri, U.S.A.
9. Indchemie Health Specialities Private Limited, Somnath, Daman, India
10. Indchemie Health Specialities Private Limited, Amaliya, Daman, India
11. Indchemie Health Specialities Private Limited, Baddi, Himachal Pradesh, India
12. Unit I & II, Indchemie Health Specialities Private Limited, Kumrek, East Sikkim, India
13. Cachet Pharmaceuticals Private Limited, Baddi, Himachal Pradesh, India
14. Alkem Labs Ltd, Unit 5, South Sikkim, India
15. Alkem Labs Ltd., S.E.Z., Indore, Madhya Pradesh, India
16. Enzene Biosciences Limited, Chakan, Pune, Maharashtra, India

MAJOR RESEARCH CENTRES

1. R&D Centre, MIDC, Taloja, Maharashtra, India
2. R&D Centre, Mandva, Gujarat, India
3. Enzene Biosciences Limited, T-Block, MIDC, Bhosari, Pune, Maharashtra, India
4. Enzene Biosciences Limited, MIDC, Bhosari, Pimpri-Chinchwad, Pune, Maharashtra, India
5. S&B Pharma Inc., California, U.S.A.
6. S&B Pharma Inc., Missouri, U.S.A.

Alkem
at a Glance

In an era of relentless change, organisations survive, grow and thrive based upon their ability to embrace change. Alkem's clear commitment towards repositioning itself from time to time has enabled it to create a powerful future.

Vision

To achieve value-driven leadership in the Indian Healthcare Industry and beyond through:

QUALITY THAT IS INFINITE

SERVICE THAT CARES

HARD WORK THAT ENDURES

Among India's leading global pharmaceutical companies, Alkem Laboratories is engaged in the development, manufacturing and marketing of pharmaceutical products. The Company produces high-quality branded generics, generic drugs, active pharmaceutical ingredients and nutraceuticals. These products are sold in India and internationally and include over 800 brands covering all the major therapeutic segments.

TRANSFORMATION IS PART OF THE DNA

Since its inception in 1973, Alkem has consistently aligned its capabilities and expanded its presence to capture new growth areas and grow sustainably.

Today, powered by these strengths, it ranks among India's top ten pharmaceutical companies.

The Company has set up 20 state-of-the-art manufacturing facilities and 6 R&D centres across multiple locations in India and the United States, its key overseas market. The R&D efforts are directed towards bringing affordable, high-quality products to the market to expand patient access to healthcare. Over the years, the Company has also developed a robust pan-India sales and distribution network, invested in brand building and marketing, and built a large and talented workforce to scale up growth.

Alkem is a leading player in the acute therapeutic segment in India. Led by systematic planning for the future and the foresight to tap new growth opportunities, the product portfolio has been expanded to serve select fast-growing chronic therapeutic areas.

Entering new growth markets is another facet underpinning Alkem's transformation journey. Besides the US, which is its second-largest market, the Company has a growing presence in over 40 countries, including the key markets of Australia, Chile, Philippines, Kazakhstan, Europe and East Africa.

Key Financial Highlights of FY 2020-21

₹ 88,650 Mn
Revenue from Operations

₹ 19,424 Mn
EBITDA

₹ 15,850 Mn
Profit After Tax

₹ 132.57
Earnings Per Share

ALKEM

KEY FACTS ABOUT ALKEM

Leading Indian pharmaceutical company

>40
years of industry experience

5th
largest pharmaceutical company in India in terms of market share*

₹ 331 billion
market capitalisation as on 31st March 2021**

20
manufacturing facilities across India and US

6
R&D centres across India and US

>500
Scientists

15,000+#
employees

INDIA BUSINESS HIGHLIGHTS

No.1
rank in the anti-infective segment in India for over 15 years*

#3
rank in Gastro-intestinal and Analgesic therapy segments in India*

6
brands featuring amongst top 100 pharmaceutical brands in India*

12
brands with annual sales of more than ₹1 billion

800+
brands in India

>13,000
field force strength in India

40+
sales depots/ warehouses in India

7,000+
stockists in India

INTERNATIONAL BUSINESS HIGHLIGHTS

>1,100
filings across various international markets

152
cumulative Abbreviated New Drug Application (ANDA) filings with the US FDA

110
ANDA approvals from the US FDA***

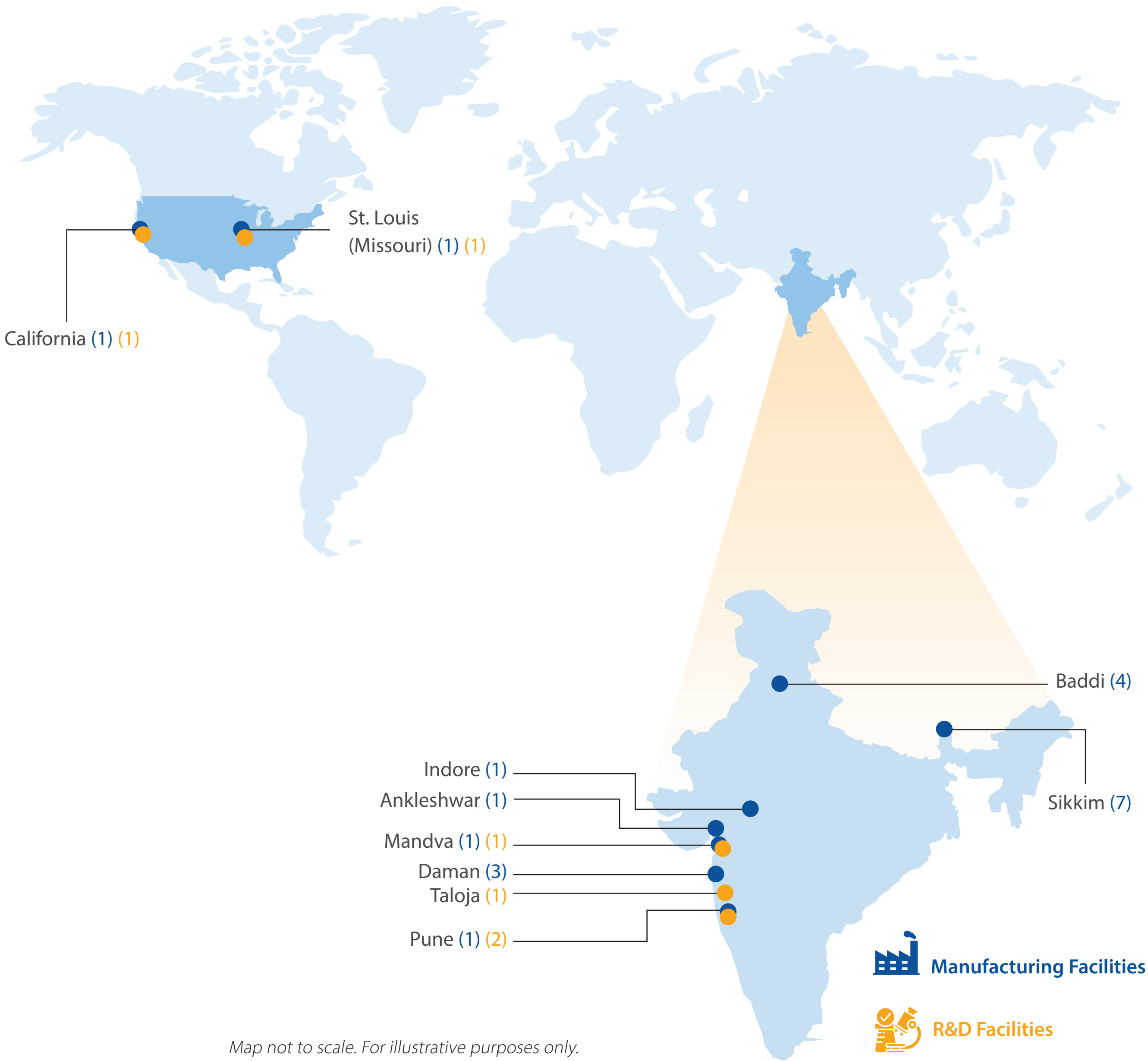
6
US FDA approved facilities in India and US

₹ 3,000+ Cr
revenues from International Business

40+
countries where products are exported

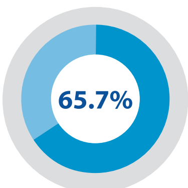
*As per IQVIA MAT March '21 data | **Source: NSE website | *** includes 16 tentative approvals and 2 NDAs, as of 31st March 2021 | #Standalone basis

ALKEM'S GLOBAL PRESENCE

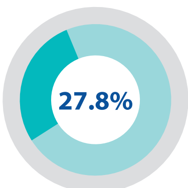


Map not to scale. For illustrative purposes only.

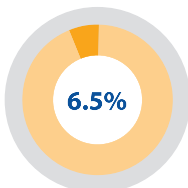
INDIA
₹ 58,209 MN
Revenue Contribution



US
₹ 24,665 MN
Revenue Contribution



OTHER INTERNATIONAL MARKETS
₹ 5,776 MN
Revenue Contribution



Chairman's Message

Dear Shareholders,

The COVID-19 pandemic has led to a health crisis and economic shutdowns unprecedented in recent history. While causing immense devastation and disruption, the pandemic is also a powerful reminder of the invaluable role of the pharmaceutical sector in saving lives and enhancing the quality of life for millions.

FOR EVEN AS THE WORLD CAME TO A BRIEF STANDSTILL, HEALTHCARE COMPANIES STEPPED UP TO DELIVER ON THEIR RESPONSIBILITIES OF MAKING MEDICINES AVAILABLE TO PATIENTS. AT ALKEM, WE ARE PROUD AND HUMBLED TO BELONG TO THIS SECTOR, WHICH HAS RISEN TO FIGHT THE PANDEMIC, ENSURING CONTINUITY OF PATIENT CARE DESPITE THE DIFFICULT SITUATION.

Entering fiscal 2021, COVID-19 was just beginning to make its impact felt across India. Very soon the pandemic started dominating the news, and individuals, businesses and communities were dealing with unforeseen challenges. At Alkem, being categorised under 'Essential Services', we had to find ways to keep manufacturing going despite lower workforce attendance due to the lockdown. Lesser availability of transportation along with interstate lockdown created logistical hurdles. We also had to rise to the challenge of fulfilling unexpected changes in demand of some medicines and circumventing the unavailability of some raw materials in wake of supply chain disruptions. Furthermore, in-person interactions with healthcare professionals had to be curtailed due to their limited availability and implementation of social distancing measures to stem the spread of the virus.

Looking back, as a Company, we can be proud of the effectiveness with which we navigated this challenging period. We swiftly adapted to new ways of doing things. Our agility ensured minimal business disruptions and uninterrupted delivery of our healthcare products across India and the world. We demonstrated that we are a company that takes its responsibility very seriously, irrespective of the obstacles in our path. Moreover, embracing the learnings from the past year has helped us to emerge stronger - a great example of a positive which has arisen from the challenges of the pandemic.

Against an extraordinary environment, it is my pleasure to report that Alkem reported a resilient performance for the full year. While the lockdown impacted our India operations in the first half of the fiscal, we made a speedy recovery post unlocking of the economy. In the international markets, especially in our key market of the US, we maintained our track record of strong performance, driven by new launches and market share gain in some of our existing products.

People at Alkem have worked tirelessly and tenaciously during the lockdown and beyond to manufacture and deliver medicines for the benefit of patients. It was heartening to see their commitment and resolve in this extreme year and we are truly thankful for their efforts. While our people enabled us to deliver on our purpose, their health and safety remain our foremost priority. We are taking all necessary measures, adhering to government and public health authority guidelines and supporting individual circumstances so that we can ensure uninterrupted safety for our people and balance this with the business need of providing uninterrupted delivery of healthcare solutions.

“WE SWIFTLY ADAPTED TO NEW WAYS OF DOING THINGS. OUR AGILITY ENSURED MINIMAL BUSINESS DISRUPTIONS AND UNINTERRUPTED DELIVERY OF OUR HEALTHCARE PRODUCTS ACROSS INDIA AND THE WORLD. WE DEMONSTRATED THAT WE ARE A COMPANY THAT TAKES ITS RESPONSIBILITY VERY SERIOUSLY, IRRESPECTIVE OF THE OBSTACLES IN OUR PATH.

As a socially responsible company, we are committed to improving economic and social outcomes in the communities where we live and work. Today some of the most pressing challenges being faced by people are centred around health, with the lack of affordable and accessible healthcare solutions denying many a fair chance to life. We entered into a partnership with Tata Memorial Centre to set up a state-of-the-art cancer care facility in Muzaffarpur, Bihar and also establish 3 mini cancer units in adjoining cities. These upcoming facilities will enable local communities to better manage their cancer care treatment at an affordable cost. In a pandemic year, we also provided protective equipments and food essentials to help win the battle against the invisible enemy. In addition, we continued with our regular interventions in areas of education and rural infrastructure.

In closing, we would like to sincerely thank our employees, customers, partners, the medical fraternity, government agencies and shareholders for their support throughout the year. I would also like to extend my sincere appreciation to my fellow Board members and the senior management. We are grateful that we have always been in a position to count on their engagement, experience and capabilities to navigate this unprecedented period. Alkem will continue to work together with all stakeholders, pursue its mission and make meaningful contributions to society.

Stay healthy, stay safe.

Warm Regards,

Basudeo N. Singh
Executive Chairman

Managing Director's Message

Dear Shareholders,

The past year has been unparalleled in terms of challenge and uncertainty for individuals and communities, just as it has been for businesses and governments globally.

IN THIS UNPRECEDENTED ENVIRONMENT, THE PHARMACEUTICAL INDUSTRY HAS PLAYED AN INVALUABLE ROLE IN COMING TOGETHER TO NOT ONLY HELP MEDICAL TEAMS AND HEALTH AUTHORITIES IN THE FIGHT AGAINST COVID-19 BUT ALSO ENSURE THAT SUPPLIES OF MEDICINES ACROSS OTHER DISEASE AREAS REACH PATIENTS IN NEED. AT ALKEM, WE ARE GLAD THAT WE COULD CONTRIBUTE TOWARDS GOOD HEALTH BY MAINTAINING THE SUPPLY OF MEDICINES ACROSS OUR MARKETS. OUR PEOPLE HAVE RISEN TO DO WHAT IS RIGHT FOR OUR PATIENTS AND CUSTOMERS THROUGH THESE CHALLENGING TIMES; I THANK THEM WHOLEHEARTEDLY FOR THEIR UNWAVERING COMMITMENT.

In India, the coronavirus outbreak in the early part of the fiscal had far-reaching repercussions with the nationwide lockdown bringing economic and social activities to a standstill. Lockdowns and restricted movements in many of our international markets further exacerbated operational challenges. We responded with agility to the fluid situation to ensure that the safety of our employees is not compromised and at the same time, production, supply chain and distribution of our products are not impacted adversely. We also embraced various digital platforms to reach out to the medical fraternity as in-person interactions became unfeasible in the new circumstances. Our early and well-coordinated response, with cross-functional teams working together, ensured that there were no shortages of our medicines, both in India and our overseas markets.

The outcome of our response to these challenging times is reflected in our financial results as well. Recovering quickly from our sub-optimal performance in the first quarter of FY 2020-21 due to lockdowns in several of our key markets, we delivered commendable results for the full year. Our revenues recorded a growth of 6.2% YoY with both India and International markets contributing to our performance. Through our agile cost management and ongoing effort towards productivity improvement and process optimisation, we also improved upon our EBITDA margins by 420 basis points over the previous year. As a result, we ended the year with a stronger balance sheet to support the growth of our business.

In India, the lockdown significantly impacted new prescription generation on account of the shutdown of clinics, lower footfall at the hospital OPDs and deferment of surgeries. As a result, the Indian Pharmaceutical Market (IPM)

RECOVERING QUICKLY FROM OUR SUB-OPTIMAL PERFORMANCE IN THE FIRST QUARTER OF FY 2020-21 DUE TO LOCKDOWNS IN SEVERAL OF OUR KEY MARKETS, WE DELIVERED COMMENDABLE RESULTS FOR THE FULL YEAR. OUR REVENUES RECORDED A GROWTH OF 6.2% YoY WITH BOTH INDIA AND INTERNATIONAL MARKETS CONTRIBUTING TO OUR PERFORMANCE.

registered a year-on-year decline of 4.9% during the first quarter. The decline was sharper in the acute therapy areas compared to chronic therapy areas. With a significant part of our domestic sales coming from the acute therapy segments, our business also did see some impact in this quarter. However, we quickly regained lost ground, driven by a pick-up in new prescription generation as the economy opened up. For the full year, our India business recorded a revenue growth of 4.5% YoY, which is commendable considering our slow start. We continued our outperformance in large therapy segments of anti-infectives, gastro-intestinal, vitamins/ minerals/ nutrients, cardiac and anti-diabetes, growing ahead of the segment growth rate and thereby gaining market share. We also maintained our number one ranking in anti-infectives and our leading position in gastro-intestinal and pain management segments. Most of our top brands outperformed in their representative markets. Our trade generic business, meanwhile, continues to grow well and helped us to partly offset the lower sales growth in our branded prescription business.

Throughout its illustrious history, the Company has taken bold actions to create a better tomorrow for patients and all other stakeholders. This pursuit of creating better value led us to foray into the development and manufacturing of biosimilars. With affordability barriers impeding patients' access to expensive innovative medicines, biosimilars hold the key to making available life-saving drugs at a lower cost. In my letter last year, I had shared that we would be launching our first product from Enzene Biosciences in India in 2021. I am pleased to report that, despite the difficult conditions, we were able to deliver as intended, launching Teriparatide in May 2021. We have a robust pipeline of biosimilars in the offing. This transformation in our product portfolio, while enabling us to deliver the products our patients need, also adds a longer-term growth avenue for our Company with the uptake of biosimilars expected to increase in the coming years.

Our International business continued its upward trajectory with a growth of 10.6% YoY. In the US, which is our key geography, we recorded a growth of 11.4% YoY driven by new product launches and market share gain in existing products. Strong sales in Australia, Chile, Philippines, Kazakhstan, Middle East and African markets also contributed to our performance. During the year, we filed a total of 9 abbreviated new drug applications (ANDAs) with the US FDA and received approvals for 25 ANDAs. As of 31st March 2021, we have 152 ANDAs filed with the US FDA, of which we have secured approval for 110 ANDAs including 16 tentative approvals. With a strong pipeline of filings pending for approval, there is considerable opportunity to scale up our US business in the coming years.

At Alkem, we recognise that R&D investments today will enable us to meet the needs of our patients tomorrow and also support sustainable growth. During the year, we invested ₹ 5.3 billion or 6% of our revenues in R&D, compared to ₹ 4.7 billion in the previous year. Our continuous R&D investments have kept our product pipeline flowing across our portfolio of branded generics, non-branded generics, active pharmaceutical ingredients and nutraceuticals and launch new products in leading regulated markets.

The pharmaceutical industry is subject to extensive, complex and evolving regulations. These regulations require that our facilities, systems, processes and products be in full compliance with the requirements of the regulatory bodies of the markets where we operate. Our unflinching focus on embedding global best practices has enabled us to maintain a strong track record of regulatory compliance. Till the end of FY 2020-21, all our manufacturing facilities for the US market had an Establishment Inspection Report (EIR) that indicates CGMP (Current Good Manufacturing Practices) compliance. However, our facility in St. Louis received two observations from the US FDA during inspection conducted in June 2021. We are in the process of submitting our detailed response illustrating the corrective and preventive action being taken so that this plant can continue to remain compliant with the CGMP guidelines. Our new manufacturing facility in Indore is awaiting pre-approval inspection by the US FDA. We continue to invest in our people and technology to ensure our facilities comply with the global regulatory standards.

> WE ARE CONSTANTLY IMPROVING OUR PROCESSES, LEVERAGING PROCUREMENT EFFICIENCIES, ADOPTING DIGITAL TECHNOLOGIES AND IDENTIFYING AREAS OF POTENTIAL SAVINGS. THESE ONGOING EFFORTS HAVE REWARDED US WELL, ESPECIALLY IN THE PAST YEAR WHERE IT WAS IMPERATIVE TO OPTIMISE COSTS. AS AN EXAMPLE, WE QUICKLY MOVED OUR SALES AND MARKETING EFFORTS TO THE DIGITAL PLATFORM TO MINIMISE THE RISK OF EXPOSURE TO THE VIRUS, THEREBY REINING IN EXPENDITURE WHILE ENSURING OUR REACH.

Competing in a highly competitive and cost-conscious generic pharmaceutical market, driving operational excellence is another focal area for our business. We are constantly improving our processes, leveraging procurement efficiencies, adopting digital technologies and identifying areas of potential savings. These ongoing efforts have rewarded us well, especially in the past year where it was imperative to optimise costs. As an example, we quickly moved our sales and marketing efforts to the digital platform to minimise the risk of exposure to the virus, thereby reining in expenditure while ensuring our reach. We believe that even post COVID-19, online interactions will stay as an integral feature of the industry, enabling us to continue some part of these savings.

Our people are vital to our success and we continue to focus on building their capabilities and driving a high-performance culture. During the year, numerous training programmes were rolled out for upskilling and professional growth. We also provided multiple learning and development opportunities to develop future leaders and keep the talent pipeline flowing.

Alkem believes in being a force for good in the society. Our corporate social responsibility interventions span the areas of health, education and rural development, with the aim to assist those most in need and address socio-economic hardships. An important development in this regard was our collaboration with Tata Memorial Centre (TMC) to set up an advanced radiotherapy facility in Muzaffarpur, Bihar. While saving patients from the inconvenience of travelling long distance to urban areas for treatment, the facility will also help them to avail cancer care treatment at an affordable cost. To decentralise cancer care further, we will be establishing mini cancer units in three other smaller cities in Bihar as well. In response to the challenges created by the pandemic, we also focused our outreach towards providing food essentials to the most vulnerable section of our societies and extending protective equipments for frontline workers.

> OUR CORPORATE SOCIAL RESPONSIBILITY INTERVENTIONS SPAN THE AREAS OF HEALTH, EDUCATION AND RURAL DEVELOPMENT, WITH THE AIM TO ASSIST THOSE MOST IN NEED AND ADDRESS SOCIO-ECONOMIC HARDSHIPS. AN IMPORTANT DEVELOPMENT IN THIS REGARD WAS OUR COLLABORATION WITH TATA MEMORIAL CENTRE (TMC) TO SET UP AN ADVANCED RADIOTHERAPY FACILITY IN MUZAFFARPUR, BIHAR. WHILE SAVING PATIENTS FROM THE INCONVENIENCE OF TRAVELLING LONG DISTANCE TO URBAN AREAS FOR TREATMENT, THE FACILITY WILL ALSO HELP THEM TO AVAIL CANCER CARE TREATMENT AT AN AFFORDABLE COST.

The COVID-19 pandemic will eventually pass. At Alkem, the learnings that we have gathered from navigating this unprecedented period will, however, stay long after, making us a stronger and better entity. While some of the challenges continue as we enter fiscal 2022, we believe that our learnings along with our ongoing business transformation put us in an excellent position to shape an exciting future. As I sign off, I would like to thank all our employees, customers, partners, suppliers, healthcare providers, shareholders and all other stakeholders for their continued support. Thank you for joining us in our quest for enriching lives. Please stay safe.

Warm regards,

Sandeep Singh
Managing Director

ALKEM

Board Profile

Mr. Basudeo N. Singh

Executive Chairman

Mr. Basudeo N. Singh has over four decades of experience in the Indian pharmaceutical industry. He is also, a co-founder of the Company. In the period extending 2007-2009, Mr. Singh had a stint as President of the Indian Drug Manufacturers' Association. He was the recipient of 'Business Leader of the Year 2014' at the 7th Annual Pharmaceutical Leadership Summit and the Pharma Leaders Business Leadership Awards 2014. He was also named 'EY Entrepreneur of the Year in Life Sciences' in the year 2016. On 20th January, 2018, he was named 'Chief Mentor of the Year' by the Indian Drug Manufacturers' Association.

Mr. Sandeep Singh

Managing Director

Mr. Sandeep Singh joined the Board in the year 2013; currently, he is serving the organisation as its Managing Director. Mr. Singh has over 17 years of experience in the pharmaceutical industry. He spearheads the domestic as well as the international operations of the organisation. In the year 2016, he was presented with the 'Emerging Pharma Leader of 2016 Award' by the Pharma Leaders in association with the Ministry of Health & Family Affairs, Government of India.

Mr. Dhananjay Kumar Singh

Joint Managing Director

Mr. Dhananjay Kumar Singh joined the Board in the year 1988. He is currently serving the organisation as its Joint Managing Director. He has over 30 years of experience in the Indian pharmaceutical industry. Mr. Singh heads the Bergen and Arise divisions of the organisation's domestic market. He also leads the Distribution & Logistics, Human Resource, Legal, Secretarial & Compliance departments of the Company.

Mr. Balmiki Prasad Singh

Executive Director

Mr. Balmiki Prasad Singh joined the Board in the year 1988. Before getting inducted on the Board, he had served the organisation in various capacities. He has over 30 years of experience in the Indian pharmaceutical industry. He heads the Generics and OTC business of the Company.

Mr. Mritunjay Kumar Singh

Executive Director

Mr. Mritunjay Kumar Singh joined the Board in the year 1988 and he has been associated with the management of the Company for a period over 31 years. He is also the Managing Director of the Company's subsidiary, Indchemie Health Specialities Private Limited. Mr. Mritunjay Kumar Singh heads Aura, Alphanex, Altis, Alphamax, Cytomed, Hospicare, Diabetology, Cardiology, Metabolic, Imperia and Urocare divisions of the Company's domestic business. Additionally, he looks after the Business Development & Strategy and Procurement functions for the domestic business of the Company.

Mr. Sarvesh Singh

Executive Director

Mr. Sarvesh Singh joined the Company in the year 2011 and has over 10 years of experience in sales and marketing in the pharmaceutical industry. He has been recently inducted on the Board of the Company. Mr. Sarvesh Singh heads the Pentacare and Prizma divisions of the organisation's domestic market.

Committees	Chairperson	Member
*Audit Committee	●	○
*Nomination and Remuneration Committee	●	○
*Corporate Social Responsibility Committee	●	○
Stakeholders' Relationship Committee	●	○
Risk Management Committee	●	○

**Committees reconstituted w.e.f. 25th May, 2021*

Mr. Arun Kumar Purwar

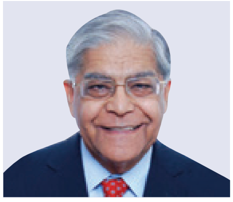
Independent Director

Mr. Arun Kumar Purwar was inducted on the Board in the year 2015. Mr. Purwar served as the Chairman of the State Bank of India and the Indian Bank Association for the periods from November 2002 to May 2006 and 2005-06 respectively. He has been the recipient of several prestigious awards such as 'CEO of the Year' from the Institute of Technology and Management in 2004, 'Outstanding Achiever of the Year' from the Indian Banks' Association in 2004 and 'Finance Man of the Year' by the Bombay Management Association in 2006. He also serves as an Independent Director in various leading companies of power, steel, financial sector, fin-tech, engineering consultancy and film/ entertainment industries/sectors.

Mr. Ranjal Laxmana Shenoy

Independent Director

Introduced in the Board in the year 2015, Mr. Ranjal Laxmana Shenoy has over 40 years of experience in varied industries. He held the position of Whole Time Director – Finance and Legal and Company Secretary in Merck Limited (formerly known as E. Merck (India) Limited), India. He is a qualified Chartered Accountant, Cost Accountant and Company Secretary. Mr. Shenoy also holds a Bachelor Degree in Law from the University of Mysore and a Master Degree in Law from the University of Mumbai. He is also an Associate Member of the Indian Institute of Bankers (C.A.IIB).



Mr. Narendra K Aneja

Independent Director

Mr. Narendra Kumar Aneja, recently inducted on the Board of the Company, is the Chief Executive of Aneja Associates, Chartered Accountants, India. He is a Fellow Chartered Accountant, Certified Internal Auditor, Certification in Risk Management Assurance (CRMA) and holds an MBA from the Wharton Business School. He is a Gold Medalist (ICWA), a Tata Scholar and was ranked on the Director's List at Wharton School (1978). He has over 30 years of experience in GRC (Governance, Risk and Compliance) Assignments and management consultancy.

Ms. Sangeeta K. Singh

Independent Director

Ms. Sangeeta Singh became a member of the Board in 2015. She serves as an Independent Director on the boards of several renowned companies. She has over 35 years of experience in Human Resources, Communications and Operations. She was previously a Partner & Head of Human Resources in KPMG India. She holds a Master Degree in Behavioural Psychology and certification in Strategic Human Resource Management from Harvard Business School.

Ms. Sudha Ravi

Independent Director

Ms. Sudha Ravi became a member of the Board in the year 2015. Ms. Ravi is associated with Piramal Capital & Housing Finance Ltd. and also in-charge of India Venture Advisors Pvt. Ltd. – a healthcare and life sciences focused PE fund. Ms. Ravi, as Chief Executive Officer, started Piramal Finance Ltd, a NBFC in 2011. Prior to joining Piramal Group, Ms Ravi was with State Bank of India (SBI) for over 30 years. In SBI, she has held several important portfolios across different verticals - International, Corporate, Retail and Rural banking including key positions as General Manager, Enterprise Risk Management and Chief Representative, Washington DC, USA. She serves as an Independent Director on boards of several companies.

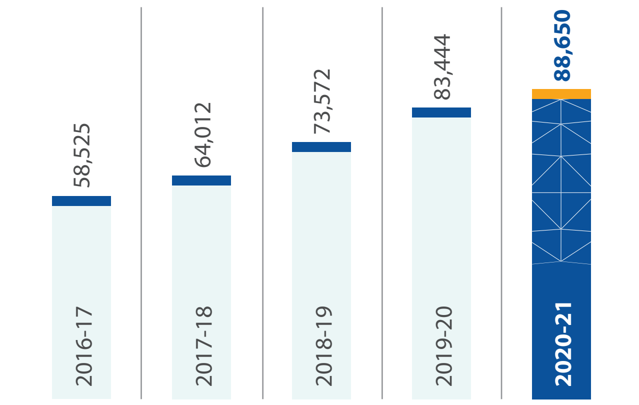
Dr. Dheeraj Sharma

Independent Director

Dr. Dheeraj Sharma joined the Board in May 2017. He holds a Doctoral Degree with a Major in Marketing and a double Minor in Psychology and Quantitative Analysis from Louisiana Tech University, USA. His primary research interests are 'relationships' in business domain. He is a Director at Indian Institute of Management, Rohtak and a Professor (on lien) at Indian Institute of Management, Ahmedabad. In the past, Mr. Sharma has served as a consultant or in advisory roles with Ministry of Home Affairs, Ministry of Defence, Ministry of Youth Affairs and Sports, Ministry of Commerce, Government of Gujarat, Government of Punjab and Government of Delhi.

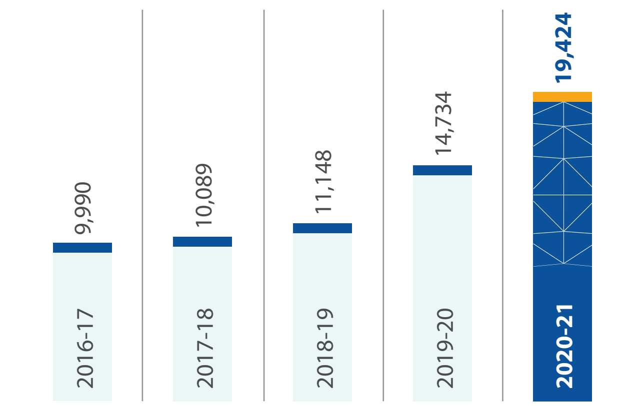
Key Financial Highlights

REVENUE FROM OPERATIONS (₹ in MN)



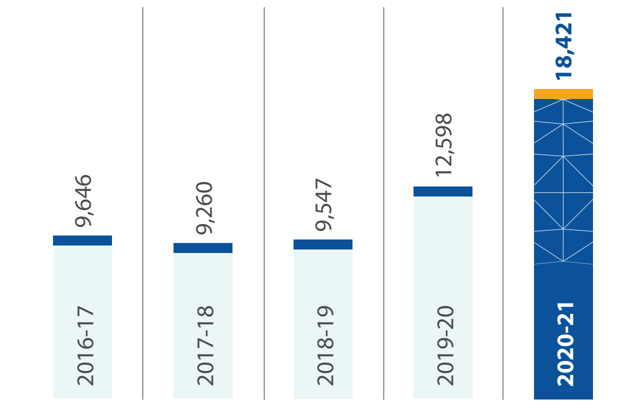
- Through the five years, FY 2015-16 to FY 2020-21, the Company's revenue from operations has grown at a CAGR of 11.9% with India business growing at 9.4% CAGR and International business registering growth of 17.8% CAGR
- Company's US business has more than doubled over the last five years, growing at a CAGR of 20.0% through FY 2015-16 to FY 2020-21. This has been mainly driven by new product launches and market share gains in existing products
- In FY 2020-21, the growth in the India business was impacted by COVID-related lockdowns that resulted in lower new prescription generation and reduced footfalls at hospital OPDs and clinics. Deferment of surgeries and temporary supply chain disruption also impacted growth during the year

EBITDA (₹ in MN)

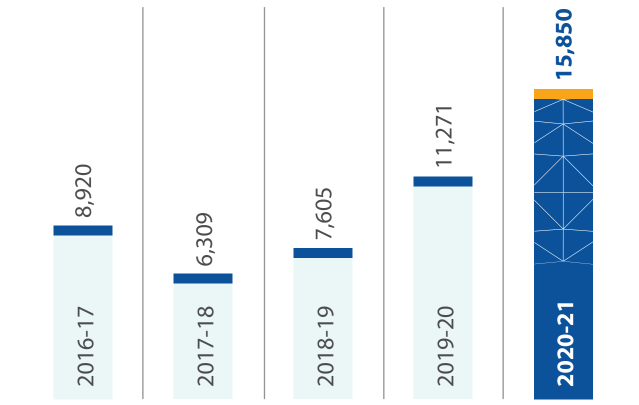


- Through FY 2015-16 to FY 2020-21, the Company's EBITDA has grown at a CAGR of 17.9% - higher than the growth in its revenue from operations of 11.9% CAGR
- In FY 2020-21, Company's EBITDA margin expanded by 420 basis points to 21.9% compared to 17.7% in the previous year. This was a result of savings on marketing and travel expenses amid lockdowns coupled with the Company's ongoing efforts towards cost optimisation, process improvement and increase in field force productivity

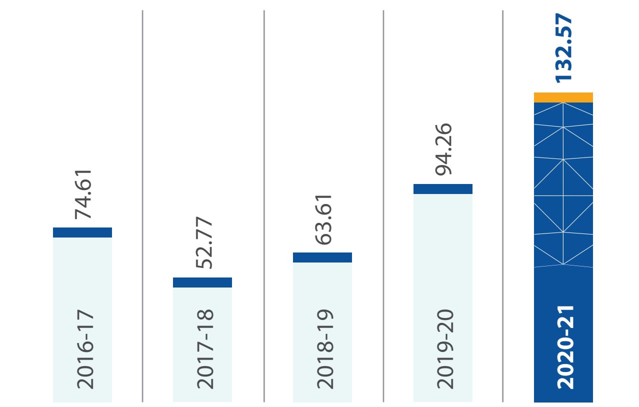
PROFIT BEFORE TAX (₹ in MN)



PROFIT AFTER TAX (₹ in MN)

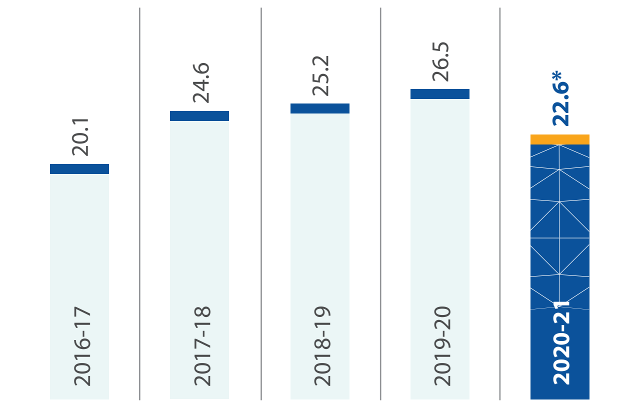


EARNINGS PER SHARE (₹)



- Through the five years, FY 2015-16 to FY 2020-21, the Company's Profit After Tax (PAT) has grown at a CAGR of 16.4% driven by healthy revenue growth along with EBITDA margin improvement
- The Company has also judiciously invested in manufacturing facilities that are entitled to fiscal benefits thereby benefiting from lower tax rate

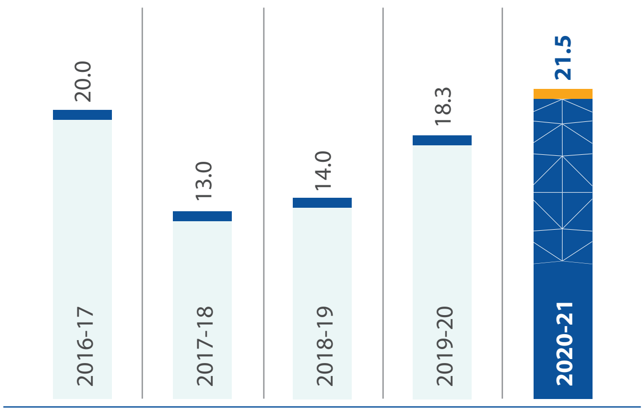
DIVIDEND PAYOUT (%)



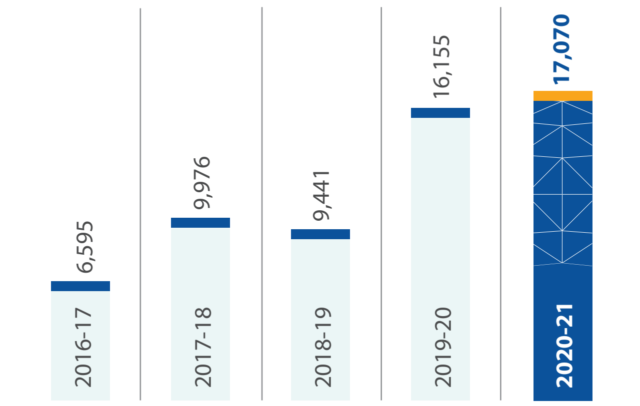
* Includes final dividend as recommended by the Directors for approval of the shareholders

- The Company has consistently maintained dividend payout in excess of 20% with FY 2020-21 dividend payout at 22.6%

RETURN ON NET WORTH (%)



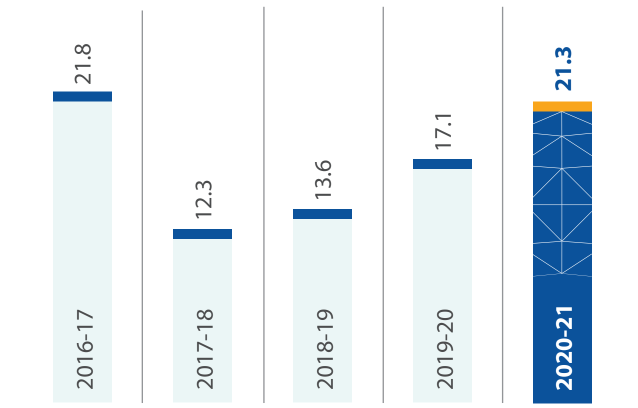
GROSS DEBT (₹ in MN)



NET CASH (₹ in MN)

- The Company has a healthy balance sheet with net cash of about ₹ 7 billion as on 31st March 2021
- Through FY 2016-17 to FY 2019-20, the Company made significant capex investments towards new manufacturing facilities, upgradation and de-bottlenecking of the existing facilities and R&D centres to support its future growth
- With large part of the capex already done, the Company is expected to generate improved free cash flows from operations going ahead

RETURN ON CAPITAL EMPLOYED (POST TAX) (%)



- Over the last three years (FY 2017-18 to FY 2020-21), the Company has delivered a steady improvement in its Return on Net Worth and Return on Capital Employed driven by a healthy revenue growth and expansion in its EBITDA margins
- The Company has already made significant capex investments through FY 2016-17 to FY 2019-20 which it will look to leverage to drive future growth and profitability

Environment, Health and Safety

Having set in motion a strategic plan to transform Alkem for a better tomorrow, the Company has increased its dedication to improving its score in all the key performance indicators related to environment, health and safety (EHS). Its goals of value creation through business growth are intricately linked with an equal amount of value creation in the EHS space. This would result in the sustained well-being of all its stakeholders, including the very alive natural world.

EHS is a core focus area for Alkem. Its vision is to achieve sustainable competitive business advantage through leadership and excellence in EHS.

EHS FRAMEWORK

At Alkem, EHS issues are managed through an integrated system that aims to ensure that risks are identified, standard procedures are established, training is provided, targets are set and audits are conducted.

Through its Health and Safety Policy, which is applicable across the group, the Company has detailed its commitment to EHS. The policy is in line with requirements specified by Indian Regulations and International Standards viz. ISO 14001 & ISO 45001.

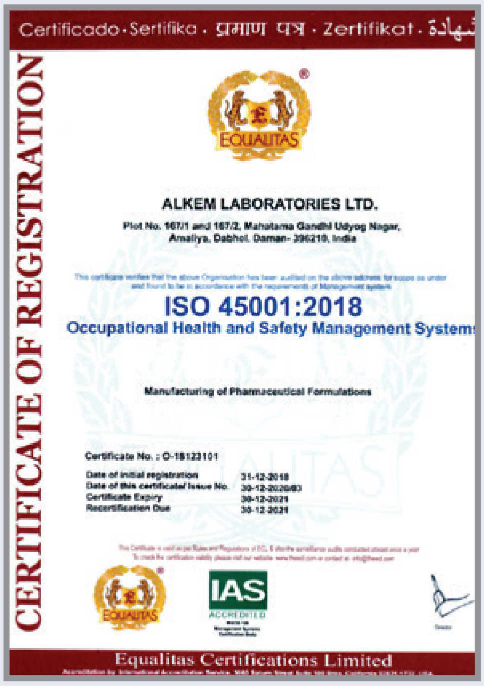
In its EHS Plan for Excellence, Alkem has set its strategy and key targets for improving performance and the Company is on track to meet these targets.

The Corporate Environment, Health and Safety Department in Alkem provides overall direction for Company-wide EHS programmes. At all its sites, local EHS managers oversee Health, Safety and Environmental protection measures related to Company operations. These managers continually receive training on regulations, new technologies and trends.

Fire safety awareness training

EHS CERTIFICATION

At two sites, the Company has achieved dual certification to the international environmental management standard ISO 14001 and occupational health and safety management standard ISO 45001. It is working to increase its site certifications.



EHS RISK MANAGEMENT

In this context, risk management is the process of identifying EHS hazards, determining the risk based on likelihood and severity of work injuries, ill-health and property damage; communicating the risk assessment to all associates and prioritising preventive measures to mitigate these risks. Alongside its EHS framework, the Company also has a tracking process to ensure compliance with all EHS-related regulations and stay alert to upcoming regulations.

3
Total number of reportable incidents during the year under review

0
Total number of fatalities during the year under review

0
Total number of fatalities in the last five years

SAFETY CULTURE AND TRAINING

A safe work environment requires a culture where employees understand risks, are capable of identifying hazards and take ownership of a proactive approach to safety. To improve this safety culture and EHS awareness of employees and associates, Alkem conducts regular EHS trainings on diversified topics.

SAFETY CULTURE & TRAINING TOPICS

Operations

- Hazard and risk assessment
- Process safety management
- Safety engineering
- Incident management

People

- Health & hygiene
- Behavioural safety
- Management of contractors

General aspects

- Emergency preparedness
- Road safety
- Work on meeting standards for ISO certification

High-risk areas

- Electrical safety
- Hazardous chemicals management
- Electrostatic hazard management

Road safety pertains to managing a risk outside the Company premises, a risk that can impact its employees and associates. This year's Road Safety Training module included basic aspects of defensive driving and this training was given as part of celebrating National Road Safety Week in January 2021.


Training provided to contractors


Fire safety awareness drive and training


General training on EHS topics


Road Safety booklet published

1,272

Number of EHS-related trainings conducted across manufacturing sites during the year under review

8,280

EHS training man-hours across manufacturing sites during the year under review

CONTROL OF EXPOSURE TO CHEMICALS

Alkem's current portfolio of pharmaceutical products is extensive and requires its sites to control many chemicals used in synthesis and formulation of products. To ensure protection of employees and the environment, steps like engineering control, close operations, administrative controls etc. have been adopted and personal protective equipment (PPE) provided as necessary.


Training and demo of Emergency Devices

PROCESS SAFETY

Implementing and updating a safety system for controlling process hazards is a continuing programme in Alkem. The goal is to minimise risk through expert engineering design and good manufacturing practices. Many processes, whether API synthesis or formulation, involve hazardous materials such as toxic chemicals, flammable solvents and combustible powders. Wherever it is not feasible to find substitutes for hazardous chemicals, Alkem's Process Safety Management programme ensures more rigorous controls.


Training on Emergency Devices

EHS AUDITS

The Company carries out EHS audits to assess the implementation and outcomes of its management systems and procedures. The audits also assess Alkem sites' compliance with key legislation related to EHS. They are carried out by competent internal auditors or through external experts.

2
EHS audits conducted at each manufacturing site of Alkem during the year under review

1
Environment audit per site

1
Occupational health & safety audit per site

3R PRINCIPLE FOR SUSTAINABILITY

To impact the environment as little as possible, Alkem operations efficiently conserve resources such as energy, water and raw materials; plus, every attempt is made to reduce emissions and waste. As part of its commitment to sustainable development, the Company emphasises on the 3R principle: reuse, reduce, recycle.

ENERGY

To curb greenhouse gas emission, the Company continually upgrades its equipments and systems to use less fuel and electricity. Its HVAC (heating, ventilation and air-conditioning) system has the latest power-saving technology. Lighting fixtures have been changed to LED. Automation and use of renewable energy or alternative energy helps the organisation further bring down direct and indirect fossil fuel consumption.

8,532,259.8 KWH

Average monthly electricity consumption during the year under review

4.85%

Reduction in electricity consumption during the year under as compared to previous year

Installation of Solar Panels

66,584 KWH

Average monthly solar power generation during the year under review

0.78%

Share of solar power in average monthly power consumption during the year under review

WATER

Alkem uses treated water in order to reduce its fresh water intake as much as possible. Its water management includes monitoring of consumption and exercises in saving; educating the workforce on water consumption; auditing on raw, effluent and treated water. Rainwater harvesting and utilisation is initiated at Company sites. Well-designed and well-maintained Effluent Treatment Plants are in place across all its sites.

50,334 KL

Average monthly raw water intake during the year under review

12.32%

Reduction in water intake during the year under review

25%

of manufacturing units that are zero-liquid discharge facilities

37,032.48 KL

Treated water usage during the year under review

WASTE MANAGEMENT

The Company seeks to minimise the waste generated at source and recycle the rest. Further, as part of its responsibility as a Brand Owner under the Plastic Waste Management Rules by the Central Pollution Control Board of India, it has tied up with an approved agency engaged in collection, recycling / co-processing of plastic base waste, preventing it from reaching landfills. Its waste, classified as Hazardous waste, Biomedical waste, Electronic waste etc., is handled and disposed off / recycled / co-processed in an environmentally responsible manner and in full compliance with applicable regulations.

11,257 KG

Quantity of Biomedical waste disposed off during the year under review

408.63 MT

Quantity of Hazardous waste disposed off during the year under review

80.35 MT

Quantity of Hazardous waste recycled / co-processed during the year under review

19.66%

Hazardous waste recycled / co-processed during the year under review

EMISSIONS

Alkem's operations and processing activities have the potential to emit particulate matter, sulfur dioxide and nitrogen oxides, among others. The Company minimises this through facility design, closed operations and the use of emission control devices, including scrubbers, dust collectors and filters. Emission parameters are recorded to ensure compliance with norms set by the government.

RESPONDING TO COVID-19 CHALLENGES

During the nationwide lockdown that continued to remain in force in FY 2020-21 to curb the spread of COVID-19, Alkem remained functional and supplied life-saving medications. Under its business continuity plan, a Crisis Management Group was formed to address the issues faced during the ongoing pandemic in order to take speedy decisions and maintain the operations of the Company. Digitalisation was invaluable on the shop-floor, too, where the Company observed the pandemic-related safety protocol and yet kept production moving at an unrelenting pace.
Each Alkem site got its own Task Force, consisting of site leadership and workforce members. This Task Force dealt with everything from government liaison to site sanitisation. At a few sites, groups of people were even accommodated on-site, so as to ensure availability of the bare minimum workforce to keep plants operational as well as reduce their possible exposure and infection risk.

The required health, safety and sanitisation measures were also fully taken care of. Guidelines were formulated and Standard Operating Procedures (SOPs) were implemented as necessary. The Company tackled the pandemic and ensured the well-being of all employees at the same time, upholding its role as an essential service provider.

Sanitisation of changing rooms

ENVIRONMENT CONSERVATION AS A CSR PROGRAMME

Protection of greenery and water sources are among Alkem's Corporate Social Responsibility initiatives that overlap with its EHS policy for the business. It has achieved a lot here through employee volunteering and also through partnership with local organisations. Another vital part of environment conservation as a CSR programme is promoting solar power.

During the year under review, the Company undertook greening campaigns and developed gardens at Baddi (Himachal Pradesh), Indore (Madhya Pradesh) and Mandva (Gujarat). It also planted one million trees in Parli (Maharashtra) to combat drought.

Other initiatives designed to clean up the environment included funding a garbage management programme in rural Sikkim and the building of public toilets in Daman to reduce open defecation-related diseases.

Alkem's work in water management during this year was focused on Raigad district in Maharashtra, where there is severe scarcity of precious water, taking a huge toll on village women who have to walk long distances in search of clean water. The Company organised community initiatives that have now brought water to the village of Wagachewadi, serving the twin purpose of better public health and women's welfare. This is the fifth parched village in Maharashtra where Alkem has provided water facilities.


Tree Plantation in Parli


Inauguration of Solar Power


Solar Panels


Tree Plantation in Mandva

Public Toilet - Daman

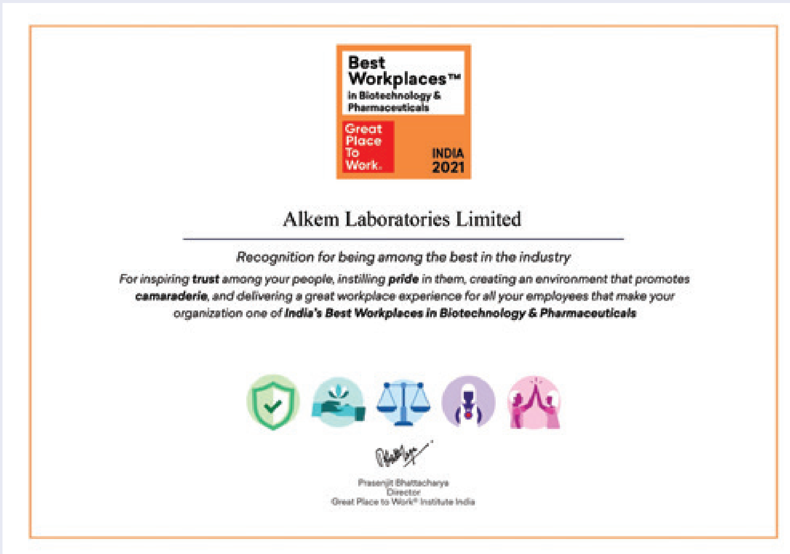
Supporting and Developing Talent for Agility and Growth

To be the best, one must know how to handle the worst. Over the past few months there has been much uncertainty and anxiety fuelled by the COVID-19 pandemic. In these times of dire consequences and unprecedented challenges, Alkem Laboratories emerged stronger in its fight against the pandemic and promised a path of constant growth and success to its more than 15,000 employees settled in different parts of the country and abroad. Even during these challenging times, Alkem expanded its horizons and added about 1,000 employees to the Alkem family. The Company adapted well to the changing circumstances and adopted technology to enhance its people, processes and practices.

GREAT PLACE TO WORK

Alkem was yet again certified as a Great Place to Work (GPTW) and one of the Best workplaces in Biotechnology & Pharmaceuticals in India for FY 2021-22.

For the second time, Alkem participated in the Great Place to Work survey in India, anchored by the Great Place to Work Institute, an internationally reputed employer branding platform. As part of this evaluation, GPTW assessed and measured employee perceptions about their workplace using Great Place to Work® Trust Index© Employee Survey. The Trust Index© score at Alkem moved up to 85 as compared with 81 last year. This was the average score on various parameters like Credibility of Management, Respect for People, Fairness at Workplace, Pride and Camaraderie between people.


Best Workplaces™ in Biotechnology & Pharmaceuticals
Great Place To Work. INDIA 2021

Alkem Laboratories Limited

Recognition for being among the best in the industry

*For inspiring **trust** among your people, instilling **pride** in them, creating an environment that promotes **camaraderie**, and delivering a great workplace experience for all your employees that make your organization one of **India's Best Workplaces in Biotechnology & Pharmaceuticals***

Prasenjit Bhattacharya
Director
Great Place to Work® Institute India

OVERCOMING THE PANDEMIC: THE FIGHT AGAINST COVID-19

The organisation took all the necessary steps to ensure the safety and well-being of its employees. To provide better support and assuage anxiety and fears, Alkem launched a **dedicated 24*7 COVID Help Desk** that included online doctor consultation, COVID test centre booking, ambulance support and information on COVID hospitals and insurance claims. Through the COVID helpdesk, the Company ensured that specific medicines for the treatment of COVID were made available to its employees.

Additionally, an Employee Assistance Helpline **'Talk to Me'** was launched for Alkem employees and their family members to avail counselling services to combat anxiety and coping with work-related and personal issues. This is a confidential service and operational 12 hours a day for all 7 days a week.

Centrally, a **Task force** was formed which included members of the leadership team and representatives from HR. This helped in tracking organisation-wide COVID positive cases on a daily basis and providing the required assistance to the employees. It also helped in taking precautionary measures for the safety of its employees. **Safety kits** were provided to field workforce to ensure they had the necessary safety gear before starting the field work. The organisation also took an **additional insurance coverage of ₹ 5 Lakhs** for the COVID-related treatment of its employees and their enrolled family members.

CELEBRATING VALUES

Values are an intrinsic and vital part of any organisation. Alkem's values have helped to promote an atmosphere of trust and dependable co-existence that in turn has built the strong foundation to sustain the weathering of terrible times and drastic situations. Understanding the need of the hour, the Company embarked on a two months long campaign called 'Celebrating Values' to reaffirm a culture of compliance and ethics.

Celebrating values at Alkem

EMPLOYEE CONNECT AND ENGAGEMENT PROGRAMMES

Alkem constantly endeavours to strengthen employee connect within the organisation. Even during the pandemic, the Company continued with its Reward and Recognition (R&R) efforts and created online versions where needed. Employees were appreciated and awarded through various platforms - Hall of Fame, Alkem Service Awards, Applaud, Pace and Disha awards.

This year, the Company also focused on various digital programmes to engage with employees and keep their morale high. Alkem organised multiple virtual town hall meetings, webinars and virtual contests.

Additionally, various employee engagement activities were organised at different levels – Corporate, R&D and plant – to celebrate the spirit of Alkem. Quality Week, Safety Week, International Yoga Day and International Women's Day celebrations were among some noteworthy employee engagement programmes held during the year.

Glimpses of Employee Engagement Programmes

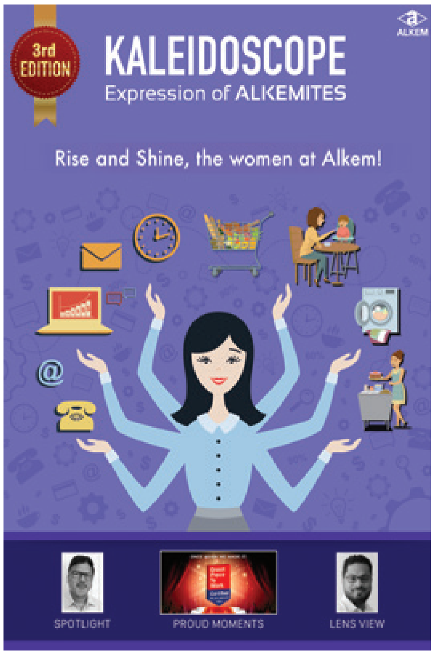
E-NEWSLETTER 'KALEIDOSCOPE'

To stay connected with employees, Alkem also launched a quarterly E-newsletter 'Kaleidoscope'. The newsletter endeavours to represent the invigorating and vibrant culture of Alkem and acts as a glue to connect and bond with Alkemites across the world. It provides refreshing insight into the organisation, its people and varied facets, which makes Alkem a Great Place to Work.

BUILDING CAPABILITY IN THE NEW NORMAL

Alkem is committed to develop its most valuable asset - 'Its People' who, they believe are key to its success. In the last few months, the challenge of staying mentally fit and agile has become more important than ever. In alignment with changing times, the Company's Learning and Development (L&D) team successfully revamped the learning programmes to create interesting and virtually engaging content. Several digital learning programmes were launched during the year that included internally curated and customised video content, knowledge enhancing refresher programmes and online quizzes to name a few.

The L&D team also added enriching features to its internal learning app ALKEPEDIA and broadened its scope to include relevant learning materials for manufacturing, R&D and corporate functions along with the sales functions.



Alkem's routine programmes continued to build employees' capabilities. To augment employee skills further, some new programmes were launched during the year to boost learning and development:

L&D Programme	Purpose	Highlights
Digital Marketing Workshop	To upskill Alkem's marketing team on various digital marketing strategies	5 Digital Marketing Workshops were conducted, covering 140 marketers
Advanced Programme in Sales Management (APSM)	First of its kind programme designed in partnership with SPJIMR, Mumbai to take sales leaders through a power-packed learning journey of 8 modules over a period of 8 months through virtual learning	70+ sales leaders were enrolled in the first batch of APSM after a rigorous selection criteria endorsed by Cluster and Business Heads
Mid-to-Senior Leadership programme for R&D and Manufacturing	To support the leadership journey by advancing key competencies expected in Alkem leaders	5 LDP batches were conducted during the year, covering 130 mid-senior leaders
SANKALP (Skill Acquisition and Knowledge Awareness to Lead Productivity)	To upgrade shop floor employees in their functional and behavioural areas	The certified internal pool of trainers rolled out the programme for shop floor employees in their respective locations

Transforming Communities

The well-being of the local communities and securing the livelihoods of marginalised people underpin Alkem's social responsibility endeavours. Through numerous initiatives across the focus areas of education, healthcare and rural development, the Company is working towards transforming the lives of thousands of people and promoting a positive change.

COVID-19 INITIATIVES

Reaffirming its commitment to come together in the fight against the virus, the Company undertook action on various fronts. PPE kits, masks, and basic essentials were provided to those most in need. Contributions were made to the Central as well as the State Care Funds in support of the national response to the crisis. In Daman, the Company provided equipment for setting up COVID-19 testing and diagnostic laboratory.

Distribution of food essentials during lockdown

Alkem was felicitated by the Government of Maharashtra for the various contributions the Company made during COVID times

KEY INTERVENTIONS UNDER FOCUS AREAS

EDUCATION

Alkem associates itself with the cause of education and contributes towards ending the inequity in education. The Company has been running remedial classes for the slums of Dharavi, Mumbai. Similar efforts are being made in the tribal areas near Bankura, West Bengal, and at a centre near Indore. School renovation, construction of school amenities, and providing educational kits and uniforms were among the other key measures taken.

Education support to underprivileged children in Dewas

HEALTHCARE

The Company strives to increase access to quality and affordable primary and secondary health services for the economically weaker sections of society.

Major interventions for the year include conducting need-based medical camps and awareness programmes for cancer detection, eye cataract, among others, and empowering communities to make informed decisions about their health issues. With its Medical Mobile Health Units, Alkem has brought primary healthcare services within the reach of communities in the villages of Sikkim, Mandva (Gujarat), Baddi (Himachal Pradesh), and Raigad (Maharashtra). A dedicated health centre is also operational at the Company's plant locations in Sikkim, Taloja (Maharashtra) and Baddi. During the year, a blood testing laboratory was set up in Baddi. Other healthcare initiatives include spinal surgeries for needy beneficiaries and cochlear implants for deaf children.

Inauguration of Anaemia Awareness Camp

Preliminary Health Services

Alkem Partners with Tata Memorial Centre

ENABLING ACCESSIBILITY AND AFFORDABILITY IN CANCER CARE TREATMENT

Cancer has emerged as a major public health concern in India with around 1 million new cases diagnosed every year. Patients from villages face the hardship of travelling to metro cities for cancer therapy and are also challenged by financial constraints.

Recognising the need for accessible and affordable cancer treatment for the rural communities, Alkem Foundation entered in a partnership with Tata Memorial Centre (TMC) for setting up an advanced radiotherapy facility as a part of Homi Bhabha Cancer Hospital and Research Center (HBCHRC) in Muzaffarpur, Bihar. The aim is to bring an end to the sufferings of millions of cancer patients of Bihar who have to travel long distance to avail cancer treatment and provide integrated cancer care, encompassing prevention, rehabilitation, diagnosis, awareness, and screening, at an affordable cost.

The upcoming facility will be equipped with the most advanced versions of the teletherapy and brachytherapy units. To decentralise the cancer care further, 3 mini cancer units will be set up in the cities of Buxar, Jehanabad and Bhagalpur in Bihar. These centres will connect cancer patients of those districts by telemedicine to HBCHRC, Muzaffarpur.

RURAL DEVELOPMENT

The Company's long-standing effort in rural development continued through focused initiatives like improving basic infrastructural facilities and ensuring the provision of water by installing solar water projects. Committed to foster entrepreneurial spirit, the Company distributed sewing machines for the rural women in Daman and conducted skill training programmes in Baddi. Public toilets were built around the Company's manufacturing facility in Daman to improve sanitation and hygiene.

Training Workshops for Rural Women

Solar Water Project

In a mission to enable better opportunities for the farmers of District Beed, the Company joined hands to support the mission of plantation of one million fruit trees. Initiatives such as provision of solar street lights and setting up of CCTV was also undertaken to address the needs of these segments of the rural population.

Management Discussion & Analysis

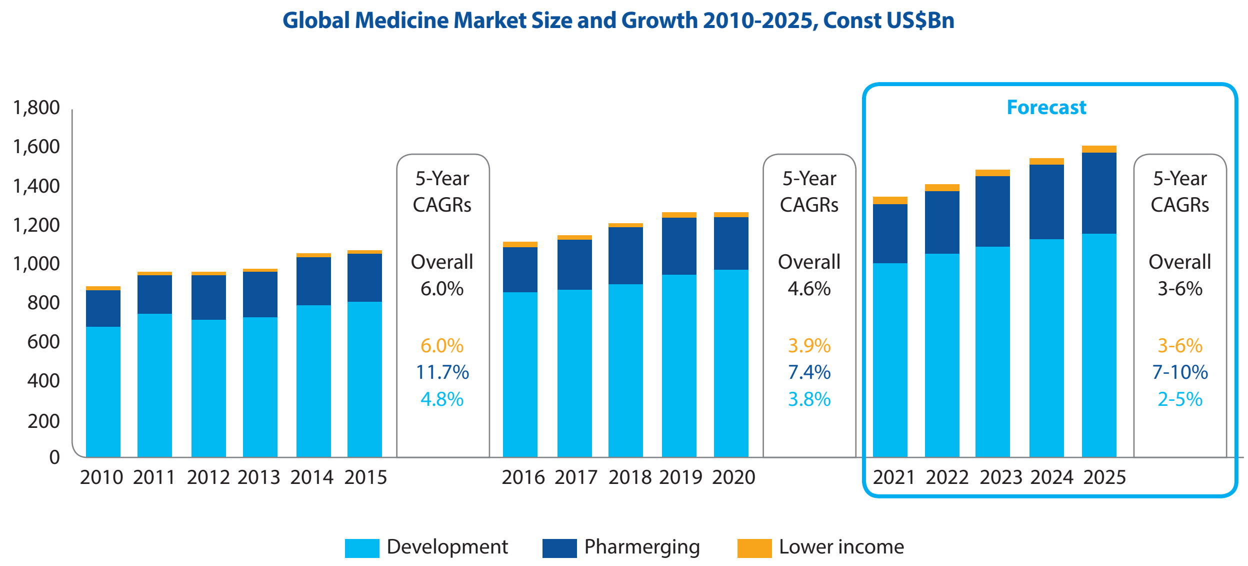
GLOBAL PHARMACEUTICAL INDUSTRY

The global pharmaceutical industry, responsible for the research, development, production, and distribution of medications, is one of the largest and the oldest industries in the world. The industry witnessed substantial growth during the past two decades, reaching US$ 1.27 trillion in 2020, and is expected to grow to US$ 1.6 trillion by 2025 at a CAGR of 3-6%. While growth in the year 2020 slowed down, as lockdown and social distancing norms imposed by various countries kept many people away from clinics and hospitals and the economic slump brought on by the COVID-19 outbreak caused a general drop in all kinds of spends, a recovery is expected from 2021, as large scale vaccination drives take place across the globe. The rate of increase in medicine use (by volumes) is currently outpacing population and economic growth, indicating that more patients are receiving treatment. The key factors driving growth in the global pharmaceutical industry are:

- Substantial rise in ageing population
- Higher purchasing power
- Easy and quicker access to quality healthcare and pharmaceuticals for poor and middle-class families worldwide
- Sharper focus of pharmaceuticals companies on tapping the rare and speciality diseases
- Innovations in advanced biologics, nucleic acid therapeutics, cell therapies and bioelectronics and implantable

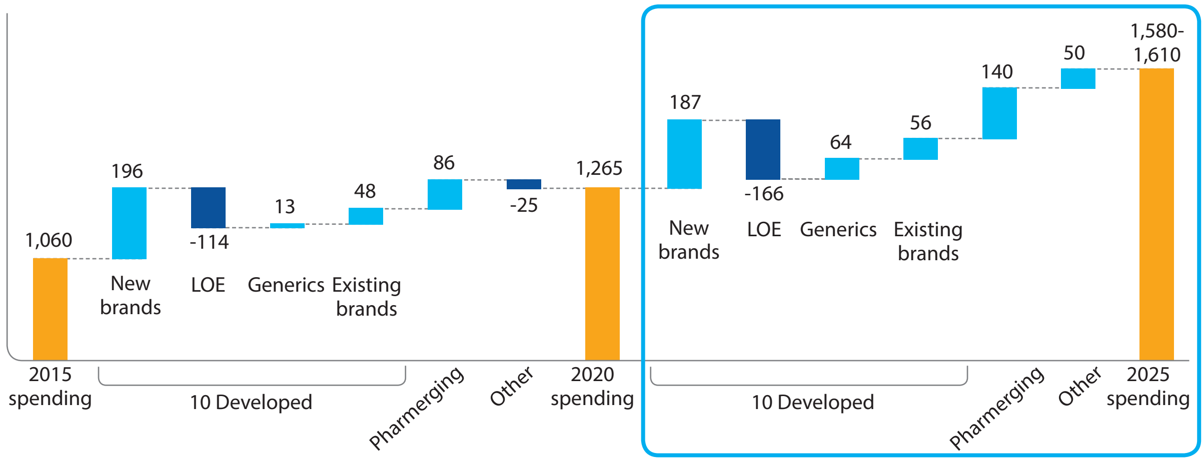
However, adoption of cost control policies and tightening of regulations by governments in key markets is likely to impact the revenue growth prospect of the global pharmaceuticals industry.

The global medicine market is expected to grow at 3-6% CAGR through 2025, to about US$1.6 trillion



Source: IQVIA Market Prognosis, September 2020; IQVIA Institute, March 2021

Stronger growth in pharmerging markets will lift global medicine spending through 2025, offset by developed market LOEs



Source: IQVIA Institute, February 2021; IQVIA Market Prognosis, September 2020

The global pharmaceutical market can broadly be divided into developed and pharmerging markets (a group of countries that as yet consume relatively low volumes of medications, but where consumption is rising steadily). The United States, top five European markets (namely, Germany, France, Italy, United Kingdom, and Spain), Japan, Canada, South Korea, and Australia comprise the developed market dominating global pharmaceutical sales. The pharmerging markets include China, Brazil, India, Russia, Turkey, Mexico, South Africa and many others.

Global Invoice Spending and Growth in Selected Countries

	2020 Spending US$Bn	2016-2020 CAGR	2025 Spending US$Bn	2021-2025 CAGR
GLOBAL	**1,265.2**	**4.6%**	**1,580-1,610**	**3-6%**
Developed	959.5	3.8%	1,130-1,160	1.5-4.5%
10 Developed	847.2	3.8%	990-1,020	1.5-4.5%
United States	527.8	4.2%	605-635	2-5%
Japan	88.2	-0.2%	75-95	-2-1%
EU5	180.4	4.4%	215-245	2-5%
Germany	54.9	5.3%	65-85	3.5-6.5%
France	36.3	2.4%	43-47	1-4%
Italy	33.3	4.2%	38-42	2-5%
United Kingdom	30.2	5.3%	38-42	2.5-5.5%
Spain	25.7	4.6%	28-32	1.5-4.5%
Canada	22.8	4.8%	28-32	2-5%
South Korea	16.2	6.8%	18-22	4.5-7.5%
Australia	11.8	3.3%	13-17	1-4%
Other Developed	112.3	4.2%	125-155	2.5-5.5%
Pharmerging	290.8	7.4%	415-445	7-10%
China	134.4	4.9%	170-200	4.5-7.5%
Brazil	28.7	10.7%	43-47	7.5-10.5%
Russia	17.5	10.8%	33-37	11-14%
India	21.1	9.5%	28-32	7.5-10.5%
Other Pharmerging	89.1	9.6%	120-150	8.5-11.5%
Lower Income Countries	15.0	3.9%	18-22	3-6%

Source : IQVIA Market Prognosis, September 2019, IQVIA Institute, December 2019

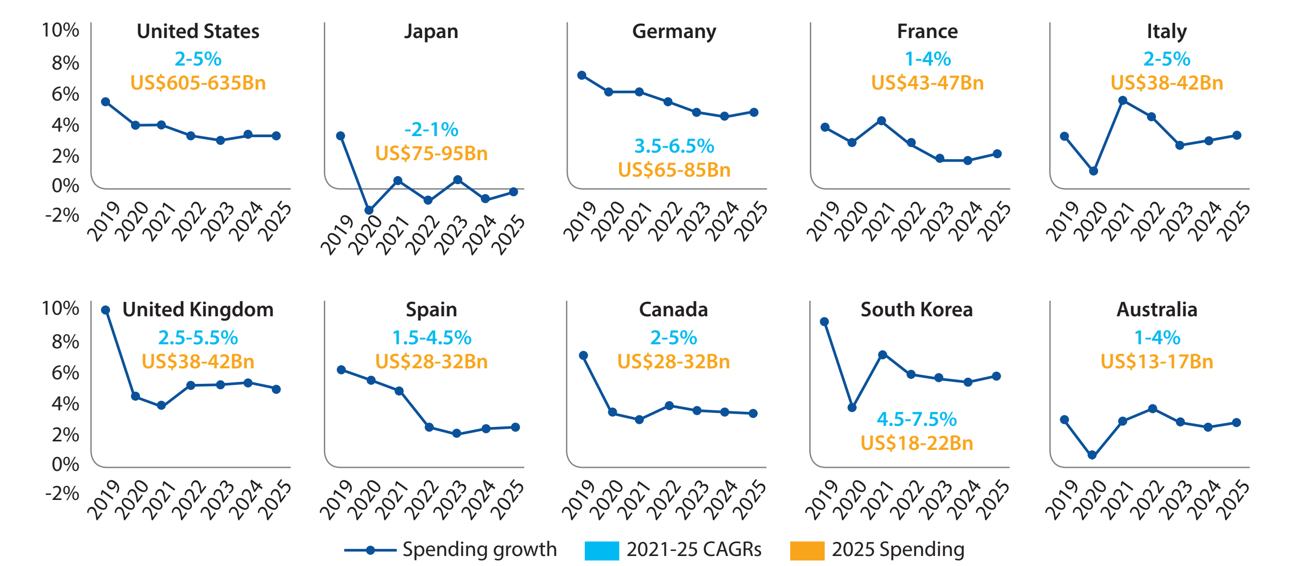
Review of Markets

In 2020, the United States continued to be the single largest pharmaceutical market, generating almost US$ 528 billion in revenue, followed by the five European markets generating a total of US$ 180 billion in revenue. Japan was the second largest among the individual developed markets, generating US$ 88.2 billion in revenue. In the developed markets, growth in medical spending would be largely influenced by the adoption of new treatments / launch of new molecules and growth in existing brands, offset by competition from generics and biosimilars on loss of exclusivity (LoE), when medicines go off-patent, of reference brands. Through 2020 to 2025, it is expected that about 300 new active substances (new molecules) would be launched in the developed markets to target unmet medical needs or to offer better treatments. Cumulatively, the developed markets are expected to grow at a CAGR of 1.5-4.5% through 2020 to 2025 and constitute about 72% of the overall global pharmaceutical market by 2025.

The pharmerging markets are set to exhibit the fastest increase in sales. Latin America, the Indian Subcontinent, and non-European countries are the regions with the highest predicted compound annual growth rates, mainly driven by expansion of healthcare access. Compared to the overall global pharmaceutical market, which is expected to grow at a CAGR of 3-6% through 2020 to 2025, the pharmerging markets, taken as a bloc, are expected to grow at a faster pace of 7-10% CAGR.

Operations at Baddi facility

Spending Growth in Ten Developed Countries 2019-2025



Source: IQVIA Market Prognosis, September 2020; IQVIA Institute March 2021

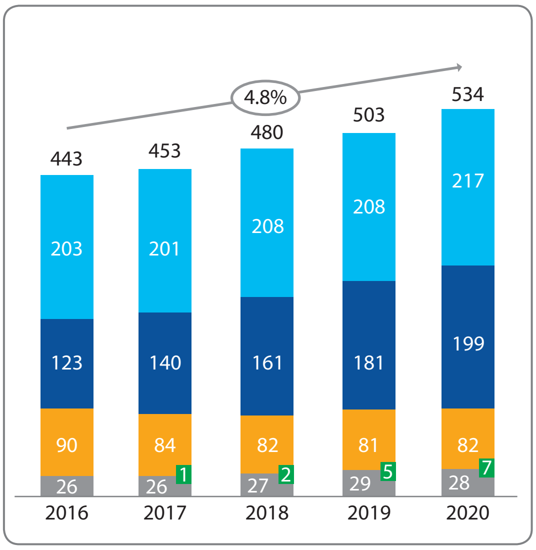
United States

The US continues to be the largest importer of medications and the biggest spender in pharmaceutical markets. The US pharmaceutical market is expected to grow at 2-5% CAGR through 2020 to 2025 and contribute ~40% to global pharmaceutical spendings in 2025. This growth would be fuelled by the growing and ageing population in the US, with more than 15% of the population above 65 years of age and the figure expected to rise in the coming years. Higher income levels and easy availability of quality healthcare and pharmaceuticals would also be key drivers of growth.

The US generic drug market has witnessed a healthy growth, driven by the rise in the number of generic drug approvals supported by the implementation of the Drug Competition Action Plan of the Food and Drug Administration (FDA) and re-authorisation of the Generic Drug User Fee Amendments. Additionally, the US Government has introduced several programmes to incentivise the promotion of cheaper generic drugs by doctors and pharmacists in place of more expensive brand-name medications. Several brand-name drugs are set to lose their patent protection in the near future; that should have a positive effect on the generic drugs market.

Market segmentation of the US pharmaceutical market

Total Sales (LC$, Bn)

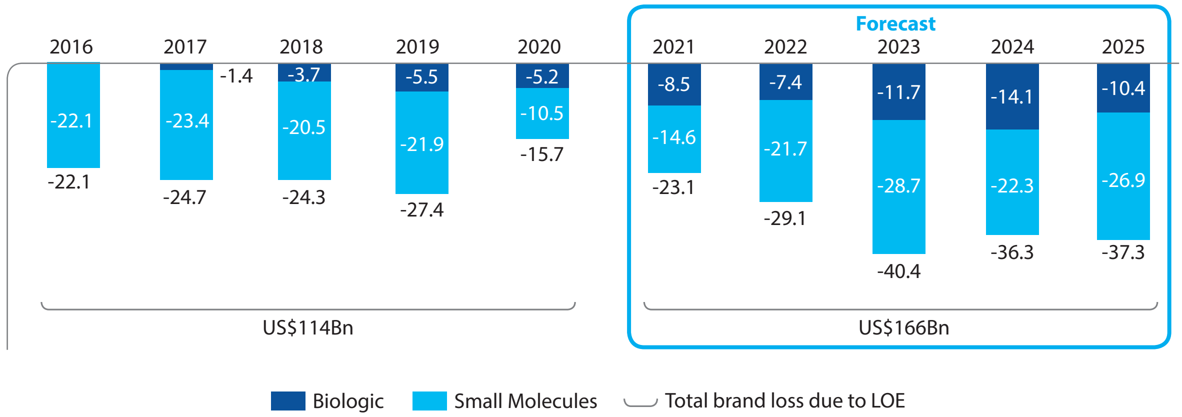


US market observed a shift towards biologics & biosimilars with 11% increase in market share in last 4 years

Value CAGR (4Y)	Market Segmentation	Volume CAGR (4Y)
2%	Innovative Small Molecules	-9%
13%	Innovative Biologics	3%
-2%	Generics	2%
126%	Biosimilars	163%
1%	Others	-7%

The impact of exclusivity losses will increase to US$166 billion over the next 5 years mostly due to the availability of biosimilars

Developed Markets Impact of Brand Losses of Exclusivity 2016-2025, US$Bn



Source: IQVIA Market Prognosis, September 2020; IQVIA Institute, February 2021

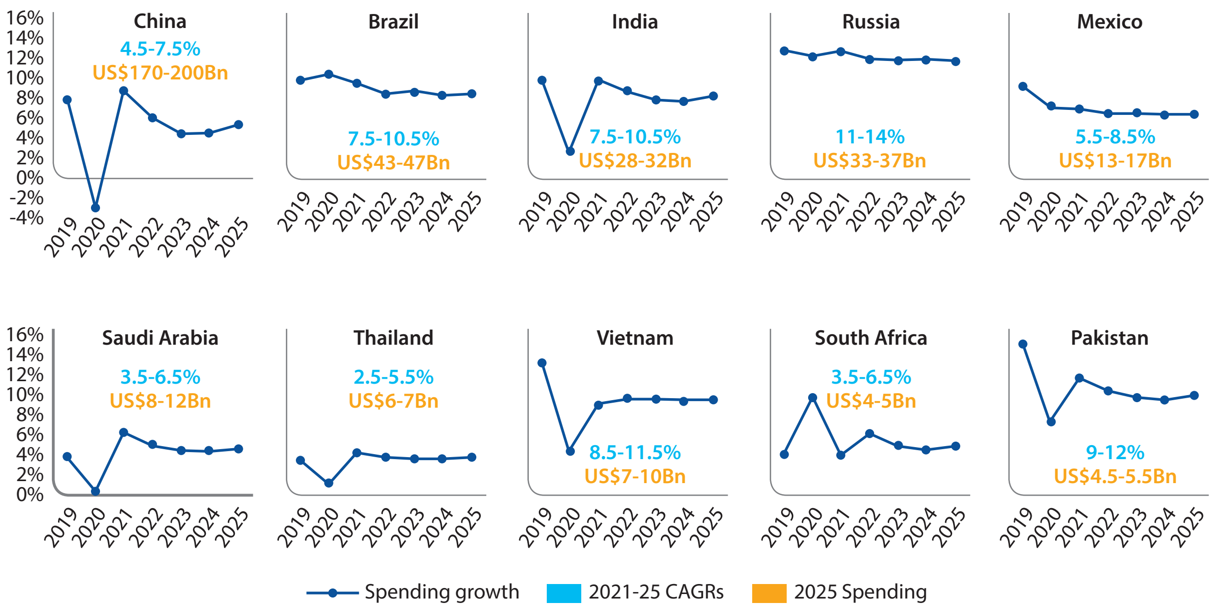
Pharmerging Markets

The pharmaceutical industry growth in pharmerging markets is mainly attributable to increasing healthcare expenditures, growing number of private hospitals, high prevalence of chronic diseases, and growing consumer awareness of the benefits of early disease detection and treatment. The increasing geriatric population, who are more prone to serious medical conditions, such as dementia, hypertension, cardiac failure, etc., is also bolstering the demand for medicines. Favourable government policies, rollout of public health insurance and reimbursement schemes to limit chronic diseases and their economic impact are also propelling the pharmerging market growth. Buying cashless health policies from private medical insurers is also becoming increasingly common, especially in India. While this is primarily intended to prevent out-of-pocket expenditure, this trend is augmenting the demand for pharmaceuticals in these countries, as people who are insured are likely to invest in better treatment. Among other top factors, the rising investments in extensive R&D activities in the fields of biotechnology, immunology, oncology, etc., for the introduction of advanced treatments are catalysing the market growth.

Valued at US$ 134 billion in 2020, China is the largest amongst the pharmerging markets and the second largest pharmaceutical market in the world, mainly due to the size of its population. The Chinese pharmaceutical market is expected to grow to US$ 170-200 billion by 2025 at 4.5-7.5% CAGR, driven by economic and demographic development, government stimulus, enhanced health awareness among the public, and improving R&D capabilities.

India, Russia, and Brazil are the other key players within the pharmerging markets, making valuable contributions to the global industry growth. As per IQVIA, an American company using data science in healthcare, India, Brazil and Russia are expected to be among the fastest growing pharmaceutical markets in the world, at 7-14% CAGR from 2020 to 2025.

Spending Growth in Select Pharmerging Countries 2019-2025



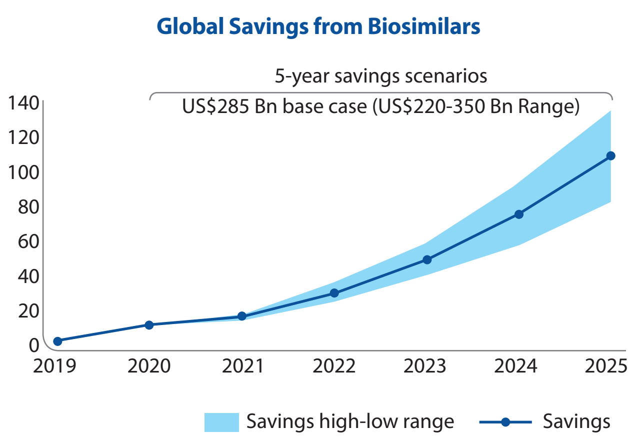
Source: IQVIA Market Prognosis, September 2020; IQVIA Institute March 2021

Biologic and biosimilar drugs gaining traction and expected to grow faster than small molecules

A biologic drug is produced from living organisms or it contains components of living organisms. Biologic drugs include a wide variety of products derived from humans, animals, or micro-organisms by using biotechnology. They are used in the treatment of numerous diseases and conditions, and form the most advanced therapies. Some biologic drugs are used to treat Crohn's disease, ulcerative colitis, rheumatoid arthritis, and other autoimmune diseases. Biologics have also revolutionised cancer treatment, delayed or reversed the course of immune system-related conditions, changed the lives of people with rare diseases, and have offered hope to many patients who previously had no effective treatment options for their conditions. The demand for biologic drugs is growing at a brisk pace, driven by their higher efficacy. As per IQVIA data, in 2019, the sales of biologic drugs stood at about US$ 238 billion and are expected to grow at a CAGR of 5.5% to cross US$ 310 billion by 2024. Currently, some of the world's largest selling drugs are biologics – Humira, Rituxan, Enbrel, Herceptin, Avastin, and Remicade. With many of the large biologic drugs set to lose their patent exclusivity over the next 5 years, there is a significant opportunity for biosimilar players. It is expected that by 2025, annual global savings to the tune of US$ 100 billion could be achieved through biosimilars and treatments would become more affordable.

A biosimilar product is a biologic product that is approved based on demonstrating that it is highly similar to an FDA-approved biologic product, known as a reference product, and has no clinically meaningful differences, in terms of safety and effectiveness, from the reference product. Regulated markets like the US and the European Union have shown good progress in biosimilars with more than 20 biosimilar approvals in the US and over 100 biosimilars under development across 22 molecules. In EU, more than 45 biosimilars have received approval and are being used to treat a variety of diseases within oncology, autoimmune disorders, diabetes, and fertility.

Global savings from biosimilars will have a significant impact on country medicine spending through 2025



Source: IQVIA Market Prognosis, September 2020; IQVIA Institute, March 2021

India Pharmaceutical Market

Domestic Consumption

With a population of about 1.35 billion, India is home to 1/6th of the world's population. This population density and factors like sustained economic growth, higher disposable income, improved access to quality healthcare, rise in chronic diseases due to sedentary lifestyles, and deeper insurance penetration make India one of the most promising pharmaceutical markets in the world. As per secondary sales data by IQVIA, the domestic pharma market is valued at about ₹ 1.56 lakh crore or about US$ 21 billion. Over the past 5 years, the domestic pharmaceutical market has grown at 9.5% CAGR and has been one of the fastest growing pharmaceutical markets in the world. However, the growth was impacted in 2020 owing to COVID-19-related lockdowns, which resulted in lower patient footfalls at clinics / OPDs and deferment of non-emergency surgeries and procedures. Going forward, the India pharma market is expected to grow at 7.5-10.5% CAGR through 2020 to 2025 and feature among the top 10 pharmaceutical markets in the world with sales of about US$ 32 billion by 2025.

In response to the pandemic, the Government of India has also stepped up its efforts to make the country's healthcare infrastructure more robust. In the Union Budget 2021-22, the Government increased the spending on healthcare from 1.2% of the GDP to 2.5% of the GDP. The Government has also taken measures to develop capacities of primary, secondary, and tertiary healthcare systems, strengthen existing national institutions, and create new institutions, to cater to detection and cure of new and emerging diseases. Various performance-linked incentive schemes (PLI schemes) have been rolled out to make the Indian pharmaceutical industry more self-reliant through indigenous production of key raw materials and intermediates.

Therapy-wise breakup of Indian Pharmaceutical Market

Therapy Area	Sales in FY 2020-21 (₹ billion)	Therapy Contribution	YoY Growth in FY 2020-21
Cardiac	202.5	12.9%	12.9%
Anti-Infectives	161.8	10.3%	-11.9%
Gastro-Intestinal	161.6	10.3%	6.2%
Anti-Diabetic	156.8	10.0%	8.7%
Vitamins/Minerals/Nutrients	128.7	8.2%	10.5%
Derma	118.8	7.6%	5.7%
Pain/Analgesics	116.1	7.4%	-0.7%
Respiratory	112.9	7.2%	-8.4%
Neuro/CNS	96.1	6.1%	9.7%
Gynaecology	76.4	4.9%	2.2%
Others	236.3	15.1%	11.0%
IPM	**1,568.0**	**100.0%**	**4.3%**

Source: IQVIA data

Exports

The Indian pharmaceutical industry supplies over 50% of global demand for various vaccines, 40% of generic demand in the US, and 25% of all medicines in the UK. India ranks 3rd in the world for pharmaceutical production by volume and 14th by value. The country is the largest provider of generic medicines, accounting for ~20% of global generic drug exports in volume terms. Indian drugs are exported to 200+ countries in the world, with the US being the key export market.

In FY 2019-20, India pharmaceutical exports stood at about US$ 20.6 billion, registering a growth of 7.6% over the previous year. Of these, 34% of exports were to North America, 17% to Africa, and 15% to European Union. Low-cost manufacturing facilities, availability of skilled manpower, including scientists and engineers, and investment in R&D are some of the strengths that make India one of the key players in the global pharmaceutical industry.

India's Pharma Exports during April-March Region-wise US$ Million

Region	FY 2018-19	FY 2019-20	Change %	+/-Revenue	Contribution %
North America	6,145.68	7,073.97	15.10	928.29	34.36
Africa	3,436.55	3,513.64	2.24	77.09	17.07
EU	3,004.14	3,140.76	4.55	136.61	15.26
Asean	1,308.30	1,341.37	2.53	33.07	6.52
LAC	1,310.21	1,292.16	-1.38	-18.05	6.28
Middle East	1,074.01	1,068.22	-0.54	-5.79	5.19
South Asia	788.29	905.23	14.83	116.94	4.40
CIS	815.35	873.36	7.11	58.00	4.24
Asia (Excluding Middle East)	693.65	772.87	11.42	79.22	3.75
Oceania	340.84	343.41	0.76	2.57	1.67
Other European Countries	162.86	202.99	24.64	40.13	0.99
Other America	57.38	57.83	0.80	0.46	0.28
Grand Total	**19,137.26**	**20,585.82**	**7.57**	**1,448.56**	**100**

Source : Pharmexcil Annual Report

COMPANY OVERVIEW

Established in 1973, Alkem Laboratories is a leading Indian generic pharmaceutical company with global operations. The Company develops, manufactures, and sells pharmaceutical and nutraceutical products in India and overseas. Alkem has consistently been ranked among the top 10 domestic pharmaceutical companies for close to two decades. Its sales and distribution network is spread across the length and breadth of India. With a broad portfolio of more than 800 brands and a highly proficient management team, Alkem is one of the prominent names in India in the acute therapy areas of Anti-infective, Gastro-intestinal, Pain management and Vitamins/ Minerals/ Nutrients products. Moreover, the Company has been expanding its footprint in the chronic therapy areas of Neuro/ CNS, Cardiac, Anti-diabetes, and Dermatology.

Besides being a strong domestic company, Alkem's business operations are spread in more than 40 international markets, with the US being the key market. To ensure uninterrupted and superior quality manufacturing, the Company has established a robust infrastructure network in India and the US. It has 20 state-of-the-art manufacturing facilities that are approved by various regulatory agencies like the US FDA, World Health Organization (WHO), MHRA (UK), TGA (Australia), ANVISA (Brazil), and MCC (South Africa), and six R&D centres.

1973

Inception of Alkem Laboratories Limited

1978

First manufacturing unit was established at Taloja near Mumbai

1992

Second manufacturing facility established at Mandva, Gujarat, which was converted into an API facility in 2005

2003

First research and development facility established at Taloja

2006

Taxim became India's first anti-infective drug to surpass annual sales figure of ₹ 1,000 million in the domestic market

2007

Filed the first ANDA in the United States for the drug Amlodipine

2009

Received the first ANDA approval in the United States for the drug Amlodipine

Acquired Pharmacor Pty. Ltd, a generic pharmaceutical company in Australia

2010

Acquired Ascend Laboratories, a pharmaceutical company in the United States

2011

Acquired Enzene, a company engaged in the development of biosimilars in India

2012

Acquired an API manufacturing facility in the United States

2014

Acquired the 'Clindac-A' brand in India from Galderma S.A.

Clavam surpassed ₹ 2,000 million domestic sales milestone

2015

Acquired a formulation manufacturing facility in the United States

Successfully completed Initial Public Offering (IPO)

2018

Revenue from the US market crossed US$ 200 million in annual sales

2019

Crossed the revenue milestone of US$1 billion

2020

Started new formulation manufacturing facility in Indore (awaiting US FDA approval) and biologic / biosimilar manufacturing facility in Pune

Financial Highlights

Revenue from Key Markets

Business Segment	Revenues in FY 2020-21 (₹ million)	Contribution to Total Revenues	YoY Growth
Domestic Business	58,209	65.7%	3.8%
US Business	24,665	27.8%	12.1%
Other International Markets Business	5,776	6.5%	7.3%
Total	**88,650**	**100%**	**6.2%**

Key Profit and Loss Statement Highlights

Particulars (₹ million)	FY 2020-21	FY 2019-20	YoY Change	Comments
Revenue from Operations	88,650	83,444	6.2%	Domestic revenues grew by 3.8%, while the International revenues grew by 11.2%. Sales in domestic market were impacted by COVID-19 related lockdowns
Gross Profit	53,665	49,994	7.3%	Gross margin improvement was mainly on account of better product mix, partly offset by lower export incentives and inventory write-off in the US business
Gross Profit margin	60.5%	59.9%		
EBITDA	19,424	14,734	31.8%	EBITDA margin improvement was driven by higher process efficiencies, cost containment measures and savings in other expenses (mainly marketing and travel cost) owing to COVID-19 restrictions
EBITDA margin	21.9%	17.7%		
PBT	18,421	12,598	46.2%	
PBT margin	20.8%	15.1%		
PAT (After Minority Interest)	15,850	11,271	40.6%	PAT growth was mainly on account of YoY improvement in EBITDA margin
PAT margin	17.9%	13.5%		

Key Ratios

Ratio	Formula used	FY 2020-21	FY 2019-20	Comments
Debtors Turnover	Sale of products/Trade receivables	5.43	4.97	Company worked towards a reduction in receivable days resulting in better debtor turnover compared to previous year
Inventory Turnover	COGS/Inventory	1.51	1.84	Company strategically decided to increase inventory in few of its select markets to mitigate supply disturbances and grow the business
Interest Coverage Ratio	EBIT/Finance cost	28.31	18.76	Expansion in EBITDA margin mainly driven by cost containment measures, higher process efficiencies and productivity, coupled with savings in marketing spend and travel cost helped in improvement of Interest Coverage ratio and Return on Net Worth
Return on Net Worth	PAT/Net Worth (attributable to owners of the Company)	21.5%	18.3%	
Debt to Equity Ratio	Net Debt/Total Equity	0.20	0.23	Company generated healthy cash flows from operations during the year, which help it bring down the net debt
Current Ratio	Current Assets/Current Liabilities	1.92	1.70	Increase in inventory led to higher current ratio in FY 2020-21 compared to the previous year

DOMESTIC BUSINESS

Key Highlights

₹ 58,209 million
Revenues from Domestic Business

65.7%
Revenue Contribution

3.8% Y-o-Y
Growth in the Domestic Business

No. 5*
Rank in the Indian Pharma Market

6*
No. of Brands in IPM Top 100 Brands

No. 1*
Anti-infective Company in India for over 15 years

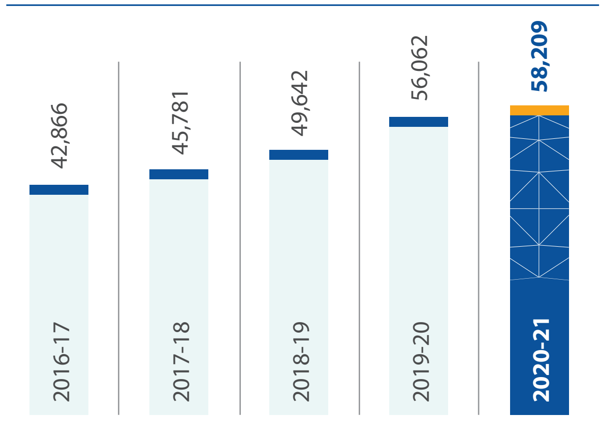
** As per IQVIA MAT March 2021 data*

The Company derives the major share of its revenue from the Indian pharmaceutical market, which contributed about 66% to its total revenue in FY 2020-21. Having a history of nearly five decades in the domestic market; a comprehensive product portfolio of over 800 brands spanning all major therapy areas in both chronic and acute segments; a large field force of over 13,000 medical representatives; and a pan-India supply chain and distribution network of over 7,000 stockists and 20 depots, the Company is among the top 5 pharmaceutical companies in India in terms of market share.

The financial year 2020-21 was a challenging one for the Indian pharmaceutical industry, marked by the COVID-19 pandemic. The Government of India imposed several restrictions during the year to curb the spread of the infection; these included a complete nationwide lockdown keeping people indoors, along with curbs on international travel, shutdown of schools and offices, and partial shutdown of public transport. These restrictions led to a significant reduction in the patient footfalls at doctors' clinics / hospital OPDs and, therefore, impacted new prescription generation, which is one of the most important drivers of growth for the pharmaceutical industry. Further, non-emergency surgeries and procedures were deferred, as hospitals focused their resources on the treatment of COVID-19 patients.

The industry also faced other disruptions in the form of limited availability of key raw materials and manpower shortage, which led to temporary disturbances in the supply chain, manufacturing capacities, new product development, and distribution of finished dosages. The launch of new products, marketing and brand-building activities were temporarily halted as medical representatives could not move about. All these factors had a significant bearing on the Indian pharmaceutical industry, which reported a volume decline of close to 4% in the financial year under review compared to the volume growth in the previous years. The slowdown was more severe in acute therapies like anti-infectives, owing to the heightened focus on personal hygiene and sanitisation. Usage of masks and sanitisers also helped to bring down the infection rates. This had a significant bearing on the Company, which derives more than 80% of its domestic revenues from acute therapies, with anti-infective contributing close to 40%.

Domestic revenues for the last 5 years (in ₹ million)



Manufacturing operations at Sikkim facility

Despite the challenging conditions, the Company's domestic business registered revenue of ₹ 58,209 million in FY 2020-21 compared to ₹ 56,062 million in the previous financial year, recording a growth of 3.8%. The Company's large brands continued their outperformance in their respective markets, reflecting their robust brand equity with the prescriber base. Each of the top 10 brands of the Company is either No. 1 or No. 2 in its relevant market, highlighting the brand-building capabilities of Alkem. The Company maintained its number one position in the anti-infective segment and also remained among the top 4 companies in the therapy areas of gastro-intestinal, pain-management and vitamins/minerals/nutrients. In the chronic areas of anti-diabetes and cardiac, the Company grew ahead of the market growth rate, thereby gaining market share.

Various digital / automation initiatives were undertaken during the year that made the Company's operations leaner and more cost-effective. The Company showed great agility in adapting to on-ground conditions during the lockdown and the gradual unlock, and ensured that its products reached patients.

Connect2Clinic: COVID-19 was a catalyst for digital transformation initiatives in the pharmaceutical industry. The mobility restrictions prevented people from physically seeing doctors, and to address this issue, Alkem introduced its telemedicine or tele-consultation platform, called 'Connect2Clinic'.

The online solution allows participating medical professionals and healthcare staff to communicate with patients, irrespective of their physical location. It has user-friendly modules for e-prescription generation, secured e-payment facility for consultation, auto-reminder messages so that patients do not miss out on their e-consultation and a centralised dashboard to access all important information during consultation. Currently, more than 20,000 doctors across 30+ specialities are on-board and are making their services available to patients located at different parts of India. The Company expects tele-consultation to pick up in a big way and has made early investments in this regard.

Outlook for Domestic Business

Despite the near-term impact of the COVID-19 pandemic, the future looks promising for the Indian pharmaceutical industry. Favourable demographics, growing disposable incomes, sedentary lifestyle leading to rising incidences of lifestyle diseases, better access to healthcare facilities, and increasing penetration of medical insurance are key growth factors. These, along with low-cost production, high R&D capabilities, and availability of skilled manpower, have the potential to catapult the industry to a higher level.

In addition, the doubling of budgetary allocation for healthcare in India in the Union Budget 2021-22 and the rollout of national health schemes, such as Ayushman Bharat Yojana, Mission Indradhanush, Pradhan Mantri Jan Aushadhi Kendras, and the target to eradicate tuberculosis by 2025 are expected to make India one of the fastest growing pharmaceutical markets in the world, taking it to the top 10 by 2024.

Alkem remains positive about its growth prospects in the Indian pharmaceutical market, driven by its mega brands, large field force coverage, pan-India supply chain and distribution network, and an experienced management. The Company is leveraging its R&D capabilities to launch new products and working on digital initiatives to stay connected with the medical fraternity. Given the dynamic nature of the industry and evolution of regulatory norms, the Company is prepared to adapt to these changes and stay relevant.

Operations at Daman facility

The Company's large brands continued their outperformance in their respective markets, reflecting their robust brand equity with the prescriber base. Each of the top 10 brands of the Company is either No. 1 or No. 2 in its relevant market, highlighting the brand-building capabilities of Alkem.

Alkem's Performance in Key Therapeutic Segments

Therapy Area	Company's Rank	Contribution	Market Share	Company's Growth	Industry Growth
Anti-Infectives	1	37.3%	13.1%	-9.5%	-11.9%
Gastro-Intestinal	3	18.6%	6.5%	7.4%	6.2%
Vitamins/Minerals/Nutrients	4	11.1%	4.9%	27.4%	10.5%
Pain/Analgesics	3	10.8%	5.3%	-1.9%	-0.7%
Neuro/CNS	8	3.8%	2.3%	-3.5%	9.7%
Anti-Diabetic	20	3.6%	1.3%	18.3%	8.7%
Cardiac	27	3.1%	0.9%	15.4%	12.9%
Derma	18	2.9%	1.4%	-13.7%	5.7%
Gynaecology	11	3.8%	2.8%	20.0%	2.2%
Respiratory	17	2.7%	1.3%	-14.1%	-8.4%
Alkem	**5**		**3.6%**	**0.3%**	**4.3%**

Source : IQVIA MAT March 2021 data

Performance of Alkem's Top 10 Brands

Sr. No.	Brand	Molecule Category	Therapy Area**	Branded Sales (₹ mn)* in FY 2020-21	Rank in Molecule Category*	Market Share*
1	Clavam	Amoxicillin + Clavulanic Acid	AI	3,910	2	17.5%
2	Pan	Pantoprazole	GI	3,665	1	30.9%
3	Pan-D	Domperidone + Pantoprazole	GI	3,331	1	28.1%
4	Taxim-O	Cefixime	AI	2,213	2	23.3%
5	A To Z NS	Multivitamins	VMN	2,196	2	12.4%
6	Xone	Ceftriaxone	AI	1,667	2	16.8%
7	Gemcal	Calcitriol Combination	Pain / Analgesics	1,511	1	19.7%
8	Taxim	Cefotaxime	AI	1,490	1	82.3%
9	Sumo	Nimesulide + Paracetamol	Pain / Analgesics	1,073	2	17.5%
10	Pipzo	Piperacillin + Tazobactam	AI	1,053	1	17.6%

**Source: IQVIA MAT March 2021*

***Note: AI – Anti-infectives, GI – Gastro Intestinal, VMN – Vitamins / Minerals / Nutrients*

Top 10 brands of Alkem in India

US BUSINESS

Key Highlights

₹ 24,665 million
Revenues from US Business

27.8%
Revenue Contribution

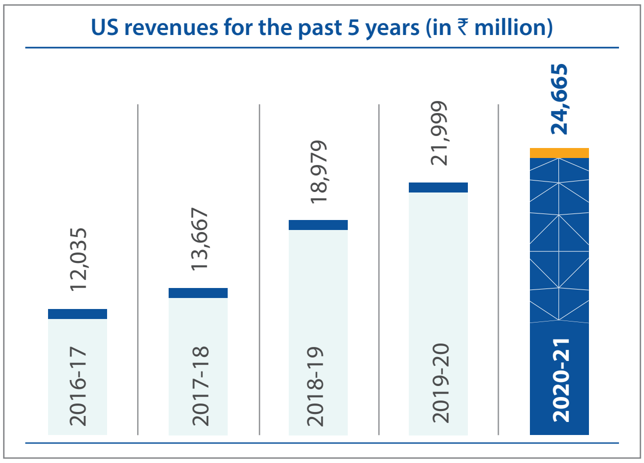
12.1% Y-o-Y
Growth in the US Businesss

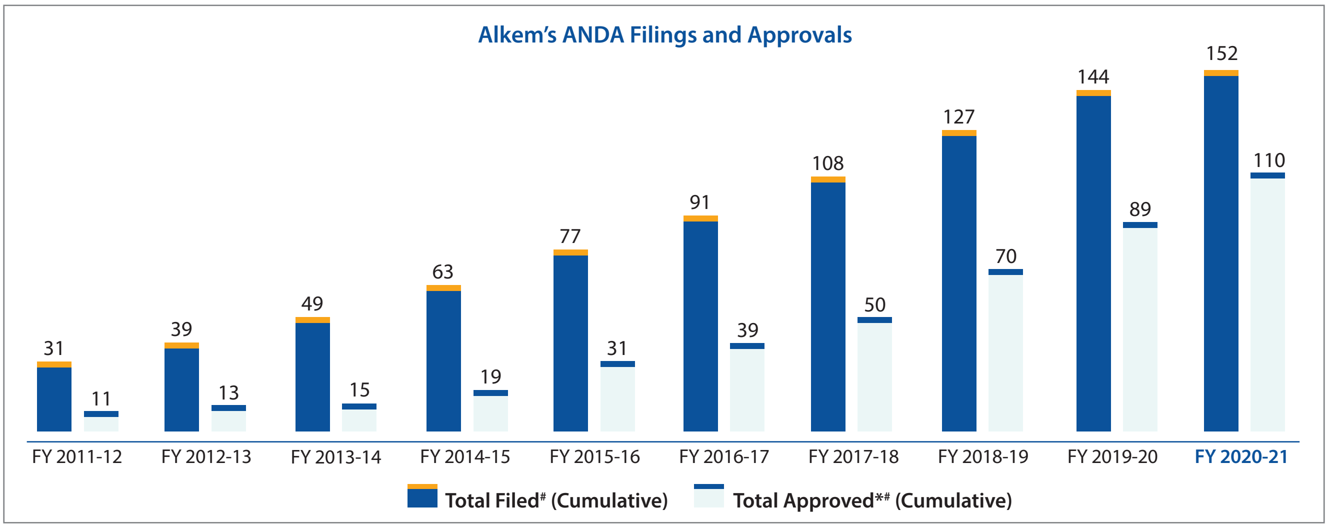
152
Cumulative ANDAs filed

110
Cumulative ANDAs approved, including tentative approvals

Over the past few years, the share of International Business in the Company's overall revenue has increased significantly; it rose from 17.4% in FY 2012-13 to 34.3% in FY 2020-21. One of the major growth drivers in the International Business has been the US Business, which has more than doubled in the past 4 years. Currently, the US pharmaceutical market is the second largest market for the Company, contributing 27.8% to its total revenue. During FY 2020-21, the US Business registered revenue of ₹ 24,665 million compared to ₹ 21,999 million in the previous financial year, recording a growth of 12.1%. The healthy growth during the financial year was mainly on account of new product launches and market share gains in the existing products.

During the year, the Company filed 9 abbreviated new drug applications (ANDAs) with the US FDA and received 25 approvals (including 6 tentative approvals). With this, the Company has cumulatively filed 152 ANDAs, including 2 new drug applications (NDA) with the US FDA. Of these, it has received approvals for 108 ANDAs (including 16 tentative approvals) and 2 NDAs.





**Including tentative approvals*
#Including NDA

Update on the US FDA inspections

Till the end of the financial year (as on 31st March 2021) all the six manufacturing facilities of Alkem for the US market had an Establishment Inspection Report (EIR) and no pending observations, indicating compliance with the CGMP (Current Good Manufacturing Practices) norms. However, the Company facility at St. Louis facility (USA) was inspected by US FDA and two observations were received in June 2021. The Company is in process of submitting a detailed corrective and preventive action plan report to get a closure on these observations at the earliest and remain CGMP compliant. Alkem is committed to deliver high quality products and continues to invest in its people, processes, and technology to remain compliant with the norms and regulations laid down and updated by CGMP from time-to-time.

Manufacturing operations at Baddi facility

USFDA Inspection at Alkem's Facilities

Facility	Capability	Last Inspection	Status post last inspection
St. Louis (US)	Formulation	June 2021	Received Form 483 with two observations
Baddi (India)	Formulation	February 2020	EIR# received in March 2020, thereby successfully closing the inspection
Daman (India)	Formulation	August 2019	EIR# received in October 2019, thereby successfully closing the inspection
California (US)	API	August 2018	Successfully closed without any observations. Received EIR# in October 2018
Ankleshwar (India)	API	December 2016	EIR# received in March 2017, thereby successfully closing the inspection
Mandva (India)	API	September 2015	EIR# received in March 2016, thereby successfully closing the inspection

 # EIR – Establishment Inspection Report

Outlook for the US Business

Alkem is confident of sustaining its growth momentum in the world's largest pharmaceutical market, the United States. Despite the continuing challenges of price deflation owing to higher competition and evolving regulatory controls, the Company is positive of countering them through regular and timely new product launches. The Company has a healthy pipeline of over 150 ANDAs filed with the US FDA with a good mix of Para IV and FTF opportunities, which gives it a good visibility of growth over the next few years. Over the medium term to long term, the Company's investment in the areas of control substances from its US facilities and biosimilars through its subsidiary at Enzene will also help drive growth. The Company would also strategically look at in-licensing opportunities, alliances and partnerships to enhance its capabilities and product portfolio, gaining further legroom for growth in the US market.

OTHER INTERNATIONAL MARKET BUSINESS

Key Highlights

₹ 5,776 million
Revenues from Other International Markets

6.5%
Revenue Contribution

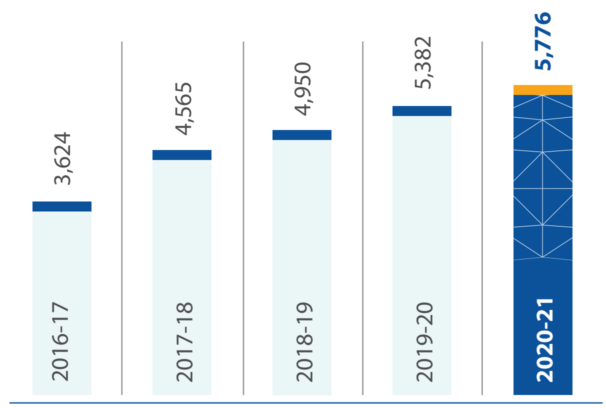
7.3%
Y-o-Y growth in Other International Markets

The Company's global footprint covers 40 international markets, besides India and the US, with its key markets being Chile, Australia, Kazakhstan, and the Philippines. The Company sells its products either directly through its own subsidiaries or indirectly through active engagement with other companies in Australia, Chile, the Philippines, Kazakhstan, Europe, Middle East, and East Africa. During FY 2020-21, the Company's total operating revenues from the Other International Markets Business grew by 7.3% to ₹ 5,776 million compared to ₹ 5,382 million in the previous financial year. Growth was driven by new product launches (including in-licensed products) and improving market share in existing products. With over 1,100 dossier filings and 700 approvals across international markets, the Company is building its worldwide presence in the pharmaceutical industry.

Outlook for Other International Markets Business

The Company is strengthening its position and expanding growth in international markets by focusing on select markets and growing its operations by creating a strong local presence and offering differentiated products. It is also open to strategic acquisitions and partnership agreements for product in-licensing and out-licensing to capture greater market share. Acquisition of new customers, introduction of new products, and gaining commensurate market share in existing products will remain growth drivers. However, volatile currency movements and changing regulatory landscape in different international markets would be key challenges in this business.

Other International Market revenues for the past 5 years (in ₹ million)



Pharmacor Australia

ALKEM

Research and Development (R&D)

To fulfil its growth potential, Alkem is committed to making substantial investments in strengthening its research and development capabilities. R&D remains core to the Company's business continuity plans. The Company's R&D team comprises 500+ scientists striving continuously to develop new products with cutting-edge technology at its 6 R&D centres spread across the US and India. The Company invested ₹ 5,322 million or 6.0% of its revenues in R&D during FY 2020-21 as compared to ₹4,726 million or 5.7% of its revenues in FY 2019-20.

Equipped with state-of-the-art infrastructure, all 6 R&D facilities have been accredited by international regulatory authorities. To further bioequivalence and bioavailability studies essential to prove the efficacy and effectiveness of dosage forms, the Company has a clinical research facility comprising more than 100 beds.

Product Filings in Key International Markets (as on 31st March, 2021)

Markets	Filed	Approved
US (ANDA)	150	108#
US (NDA)	2	2
Australia	67	57
EU	36	19
Philippines*	59	35
Chile*	241	210
Kazakhstan*	40	34
South Africa*	90	34
Brazil	2	0

**Includes dossier for each strength*

#Includes tentative approvals

Through its subsidiary Enzene Biosciences, a biotech-focused R&D company based in Pune, the Company has also made substantial investments in the biosimilars segment. Several biosimilar products, which are in preclinical and clinical development stage for India and core international markets, would be launched by Enzene in the coming years. Product filings and approvals in India and key international markets are handled by the Alkem regulatory affairs team. A dedicated Intellectual Property (IP) rights team oversees patent filing, patent prosecution, design filing, infringement analysis, and patent litigations for the global markets.

Quality Assurance

Quality assurance always takes centre-stage in the Company's manufacturing activities. The Company has a robust quality management system, which ensures that every product it develops, manufactures, and distributes complies with the all applicable laws and statutes with respect to Safety, Quality, and Efficacy. This fortifies the sustained commitment to creating a strong quality-conscious culture. A highly skilled and experienced team of professionals, having global work experience, ensures strict quality control systems and procedures, leading to sustained quality and compliance. To achieve products meeting highest quality specification, the production lines and Quality Control labs are manned by these quality professionals.

Alkem's R&D centre at Taloja

All stakeholders, including employees, vendors and partners, comply with a stringent Code of Conduct, adhering to required national and international regulatory and business standards. US FDA, WHO, MHRA (UK), TGA (Australia), ANVISA (Brazil), and MCC (South Africa) compliance norms are duly enforced at all manufacturing facilities and are regularly inspected and audited as per CGMP guidelines thus enshrined. The Company is committed to expanding the scope of its Quality Management System to keep pace with ever-evolving controls and processes, technological advancements, upgraded operating procedures, and improving workforce competencies.

Human Resources

Human capital is the most critical resource of Alkem. Globally, the Company employs over 15,000 people whose skills and domain expertise strengthen the Company's brand equity by delivering results that meet the highest standards of excellence. The Company strives hard to maintain a safe, conducive, and productive environment across plants and offices. A competent HR policy framework enables the Company to attract skilled talent, offer the best available training and skill development programmes, and also maintain high motivation levels, ensuring the personal and professional growth of every employee.

Reward and recognition programmes and employee benefit schemes ensure high levels of engagement and consistent performance. Regular skill development programmes and training initiatives lead to stronger employee connect and an innovative mindset. The Company endeavours to foster a culture of constant learning and self-growth. In line with changing trends, substantial investments have been made in digitalising HR processes, including the launch of a user-friendly HR app.

During the financial year under review, the Company continued with its routine programmes to build employees' capabilities. To augment employee skills further, some new programmes were launched to boost learning and development. These included Digital Marketing Workshop for the marketing team, Advanced Programme in Sales Management (APSM) - a first of its kind programme designed in partnership with SPJIMR, Mumbai - for the sales team, Mid-to-Senior Leadership programme for R&D and Manufacturing teams and SANKALP (Skill Acquisition and Knowledge Awareness to Lead Productivity) for shop floor employees to upgrade their functional and behavioural skills.

Risk Management

The Alkem management is entrusted with the responsibility of overseeing various strategic, operational, and financial risks that the organisation faces, along with the adequacy of mitigation plans to address such risks. The Company has developed and implemented an integrated Risk Management Policy through which it identifies, evaluates, monitors, mitigates, and reports internal and external key risks that impact its ability to meet the strategic objectives.

Principal Risks	Impact	Mitigation
Competition Risk	Intense competition from multiple competitors poses a threat to revenue from that particular product and impacts the competitive advantage position of the Company.	• The Company's strong focus on R&D enables it to develop differentiated products that are difficult for the competitors to replicate • The Company keeps a close watch on the prevailing market trends through its Business Development Team, and accordingly plans new drug / molecule launch
Quality Risk	Inadequate control on internal processes and systems which may impact product quality and adversely impact the Company's brand equity and attract undesired liabilities, fines, or penalties.	• Strong adherence to CGMP guidelines enforced by leading regulatory agencies for manufacturing processes leads to quality assurance • Timely and regular quality control checks across manufacturing facilities for all machinery and equipment reduce quality risk significantly
Pricing Risk	The Company's revenue flow and earnings may get adversely impacted in the event of adverse pricing regulations of key products.	• Strong cost control measures ensure high operational efficiency, insulating impact on earnings • Operating leverage through a diversified portfolio and focus on high-volume growth helps to mitigate this risk
R&D Risk	The Company invests significantly in R&D to develop molecules/drugs ahead of competition, keeping in line with market trends. New drug development cost is very sensitive to changes in science and technology, shifts in the kinds of drugs under development and changes in the regulatory environment, impacting the Company's revenues and earning prospects.	• Astute business planning with clear objectives in mind ensures that R&D budgets are realistic and profitable • Adoption of cost-effective processes and methodologies enables the Company to achieve cost optimisation of both existing products and new launches • Establishment of strong processes and methodologies to ensure successful launch of final products
Manufacturing Facility Risk	Most of the domestic production is done at the Sikkim facility. Any disruption in production or supply chain, due to natural or manmade causes, may have a direct bearing on earnings.	• To ensure steady and uninterrupted production, the Company is looking to set up alternative in-house manufacturing facilities and forge contract manufacturing partnerships
Regulatory Risk	The Company is governed by several rules and regulations by various governing bodies. Non-compliance or misinterpretation may lead to inadequate observance. Also the Company needs to be prepared to follow any new rules introduced or modifications brought about in existing laws.	• Compliance and integrity form the main pillars of the Company's organisational values • Strict adherence to all applicable rules and regulations is ensured through various policies and review mechanisms • Strong internal control framework has earned the Company strong brand equity in terms of CGMP compliance with respect to various global regulatory guidelines
Information Technology Risk	Redundancy in technology used, lack of proper technological support or lack of awareness of information security among employees may result in breach/ theft of confidential data, posing a risk to business growth.	• Microsoft Active Directory enables the Company to enforce Information Security Policy • Any data loss or leakage is closely monitored through frequent VAPT and IT audits and adequate investment in required IT tools

<table>
<tr><th>Principal Risks</th><th>Impact</th><th>Mitigation</th></tr>
<tr><td>People Risk</td><td>Human capital is a key resource for the Company's growth, thus making it imperative to attract and retain quality talent.</td><td>• Specialised pharmaceutical courses are designed and offered by the Company via strategic tie-ups with reputable institutions, enabling it to attract skilled talent
• Employee retention is attained through several learning and skill development programmes and employee engagement initiatives that enable the Company to motivate the employees and increase loyalty</td></tr>
<tr><td>Risk of crisis events – Pandemic event</td><td>• Lockdown measures put earnings to risk, because of disruption/closure of manufacturing facilities, disruption in supply chain on account of reliance on third-party suppliers and API imports from China
• Timely and adequate availability of workforce is imperative for optimum resource utilisation at facilities, failure of which impacts production and thereby earnings
• Liquidity risk may result on account of any substantial interruption in business activities
• Legislation risks surface due to unforeseen and sudden changes in domestic or foreign laws and statutes
• Cyber-security risk arises on account of need for work-from-home scenario</td><td>• Strong inventory management, redundancy planning, and alternative vendor development for critical raw materials have ensured steady raw material supply and efficient de-risking of business operations
• Strict adherence to safety measures for workforce ensures undisturbed manufacturing, distribution, and research operations. In addition, remote working protocols for other employees ensures smooth business functioning
• The Company closely monitors the ongoing and any new legislative amendments that different governments may implement in the wake of the COVID-19 pandemic, impacting the economy, people's movements and, in particular, the life science industry. The Company is unlikely to be impacted by the recent legislative acts/amendments
• The Company adopts necessary IT control measures before implementing work-from-home facility. In addition, ongoing testing of Networks and VPNs keep check on intrusion attacks, ensuring data security
• Any attacks by intruders are monitored regularly on an ongoing basis
• The Company has issued additional protocols on data security and confidentiality in the wake of the changing work scenario</td></tr>
</table>

Internal Control System

To encourage a strong culture of integrity and ethics, provide reasonable assurance on efficient conduct of business, and ensure safeguarding of assets, prevention of frauds/errors and compliance with the applicable regulatory requirements, the Company has robust internal control systems in place, commensurate with the size and industry in which it operates. The internal control framework is designed to effectively monitor the adequacy, efficacy, and usefulness of financial and operational controls on a regular basis. The Company's policies and procedures are well articulated and documented to maintain the integrity and reliability of the internal control systems. The Company's Code of Conduct comprehensively explains a set of principles that direct the action and behaviour of its employees. In addition, a Whistle-Blower Policy is in place to ensure fair, transparent, and ethical practices across the organisation, benefiting all its employees alike.

The internal audit function is an independent body that evaluates and monitors the internal control and processes. Risk-based audits and timely review of financial, operational and compliance controls are carried out by the internal audit department. The crucial areas which require immediate attention are reviewed in partnership with external professionals. The annual audit plan and key audit findings are reviewed by the Audit Committee of the Board of Directors. Any deviations from standard are corrected and measures are taken to strengthen the internal control framework further.

Cautionary Statement

The Company's objectives, projections, estimates, expectations, plans or predictions or industry conditions or events discussed in the 'Management Discussion and Analysis' are 'forward-looking statements' within the meaning of applicable securities laws and regulations. A number of factors including though not limited to global and domestic economic conditions, successful implementation of devised strategies, R&D, growth and expansion plans, technological advancements, changes in laws and regulations that apply to the Company, rising competition and the conditions of its customers, suppliers and the overall pharmaceutical industry are likely to impact the Company's performance, due to which the final results may vary materially from those expressed or implied. Any subsequent development, new information or future events or otherwise that may impact any forward-looking statements, need not be publicly updated, amended, modified or revised by the Company except as required by applicable law.

Directors' Report
to the Members

Dear Members,
Alkem Laboratories Limited

Your Directors are pleased to present their 47th Annual Report on the business and operations together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2021. Consolidated performance of the Company and its subsidiaries has been referred to, wherever required.

FINANCIAL PERFORMANCE

(₹ in Million)

Particulars	Standalone		Consolidated	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Income from Operations	72,196.8	66,770.8	88,650.1	83,443.6
Other Income	1,900.1	959.8	2,332.1	1,042.2
Total Revenue	74,096.9	67,730.6	90,982.2	84,485.8
Profit before Interest, Depreciation and Tax	21,261.6	15,636.3	21,756.0	15,776.1
Less: Interest	429.3	387.1	589.2	650.6
Less: Depreciation	1,989.3	1,868.4	2,745.8	2,527.6
Profit before tax	18,843.0	13,380.8	18,421.0	12,597.9
Less: Provision for Taxation (net)	1,992.2	736.6	2,243.3	1,104.8
Profit after tax and before Non-Controlling Interest	16,850.8	12,644.2	16,177.7	11,493.1
Less: Non-Controlling Interest	-	-	327.5	222.4
Profit for the year	**16,850.8**	**12,644.2**	**15,850.2**	**11,270.7**
Other comprehensive income	(49.9)	(172.8)	**(343.0)**	268.6
Other comprehensive income attributable to Non-Controlling Interest	-	-	3.4	5.4
Total comprehensive income attributable to owners of the Company	**16,800.9**	**12,471.4**	**15,510.6**	**11,544.7**
Balance of other equity as of 01.04.2020	62,565.3	54,413.0	61,367.6	54,154.3
Dividend on Equity Shares	(3,347.8)	(3,587.0)	(3,347.8)	(3,587.0)
Dividend Distribution Tax	-	(732.1)	-	(743.8)
Employee Stock Option exercised	-	-	(3.3)	(2.1)
Employee Compensation Expenses	-	-	1.1	1.5
Balance of other equity as of 31.03.2021	**76,018.4**	**62,565.3**	**73,528.2**	**61,367.6**

COVID-19

India is currently experiencing a massive second wave of Covid-19 infections. During the unprecedented Covid-19 pandemic situation, the Company has taken a number of drastic measures to ensure safety of workforce. This Covid-19 crisis is having a far-reaching socio-economic impact throughout the world. We are humbled to be part of an industry that directly impacts lives and remain committed to serve our great country and our people during this crisis. During this period of nationwide lockdown, the Company has mobilised its resources and experience to ensure the uninterrupted supply of its medicines and critical drugs in the market. Through this period of global health crisis, the Company will continue to work towards ensuring availability of medicines for treatment of the patients.

Safeguarding the health of our health warriors, who are the major mainstay to continue the fight against this deadly virus, is the most important aspect where support is needed. The Company has been upfront in providing support to these warriors and have supplied them with masks, gloves and PPE kits. Providing these kits helps the Doctors, Medical Staffs, the Police personnel, etc. some preparedness and mental strength, to battle the crisis out in their work places, and helps to instill relationship building between them, the patients and the public. We have also supported in providing food packets and ration kits to the poor families to safeguard them and their families from the impact of hunger and starvation in different parts of the country. The senior management team came together in solidarity, to support the establishment of the Covid-19 testing

Laboratories, which was of dire need at that moment of time and has also provided oxygen concentrators and oxygen cylinders in the hospitals of Dhar, Sikkim, Daman and Baddi (H.P) to support our health warriors in treatment of this deadly virus. Further, the physical and emotional wellbeing of employees continues to be a top priority for the Company, with several initiatives to support employees and their families during this pandemic.

OVERVIEW OF FINANCIAL PERFORMANCE

During the financial year ended 31st March, 2021, the Company's total revenue including other income was ₹ 74,096.9 Million on standalone basis as against ₹ 67,730.6 Million achieved in the previous year, registering a growth of 9%.

The export turnover of the Company during the financial year 2020-21 was ₹ 19,039.0 Million as against ₹ 15,917.1 Million achieved in the previous year registering a growth of 19.6%.

During the financial year ended 31st March, 2021, the Company and its subsidiaries achieved a total revenue including other income of ₹ 90,982.2 Million on consolidated basis, as against a turnover of ₹ 84,485.8 Million achieved in the previous year, registering a growth of 8%.

During the financial year ended 31st March, 2021, Standalone Profit before interest, depreciation and tax increased by 36% at ₹ 21,261.6 Million as against ₹ 15,636.3 Million in the previous year, whereas Consolidated Profit before interest, depreciation and tax increased by 38% at ₹ 21,756.0 Million as against ₹ 15,776.2 Million in the previous year. As a result, Standalone Profit before tax grew by 41% over the previous year to ₹ 18,843.0 Million and Consolidated Profit before tax was ₹ 18,421.0 Million, which grew by 46% over the previous year.

The Standalone net profit after tax for the financial year ended 31st March, 2021 increased by 33% to ₹ 16,850.8 Million over the previous year while the Consolidated net profit after tax increased by 41 % over the previous year to ₹ 15,850.2 Million.

DIVIDEND

During the financial year 2020-21, Board of Directors on 05th February, 2021 declared and paid an interim dividend at ₹ 25/- (Rupees Twenty Five only) per equity share of ₹ 2/- (Rupees Two only) each, being 1250% of paid up share capital of the Company. In addition, your Directors are pleased to recommend payment of ₹ 5/- (Rupees Five only) per equity share of ₹ 2/- (Rupees Two only) each as final dividend for the financial year 2020-21, for the approval of the Members at the ensuing Annual General Meeting (AGM) of the Company. If approved, the total dividend (interim and final dividend) for the financial year 2020-21 will be ₹ 30/- (Rupees Thirty only) per equity share of ₹ 2/- (Rupees Two only) each as against the total dividend of ₹ 25/- (Rupees Twenty Five only) per equity share of ₹ 2/- (Rupees Two only) each paid for the previous financial year.

In compliance with the requirement of Regulation 43A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations"), the Company has formulated its Dividend Distribution Policy, which is available on the Company's website at https://www.alkemlabs.com/pdf/policies/977928327Dividend_distribution_policy.pdf

The said Policy is also annexed to this Report as Annexure A.

TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve for the financial year 2020-21.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31st March, 2021 was ₹ 239.1 Million. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares to the Employees or Directors of the Company, under any Scheme (including sweat equity shares).

DEPOSITS

The Company has not accepted any deposits from the public/ members during the year under review and accordingly no amount on account of principal or interest on public deposits was outstanding as on 31st March, 2021.

SUBSIDIARIES

As on 31st March, 2021, the Company has 23 subsidiaries. The Company does not have any joint venture / associate company(ies) within the meaning of Section 2(6) of The Companies Act, 2013 (hereinafter referred to as "the Act").

During the year under review, while none of the companies ceased to be a subsidiary of the Company, the following companies were added in the list of subsidiaries of the Company:

- S&B Pharma LLC has been incorporated as a step down subsidiary of the Company in USA on 08th April, 2020, and
- On 12th June, 2020, the Company acquired M/s Connect 2 Clinic Private Limited, a Company incorporated under the Companies Act, 2013.

Pursuant to the first proviso to Section 129(3) of the Act and Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, the salient features of financial statements, performance and financial position of each subsidiary is given in Form AOC-1 as Annexure B to this Report.

The Audited Financial Statements of the subsidiaries are available on the Company's website at https://www.alkemlabs.com/subsidiary-accounts.php pursuant to Section 136 of the Act.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on the Management Discussion and Analysis is provided as a separate section forming part of this Report.

CORPORATE GOVERNANCE

In compliance with Regulation 34 read with Schedule V of the SEBI LODR Regulations, a Report on Corporate Governance for the year under review is provided as a separate section along with a certificate from the Statutory Auditors conforming the Company's compliance with the conditions of Corporate Governance, forming part of this Report.

BUSINESS RESPONSIBILITY REPORT

In compliance with Regulation 34 of SEBI LODR Regulations, the Business Responsibility Report, describing the initiatives taken by the Company from an environmental, social and governance perspective, is provided as a separate section forming part of this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR initiatives are as per the Company's CSR Policy. Our CSR program aims to address the immediate and long term needs of the community and focus on where we can make the major impact on marginalized sections of the society. The Company's CSR strategy involves a multi-sectoral inclusive approach to focus on community needs. It strives to improve the well-being of our communities by focusing on education, vocational training, healthcare and sanitation, environmental concerns and rural development. The Company implements these activities directly or through strategic trust-based partnerships with various NGOs. During the financial year 2020-21, the Company has addressed the requirements of local communities in the vicinity of its manufacturing facilities and R&D centers through focused projects in the areas of education, health and hygiene, environment and community development.

During the year under review, your Company has partnered with Tata Memorial Centre for establishment of: (i) an advanced Radiotherapy Facility as a part of the Homi Bhabha Cancer Hospital and Research Center, Muzaffarpur; and (ii) 3 mini cancer units in the following cities of Bihar namely Buxar, Jehanabad and Bhagalpur as part of its CSR activity.

Details about the Company's CSR Policy and initiatives undertaken by the Company during financial year 2020-21 are outlined in the Report on CSR Activities annexed to this Report as Annexure C.

The Policy on CSR is posted on Company's website: https://www.alkemlabs.com/pdf/policies/csr-policy.pdf

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments

There has been no change in the constitution of the Board of Directors and Key Managerial Personnel of the Company during the year under review.

Considering the expiry of term of Dr. Dheeraj Sharma, Independent Director of the Company on 25th May, 2022, on the recommendation of Nomination & Remuneration Committee, the Board of Directors of the Company pursuant to the provisions of Sections 149 and 152 of the Act, the Articles of Association of the Company and considering the integrity, expertise and experience of Dr. Dheeraj Sharma, has approved his re-appointment as an Independent Director of the Company for a second term of 5 (five) consecutive years w.e.f. 26th May, 2022 up to 25th May, 2027, subject to the approval of the Members of the Company.

Resignations/Retirements/Demise/Completion of Tenure

The Company did not receive any resignation of Directors or Key Managerial Personnel during the year under review.

Directors liable to Retirement by Rotation

Mr. Sandeep Singh (DIN: 01277984) and Mr. Mritunjay Kumar Singh (DIN: 00881412) are liable to retire by rotation at the ensuing AGM of the Company pursuant to the provisions of Section 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of the Company and being eligible they have offered themselves for re-appointment. Appropriate resolutions, as recommended by the Board of Directors for their re-appointment are included in the Notice of AGM for seeking approval of Members.

Particulars in pursuance of Regulation 36 of the SEBI LODR Regulations read with Secretarial Standard – 2 on General Meetings relating to Mr. Sandeep Singh and Mr. Mritunjay Kumar Singh are given in the Notice of AGM.

Key Managerial Personnel

Mr. Sandeep Singh, Managing Director, Mr. Rajesh Dubey, President Finance and Chief Financial Officer and Mr. Manish Narang, President - Legal, Company Secretary and Compliance Officer are the Key Managerial Personnel of the Company as on 31st March, 2021, in accordance with the provisions of Section 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Independent Directors

The Independent Directors hold office for a term of 5 (five) years and are not liable to retire by rotation.

Declaration of independence from Independent Directors

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedules and Rules issued thereunder, as well as clause (b) of sub-regulation (1) of Regulation 16 of the SEBI LODR Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). In terms of Regulation 25(8) of the SEBI LODR Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

The terms and conditions of appointment of the Independent Directors are posted on Company's website https://www.alkemlabs.com/pdf/policies/Term_of_appointment-Independent_Directors.pdf

Familiarization Program

In compliance with the requirements of SEBI LODR Regulations, the Company has put in place a framework for Directors' Familiarization Programme to familiarize them with their roles, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of the Familiarization Programme conducted during the financial year under review are explained in the Corporate Governance Report. The same is also available on the Company's website at https://www.alkemlabs.com/corporate-governance.

Annual Evaluation of Board's Performance

The details of the annual evaluation of the Individual Directors, Board as a whole and all the Committees of the Board etc. have been provided in the Corporate Governance Report, which forms part of this Report.

The Independent Directors, at a separate meeting held on 16th March, 2021, evaluated performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairperson of the Company.

The evaluation of the Independent Directors was carried out by the entire Board of Directors without the participation of the respective Independent Director.

The Company follows a policy for selection and appointment of Directors, Senior Management and their remuneration, which is available on the Company's website at https://www.alkemlabs.com/pdf/policies/1378936118Nomination-and-Remuneration-Policy_modified%2027052016.pdf. The said Policy is annexed to this Report as Annexure D.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as Annexure E.

Further a statement showing the names and other particulars of top ten employees in terms of remuneration drawn and of employees drawing remuneration in excess of the limits required under Section 197(12) of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and Annual Financial Statements are being sent by email to the Members and others entitled thereto, excluding the aforesaid information. The said information shall be provided electronically to any Member on a written request to obtain a copy of the same to the Company Secretary.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 5 (Five) times during the financial year 2020-21. The details of the Board Meetings and the attendance of Directors thereat are provided in the Corporate Governance Report, which forms part of this Report.

COMMITTEES OF THE BOARD

Audit Committee

As on 31st March, 2021, the Audit Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Ms. Sudha Ravi, Ms. Sangeeta Singh and Mr. Narendra Kumar Aneja as Members.

Further, the Board of Directors of the Company at its meeting held on 25th May, 2021, reconstituted with immediate effect the Audit Committee comprising of Mr. Arun Kumar Purwar as Chairman and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Mr. Ranjal Laxmana Shenoy, Ms. Sangeeta Singh and Mr. Narendra Kumar Aneja as Members.

The brief terms of reference of the Audit Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Nomination and Remuneration Committee

As on 31st March, 2021, the Nomination and Remuneration Committee comprised of Mr. Arun Kumar Purwar as Chairman and Mr. Basudeo N. Singh, Ms. Sangeeta Singh and Mr. Ranjal Laxmana Shenoy as Members.

Further, the Board of Directors of the Company at its meeting held on 25th May, 2021, reconstituted with immediate effect the Nomination and Remuneration Committee comprising of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Basudeo N. Singh, Ms. Sudha Ravi and Dr. Dheeraj Sharma as Members.

The brief terms of reference of the Nomination and Remuneration Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Corporate Social Responsibility Committee

As on 31st March, 2021, the Corporate Social Responsibility Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Dhananjay Kumar Singh, Mr. Mritunjay Kumar Singh, Mr. Arun Kumar Purwar, Mr. Balmiki Prasad Singh as Members.

Further, the Board of Directors of the Company at its meeting held on 25th May, 2021, reconstituted with immediate effect the CSR Committee comprising of Mr. Arun Kumar Purwar as Chairman and Mr. Basudeo N Singh, Mr. Sandeep Singh, Mr. Dhananjay Kumar Singh, Mr. Mritunjay Kumar Singh, Ms. Sangeeta Singh and Mr. Ranjal Laxmana Shenoy as Members.

The brief terms of reference of the Corporate Social Responsibility Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Stakeholders' Relationship Committee

As on 31st March, 2021, the Stakeholders' Relationship Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Dhananjay Kumar Singh and Mr. Mritunjay Kumar Singh as Members. The brief terms of reference of the Stakeholders' Relationship Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Risk Management Committee

As on 31st March, 2021, the Risk Management Committee comprised of Mr. Dhananjay Kumar Singh as Chairman and Mr. Mritunjay Kumar Singh, Mr. Sandeep Singh, Ms. Sudha Ravi, Dr. Dheeraj Sharma and Mr. Narendra Kumar Aneja as Members. The brief terms of reference of the Risk Management Committee and the particulars of meeting held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

RISK MANAGEMENT

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has a Board approved Risk Management Policy. The Board of Directors has constituted a Risk Management Committee which is delegated with the responsibility of overseeing various strategic, operational and financial risks that the organization faces, along with assessment of risks, their management and mitigation procedures. A detailed analysis of the business risks and opportunities is given under Management Discussion and Analysis Report.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief, your Directors confirm that:

(a) in the preparation of the annual accounts for the financial year ended 31st March, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) they have selected such accounting policies and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2021 and of the profit of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual financial statements on a going concern basis;

(e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 relating to 'Meetings of the Board of Directors' and SS-2 relating to 'General Meetings' have been duly followed by the Company.

AUDITORS AND AUDITORS' REPORT

Statutory Auditor

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. B S R & Co. LLP (Firm Registration No: 101248W/W-100022), Chartered Accountants, the Statutory Auditors of the Company, were re-appointed by the Shareholders at the Forty-Fifth AGM of the Company held on 27th August, 2019, for another term of 5 (five) years from the conclusion of Forty-Fifth AGM of the Company until the conclusion of the Fiftieth AGM, on such remuneration, inclusive of applicable taxes and reimbursement of travelling and out of pocket expenses incurred in connection with the audit, as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time. The Company has received a certificate from the said Auditors that they are eligible to hold office as the Auditors of the Company for the current year and are not disqualified from being so appointed.

The Auditors' Report for financial year ended 31st March, 2021, does not contain any qualification, reservation or adverse remark.

Cost Auditor

The Company is required to maintain cost records for certain products as specified by the Central Government under sub-section (1) of Section 148 of the Act, and accordingly such accounts and records are made and maintained in the prescribed manner.

Pursuant to the provisions of Section 148 of the Act and the Rules made thereunder read with notifications/ circulars issued by the Ministry of Corporate Affairs from time-to-time and as per the recommendation of the Audit Committee, the Board of Directors at its meeting held on 05th June, 2020, had appointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for the financial year 2020-21 to conduct the audit of the cost records of the Company. A resolution for ratification of the remuneration payable to the Cost Auditor is included in the Notice of AGM for seeking approval of Members. The Cost Audit Report will be filed within the period stipulated under the Act.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Manish Ghia & Associates, Practicing Company Secretaries, (Membership No. F6252, COP No. 3531) to conduct the Secretarial Audit of the Company for the financial year 2020-21. The Secretarial Audit Report is annexed to this Report as Annexure F. The said Report does not contain any qualification, reservation or adverse remark.

ANNUAL RETURN

The Annual Return of the Company in prescribed Form MGT-7 is available on the website of the Company at https://www.alkemlabs.com/annual-returns.php

RELATED PARTY TRANSACTIONS

All the Related Party Transactions entered into during financial year 2020-21 by the Company, were at arm's length basis and in compliance with the applicable provisions of the Act and the SEBI LODR Regulations and are in conformity with the Company's Policy on Related Party Transactions.

The disclosure of material related party transactions entered into by the Company during the financial year 2020-21, as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is annexed to this Report as Annexure G. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at https://www.alkemlabs.com/pdf/policies/84051713915915Policy_on_Related_Party_Transactions.pdf

PARTICULARS OF LOANS/GUARANTEES GIVEN AND INVESTMENTS MADE AND SECURITIES PROVIDED

The particulars of loans, guarantees, investments and securities provided covered under the provisions of Section 186 of the Act have been disclosed in the notes to the financial statements forming part of the Annual Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177(9) of the Act, the Board of Directors of the Company has framed the Vigil Mechanism / Whistle Blower Policy for Directors and Employees of the Company. Under the said Policy, provisions have been made to safeguard persons who use this mechanism from victimization. The Policy also provides access to the Chairperson of the Audit Committee under certain circumstances. The Whistle Blower Policy is uploaded on the website of the Company at https://www.alkemlabs.com/pdf/policies/961507913Whistle_Blower_Policy.pdf

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

Internal Complaints Committees have been set up at the head office of the Company as well as at all the Company's plants and R&D Centers to redress complaints received on sexual harassment. During the financial year 2020-21, the Company had not received any complaints of sexual harassment.

DISCLOSURES UNDER THE ACT

Change in Nature of Business, if any:

During the financial year 2020-21, there was no change in the nature of business of the Company.

Material Changes and Commitments affecting the financial position of the Company:

There are no material changes and commitments, which have occurred between the end of the financial year and the date of the Report which have affected the financial position of the Company.

Significant and Material Orders:

The Company has not received any significant or material orders passed by any regulatory authority, court or tribunal which shall impact the going concern status and Company's operations in future.

Reporting of Frauds by Auditors:

During the year under review, there were no frauds reported by Auditors under Section 143(12) of the Act.

Details on Insolvency and Bankruptcy Code:

During the year under review, no application has been made by the Company under the Insolvency and Bankruptcy Code and accordingly the requirement of disclosing the following details are not applicable to the Company:

(i) the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year; and

(ii) the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) as mandated under the Act. The Company's policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorized, recorded and reported correctly.

During the financial year under review, Internal Auditors of the Company with the external audit consultants have reviewed the effectiveness and efficiency of these systems and procedures. As per the said assessment, Board is of the view that IFC were adequate and effective during the financial year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act and the Rules framed thereunder is annexed herewith as Annexure H to this Report.

ACKNOWLEDGEMENT

Your Directors would like to express sincere gratitude to all valuable stakeholders of the Company viz., the Central and State Government Departments, Organizations, Agencies, our customers, shareholders, dealers, vendors, banks, medical fraternity, patients and other business associates for their excellent support and co-operation extended by them during the financial year under review.

The Board of Directors also places on record its appreciation for the significant contribution made by the employees of the Company through their dedication, hard work and unstinted commitment.

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 25th May, 2021

Annexure A

DIVIDEND DISTRIBUTION POLICY OF ALKEM LABORATORIES LIMITED

PREAMBLE

As per Regulation 43A of SEBI (LODR) Regulations, 2015, the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites. Alkem Laboratories being one of the top five hundred listed companies as per the market capitalization, frames this policy to comply with the SEBI (LODR) Regulations, 2015.

OBJECTIVE

The objective of the policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend.

PHILOSOPHY

The Company is deeply committed to driving superior value creation for all its stakeholders. The Company believes that driving growth creates maximum shareholder value and thus it would first like to deploy its profits to fund its working capital requirements, capital expenditure requirements, reducing debt, allocate reserves for inorganic growth opportunities and thereafter distribute the surplus profits in the form of dividend to the shareholders.

DEFINITIONS

- 'Company' means Alkem Laboratories Ltd.
- 'Board' or 'Board of Directors' means Board of Directors of the Company
- 'Dividend' means Dividend as defined under Companies Act, 2013
- 'Policy or this Policy' means the Dividend Distribution Policy
- 'SEBI (LODR) Regulations' means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force
- 'Subsidiary' shall mean Subsidiary of the Company as defined under the Companies Act, 2013

PARAMETERS FOR DECLARATION OF DIVIDEND

Internal Factors / Financial Parameters - The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders

- The Board of Directors of the Company shall declare dividend depending on the consolidated net profit after tax earned by it during the financial year
- The Board of Directors of the Company would consider its working capital requirements, R&D expenditure and capital expenditure requirements for future growth before declaring the dividend
- The Board of Directors of the Company shall take into account resources required to fund acquisitions and / or new businesses and additional investment required in its subsidiaries/associates of the Company
- The dividend declaration would also depend upon the liquidity position of the Company, Outstanding borrowings and the cash flow required to meet contingencies
- The Board of Directors of the Company shall also take into account past dividend trends of the Company

External Factors

- Dividend declared would be in compliance with prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws
- The Board of Directors of the Company would consider dividend pay-out ratios of companies in the same industry

Circumstances under which the shareholders may or may not expect Dividend

The Company shall not recommend dividend if it is of the opinion that it is financially not prudent to do so. The shareholders of the Company may not expect Dividend under the following circumstances:

- In case the Company is undertaking significant expansion which would require higher allocation of resources
- If the Company requires significant amount of working capital to fund its future growth
- In case the Company proposes to utilise surplus cash for buy-back of securities
- In the event of inadequacy of profits or whenever the Company has incurred losses

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

MODIFICATION OF THE POLICY

The Board is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Regulations, etc.

DISCLOSURE

The Company shall make appropriate disclosures as required under the SEBI Regulations.

Annexure B

Form AOC-1 (Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries
Part "A": Subsidiaries

₹ in Million

Sr. No.	Name of Subsidiary	Date of incorporation / acquisition of subsidiary	Reporting period of the subsidiary (if different from the holding company's reporting period)	Reporting Currency	Exchange Rate as on the last date of relevant financial year	Share Capital	Other Equity	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Tax	Provision For Tax	Profit After Tax	Proposed Dividend	Extent Of Shareholding (in %)
1	Pharmacor Pty Limited	30.06.2009	N.A.	AUD	55.7985	88.1	350.3	930.1	491.7	-	1,389.3	145.0	43.5	101.5	-	100%
2	Cachet Pharmaceuticals Private Limited	27.03.2015	N.A.	INR	N.A.	1.8	510.0	1,663.5	1,151.7	0.1	3,218.5	127.7	29.6	98.1	-	58.8%
3	Ascend Laboratories SpA	19.07.2011	N.A.	CLP	0.0999	281.0	38.2	2,070.5	1,751.3	-	2,031.9	135.2	32.3	102.9	-	100%
4	Enzene Biosciences Ltd.	04.11.2011	N.A.	INR	N.A.	368.2	2,153.2	3,212.6	691.1	-	297.4	(1,021.7)	-	(1,021.7)	-	99.84%
5	Ascend GmbH (Formerly known as Alkem Pharma GmbH)	10.11.2008	N.A.	EUR	85.9620	61.6	(75.9)	338.5	352.9	-	42.0	(66.4)	-	(66.4)	-	100%
6	Indchemie Health Specialities Private Limited	30.03.2015	N.A.	INR	N.A.	2.5	3,259.2	4,648.8	1,387.1	363.1	4,765.7	676.9	82.2	594.7	-	51%
7	The PharmaNetwork, LLP	14.08.2012	N.A.	KZT	0.1718	157.6	(62.3)	292.5	197.2	-	256.4	(0.4)	(3.1)	2.7	-	100%
8	Alkem Laboratories Korea Inc$	07.08.2012	N.A.	KRW	0.0645	0.1	(0.9)	0.9	1.7	-	-	(0.3)	-	(0.3)	-	100%
9	Ascend Laboratories SDN BHD$	13.12.2010	N.A.	MYR	17.6433	0.0	(0.2)	2.2	2.4	-	-	(0.0)	-	(0.0)	-	100%
10	S & B Holdings B.V.	17.06.2009	N.A.	EUR	85.9620	2,897.2	(1,849.5)	2,747.3	1,699.5	2,053.5	-	79.6	26.3	53.2	-	100%
11	Pharmacor Limited	15.05.2012	N.A.	KES	0.6622	0.1	46.4	96.5	50.0	-	127.3	34.2	9.8	24.5	-	100%
12	Alkem Laboratories Corporation	07.11.2008	N.A.	PHP	1.5084	485.0	(576.9)	130.0	221.9	-	126.3	(38.0)	2.3	(40.3)	-	100%
13	S & B Pharma Inc.	25.01.2012	N.A.	USD	73.2361	0.1	3,350.9	4,869.3	1,518.3	151.9	1,838.3	(348.9)	140.2	(489.0)	-	100%
14	Ascend Laboratories (Pty) Limited (formerly known as Alkem Laboratories (Pty) Limited)	26.05.2008	N.A.	ZAR	4.9075	68.8	25.1	185.8	91.9	-	64.1	8.8	2.8	6.0	-	100%
15	ThePharmaNetwork, LLC	15.07.2010	N.A.	USD	73.2361	578.9	(3,462.6)	703.1	3,586.8	703.1	-	(22.4)	-	(22.4)	-	100%
16	Ascend Laboratories LLC	15.07.2010	N.A.	USD	73.2361	703.1	9,813.0	20,428.5	9,912.4	59.3	24,006.0	140.8	-	140.8	-	100%
17	Ascend Laboratories (UK) Limited	06.08.2014	N.A.	GBP	100.6800	9.9	38.7	462.2	413.6	-	313.3	7.0	1.3	5.7	-	100%
18	Alkem Foundation	14.12.2017	N.A.	INR	N.A.	0.1	0.1	0.2	-	-	-	0.9	-	0.9	-	100%
19	Ascend Laboratories Limited$	07.09.2017	N.A.	CAD	58.0641	1.1	(0.2)	0.9	0.0	-	-	(0.1)	-	(0.1)	-	100%
20	Pharma Network SpA	27.03.2018	N.A.	CLP	0.0999	12.3	(42.9)	123.0	153.6	-	350.8	(35.2)	(0.4)	(34.8)	-	100%
21	Ascend Laboratories SAS	04.06.2019	N.A.	COP	0.0196	7.0	(2.5)	27.1	22.6	-	25.4	4.2	1.5	2.8	-	100%
22	Connect 2 Clinic India Private Limited	12.06.2020	N.A.	INR	N.A.	15.0	3.2	57.1	38.9	-	92.1	4.4	1.1	3.2	-	100%
23	S&B Pharma LLC$	08.04.2020	N.A.	USD	73.2361	-	-	-	-	-	-	-	-	-	-	100%

$ Subsidiary yet to commence operations

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

B.N. Singh
Executive Chairman
DIN 00760310
Mumbai

Sandeep Singh
Managing Director
DIN 01277984
Maldives

D. K. Singh
Joint Managing Director
DIN 00739153
Mumbai

M.K. Singh
Executive Director
DIN 00881412
Mumbai

Sarvesh Singh
Executive Director
DIN 01278229
Mumbai

Rajesh Dubey
President - Finance & Chief Financial Officer
Mumbai

Manish Narang
President - Legal & Company Secretary
Mumbai

Date: 25 May 2021

Annexure C

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

Your Company is a deeply committed corporate citizen with its strategies, policies and actions aligned with wider social concerns, through initiatives in areas like education, health and other socially relevant areas. Your Company believes in making a holistic impact on the communities in which it operates.

With an endeavor to achieve the above and to be a socially responsible corporate citizen, your Company has developed a CSR Policy wherein it has identified some areas which are in line with its overall social objectives and which are covered within the broad frame work of Schedule VII of the Companies Act, 2013 and also as per the regulatory guidelines given by the Government from time to time.

The CSR Policy of your Company outlines the framework guiding your Company's CSR activities. It sets out the CSR Vision Statement, Guiding Principles, Implementation Process, CSR Governance Structure and Monitoring/Reporting Mechanism.

2. Composition of CSR Committee (as on 31st March, 2021):

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Ranjal Laxmana Shenoy	Chairman/ Independent Director	3	3
2	Mr. Arun Kumar Purwar	Member/ Independent Director	3	3
3	Mr. Dhananjay Kumar Singh	Member/ Executive Director	3	3
4	Mr. Balmiki Prasad Singh	Member/Executive Director	3	1
5	Mr. Mritunjay Kumar Singh	Member/ Executive Director	3	1

Note: The Board of Directors at its meeting held on 25th May, 2021 reconstituted with immediate effect the CSR Committee comprising of the following Members: (1) Mr. Arun Kumar Purwar, Chairman; (2) Mr. Basudeo N Singh, Member; (3) Mr. Sandeep Singh, Member; (4) Mr. Dhananjay Kumar Singh, Member; (4) Mr. Mritunjay Kumar Singh, Member; (5) Ms. Sangeeta Singh, Member; and (6) Mr. Ranjal Laxmana Shenoy, Member.

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

Composition of the Committee: https://www.alkemlabs.com/committee.php

CSR Policy: https://www.alkemlabs.com/pdf/policies/csr-policy.pdf

CSR Projects: https://www.alkemlabs.com/corporate-social-responsibility.php

4. Provide the details of Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

There were no CSR Projects having outlays of Rupees One Crore or more and accordingly the impact assessment study was not required to be undertaken by the Company in the financial year 2020-2021.

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set- off for the financial year, if any (in ₹)
		NIL	

6. Average net profit of the Company as per Section 135(5): ₹ 10,719.2 Million

7.
(a) Two percent of average net profit of the Company as per section 135(5): ₹ 214.4 Million

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b- 7c): ₹ 214.4 Million

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Million)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (in Million)	Date of transfer	Name of the Fund	Amount	Date of transfer
74.1	142.2	29th April, 2021		Nil	

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in Million)	Amount spent in the current financial year (in Million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Million)	Mode of Implementation-Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Providing education to underprivileged children	Education	Yes	Maharashtra	Mumbai	2 Years	1.6	0.8	0.8	No	Alkem Foundation	CSR00001282
2.	Construction of Radiotherapy block	Healthcare	No	Bihar	Muzaffarpur	4 Years	700.0	10.0	140.0	No	Alkem Foundation	CSR00001282
3.	"Udbhav Project" Menstrual hygiene of adolescent girl	Healthcare	Yes	Sikkim	Sikkim	2 Years	1.1	0.7	0.4	No	Alkem Foundation	CSR00001282
4.	All Nutrition program	Healthcare	Yes	Maharashtra	Raigad	3 Years	3.5	-	1.0	No	Alkem Foundation	CSR00001282
	TOTAL						706.2	11.5	142.2			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No	Name of the Project	Items from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the project		Amount spent for the project (₹ in Million)	Mode of Implementation Direct (Yes/No)	Mode of Implementation through implementing agency	
				State	District			Name	CSR Registration Number
1	Providing meals and mask to underprivileged people	Healthcare	No	Jharkhand	Ranchi	0.1	No	Ranchi Jesuits	Registration in process
2	Providing meals and mask to underprivileged people during Covid-19	Healthcare	No	Jharkhand	Gumla	0.3	No	Vikas Bharti	Registration in process
3	Providing meals to underprivileged people	Healthcare	Yes	Maharashtra	Navi Mumbai	0.3	No	Food for life (ISKCON)	Registration in process
4	Conducting health checkup camps in Maharashtra	Healthcare	Yes	Maharashtra	Mumbai	1.6	No	Education and Welfare Trust of Maharashtra State Chemist D.ASS (MSCDA)	Registration in process
5	P.M Cares Fund	P.M Cares Fund	No	PAN India	PAN India	0.4	Yes	Direct	-
6	Providing books to economically backward medical students	Education	No	Jammu and Kashmir	Jammu	0.1	Yes	Direct	-

Sr. No	Name of the Project	Items from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the project		Amount spent for the project (₹ in Million)	Mode of Implementation Direct (Yes/No)	Mode of Implementation through implementing agency	
				State	District			Name	CSR Registration Number
7	Providing nutritional supplements to cancer patients	Healthcare	Yes	Maharashtra	Mumbai	0.4	No	Alkem Foundation	CSR00001282
8	Providing meals to underprivileged orphanage children	Healthcare	Yes	Maharashtra	Navi-Mumbai	0.1	No	Alkem Foundation	CSR00001282
9	Conducting breast cancer camp and detection centre	Healthcare	Yes	Maharashtra	Mumbai	0.6	No	Alkem Foundation	CSR00001282
10	Conducting cataract surgery for underprivileged patients	Healthcare	No	Bihar	Buxar	0.4	No	Alkem Foundation	CSR00001282
11	Conducting spine surgery for underprivileged patients	Healthcare	Yes	Maharashtra	Mumbai	2	No	Alkem Foundation	CSR00001282
12	Conducting surgery of Laparoscopic Gall Bladder, Hernia, Piles etc. for underprivileged patients	Healthcare	Yes	Maharashtra	Mumbai	0.4	No	Alkem Foundation	CSR00001282
13	Conducting Physiotherapy, Speech Therapy, Occupational Therapy for Autistic Children	Healthcare	No	Tamil Nadu	Chennai	0.2	No	Alkem Foundation	CSR00001282
14	Plantation of 3 Million fruit trees	Rural Development	No	Maharashtra	Palghar	2.5	No	Alkem Foundation	CSR00001282
15	Purchase and maintenance of Mobile Health Van	Healthcare	Yes	Sikkim, Maharashtra, Gujrat	Sikkim, Raigad, Mandva	2.4	No	Alkem Foundation	CSR00001282
16	Awareness and prevention of Anaemia and spread of Covid-19	Healthcare	No	Uttar Pradesh	Lucknow	2	No	Alkem Foundation	CSR00001282
17	Construction of baby feeding centre at Kalyan and Kurla railway station	Healthcare	Yes	Maharashtra	Mumbai	0.6	No	Alkem Foundation	CSR00001282
19	Support of Cancer screening and early detection OPD services	Healthcare	No	Bihar	Buxar	2.5	No	Alkem Foundation	CSR00001282
20	Training of athletes for Tokyo Olympics	Sports	No	Gujarat	Ahmedabad	10	No	Alkem Foundation	CSR00001282
21	Agri business livelihood project	Rural Development	Yes	Daman and Diu (U.T)	Daman	0.8	No	Alkem Foundation	CSR00001282
22	Providing Skill Development of Hospitality and Airhostess for underprivileged students	Education	Yes	Sikkim	East Sikkim	1	No	Alkem Foundation	CSR00001282
23	Providing Education to underprivileged student	Education	Yes	Maharashtra	Mumbai	1	No	Alkem Foundation	CSR00001282
24	Providing Skill Development of QA/ QC	Education	Yes	Himachal Pradesh	Baddi	0.2	No	Alkem Foundation	CSR00001282
25	Running operations of Alkem Health Centre (AHC)	Healthcare	Yes	Himachal Pradesh, Sikkim	Baddi, Sikkim	2.9	Yes	Direct	-
26	Silai Siksha Kendra	Education	Yes	Himachal Pradesh, Gujarat	Baddi, Bharuch	0.2	Yes	Direct	-
27	Construction, installation and maintenance of water pipelines, storage tanks, RO water cooler & Water ATM	Healthcare	Yes	Himachal Pradesh, Maharashtra, Madhya Pradesh, Gujarat, Sikkim	Baddi, Raigad, Indore, Sikkim	0.5	Yes	Direct	-
28	Maintenance, repair, and upgradation of school infrastructure	Education	Yes	Himachal Pradesh, Sikkim	Baddi, Sikkim (East)	1	Yes	Direct	-

ALKEM

Sr. No	Name of the Project	Items from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the project		Amount spent for the project (₹ in Million)	Mode of Implementation Direct (Yes/No)	Mode of Implementation through implementing agency	
				State	District			Name	CSR Registration Number
29	Mobile rural healthcare project via operating of Health Van	Healthcare	Yes	Himachal Pradesh, Maharashtra	Baddi, Raigad	2.3	Yes	Direct	-
30	Distribution of PPE kits, Infrared thermometers, hand sanitizers, food packets and masks to local authorities and Covid 19 warriors	Healthcare	Yes	Himachal Pradesh, Madhya Pradesh, Maharashtra, Sikkim	Baddi, Indore, Mumbai, Sikkim	5.7	Yes	Direct	-
31	Construction and maintenance of community hall and garden	Rural Development	Yes	Himachal Pradesh	Baddi	3.1	Yes	Direct	-
32	Maintenance of public toilets	Healthcare	Yes	Maharashtra, Daman	Raigad, Belapur, Daman	0.4	Yes	Direct	-
33	Providing Ration Kits for old age home and underprivileged children	Healthcare	Yes	Maharashtra, Daman, Gujarat	Raigad, Daman, Bharuch	0.5	Yes	Direct	-
34	Providing of blood counter analyzer machine to improve the healthcare infrastructure	Healthcare	Yes	Madhya Pradesh	Indore	1.2	Yes	Direct	-
35	Tree Plantation Programme	Environment	Yes	Madhya Pradesh	Indore	0.1	Yes	Direct	-
36	Establishment of Covid-19 Lab and quarantine center	Healthcare	Yes	Dadra and Nagar Haveli, Daman and Diu	Daman, Silvassa	4.5	Yes	Direct	-
37	Setting up of Covid 19 testing lab in collaboration with Health Department of Govt. of Sikkim.	Healthcare	Yes	Sikkim	East Sikkim	4.1	Yes	Direct	-
38	Support to Youth & Sports Department	Sports	Yes	Sikkim	South Sikkim	0.1	Yes	Direct	-
39	Garbage Collection project under Swach Bharat Abhiyan	Healthcare	Yes	Sikkim	South Sikkim	0.1	Yes	Direct	-
40	Support to Health Dept, Govt of Sikkim with Rapid Test Kit	Healthcare	Yes	Sikkim	East Sikkim	1.2	Yes	Direct	-
41	Support to orphanage and old age centre	Rural Development	Yes	Sikkim	South and East Sikkim	2.1	Yes	Direct	-
42	Renovation of Forest Office	Rural Development	Yes	Sikkim	East Sikkim	0.7	Yes	Direct	-
43	Solar Water Project in drought affected areas in the village of Raigad	Rural Development	Yes	Maharashtra	Raigad	0.5	Yes	Direct	-
				Total		**62.6**			

(d) **Amount spent in Administrative Overheads:** Nil

(e) **Amount spent on Impact Assessment, if applicable:** Nil

(f) **Total amount spent for the financial year (8b+8c+8d+8e) :** ₹ 74.1 Million

(g) **Excess amount for set off, if any:** Nil

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	
(ii)	Total amount spent for the financial year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) **Details of Unspent CSR amount for the preceding three financial years:** N.A.

Sr. No.	Preceding financial year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** N.A.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the project- Completed / Ongoing

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

(a) **Date of creation or acquisition of the capital asset(s):** Date of Registration : 22nd February, 2021

(b) **Amount of CSR spent for creation or acquisition of capital asset:** ₹ 2.3 Million

(c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:**

NAME OF OWNER: ALKEM FOUNDATION

ADDRESS: C/O - ALKEM LABORATORIES LIMITED, KUMREK, RANGPO, EAST DISTRICT- SIKKIM, PIN - 737132

(d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):**

MOBILE HEALTH VAN

DATE OF REGISTRATION: 22nd February, 2021

SIKKIM

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): N.A.

Note: During the financial year 2020-21, the Company has initiated certain ongoing projects as referred to in point no. 8(b) above. Accordingly, the balance CSR obligation of the Company for the financial year 2020-21 pertaining to the said ongoing projects was transferred to the "Unspent CSR Account" in compliance with The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

Mr. Sandeep Singh
Managing Director

Mr. Arun Kumar Purwar
Chairman CSR Committee

Annexure D

POLICY FOR NOMINATION & REMUNERATION COMMITTEE OF ALKEM LABORATORIES LIMITED

Alkem Laboratories Limited ("Company") has constituted a Nomination and Remuneration Committee ("Committee") in its Board meeting held on 30th January, 2015 as per the terms and conditions provided in Section 178 of the Companies Act, 2013 and other applicable provisions. As per the provisions, the Company is required to frame a policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

1. OBJECTIVE OF THE POLICY

The policy is framed with the objective(s):

1. That based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the Industry, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and talented managerial personnel of the quality required to run the Company successfully and to ensure long term sustainability and create competitive advantage.

2. That the remuneration to Directors, Key Managerial Personnel (KMP) and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

2. FUNCTIONS OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

1. Identify persons who are qualified to become Directors and employees who may be appointed in key managerial position, senior management in accordance with the criteria laid down, recommend to the Board their appointment, remuneration and removal, including succession planning.

2. Ensure that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors and also the Independent Directors, including Board diversity.

3. Devise framework to ensure that Directors are inducted through suitable familiarization process alongwith criteria for evaluation of Independent Directors and the Board and to provide for reward(s) linked directly to their effort, performance.

4. Decide / approve details of fixed components and performance linked incentives along with the performance criteria.

5. Such other functions as may be decided in accordance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The Chairman of the Nomination and Remuneration committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

3. APPLICABILITY

This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent

2. Key Managerial Personnel ("KMP")

3. Senior Management Personnel

4. Other Employees of the Company

4. MATTERS RELATING TO THE REMUNERATION, PERQUISITES FOR THE WHOLE-TIME / EXECUTIVE / MANAGING DIRECTOR

1. The remuneration / compensation / profit-linked commission etc. to the Whole-time /Executive/ Managing Directors will be recommended by the Committee and approved by the Board. The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage / slabs / conditions laid in the Companies Act, 2013 and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.

2. If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole Time Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the prior approval of the Central Government.

3. Increments to the Whole Time Director(s) should be within the slabs approved by the shareholders. Increments will be effective 1st April in respect of a Whole Time Director as well as in respect of other employees of the Company, unless otherwise decided.

5. REMOVAL

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or one level below KMP subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

6. RETIREMENT

The Director, KMP and one level below the KMP shall retire as per the applicable provisions of the Regulations and the prevailing policy of the Company. Employment of the services of the Director, KMP, Senior Management Personnel as consultants after their retirement would be at the sole discretion of the Board.

7. REMUNERATION TO NON-EXECUTIVE/ INDEPENDENT DIRECTOR

7.1. Sitting Fees

The Resident Non-Executive Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations and no sitting fee is to be paid to Non-resident Non-Executive Directors. The quantum of sitting fees will be determined as per the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

7.2. Profit-linked Commission

The profit-linked Commission shall be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 2% of the net profits of the Company computed as per the applicable provisions of the Regulations.

7.3. Stock Options

An Independent Director shall not be entitled to any stock option of the Company.

8. REMUNERATION TO KMP, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to PF, pension scheme, medical expenses, club fees etc. shall be as per the Company's HR policies.

The Chief Executive Officer of the Company will make organisation-wide annual presentation(s) before the Committee which would have requisite details setting out the proposed performance bonus payouts for the current financial year as well as the proposed increments for the next financial year. The Committee shall peruse and approve the same unless required under relevant regulations, to refer the same to the Board of Directors and / or Shareholders of the Company.

If the remuneration of KMPs or any other officer is to be specifically approved by the Committee and / or the Board of Directors under any Regulations, then such approval will be accordingly sought.

This Remuneration Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes. The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

Annexure E

STATEMENT OF PARTICULARS AS PER SECTION 197(12) READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Sr. No.	Name of the Director and Designation	% increase in the remuneration in the financial year ended 31st March, 2021	Ratio of the remuneration of each Director to the median remuneration of the employees
Independent Directors			
1.	Mr. Ranjal Laxmana Shenoy, Independent Director	-2.8%	5.7
2.	Mr. Arun Kumar Purwar, Independent Director	-3.0%	5.4
3.	Ms. Sudha Ravi, Independent Director	-2.0%	5.5
4.	Ms. Sangeeta Singh, Independent Director	-3.8%	5.6
5.	Dr. Dheeraj Sharma, Independent Director	0.0%	5.3
6.	Mr. Narendra Kumar Aneja, Independent Director*	NA	5.5
Executive Directors			
7.	Mr. Basudeo N. Singh, Executive Chairman	14.2%	437.4
8.	Mr. Sandeep Singh, Managing Director	61.8%	321.9
9.	Mr. Dhananjay Kumar Singh, Joint Managing Director	12.3%	222.7
10.	Mr. Balmiki Prasad Singh, Executive Director	8.9%	154.2
11.	Mr. Mritunjay Kumar Singh, Executive Director	13.2%	211.2
12.	Mr. Sarvesh Singh, Executive Director	155.3%	95.9

* Appointed w.e.f 16th March, 2020

Sr. No.	Name of the Key Managerial Personnel and Designation	% increase in the remuneration in the financial year ended 31st March, 2021
1.	Mr. Rajesh Dubey, Chief Financial Officer	13.3%
2.	Mr. Manish Narang, Company Secretary	1.6%

i. During the financial year ended 31st March, 2021, the median remuneration of employees increased by 6.15 %.

ii. As on 31st March, 2021, the Company had 15,357 permanent employees on its rolls.

iii. During the financial year 2020-21, there was an average 9.7% increase in the salaries of employees (including KMP) other than the managerial personnel as against increase in managerial remuneration by 13.01%, such increase was in line with the industry pay levels.

iv. We affirm that the remuneration paid is as per the Remuneration Policy of the Company.

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 25th May, 2021

Annexure F

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Alkem Laboratories Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Alkem Laboratories Limited (CIN: L00305MH1973PLC174201) and having its registered office at Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the audit period);

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period);

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the audit period); and

   (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) Drugs & Cosmetics Act, 1940; Food Safety & Standards Act, 2006; Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954; The Narcotic Drugs and Psychotropic Substances Act, 1985; The Poisons Act, 1919; The Sales Promotion Employees (Condition of Service) Act, 1976; including the rules and regulations made under these Acts; Essential Commodities Act, 1955 and the Drugs (Prices Control) Order, 2013 issued thereunder; National Pharmaceutical Pricing Policy, 2012 being the laws that are specifically applicable to the Company based on their sector/industry.

   We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Standards, Guidelines etc. mentioned above and in respect of laws specifically applicable to the company based on their sector/ industry, in so far as requirement relating to licencing, submission of returns etc.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the year under reporting.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any are captured and recorded as part of the minutes. However, in the minutes of board meetings for the period under review, no dissents were noted and hence we have no reason to believe that decisions by the Board were not approved by all the directors present.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, guidelines and standards.

We further report that during the audit period:

1. approval of National Stock Exchange of India Limited and BSE Limited (the 'Stock Exchanges') for reclassification of Mr. Nawal Kishore Singh from Promoter category to Non-Promoter category was received vide their respective emails dated 17th June, 2020;
2. the Board of Directors of the Company at their meeting held on February 5, 2021, declared an interim dividend of ₹ 25/- per equity share (face value ₹ 2/) for the financial year 2020-21, aggregating to ₹ 298.912 crores;
3. the company obtained approval of the members for alteration of the Memorandum of Association of the Company to align it as per the provisions of Table A of Schedule I of the Companies Act, 2013 by way of a special resolution passed through Postal Ballot on 25th March, 2021;
4. the company has incorporated a step down subsidiary in USA viz., S&B Pharma LLC, on April 8, 2020; and
5. the company has acquired on June 12, 2020, Connect 2 Clinic Private Limited (a Company incorporated under the Companies Act, 2013); pursuant to such acquisition it became a wholly owned subsidiary of the company.

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

For **Manish Ghia & Associates**
Company Secretaries
(Unique ID: P2006MH007100)

CS Mannish L. Ghia
Partner
M. No. FCS 6252, C.P. No. 3531
PR 822/2020

Place: Mumbai
Date: 25th May, 2021
UDIN: F006252C000362036

'Annexure A'

To,
The Members,
Alkem Laboratories Limited
Mumbai

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
7. On account various restrictions imposed by the Government Authorities on opening of offices, travel and movement due to Covid19 pandemic during the year under review, we for the purpose of completion of our audit have relied on documents and papers provided in electronic form through email/other virtual means for verification of compliances.

For **Manish Ghia & Associates**
Company Secretaries
(Unique ID: P2006MH007100)

CS Mannish L. Ghia
Partner
M. No. FCS 6252, C.P. No. 3531
PR 822/2020

Place: Mumbai
Date: 25th May, 2021
UDIN: F006252C000362036

Annexure G

FORM NO. AOC. 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: *Nil (All contracts or arrangements or transactions with related parties were at arm's length basis)*

   (a) Name(s) of the related party and nature of relationship

   (b) Nature of contracts/arrangements/transactions

   (c) Duration of the contracts/arrangements/transactions

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any

   (e) Justification for entering into such contracts or arrangements or transactions

   (f) Date of approval by the Board

   (g) Amount paid as advances, if any

   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangements or transactions at arm's length basis:

   (a) Name(s) of the related party and nature of relationship - *Ascend Laboratories, LLC, USA, wholly owned subsidiary of the Company*

   (b) Nature of contracts/arrangements/transactions – *Sale of finished goods*

   (c) Duration of the contracts/arrangements/transactions – *Ongoing*

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any - *Based on transfer pricing guidelines Value of transactions with Ascend Laboratories, LLC, USA amounted to ₹ 15,681 Million during the financial year 2020-21*

   (e) Date(s) of approval by the Board, if any - *The transactions with Ascend Laboratories, LLC, USA does not require approval of the Board, since the transaction is with a wholly owned subsidiary. However, the said transactions had been approved by the Audit Committee.*

   (f) Amount paid as advances, if any - *Nil*

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 25th May, 2021

Annexure H

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Details

[pursuant to the Companies (Accounts) Rules, 2014]

(A) CONSERVATION OF ENERGY:

1. Energy Conservation Measures taken:

Energy Conservation continues to receive priority within the Company. The continuous monitoring of the energy consumptions across the Company's locations, has resulted in improvement in maintenance systems and reduction in distribution losses.

Steps taken for Energy Conservation during the financial year 2020-21 are as follows:

(i) Installed Variable Frequency Drive (VFD) at Baddi, Ankleshwar & Sikkim plants for power saving.

(ii) Installed LED Lights at Baddi, Daman, Ankleshwar and Sikkim plants for power saving.

(iii) Installed energy efficient pumps at Baddi for optimization of Heating Ventilation and Air Conditioning (HVAC) chilled water circulation.

(iv) Installed heat pump at Daman plant to recover steam condensate heat.

(v) Energy efficient air compressor installed at Mandva plant.

(vi) Reduced the temperature & Relative Humidity (RH) mapping duration from 72 hours to 24 hours at Baddi plant for low RH area.

(vii) Steam Proportional Integral Derivative (PID) control valve installed at Mandva plant instead of ON/OFF valve, which provides the precise set point control with optimum steam consumption.

(viii) Light motion sensors installed at Baddi & Sikkim plant for automatic controlling of the lights depending upon any occupancy in area.

(ix) Air Gun installed on compressed air lines in manufacturing areas to reduce the air consumption during the change while cleaning / equipment washing.

(x) High pressure cleaning jet (Karcher make) installed at Baddi plant for equipment cleaning & reduces the purified water consumption.

(xi) PID steam valves installed at Ankleshwar plant in dryer and hot water generator for precise control of temperature & optimum steam consumption.

(xii) Air Handling Units shutdown practice implemented during no activity area resulting in saving of energy at Indore plant.

(xiii) Steam Condensate Recovery System (CRS) installed at Indore plant, to recover hot condensate water in Boiler feed water tank to utilize the condensate heat.

2. Steps taken by the Company for utilizing the alternate sources of energy:

Bio waste briquette is used as boiler fuel at Daman, Baddi and Sikkim plants to avoid furnace oil consumption.

3. The capital investment on Energy Conservation equipment:

(₹ in Million)

Sr. No.	Particulars	Amount
1.	Variable Frequency Drive	0.65
2.	LED Lights	1.69
3.	Air Handling Unit (AHU) Automation	0.85
4.	Heat Pump	2.89
5.	Energy Efficient Pumps	0.71
6.	Energy Efficient Air Compressor	1.37
7.	Steam PID Valves	1.85
8.	Air Gun	0.01
9.	High Pressure Cleaning Jet	0.78
10.	Light Motion Sensor	0.06
11.	Timmer	0.01
	Total	**10.87**

(B) TECHNOLOGY ABSORPTION:

1. Efforts, in brief, made towards technology absorption:

(i) Development of new drug delivery systems.

(ii) Implementation of new dosage delivery system for oral liquid formulations.

(iii) Designed & introduced environmental friendly child resistance pack technology for patients compliance pack.

(iv) Implementation of new Container Closure System for effective dosage delivery for oral solid formulations (Paper peelable technology).

(v) Implementation of Anti-counterfeiting Security features, first time in India in our leading domestic Brands. This innovation has been done & implemented in India first time by any pharma domain.

2. Benefits derived as a result of the above efforts:

(i) Implementation and Development of Potential Drug Delivery Platforms.

(ii) Improved packaging with cost reduction and import substitution with indigenous vendors.

3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

(i) Sachet Packing Machine with Checkweigher and Metal Detector

(a) The details of technology imported:

The Company imported this technology from Spain. This equipment is manufactured by Volpak and is used for filling pharmaceutical powders in the form of sachet with any heat sealing films or aluminum foil based material. The Checkweigher is used to weigh the fill weight as per set limit and Metal Detector is used to reject the powder with Fe,SS and Non Fe particle;

(b) The year of import: 2018-19;

(c) Whether the technology has been fully absorbed: Yes;

(d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

(ii) Delta Laser Drilling Machine

(a) The details of technology imported:

The Company imported this technology from USA. This equipment is manufactured by Harttnet US and is used for osmotic pump drug delivery system;

(b) The year of import: 2018-19;

(c) Whether the technology has been fully absorbed: Yes;

(d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

(iii) Filter Dryer

(a) The details of technology imported:

The Company imported this machinery from USA. This technology is used for achieving separation of suspended particles with narrow distribution and drying of separated particles in the same unit effectively, which will increase the product efficiency and yield;

(b) The year of import: 2020-21;

(c) Whether the technology been fully absorbed: Partially absorbed;

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Under trial for complete absorption.

(iv) Static Mixer set up

(a) The details of technology imported:

The Company imported this machinery from USA. The set up contains Static Mixer elements and pumps. It is used for preparation of solid microsphere particles. This technology is used to achieve desired particle size distribution which will increase the product efficiency and yield;

(b) The year of import: 2020-21;

(c) Whether the technology been fully absorbed: Partially absorbed;

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Under trial for complete absorption.

4. Expenditure on R & D:

(₹ in Million)

Sr. No.	Particulars	2020-21	2019-20
(i)	Capital	49.8	85.5
(ii)	Recurring	4,248.9 (excluding depreciation of 170.2 Million)	3,775.0 (excluding depreciation of 162.6 Million)
Total		**4,298.7**	**3,860.5**
Total R & D expenditure as percentage to total turnover		5.95%	5.78%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in Million equivalent of various foreign currencies)

	2020-21	2019-20
Foreign Exchange earned	19,554.9	16,061.2
Foreign Exchange outgo	2,467.4	2,482.9

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 25th May, 2021

Corporate Governance Report

(1) Company's Philosophy on Corporate Governance

The Company is committed to good Corporate Governance and believes that it is essential for achieving long-term corporate goals and to enhance stakeholders' value. The Company respects the rights of its shareholders to obtain information on the performance of the Company. The Company believes that best board practices, transparent disclosures and shareholder empowerment are necessary to maximize the long term value to the shareholders of the Company and to ensure that all stakeholders' interests are protected. The Company places great emphasis on principles such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, transparency in decision making process, fair & ethical dealings with all stakeholders and society in general. The Compliance Report on Corporate Governance herein signifies adherence by the Company of all mandatory requirements of Regulation 34(3) and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

(2) Board of Directors

The Board has a balanced mix of Executive and Non-Executive Directors with two Independent women Directors having rich experience and expertise.

The present strength of the Board of Directors of your Company is 12 (twelve).

Composition of the Board is in conformity with Regulation 17 of SEBI Listing Regulations read with Section 149 of the Companies Act, 2013 ("Act"). The names and categories of Directors are as follows:

Category	Name of Directors	Inter-se relationship between Directors
Promoter Executive Directors	Mr. Basudeo N. Singh (Executive Chairman)	Father of Mr. Dhananjay Kumar Singh and Mr. Mritunjay Kumar Singh
	Mr. Sandeep Singh (Managing Director)	Brother of Mr. Sarvesh Singh
	Mr. Dhananjay Kumar Singh (Joint Managing Director)	Son of Mr. Basudeo N. Singh and Brother of Mr. Mritunjay Kumar Singh
	Mr. Balmiki Prasad Singh (Executive Director)	N.A.
	Mr. Mritunjay Kumar Singh (Executive Director)	Son of Mr. Basudeo N. Singh and Brother of Mr. Dhananjay Kumar Singh
	Mr. Sarvesh Singh (Executive Director)	Brother of Mr. Sandeep Singh
Non-Executive Independent Directors	Mr. Ranjal Laxmana Shenoy	N.A.
	Mr. Arun Kumar Purwar	N.A.
	Mr. Narendra Kumar Aneja	N.A.
	Ms. Sangeeta Singh	N.A.
	Ms. Sudha Ravi	N.A.
	Dr. Dheeraj Sharma	N.A.

Core Skills / Expertise / Competence for the Board of Directors

Detailed below are the core skills / expertise / competencies required for the effective functioning of our Company alongwith specific expertise of the Board of the Directors of the Company:

Name of Director	Areas of Core Skills/Expertise/Competence							
	Financial Skills/ Controls	Pharma Domestic and International Marketing Strategy	Legal and Regulatory Compliance and Governance	Risk Management	Plant Management	Human Resource/ Leadership	M&A	Supply Chain
Mr. Basudeo N. Singh, Executive Chairman	√	√	√	√	√	√	√	√
Mr. Sandeep Singh, Managing Director	√	√	√	√	√	√	√	√
Mr. Dhananjay Kumar Singh, Joint Managing Director	√	√	√	√		√		√
Mr. Mritunjay Kumar Singh, Executive Director	√	√		√	√			√
Mr. Balmiki Prasad Singh, Executive Director	√	√						√
Mr. Sarvesh Singh, Executive Director	√	√						
Mr. Ranjal Laxmana Shenoy, Independent Director	√		√					√
Mr. Arun Kumar Purwar, Independent Director	√		√	√				
Mr. Narendra Kumar Aneja, Independent Director	√		√	√				
Ms. Sangeeta Singh, Independent Director	√					√		
Ms. Sudha Ravi, Independent Director	√			√		√		
Dr. Dheeraj Sharma, Independent Director		√		√		√	√	√

The above marks against names of the Board Members signify their specific skill/ expertise/ competency in the above mentioned areas while all the Directors are having the sufficient skill and expertise to understand the operational issues of the Company.

Non-Executive / Independent Directors

None of the Non-Executive / Independent Directors held any Equity Shares of the Company as on 31st March, 2021.

In the opinion of the Board, the existing Independent Directors fulfill the conditions specified in the SEBI Listing Regulations and are independent of the Management.

There has been no change in the constitution of the Independent Directors of the Company during the financial year 2020-2021.

Board Meetings

During the financial year 2020-2021, a total of 5 (five) Board Meetings viz. 05th June, 2020, 07th August, 2020, 06th November, 2020, 05th February, 2021 and 30th March, 2021 were held through video conferencing due to the COVID-19 pandemic in accordance with the various circulars/ notifications issued by the Ministry of Corporate Affairs.

Attendance of each Director at the Board Meetings, last AGM, number and names of other Directorships and number of Chairmanships/ Memberships of Committee(s) of each Director as on 31st March, 2021, are given below:

Name of Director	Attendance			*No. of other Committee Memberships / Chairmanships		Directorships in other Companies		
	Number of Board Meetings held during the Director's tenure	Number of Board Meetings attended	Last AGM held on 18th August, 2020 through video conferencing	#Committee Memberships	#Committee Chairmanships	*Other Directorships	Names of other listed entities where person is Director	Category of Directorship in the listed entities
Mr. Basudeo N. Singh	5	5	Yes	0	0	2	NA	NA
Mr. Sandeep Singh	5	5	Yes	1	0	2	NA	NA
Mr. Dhananjay Kumar Singh	5	5	Yes	0	0	0	NA	NA
Mr. Balmiki Prasad Singh	5	4	Yes	0	0	0	NA	NA
Mr. Mritunjay Kumar Singh	5	5	Yes	1	0	2	NA	NA
Mr. Sarvesh Singh	5	5	Yes	0	0	0	NA	NA
Mr. Ranjal Laxmana Shenoy	5	5	Yes	3	1	3	1. Elantas Beck India Limited 2. Sunshield Chemicals Limited	Independent Director
Mr. Arun Kumar Purwar	5	5	Yes	1	2	5	1. Jindal Steel and Power Limited 2. IIFL Finance Limited 3. Balaji Telefilms Limited	Independent Director
Mr. Narendra Kumar Aneja	5	4	Yes	0	0	1	NA	NA
Ms. Sangeeta Singh	5	5	Yes	4	0	4	1. Accelya Kale Solutions Limited 2. S H Kelkar and Company Limited	Independent Director
Ms. Sudha Ravi	5	5	Yes	4	0	2	1. Goodyear India Limited	Independent Director
Dr. Dheeraj Sharma	5	5	Yes	0	0	0	NA	NA

* The list does not include Directorships, Committee Memberships and Committee Chairmanships in Private Limited, Foreign and Section 8 Companies.

\# The Committee Memberships and Chairmanships in other Companies include Memberships and Chairmanships of Audit and Stakeholders' Relationship Committees of public companies only.

Note: The necessary quorum was present for all the Meetings.

Familiarization Programme

At the time of appointment, Independent Directors are made aware of their roles, rights and responsibilities through a formal letter of appointment which also stipulates the various terms and conditions of their engagement. The terms & conditions of the appointment of Independent Directors are posted pursuant to Regulation 46(2)(b) of the SEBI Listing Regulations, on the Company's website and can be accessed at https://www.alkemlabs.com/pdf/policies/Term_of_appointment-Independent_Directors.pdf. At Board and Committee Meetings, the Independent Directors are on regular basis familiarized with the business model, regulatory environment in which Company operates, strategy, operations, functions, policies and procedures of the Company and its subsidiaries so that they are able to play a meaningful role in the overall governance processes of the Company. During the financial year 2020-2021, Independent Directors were briefed about the events including but not limited to regulatory issues, plants working, employees development, contribution to the society and impact on the business operations of the Company due to Covid-19 pandemic. The details of the said Familiarization Programme imparted by the Company to the Independent Directors during the financial year 2020-2021 have been uploaded on the Company's website, the web link for which is https://www.alkemlabs.com/corporate-governance.php.

(3) Code of Conduct

All the Directors and Senior Management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to that effect, signed by the Managing Director has been annexed to the Corporate Governance Report. The Code of Conduct has been uploaded on the Company's website, the web link for which is https://www.alkemlabs.com/pdf/policies/824596594993521810CODE_OF_BUSINESS_CONDUCT_AND_ETHICS_FOR_SENIOR_MANAGEMENT.pdf

(4) Code for Prevention of Insider Trading

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, ("Insider Trading Regulations") the Company has adopted Codes of Fair Disclosures and Conduct for Insider Trading ("Code") to prevent the insider trading in the securities of the Company based on the unpublished price sensitive information. The trading window is closed during the time of declaration of results and occurrence of any material event as per the Code for such duration as may be decided by the Compliance Officer. The Board of Directors have appointed Mr. Manish Narang, President – Legal, Company Secretary as Compliance Officer, who is responsible for setting forth procedures and implementation of the Code for trading in Company's securities. In line with the amendments introduced by SEBI in the Insider Trading Regulations, the Code was amended suitably during the year, to ensure due compliance with the Insider Trading Regulations and to align it with the amendments.

(5) Audit Committee

The constitution of the Audit Committee is in compliance with the provisions of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations.

During the financial year 2020-2021, a total of 4 (four) Audit Committee Meetings viz. 04th June, 2020, 06th August, 2020, 05th November, 2020 and 04th February, 2021 were held through video conferencing due to the COVID-19 pandemic in accordance with the various circulars/ notifications issued by the Ministry of Corporate Affairs. The intervening gap between two consecutive meetings was not more than one hundred and twenty days.

The composition of the Audit Committee as on 31st March, 2021 and attendance of Members in the Meetings during the year was as follows:

Name of the Director	Designation in the Committee	No. of Meetings held during the Member's tenure	No. of Meetings attended
Mr. Ranjal Laxmana Shenoy	Chairman	4	4
Ms. Sudha Ravi	Member	4	4
Ms. Sangeeta Singh	Member	4	4
Mr. Narendra Kumar Aneja	Member	4	4
Mr. Sandeep Singh	Member	4	4
Mr. Mritunjay Kumar Singh	Member	4	4

Mr. Manish Narang, President – Legal, Company Secretary and Compliance Officer is the Secretary of the Audit Committee.

Note: The necessary quorum was present for all the Meetings.

The Board of Directors of the Company at its Meeting held on 25th May, 2021, reconstituted with immediate effect the Audit Committee comprising of Mr. Arun Kumar Purwar as Chairman and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Mr. Ranjal Laxmana Shenoy, Ms. Sangeeta Singh and Mr. Narendra Kumar Aneja as Members.

Terms of reference of the Audit Committee:

1. Oversight of the company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Providing recommendation for appointment, reappointment and replacement, remuneration and terms of appointment of auditors of the company and the fixation of audit fee;
3. Review and monitor the statutory auditor's independence and performance and effectiveness of audit process;
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
    i. Matters required to be included in the 'Director's Responsibility Statement' to be included in the Board's report in terms of clause (c) of sub section 3 of Section 134 of the Companies Act, 2013, as amended;
    ii. Changes, if any, in accounting policies and practices and reasons for the same;
    iii. Major accounting entries involving estimates based on the exercise of judgment by management;
    iv. Significant adjustments made in the financial statements arising out of audit findings;
    v. Compliance with listing and other legal requirements relating to financial statements;
    vi. Disclosure of any related party transactions; and
    vii. Qualifications in the draft audit report.

6. Reviewing, with the management, the quarterly and half-yearly financial statements before submission to the Board for approval;
7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
8. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
10. Discussion with internal auditors any significant findings and follow up there on;
11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
12. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
13. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
14. Review the functioning of the whistle blower mechanism;
15. Approval of appointment of the chief financial officer (i.e., the whole time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
16. To investigate any activity within its terms of reference;
17. To seek information from any employee;
18. To obtain outside legal or other professional advice;
19. To secure attendance of outsiders with relevant expertise, if it considers necessary;
20. Approval or any subsequent modification of transactions of the company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
21. Scrutiny of inter-corporate loans and investments;
22. Valuation of undertakings or assets of the company, wherever it is necessary;
23. Evaluation of internal financial controls and risk management systems;
24. To provide recommendation to the Board of Directors of the Company for declaration of Interim Dividend to be paid to the shareholders of the Company;
25. Reviewing the utilization of loans and/or advances from/ investment to the subsidiaries exceeding Rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments;
26. *To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder; and
27. Carry out any other function as mentioned in the terms of reference of the Audit Committee.

**inserted by the Board of Directors at its Meeting held on 25th May, 2021 in accordance with the SEBI (LODR) (Second Amendment) Regulations, 2021 dated 05th May, 2021.*

The Audit Committee mandatorily reviews the following:

1. Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor;
6. Statement of deviations:
   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
   (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

(6) Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations.

During the financial year 2020-2021, 2 (two) Nomination and Remuneration Committee Meetings viz. 04th June, 2020 and 05th November, 2020 were held through video conferencing due to the COVID-19 pandemic.

The composition of the Nomination and Remuneration Committee as on 31st March, 2021 and attendance of Members in the Meetings during the year was as follows:

Name of the Director	Designation in the Committee	No. of Meetings held during the Member's tenure	No. of Meetings attended
Mr. Arun Kumar Purwar	Chairman	2	2
Mr. Ranjal Laxmana Shenoy	Member	2	2
Mr. Basudeo N. Singh	Member	2	2
Ms. Sangeeta Singh	Member	2	2

Note: The necessary quorum was present for all the Meetings.

The Board of Directors of the Company at its Meeting held on 25th May, 2021, reconstituted with immediate effect the Nomination and Remuneration Committee comprising of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Basudeo N. Singh, Ms. Sudha Ravi and Dr. Dheeraj Sharma as Members.

Terms of reference of the Nomination and Remuneration Committee:

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

(b) Formulation of criteria for evaluation of independent directors and the Board;

(c) Devising a policy on Board diversity;

(d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report;

(e) Determining whether to extend or continue the term of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors;

(f) Analysing, monitoring and reviewing various human resource and compensation matters;

(g) Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(h) Determining and recommending to the Board, all remuneration, in whatever form, payable to senior management of the Company and determining compensation levels payable to the other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

(i) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(j) Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(k) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including [the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015] and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003; and

(l) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

Evaluation of Performance of Board, Committees and Directors

Pursuant to the provisions of the Act, the SEBI Listing Regulations and the Guidance Note issued by SEBI, the Board of Directors of the Company evaluated the performance of individual Directors, Board as a whole and all the Committees of the Board on the basis of performance evaluation criteria approved by the Nomination and Remuneration Committee of the Company. The individual Directors were assessed after taking into account their overall contribution and engagement in the growth of the Company, active role in monitoring the effectiveness of Company's Corporate Governance practices and adherence to the Code of Conduct etc. The performance of the Committees of the Board was evaluated after considering the composition, regularity of meetings, independence of the Committees from the Board, their contribution to the effective decisions of the Board, etc.

In accordance with the provisions of Schedule IV of the Act and Regulation 25(3) of the SEBI Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 16th March, 2021 through video conferencing due to the COVID-19 pandemic, where the Independent Directors assessed the Executive Directors on the basis of the contribution made by such Directors in the achievement of business targets, development and successful execution of the business plans, their management of relationship with the Members of the Board of Directors and management personnel as well as creating a performance culture to drive value creation.

The Board as a whole was assessed by Independent Directors taking into consideration the diversity, composition of the Board, frequency of meetings, qualification mix, regulatory compliances, corporate culture, values and interaction with the management etc.

The Chairperson of the Company was assessed by the Independent Directors basis his contribution in the growth of the Company with respect to strategic directions on the expansion, diversification and business plans as well as successful execution of business plans and managing the relationship with the Members of the Board and Management. Based on the evaluation, Company expects the Board and the Directors evaluated to continue to play a constructive and meaningful role in creating value for all the stakeholders in the ensuing years.

(7) Remuneration of Directors

(a) Details of the pecuniary relationship or transactions of the Non-Executive Directors of the Company:

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. The details of remuneration paid to Non-Executive Directors for the financial year 2020-2021 are as under:

(₹ in Million)

Name	Sitting Fees	Commission	Other Perquisites	Total
Mr. Ranjal Laxmana Shenoy	0.3	1.8	-	2.1
Mr. Arun Kumar Purwar	0.2	1.8	-	2.0
Mr. Narendra Kumar Aneja	0.2	1.8	-	2.0
Ms. Sudha Ravi	0.2	1.8	-	2.0
Ms. Sangeeta Singh	0.2	1.8	-	2.0
Dr. Dheeraj Sharma	0.1	1.8	-	1.9

(b) Criteria of making payments to Non- Executive Directors (NEDs):

The NEDs play a crucial role to the independent functioning of the Board. NEDs bring in external and wider perspective to the decision-making by the Board. They provide leadership and strategic guidance, while maintaining objective judgment. The NEDs also help the Company in ensuring that all legal requirements and corporate governance are complied with and well taken care of. The responsibilities and obligations imposed on the NEDs have increased manifold in the recent years on account of a number of factors, including the growth in the activities of the Company and the rapid evolution arising out of legal and regulatory provisions and requirements.

Remuneration to the NEDs:

Sitting Fees

For the year ended 31st March, 2021, the Non-Executive Independent Directors were paid a Sitting Fee of ₹ 20,000/- for every Meeting of the Board and/or Committee thereof attended by them.

Thereafter, the Board of Directors of the Company at its meeting held on 25th May, 2021 approved with immediate effect, a Sitting Fee of ₹ 50,000/- to be paid to the Non-Executive Independent Directors for every Meeting of the Board and/ or Committee thereof attended by them.

Commission

Pursuant to the resolution passed by the shareholders of the Company on 16th March, 2015, the Board of Directors is authorised to pay commission to the NEDs/ Independent Directors subject to a maximum limit of 2% of the net profits of the Company for each financial year. The said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive/ Independent Directors based on their attendance and contribution to the Board and Committee Meetings as well as time spent on operational matters other than at meetings.

Apart from Sitting Fees and Commission referred to above and reimbursement of travelling and stay expenses for their attending the Board and Committee Meetings, no payment by way of bonus, pension, incentives, etc. is made to any of the NEDs.

(c) Details of Remuneration to Executive Directors:

The Executive Directors are paid remuneration in accordance with approval of the Board of Directors and shareholders and is subject to the limits prescribed under the Act and Remuneration Policy of the Company.

Details of remuneration paid to the Executive Directors during the financial year 2020-2021 are as follows:

(₹ in Million)

Terms of Remuneration	Name of Directors					
	Mr. Basudeo N. Singh	Mr. Sandeep Singh	Mr. Dhananjay Kumar Singh	Mr. Balmiki Prasad Singh	Mr. Mritunjay Kumar Singh	Mr. Sarvesh Singh
Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	142.8	71.5	69.9	49.7	69.9	30.5
Value of perquisites u/s 17(2) of the Income Tax Act, 1961	4.8	4.9	5.5	2.8	1.3	2.3
Commission	-	35.0	-	-	-	-
Others (Perquisites and Employer Contribution)	11.7	5.8	5.7	3.6	5.7	2.1
Performance Linked Incentive	-	-	-	-	-	-
Total	159.3	117.2	81.1	56.1	76.9	34.9

Service Contracts, Severance Fees and Notice Period

The appointment and remuneration of the Executive Chairman, Managing Director, Joint Managing Director and other Executive Directors is subject to the provisions of the Act and the resolution passed by the Board of Directors and Members of the Company which cover the terms and conditions of such appointment.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Chairman, Managing Director, Joint Managing Director and other Executive Directors.

Employee Stock Option Scheme

The Company does not have any Employee Stock Option Scheme for its Directors and Employees.

(8) Stakeholders' Relationship Committee

The constitution of the Stakeholders' Relationship Committee is in compliance with the provisions of Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations.

During the financial year 2020-2021, 1 (one) Stakeholders' Relationship Committee Meeting was held on 03rd February, 2021.

The composition of the Stakeholders' Relationship Committee as on 31st March, 2021 and attendance of Members in the Meeting during the year was as follows:

Name of the Director	Designation in the Committee	No. of Meetings held during Member's tenure	No. of Meetings attended
Mr. Ranjal Laxmana Shenoy	Chairman	1	1
Mr. Dhananjay Kumar Singh	Member	1	1
Mr. Mritunjay Kumar Singh	Member	1	1

Mr. Manish Narang, President – Legal and Company Secretary was appointed as a Compliance Officer of the Company under Regulation 6 of SEBI Listing Regulations.

Note: The necessary quorum was present for the Meeting.

Terms of reference of Stakeholders' Relationship Committee:

(a) Considering and resolving the grievances of security holders of the Company, including complaints related to transfer/transmission of shares, non-receipt of Annual Reports, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc. or any other documents or information to be sent by the Company to its shareholders etc.

(b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(c) Giving effect to all transfer/ transmission of shares and debentures, dematerialization of shares and rematerialisation of shares, split and issue of duplicate/ consolidated share certificates, allotment and listing of shares, buy back of shares, compliance with all the requirements related to shares, debentures and other securities from time to time;

(d) Oversee the performance of the registrars and transfer agents of the Company and to recommend measures for overall improvement in the quality of investor services and also to monitor the implementation and compliance of the code of conduct for prohibition of insider trading pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, and other related matters as may be assigned by the board of directors;

(e) Review of measures taken for effective exercise of voting rights by shareholders;

(f) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;

(g) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the company; and

(h) Carrying out any other functions as prescribed under the SEBI Listing Regulations.

Details of Investor Complaints

Complaints at the beginning of the FY 2020-2021	Received during the year	Resolved during the year	Complaints at the end of the FY 2020-2021
0	1	1	0

(9) RISK MANAGEMENT COMMITTEE

The constitution of the Risk Management Committee is in compliance with the provisions of Regulation 21 of the SEBI Listing Regulations.

During the financial year 2020-2021, 1 (one) Risk Management Committee Meeting was held on 02nd February, 2021 through video conferencing due to the COVID-19 pandemic.

The composition of the Risk Management Committee as on 31st March, 2021 and attendance of Members in the Meeting during the year was as follows:

Name of the Director	Designation in the Committee	No. of Meetings held during Member's tenure	No. of Meetings attended
Mr. Dhananjay Kumar Singh	Chairman	1	1
Mr. Sandeep Singh	Member	1	1
Mr. Mritunjay Kumar Singh	Member	1	1
Ms. Sudha Ravi	Member	1	1
Dr. Dheeraj Sharma	Member	1	1
Mr. Narendra Kumar Aneja	Member	1	1

Note: The necessary quorum was present for the Meeting.

Terms of reference of the Risk Management Committee:

(a) Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;

(b) Framing, implementing, reviewing and monitoring the risk management plan and cyber security for the Company;

(c) To formulate a detailed risk management policy which shall include:

(i) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

(ii) Measures for risk mitigation including systems and processes for internal control of identified risks.

(iii) Business continuity plan.

(d) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(e) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(f) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(g) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(h) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee; and

(i) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Risk Management Committee.

(10) Corporate Social Responsibility Committee

The constitution of the Corporate Social Responsibility Committee is in compliance with the provisions of Section 135 of the Act.

During the financial year 2020-2021, a total of 3 (three) Corporate Social Responsibility Committee Meetings were held. The Meetings held on 04th June, 2020 and 04th February, 2021 were held through video conferencing while the Meeting held on 05th March, 2021 was a physical meeting.

The composition of the Corporate Social Responsibility Committee as on 31st March, 2021 and attendance of Members in the Meetings during the year was as follows:

Name of the Director	Designation in the Committee	No. of Meetings held during Member's tenure	No. of Meetings attended
Mr. Ranjal Laxmana Shenoy	Chairman	3	3
Mr. Arun Kumar Purwar	Member	3	3
Mr. Dhananjay Kumar Singh	Member	3	3
Mr. Balmiki Prasad Singh	Member	3	1
Mr. Mritunjay Kumar Singh	Member	3	1

Note: The necessary quorum was present for all the Meetings.

The Board of Directors of the Company at its Meeting held on 25th May, 2021, reconstituted with immediate effect the CSR Committee comprising of Mr. Arun Kumar Purwar as Chairman and Mr. Basudeo N Singh, Mr. Sandeep Singh, Mr. Dhananjay Kumar Singh, Mr. Mritunjay Kumar Singh, Ms. Sangeeta Singh and Mr. Ranjal Laxmana Shenoy as Members.

Brief Terms of reference of the Corporate Social Responsibility Committee:

(a) Formulate and recommend to the Board of Directors, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;

(b) Review and recommend the amount of expenditures to be incurred on the activities to be undertaken by the Company;

(c) Monitor the Corporate Social Responsibility policy of the Company from time to time;

(d) Any other matter as the Corporate Social Responsibility Committee may deem appropriate after the approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

(11) General Body Meetings

(i) Location and time of the last three Annual General Meetings (AGM) held are as follows:

Year	Meeting	Location/ Mode	Date	Time	Special Resolutions passed
2017-18	44th AGM	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.	31st August, 2018	10.30 a.m.	NIL
2018-19	45th AGM	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.	27th August, 2019	10.30 a.m.	1. Approval for re-appointment of Mr. Basudeo N. Singh (DIN: 00760310) as Executive Chairman of the Company for a period of one (1) year w.e.f. 01st April, 2019 upto 31st March, 2020. 2. Approval for appointment of Mr. Basudeo N. Singh (DIN: 00760310) as Non-Executive Director designated as Chairman of the Company for a period of five (5) consecutive years w.e.f. 01st April, 2020 upto 31th March, 2025. 3. Approval for re-appointment of Mr. Ranjal Laxmana Shenoy (DIN: 00074761) as an Independent Director for the second term of five (5) consecutive years w.e.f. 16th March, 2020 upto 15th March, 2025. 4. Approval for re-appointment of Mr. Arun Kumar Purwar (DIN: 00026383) as an Independent Director for the second term of five (5) consecutive years w.e.f. 13th July, 2020 upto 12th July, 2025.

Year	Meeting	Location/ Mode	Date	Time	Special Resolutions passed
					5. Approval for re-appointment of Ms. Sangeeta Singh (DIN: 06920906) as an Independent Director for the second term of five (5) consecutive years w.e.f. 13th July, 2020 upto 12th July, 2025. 6. Approval of re-appointment of Ms. Sudha Ravi (DIN: 06764496) as an Independent Director for the second term of five (5) consecutive years w.e.f. 13th July, 2020 upto 12th July, 2025.
2019-20	46th AGM	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").	18th August, 2020	11.00 a.m.	NIL

(ii) Extraordinary General Meeting (EGM):

No Extraordinary General Meeting was held during the financial year.

(iii) Details of Special Resolution passed through Postal Ballot, the person who conducted the Postal Ballot exercise and details of the voting pattern:

During the financial year 2020-21, the Company vide Postal Ballot Notice dated 05th February, 2021 proposed the Special Resolution for Alteration to the Memorandum of Association of the Company, which was passed on 24th March, 2021.

No special resolution is proposed to be passed through Postal Ballot till the date of ensuing AGM to be held on 27th August, 2021.

Person Conducting the Postal Ballot Exercise

Mr. Manish Narang, President – Legal, Company Secretary & Compliance Officer was appointed as person responsible for the entire Postal Ballot process. CS Manish L. Ghia, Partner of M/s. Manish Ghia & Associates, Company Secretaries was appointed as the Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner. CS Manish L. Ghia, Practicing Company Secretary conducted the Postal Ballot process and submitted the report to the Company.

Procedure followed for Postal Ballot

1. In compliance with Regulation 44 of the SEBI Listing Regulations and Sections 108, 110 and other applicable provisions of the Act read with the rules made thereunder, the Company provided electronic voting facility to all its Members, to enable them to cast their votes electronically. The Company engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing remote e-voting facility to the Members for voting on the proposed Special Resolution.

2. The Company dispatched the Postal Ballot Notice dated 05th February, 2021 containing the draft resolution together with the explanatory statement only through electronic mode in compliance with Ministry of Corporate Affairs Circulars No. 14/2020 dated 08th April, 2020, No. 17/2020 dated 13th April, 2020, No. 33/2020 dated 28th September, 2020 and Circular No. 39/2020 dated 31st December, 2020 to those Members whose mail addresses were registered with the Company/Depository Participant and whose names were recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date i.e. Saturday, 13th February, 2021. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable rules.

3. The remote e-voting facility was open for Members to vote from Tuesday, 23rd February, 2021 at 9.00 a.m. to Wednesday, 24th March, 2021 at 5.00 p.m.

4. The Scrutiniser submitted his report on Wednesday, 24th March, 2021, after the completion of scrutiny.

5. The result of the Postal Ballot was declared on Thursday, 25th March, 2021. The Resolution, passed by requisite majority, was deemed to have been passed on the last date of remote e-voting i.e. Wednesday, 24th March, 2021.

6. The result of the Postal Ballot is available on the website of the Company at www.alkemlabs.com, besides being communicated to Stock Exchanges, Depository and Registrar and Share Transfer Agent.

7. Details of voting results:

Special Resolution	No. of votes polled	Votes cast in favour of the Resolution (No. & %)	Votes cast against the Resolution (No. & %)
Alteration to the Memorandum of Association of the Company	10,15,45,864	10,15,25,953 (99.98%)	19,911 (0.02%)

(12) Means of Communication

The Company, from time to time and as may be required, communicates with its shareholders and investors through multiple channels of communications such as dissemination of information on the online portal of the Stock Exchanges, press releases, the Annual Reports and uploading relevant information on its website.

(i) **Financial Results and Statements:** The unaudited quarterly results are announced within forty five days from the end of the quarter. The audited annual results are announced within sixty days from the closure of financial year as required under SEBI Listing Regulations. The aforesaid financial results are communicated to the Stock Exchanges within thirty minutes from the close of the Board Meeting at which these were considered and approved. The results are generally published in Business Standard, national daily newspaper and in Mumbai Lakshadweep, which is a regional (Marathi) daily newspaper.

The audited financial statements form part of the Annual Report which is sent to the Members within the statutory period and well in advance of the AGM. The Annual Report of the Company, the quarterly / half yearly and the yearly financial results and financial statements and the press releases of the Company are also disseminated on the Company's website www.alkemlabs.com and can be downloaded.

(ii) **Presentations, Press Releases:** The presentations on the performance of the Company and press releases are placed on the Company's website immediately after these are communicated to the Stock Exchanges for the benefit of the Institutional Investors and analysts and other shareholders.

(iii) **Material Information:** The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part A of Schedule III of the SEBI Listing Regulations including material information having a bearing on the performance / operations of the listed entity or other price sensitive information.

(iv) **Online filing:** All information is filed electronically on BSE's online Portal – BSE Corporate Compliance & Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), online portal of The National Stock Exchange of India Limited.

(v) **SCORES:** Facility has been provided by SEBI for investors to place their complaints / grievances on a centralized web-based complaints redressal system viz. SEBI Complaints Redress System (SCORES). The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

(13) General Shareholder Information

(a) The 47th AGM of the Members of the Company will be held on Friday, 27th August, 2021 at 11.00 a.m. through video conferencing.

(b) Financial year: 01st April, 2020 to 31st March, 2021.

(c) Dividend payment date: Final Dividend for the financial year 2019-20 was paid during the financial year 2020-21 on and from 21st August, 2020.

Interim Dividend for the financial year 2020-21 was paid on and from 25th February, 2021. Record Date for the purpose of payment of Final Dividend for the financial year ended 31st March, 2021 shall be 10th August, 2021.

Final Dividend on equity shares as recommended by the Directors for the year ended 31st March, 2021, if approved at the AGM, will be paid on and from 01st September, 2021.

(d) **Due dates for Transfer of Unclaimed Dividend to the Investor Education and Protection Fund (IEPF)**

Year	Dividend	Date of Declaration	Due for transfer to IEPF
2015-16	Second Interim	09.03.2016	14.04.2023
2016-17	Interim	11.11.2016	13.12.2023
2016-17	Final	08.09.2017	13.10.2024
2017-18	Interim	09.02.2018	13.03.2025
2017-18	Final	31.08.2018	01.10.2025
2018-19	Interim	08.02.2019	13.03.2026
2018-19	Final	27.08.2019	01.10.2026
2019-20	Interim	07.02.2020	11.03.2027
2019-20	Final	18.08.2020	22.09.2027
2020-21	Interim	05.02.2021	09.03.2028

(e) **Listing on Stock Exchanges**

The Company's shares are listed on the following Stock Exchanges and the annual listing fees has been paid to each of such Stock Exchanges:

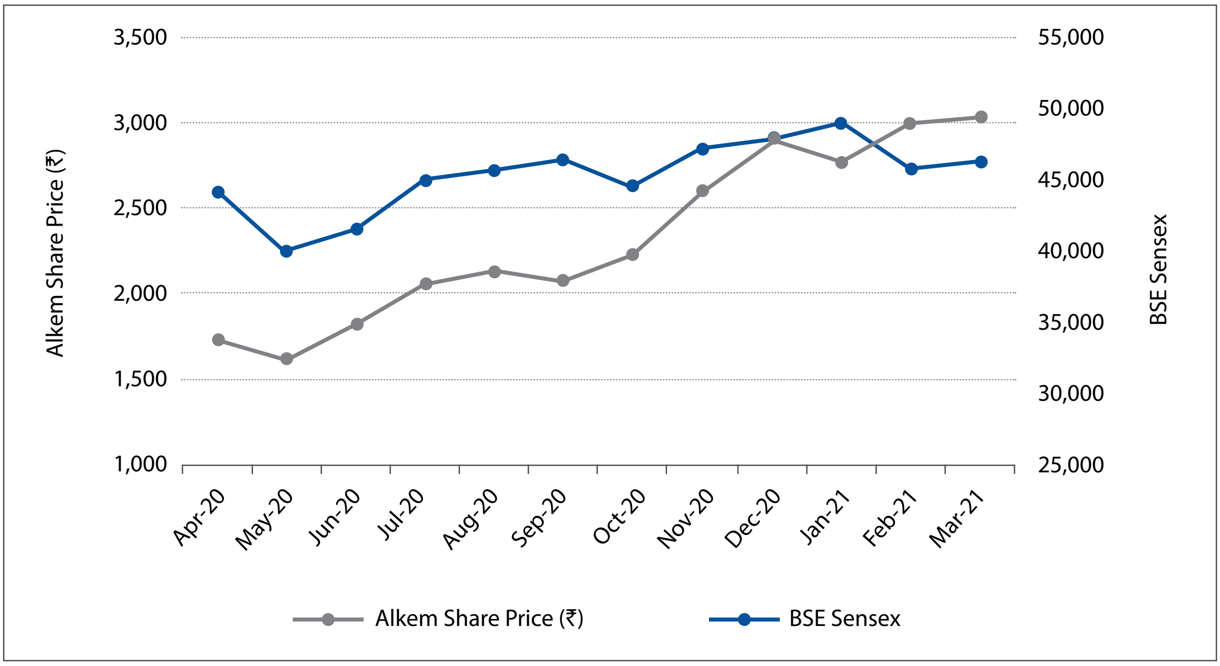
Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN for NSDL / CDSL (Dematerialized shares)
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	539523	INE540L01014
The National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	ALKEM	

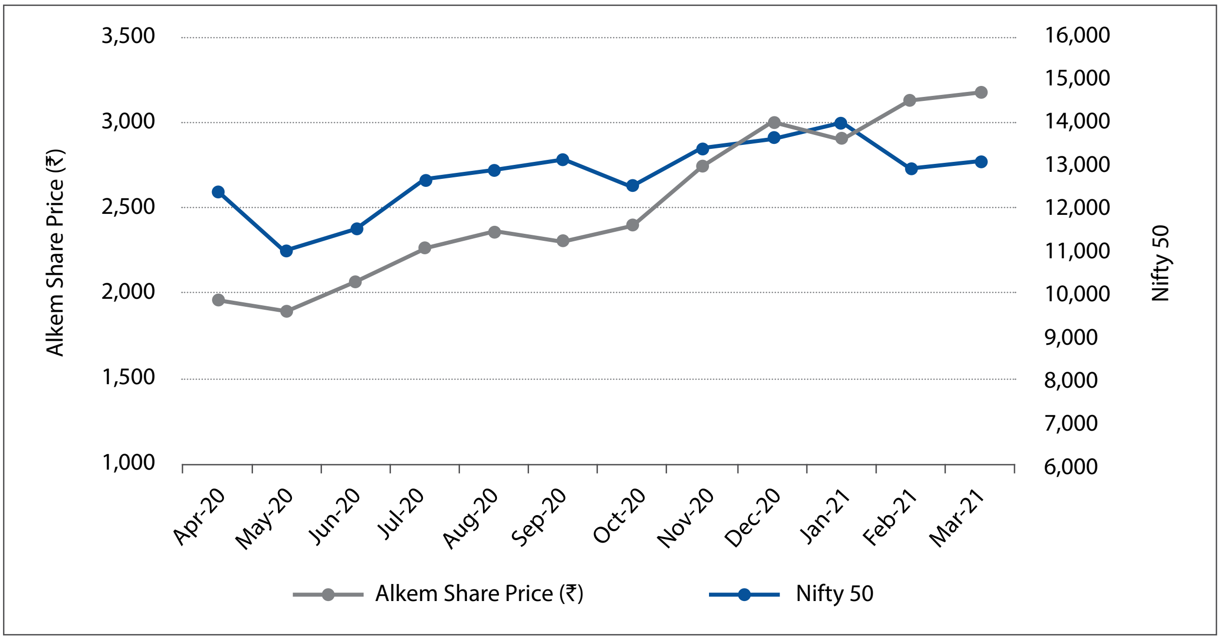
(f) **Market Price data**

Month	BSE			NSE		
	High Price (₹)	Low Price (₹)	Number of Shares Traded	High Price (₹)	Low Price (₹)	Number of Shares Traded
Apr-20	2,882.10	2,238.10	91,046	2,879.00	2,250.00	3,785,891
May-20	2,725.00	2,223.55	64,433	2,730.00	2,222.00	2,814,215
Jun-20	2,520.00	2,261.10	87,967	2,510.15	2,260.00	4,275,863
Jul-20	2,715.00	2,326.00	102,735	2,718.35	2,325.00	3,674,872
Aug-20	3,089.55	2,683.90	306,243	3,090.00	2,680.35	8,811,802
Sep-20	2,987.50	2,651.00	268,343	2,987.90	2,682.00	4,230,539
Oct-20	2,820.00	2,565.00	123,751	2,823.00	2,563.65	1,933,735
Nov-20	2,989.00	2,618.00	163,161	2,865.00	2,616.00	2,813,019
Dec-20	3,000.00	2,758.75	140,633	2,988.00	2,761.10	2,031,191
Jan-21	3,150.00	2,916.95	147,054	3,151.50	2,914.85	2,445,353
Feb-21	3,024.95	2,699.90	109,976	3,030.00	2,710.00	2,233,936
Mar-21	2,960.75	2,544.25	166,753	2,961.00	2,540.05	2,926,063

(g) **Performance in comparison to broad based indices**

Month	BSE		NSE	
	Alkem share price (₹)	S&P BSE Sensex	Alkem share price (₹)	Nifty 50
Apr-20	2,608	33,718	2,599	9,860
May-20	2,261	32,424	2,263	9,580
Jun-20	2,366	34,916	2,368	10,302
Jul-20	2,662	37,607	2,662	11,073
Aug-20	2,721	38,628	2,723	11,388
Sep-20	2,779	38,068	2,778	11,248
Oct-20	2,634	39,614	2,634	11,642
Nov-20	2,841	44,150	2,842	12,969
Dec-20	2,909	47,751	2,926	13,982
Jan-21	3,004	46,286	3,007	13,635
Feb-21	2,719	49,100	2,722	14,529
Mar-21	2,772	49,509	2,770	14,691





(h) Registrar and Share Transfer Agent:

Link Intime India Private Limited, C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083 is the Company's Registrar and Share Transfer Agent and its registration number is INR000004058.

(i) Shares Transfer System:

Regulation 40 of the SEBI Listing Regulations as amended vide SEBI Circular No. SEBI/LAD-NRO/ GN/2018/24 dated 8th June, 2018 mandated the transfer (except in case of transmission or transposition) of securities only in dematerialized form with a depository. Pursuant thereto, Company had sent letters to the sole shareholder holding shares in physical form advising dematerialization of its holding. As on 31st March, 2021, the said shareholder has neither dematerialized its holding nor transferred any shares during the year under review.

(j) Distribution of shareholding

Distribution of shareholding as on 31st March, 2021

Shareholding of Nominal Shares	No. of Folios	% of Total	Total No. of Shares	% of Total
1-1000	96603	99.5169	2512974	2.1018
1001-2000	151	0.1556	215150	0.1799
2001-4000	66	0.068	191904	0.1605
4001-6000	37	0.0381	187171	0.1565
6001-8000	21	0.0216	149045	0.1247
8001-10000	12	0.0124	108655	0.0909
10001-20000	42	0.0433	584675	0.4890
Above 20000	140	0.1442	115615426	96.6967
Total	**97072**	**100.000**	**119565000**	**100.000**
Physical Mode	**1**	**0.00***	**1**	**0.00***
Electronic Mode	**97071**	**100.00**	**119564999**	**100.00**

* Negligible

Shareholding Pattern as on 31st March, 2021

Category	Total Shares	Percentage Total
Clearing Members	88810	0.07
Other Bodies Corporate	169111	0.14
Foreign Inst. Investor	4518	0.00*
Insurance Companies	7193002	6.02
Hindu Undivided Family	90201	0.08
Mutual Funds	8240607	6.90
Nationalised Banks	76860	0.06
Non Nationalised Banks	14	0.00*
Non Resident Indians	134065	0.11
Non Resident (Non Repatriable)	58306	0.05
Public	26002188	21.75
Promoters	71932311	60.16
Trusts	2885	0.00*
Foreign Portfolio Investors	5277987	4.41
Non Institution (any other)	22502	0.02
NBFCs registered with RBI	1000	0.00*
Alternate Investment Funds	270633	0.23
TOTAL	**119565000**	**100**

* Negligible

(k) Dematerialization of shares and liquidity

About 99.99% of the Equity Shares of the Company have been dematerialized up to 31st March, 2021.

(l) Reconciliation of Share Capital Audit

As required by SEBI, quarterly audit of the Company's share capital is being carried out by a Practising Company Secretary (PCS) with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The PCS Certificate in regard to the same is submitted to BSE Limited and The National Stock Exchange of India Limited and is also placed before Stakeholders' Relationship Committee and the Board of Directors.

(m) The Company has not issued any Global Depository Receipts (GDR) or American Depository Receipts (ADR) or Warrants or any convertible instruments.

(n) Foreign Currency Hedging Activities

The Board of Directors of the Company has approved a "Treasury Policy" to manage the treasury risks of the Company within its risk appetite, which is derived from the business exigency and corporate policy. The Hedging activities of the Company shall be a mix of Natural Hedges, Packing Credit and Forwards & Options so that risk can be minimized while capturing opportunity wherever possible.

(o) Plant locations

1. Daman, India.
2. Mandva, Gujarat, India.
3. Ankleshwar, Gujarat, India.
4. Unit I & II, Baddi, Himachal Pradesh, India.
5. Kumrek, East Sikkim, India.
6. Alkem Health Science, (Unit of the Company) Unit I, II & III, Samardung, South Sikkim, India.

7. California, U.S.A.
8. Missouri, U.S.A.
9. Indchemie Health Specialities Private Limited, Somnath, Daman, India.
10. Indchemie Health Specialities Private Limited, Amaliya, Daman, India.
11. Indchemie Health Specialities Private Limited, Baddi, Himachal Pradesh, India.
12. Unit I & II, Indchemie Health Specialities Private Limited, Kumrek, East Sikkim, India.
13. Cachet Pharmaceuticals Private Limited, Baddi, Himachal Pradesh, India.
14. Alkem Labs Ltd, Unit 5, South Sikkim, India.
15. Alkem Labs Ltd., S.E.Z., Indore, Madhya Pradesh, India.
16. Enzene Biosciences Limited, Chakan, Pune, Maharashtra, India.

(p) **Address for correspondence**

Alkem Laboratories Limited, Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
Tel No: +91 22 3982 9999; Fax No: +91 22 2495 2955

Communication by E-mail:
For transfer / transmission / subdivision / demat / loss of shares / dividend / general inquiries and investor grievance: investors@alkem.com

List of Credit Ratings
Credit Ratings of Company's outstanding instruments:

Instrument Type	Rating Agency	Credit Rating
Commercial Paper	CRISIL	CRISIL A1+
	India Ratings (Fitch)	IND A1+

Credit Ratings of Company's outstanding facilities:

Rating	Rating Agency	Credit Rating	Outlook
Long Term Rating	CRISIL	CRISIL AA+	Stable
Short Term Rating	CRISIL	CRISIL A1+	-
Long Term Rating	CARE Rating	CARE AA+	Stable
Short Term Rating	CARE Rating	CARE A1+	-

(14) Disclosures

(a) **Related Party Transactions**
The Company has adequate procedures for purpose of identification and monitoring of related party transactions. The details of the materially significant transactions entered into by the Company with related party(ies) during the financial year 2020-2021 have been disclosed in Annexure G forming part of the Directors' Report. All contracts, arrangements and transactions entered by the Company with related parties during the financial year 2020-21 were on an arm's length basis. All related party transactions are placed before the Audit Committee on a quarterly basis for review and approval, as appropriate. The details of related party transactions are provided in notes to financial statements of this Annual Report. The policy on related party transaction has been placed on the Company's website and can be accessed through https://www.alkemlabs.com/pdf/policies/84051713915915Policy_on_Related_Party_Transactions.pdf

(b) **Strictures and Penalties**
No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

(c) **Whistle Blower Policy**
The Company requires its Officers and Employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. For this purpose the Board of Directors of the Company has adopted "Whistle Blower Policy" to encourage and enable employees and volunteers of the Company to report any action or suspected action taken within the Company that is illegal, fraudulent or in violation of any adopted policy and to build and strengthen a culture of transparency and trust within the organization. The person making a report of the violation can keep his/her identity anonymous and choose to submit the violation report on a confidential basis. If an individual reasonably believes that a violation has occurred, the individual is encouraged to share his or her questions, concerns, suggestion or complaints to person designated by the Company. Specific telephone number and email ID is mentioned in the Whistle Blower Policy. In addition to the above, under exceptional circumstances a complainant can complain directly to the Chairman of the Audit Committee. No personnel of the Company has been denied access to either the Designated Person or to the Audit Committee. The Whistle blower Policy has been placed on the Company's website and can be accessed through https://www.alkemlabs.com/pdf/policies/961507913Whistle_Blower_Policy.pdf

(d) The Company has formulated Risk Management Plan and all the directors are informed about risk assessment and minimization procedures.

(e) **Subsidiary Companies**
The Company's policy on "material subsidiary" is placed on the Company's website and can be accessed through weblink https://www.alkemlabs.com/pdf/policies/1594553244Policy_for_determining.pdf

(f) The Company does not undertake any Commodity hedging activities.

(g) The Company has not raised any funds by way of preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI Listing Regulations.

(h) A certificate from a Company Secretary in practice that none of the directors are disqualified or debarred from being appointed or continuing as a director of the Company by Securities Exchange Board of India / Ministry of Corporate Affairs or any other authority has been annexed to the Corporate Governance Report.

(i) The Board has accepted all the recommendations of the Committees of the Board.

(j) Total fees of ₹ 29.3 Million was paid for the financial year 2020-2021 for all services provided to the Company and its subsidiaries, on a consolidated basis, to M/s B S R & Co., Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part.

(k) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year : NA

b. number of complaints disposed of during the financial year : NA

c. number of complaints pending as on end of the financial year : NA

(15) Compliance with Discretionary Requirements

i. Company has an Executive Chairperson.

ii. Quarterly and half yearly financial statements are published in the newspapers and are also posted on the Company's website.

iii. The Company's financial statement for the financial year ended 31st March, 2021 does not contain any modified audit opinion.

iv. Internal Auditors directly report to the Audit Committee.

(16) There are no Equity Shares of the Company in the demat suspense or unclaimed suspense account.

(17) The Company has complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46 (2) of the SEBI Listing Regulations.

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 25th May, 2021

To
The Board of Directors
Alkem Laboratories Limited
Alkem House,
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400 013.

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Regulation 26(3) and Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that the Directors and the Senior Management Personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics as on 31st March, 2021.

Alkem Laboratories Limited

Sandeep Singh
Managing Director

Date: 25th May, 2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members
Alkem Laboratories Limited
Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Alkem Laboratories Limited having CIN: L00305MH1973PLC174201 and having registered office at Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of Appointment in Company
1	Mr. Basudeo Singh	00760310	08-08-1973
2	Mr. Sandeep Singh	01277984	09-08-2013
3	Mr. Dhananjay Kumar Singh	00739153	25-10-1988
4	Mr. Balmiki Prasad Singh	00739856	01-04-2010
5	Mr. Mritunjay Kumar Singh	00881412	11-02-2008
6	Mr. Arun Kumar Purwar	00026383	16-03-2015
7	Mr. Ranjal Laxmana Shenoy	00074761	20-02-2015
8	Ms. Sangeeta Singh	06920906	29-06-2015
9	Ms. Sudha Ravi	06764496	29-06-2015
10	Dr. Dheeraj Sharma	07683375	26-05-2017
11	Mr. Sarvesh Singh	01278229	11-11-2019
12	Mr. Narendra Aneja	00124302	16-03-2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Manish Ghia & Associates**
Company Secretaries
(Unique ID: P2006MH007100)

CS Mannish L. Ghia
Partner
M. No. FCS 6252, C.P. No. 3531
PR 822/2020
UDIN: F006252C000362080

Place: Mumbai
Date: May 25, 2021

Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of
Alkem Laboratories Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 21 October 2020 and addendum to the engagement letter dated 21 May 2021.

2. We have examined the compliance of conditions of Corporate Governance by Alkem Laboratories Limited ("the Company"), for the year ended 31 March 2021, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2021.

6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For B S R & Co.LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648
UDIN:21048648AAAABD2575

Place: Mumbai
Date: 25 May 2021

Business Responsibility Report

INTRODUCTION

At Alkem, we ensure that business is conducted ethically and responsibly at all times, by way of focusing on the core economic, environmental and social aspects that are integral to supporting and growing our Company in the long-run. We continuously endeavor to optimize our business performance to make a positive contribution to sustainable development and to create shared value for all stakeholders of the Company.

Following details outline the initiatives taken by the Company from an environmental, social and governance perspective in the form of a 'Business Responsibility Report' as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:**
   L00305MH1973PLC174201

2. **Name of the Company:**
   Alkem Laboratories Limited

3. **Registered address:**
   "Alkem House", Senapati Bapat Marg, Lower Parel,
   Mumbai – 400 013.
   Tel: +91 22 3982 9999

4. **Website:** www.alkemlabs.com

5. **E-mail id:** investors@alkem.com

6. **Financial Year reported:** April 1, 2020 to March 31, 2021

7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**
   Pharmaceutical products, NIC Code – 210

8. **Three key products/services that the Company manufactures/provides (as in balance sheet):**

   Company's three key products are:

   1. Gabapentin
   2. PAN
   3. PAN - D

9. **Total number of locations where business activity is undertaken by the Company:**

   a) *Number of International Locations (Provide details of major 5):*
   The Company has strong foothold and presence in more than 50 international markets.

   The major five locations involved in the sales operations overseas are:
   USA, Australia, Chile, United Kingdom and Kazakhstan.

   b) *Number of National locations:*
   The Company's manufacturing footprints are present at total of 20 manufacturing facilities out of which 18 are in India.

   Major locations: Sikkim, Daman and Gujarat.

10. **Markets served by the Company – Local/State/National/International:**
   We serve both National as well as International markets. Apart from our strong foothold in the domestic market, we also have presence in more than 50 countries.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (₹)** – 239.1 Million

2. **Total Turnover (₹)** – 72,196.8 Million

3. **Total profit after taxes (₹)** – 16,850.8 Million

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)** – 2% of average net profits of the Company made during the three immediately preceding financial years. Please refer to Annexure C to the Directors' Report in the Annual Report.

5. **List of activities in which expenditure in 4 above has been incurred:-**
   Education: The Company in collaboration with different NGO's in Mumbai, Kolkata, Gujarat and Madhya Pradesh provided education to the dropout children and remedial classes especially for the underprivileged students. Support for conducting the classes of children living in slum areas of Dharavi (Mumbai) and tribal areas of West Bengal and Indore.

   Healthcare & Sanitation: Free medical checkup camps, awareness programs, Cochlear Implant, awareness on Anemia and Covid-19, Spine Surgeries, Cataract Surgeries and other healthcare related activities in partnership with different NGOs were taken up. The Company also runs its own healthcare centers in the areas in and around Sikkim and Baddi (Himachal Pradesh) where Company has its manufacturing facilities. In addition to the same, provision of Medical Mobile Van Service that runs with a dedicated paramedic and a doctor to cater to the immediate medical and health issues of the tribal villages in Maldunge Panchayat of Raigad District (Maharashtra), Sikkim and Baddi (Himachal Pradesh). Construction of public toilets and sanitation facilities at Sikkim, Raigad (Maharashtra) and Baddi (Himachal Pradesh). Provided PPE Kits, Mask, Sanitizers in various hospitals and police stations. Mass scale awareness program on Anemia and Covid-19 and Menstrual Hygiene for adolescent girl's. Distributed Ration Kits in the villages of Baddi (Himachal Pradesh), Mandva (Gujarat), Daman, Indore, Mumbai, Navi Mumbai and Sikkim for eradicating hunger and starvation of poor families. A dedicated Mother and Child health program continues to run in Maldunge Panchayat of Raigad District (Maharashtra). A project on Early Cancer Detection camps in District Hospital of Buxar, Jahanabad and Bhagalpur (Bihar) in collaboration with Tata Memorial Centre. Construction of Radiotherapy block in Muzaffarpur (Bihar).

Rural Development: Stitching training is provided to women at Baddi (Himachal Pradesh), Naugama (Gujarat) and Daman. Renovation of Anganwadi and provided with infrastructure facilities in some rural areas. Provided facilities for quality drinking water at Mandva (Gujarat), Raigad (Maharashtra), Indore (Madhya Pradesh) and Baddi (Himachal Pradesh). Efforts of building up of Self Help Group in Mandva (Gujarat).

For more details on our CSR Initiatives, please refer Annexure C to the Directors' Report.

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**
   Yes, the Company has subsidiaries and details of the same can be found in Annexure B to the Directors' Report.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**
   The Company has undertaken BR initiatives independently and through its subsidiary Alkem Foundation during the Financial Year 2020-21. Indchemie Health Specialities Private Limited, subsidiary of the Company, participates in BR initiative through its own CSR Activities.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**
   No.

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. **Details of Director/ Directors responsible for BR**

   a) Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN number	01277984
Name	Mr. Sandeep Singh
Designation	Managing Director
Telephone number	+91 22 3982 9999
Email ID	investors@alkem.com

   b) Details of the BR head

DIN number	01277984
Name	Mr. Sandeep Singh
Designation	Managing Director
Telephone number	+91 22 3982 9999
Email ID	investors@alkem.com

2. **Principle-wise [as per National Voluntary Guidelines (NVGs)] BR Policy/policies**

   a) Details of compliance (Reply in Y/N)

   The 9 principles of the National Voluntary Guidelines are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the well-being of all employees
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Policies are available on the website of the Company https://www.alkemlabs.com and the policies which are internal to the Company are available on the intranet of the Company.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(*) – The policies have been developed on the lines of the 'National Voluntary Guidelines on Social, Environment, and Economic responsibilities of businesses' established by the Ministry of Corporate Affairs, Government of India in 2011.

b) *If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)* – Not Applicable.

3. **Governance related to BR**

a) ***Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.***

The Board of Directors review the BR performance of the Company. Board meets atleast once in a quarter and important aspects of the BR are deliberated and discussed by the Board.

b) ***Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?***

The Company publishes Business Responsibility Report annually along with the Annual Report. The Company's Business Responsibility Reports can be viewed at https://www.alkemlabs.com/annual-reports

SECTION E: PRINCIPLE-WISE PERFORMANCE

1 PRINCIPLE

BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

Yes. The Company has in place, the 'Code of Ethics for Employees' and 'Code of Business Conduct and Ethics for Directors and Senior Management' to promote highest standard of ethical conduct in all of its business activities. The Company also has in place separate Code of Ethics for its Suppliers, Vendors and other Stakeholders and it encourages them to follow ethical practices throughout their respective operations.

Through policies like Whistle Blower and Prevention of Sexual Harassment of Employees, the Company has laid down the rules and procedures, through which the employees of the Company can report any actual or suspected illegal or fraudulent actions or wrongdoings. The complaints received under the aforesaid Policies are dealt with by the Company as per the procedures provided under the respective policies.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Our Whistle Blower Policy enables and encourages employees and volunteers of the Company to report any action or suspected action taken within the Company that is illegal, fraudulent or in violation of any adopted policy of the Company.

Nineteen complaints were received under whistle blower mechanism out of which majority relates to marketing. The said complaints were presented and discussed in the Audit Committee Meetings and same were resolved satisfactorily.

2 PRINCIPLE

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

1. List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

a. Jupiros (Rosuvastatin) for reducing Cholesterol and control of dyslipidemia one of the rising concerns.

b. Donep (Donepezil) for the treatment of Alzheimer's disease a chronic progressive neurological disease characterized by dementia.

c. Pan (Pantoprazole) an Anti-Ulcer Drug for treatment of hyperacidity and other acid peptic disorders.

2. For each product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional).

a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company is engaged in mass production of a wide array of pharmaceutical and nutraceutical products. It is more appropriate to measure resource consumption on the basis of product-wise batches manufactured, rather than individual units as it is difficult to quantify the value of such reduction.

Considering the fact that the production levels have gone up as compared to the previous year, the consumption of resources too has increased, though not at same proportion as the resources consumption per unit depends upon product mix.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes. The Company has in place, standard operating procedures related to green procurement through which the Company endeavors to strengthen its procurement processes of energy, water, raw materials, packaging material and finished goods keeping in view the applicable regulatory compliance.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company utilises organic/bio fuels in its manufacturing facilities viz. rice husk and briquettes which make up for 95% of our inputs for production related utility requirements. These fuels are procured from farmers in the vicinity of Company's manufacturing facilities who generate it through their farming activities. The Company operates in regulated industry and therefore, it is necessary to have quality assurance of resources procured from outside vendors for which the Company conducts initial and regular periodic audits for qualification and re-qualification of the vendors. The Company endeavors to engage with MSME registered vendors wherever possible. Though the Company has continuing business relationship with approved regular vendors, the Company believes in having alternate vendors in areas where having single vendors would impact Company's business adversely.

The Company also organizes periodic meets with the vendors including local vendors, for discussing the need of revising quality standards. Process related information is provided to the vendors along with a do's and don'ts list. A Corrective and Preventive Action (CAPA) list has been implemented across all the vendors to avoid repetition of errors and improvement in quality.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company ensures that no waste/rejected/expired batch materials are returned to the production process considering the kind of industry in which it operates. The Company also takes extreme care to ensure that the waste generated is sent through proper channels for incineration as these are mostly bio-medical and hazardous waste and requires appropriate disposal mechanisms.

The Company has in place, proper systems to re-cycle the waste water generated in the manufacturing facilities. After treating the waste-water generated, it is re-used for multiple purposes like gardening and cleaning, within factory premises which help in reducing the consumption of water.

3 PRINCIPLE

BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

1. **Please indicate the Total number of employees.**

   As on 31st March, 2021, there were 15,357 employees in the Company.

2. **Please indicate the Total number of employees hired on temporary/ contractual/casual basis.**

   As on 31st March, 2021, there were 3,237 employees hired on temporary/contractual/casual basis in the Company.

3. **Please indicate the Number of permanent women employees.**

   As on 31st March, 2021, there were 467 women employees in the Company.

4. **Please indicate the Number of permanent employees with disabilities.**

   As on 31st March, 2021, there were 4 employees with disabilities in the Company.

5. **Do you have an employee association that is recognized by management?**

   There are no employee associations in the organization.

6. **What percentage of your permanent employees is members of this recognized employee association?**

   This is not applicable.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of this financial year
1	Child labour/ forced labour/ involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Category	Skill upgradation training	Safety training
Permanent Employees	75%	90%
Permanent Women Employees	63%	92%
Casual/ Temporary/ Contractual Employees	13%	97%

4 PRINCIPLE

BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TO ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE, AND MARGINALIZED.

1. **Has the company mapped its internal and external stakeholders? Yes/No**

   Yes. The Company has identified and mapped the internal and external stakeholders.

2. **Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders?**

   The Company undertakes engagement with stakeholders by identifying and classifying them and thereafter designing its CSR programmes to serve the target disadvantaged, vulnerable and marginalized stakeholders. The Company identifies those stakeholders who are less-fortunate than others and who require more support.

Stakeholder	Areas of concern addressed
Women	Provided stitching training to ladies in Baddi (Himachal Pradesh), Naugama (Gujarat) and Daman and organized free breast cancer detection camps at Maharashtra. Mother and child health programs continues to runs in Maldunge Panchayat of Raigad District (Maharashtra). Efforts of building up of Self Help Group in Mandva (Gujarat).
Patients	Provided support towards spine surgery for underprivileged patients. Provided Nutritional facilities to Cancer patients and organized awareness programs on Anemia and Covid-19.
Children	Support for provision of Cochlear Implants and hearing device for deaf children. Provided with infrastructures facilities such as furniture, stationary items and safe drinking water in Government and Rural schools. Support for conducting the classes of children living in slums in Dharavi (Mumbai) and tribal areas of West Bengal and Indore. Promoting hygiene awareness and adolescent health programs with special emphasis on girl child.
Villagers / Communities	Provided facilities for quality drinking water at Mandva (Gujarat), Raigad (Maharashtra), Indore (Madhya Pradesh) and Baddi (Himachal Pradesh). Construction of public toilets and sanitation facilities at Sikkim, Raigad (Maharashtra) and Baddi (Himachal Pradesh); provided healthcare facilities in Primary Healthcare Centres at Baddi (Himachal Pradesh) and Sikkim and provided Mobile Health Clinic Services in rural areas of Baddi (Himachal Pradesh), Sikkim and Raigad (Maharashtra). Distributed Ration Kits in the villages of Baddi (Himachal Pradesh), Mandva (Gujarat), Daman, Indore, Mumbai, Navi Mumbai and Sikkim for eradicating hunger and starvation of poor families.

Students	Provided infrastructure facilities such as furniture, stationery items and also facilitated with good quality drinking water and sanitation facilities in Government Schools. Creation of employment opportunities by conducting skill development program for unemployed youth in Daman and Baddi (Himachal Pradesh).
NGO's/ Institutions/ Government	Provided support to NGO's through various health camps and awareness programs and treatment of diseases in different parts of the country. A Pilot Project in the remote district of Buxar, Jahanabad and Bhagalpur (Bihar) in collaboration with Tata Memorial Centre on Early Cancer Detection. Provided Support in establishment of Covid-19 Lab in Daman and Sikkim. Provided PPE Kits, Mask and Sanitizers at various institutions like the police stations, medical colleges, hospital, etc. in Sikkim, Indore (Madhya Pradesh), Baddi (Himachal Pradesh) and Maharashtra. Contribution in PM care relief fund to support the Covid-19 pandemic.

3. **Are there special initiatives taken by the company to engage with disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   The Company focuses serving disadvantaged, vulnerable and marginalized stakeholders in core areas near to its manufacturing facilities and R&D centers and also serves community at large, through various CSR initiatives enumerated hereinabove and detailed in Annexure C to the Directors' Report.

5 PRINCIPLE

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. **Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Company's Human Rights policy covers all its employees across all grades and locations and stakeholders. The Code of Ethics for Suppliers, Vendors and other Stakeholders contains covenants on human rights aspect that are applicable to our Suppliers, Vendors and Contractors.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Company has not received any complaint regarding violation of human rights during the financial year 2020-21.

6 PRINCIPLE

BUSINESSES SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. **Does the policy related to Principle 6 cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Company's policy applies to all the offices and manufacturing locations across India and as well as overseas. The Code of Ethics for Suppliers, Vendors and other Stakeholders contains covenants on environmental aspects that are applicable to our Suppliers, Vendors and Contractors.

2. **Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   The Company, while undertaking its business operations, also keeps in mind the harmful effects that it's activities might have on the environment. Towards this, the Company takes initiatives like groundwater harvesting, usage of biomass fuel, usage of non CFC refrigants like R134 and R123 in chillers, replacement of CFL lights to LED, installation of VFDs, usage of briquettes in boilers at its manufacturing facilities.

3. **Does the company identify and assess potential environmental risks?**

   The Company has in place Environment Management System. The Company's manufacturing facilities in Baddi and Daman are certified with Environmental Management System ISO 14001:2015 and Occupational Health & Safety Management System ISO 45001:2018. The Company carries out Environmental Impact Assessment (EIA) before commencement of the operation at the manufacturing facilities and based on the EIA study results, mitigation techniques / strategies are devised to address the concerns, if any. Through the applicable periodic Environment Test Analysis reports, the Company monitors and assesses the impact of its activities on the environment. This is done to manage our responsibilities towards the environment.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   The Company currently does not have any projects related to Clean Development Mechanism.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.**

   Yes. The Company endeavors towards having clean technology and energy efficiency across its operations.

   Some of the key initiatives are:

   - Installed Variable Frequency Drive (VFD) at Baddi, Ankleshwar and Sikkim plants for power saving.

- Installed LED Lights at Baddi, Daman, Ankleshwar and Sikkim plants for power saving.
- Installed energy efficient pumps at Baddi for Optimization of Heating Ventilation and Air Conditioning (HVAC) chilled water circulation.
- Installed heat pump at Daman plant to recover steam condensate heat.
- Energy efficient air compressor installed at Mandva plant.
- Reduced the temperature and Relative Humidity (RH) mapping duration from 72 hours to 24 hours at Baddi plant for low RH area.
- Steam Proportional integral derivative (PID) control valve installed at Mandva plant instead of ON/OFF valve, which provides the precise set point control with optimum steam consumption.
- Light motion sensors installed at Baddi and Sikkim plant for automatic controlling of the lights depending upon any occupancy in area.
- Air Gun installed on compressed air lines in manufacturing areas to reduce the air consumption during the change while cleaning / equipment washing.
- High pressure cleaning jet (Karcher make) installed at Baddi plant for equipment cleaning and reduces the purified water consumption.
- PID steam valves installed at Ankleshwar plant in dryer and hot water generator for precise control of temperature and optimum steam consumption.
- Air Handling Units (AHUs) shutdown practice implemented during no activity area resulting in saving of energy at Indore plant.
- Steam Condensate Recovery System (CRS) installed at Indore plant, to recover hot condensate water in Boiler feed water tank to utilize the condensate heat.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   The Company has complied with local laws and regulations and ensures that all the waste generated at the manufacturing facilities are within the permissible limits and are also disposed in a responsible manner through the right channels as well as in adherence to applicable regulations.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   There are no show cause/ legal notices received from CPCB/SPCB which are pending as on 31st March, 2021.

7 PRINCIPLE

BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. **Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:**

   Yes. We are active members of the following associations:

   a. Indian Drugs Manufacturer's Association (IDMA)
   b. Indian Pharmaceutical Alliance (IPA)
   c. Bombay Chamber of Commerce & Industry
   d. Pharmaceutical Export Promotion Council of India (Pharmexcil)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

   We have advocated for Economic Reforms through the associations.

8 PRINCIPLE

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   Yes. For more details on our CSR Initiatives, please refer Annexure C to the Directors' Report.

2. **Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   The Company undertakes its CSR projects in-house, through its subsidiary Alkem Foundation and also collaborates with external NGOs whenever considered expedient in order to make use of their expertise and their reach to the targeted beneficiaries of the respective programme.

3. **Have you done any impact assessment of your initiative?**

   In order to ensure that the CSR initiatives are directed towards the objectives and meet the desired results, it is important for us to know the impact that the project creates by monitoring the impact internally or through respective NGOs with whom we work. We regularly meet with the project coordinators, external agencies and stakeholders to assess the impact of our CSR projects.

4. **What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken?**

   For more details on our CSR Initiatives, please refer Annexure C to the Directors' Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   All our initiatives for the projects done individually as well as that done through NGOs are planned, monitored and evaluated in partnership with the communities. We also maintain all relevant documents, collect records and of the activities related to all the projects and most importantly visits to the locations for timely and accurate evaluation of the project.

9 PRINCIPLE

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year.**

   Two consumer cases were pending as at the end of the financial year.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information).**

   All the medicinal products manufactured and marketed by the Company are accompanied by label displaying product information as mandated by applicable law.

   The information included in the label is approved by the respective regulatory authorities of the marketing country.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

   a. The Competition Commission of India ("CCI") by an order dated 1st December, 2015 imposed a pecuniary penalty of ₹ 746.3 Million on Alkem Laboratories Limited ("Company"), alleging anti-competitive practices under the Competition Act. An appeal was filed before the Competition Appellate Tribunal ("COMPAT") against the CCI order and the CCI Order was set aside on merit on 10th May, 2016. The CCI in exercise of its legal rights preferred the final appeal before the Supreme Court of India on 16th August, 2016, against the Order of the COMPAT and got the matter admitted. The Order of the COMPAT has not been stayed by the Supreme Court of India hence the status quo of "no liability" against the Company continues as on date and the matter is still pending resolution.

   b. A complaint was filed against Alkem Laboratories Limited ("Company") before the Competition Commission of India ("CCI") alleging anti-competitive practices under the Competition Act. After final hearing, by an order dated 12th March, 2020 CCI has disposed off the said matter. No pecuniary penalties have been imposed on the Company. The CCI has directed the Company and their respective office bearers who have been held liable in terms of the provisions of the Act, to cease and desist in future from indulging in practices which have been found in the present order to be in contravention of the Competition Act.

      The Company has filed an appeal against the order of the CCI before the National Company Law Appellate Tribunal (NCLAT) despite no pecuniary liability has been imposed against the Company. The matter has been pending for admission before the Court.

      During the financial year 2020-21, there were no cases filed by any stakeholder against the Company regarding irresponsible advertising.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   The Company's products are prescribed and recommended to the patients (consumers) by medical professionals. As the consumer exercises little to no power in choosing the drugs especially from the speciality category, we do not conduct any consumer survey.

Independent Auditors' Report

To the Members of

Alkem Laboratories Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Alkem Laboratories Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue from operations

The key audit matter description	How the matter was addressed in our audit
• Revenue is recognized when the control of the products being sold has been transferred to the customer. There is a risk of revenue being overstated at period end as management, to achieve its performance targets, may recognise certain transactions as revenue though control may not have transferred to the customer as of the period end. This was an area of focus for us. • Refer Note 2.9 of the standalone financial statements for details on accounting policy on revenue recognition.	In view of significance of the matter we applied following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence: • Evaluated the Company's revenue recognition policies by assessing compliance with applicable accounting standards. • Tested design, implementation and operating effectiveness of the Company's general IT controls and key IT application/ manual controls over the Company's systems which governs recording of revenue, creation of new customers and key controls over revenue cut-off in the general ledger accounting system. • Performed substantive testing (including period end cut off testing) by selecting samples of revenue transactions recorded during the year-end, by verifying the underlying documents, which include testing contractual terms of sale contracts / invoices, shipping documents and lag time to test evidence for transfer of control. • Performed analysis such as sales trend, one-off sales to customers during the year to identify any unusual fluctuations. • Tested significant manual journals posted to revenue to identify unusual items.

Independent Auditors' Report (Continued)

Assessment of recoverability of the carrying value of investment in subsidiaries

The key audit matter description	How the matter was addressed in our audit
• As at 31 March 2021, the carrying amount of investment in subsidiaries is ₹ 18,770 million. The carrying value of investment in subsidiaries will be recovered through future cash flows and accordingly there is inherent risk that these assets may be impaired if these cash flows do not meet the Company's expectations. Refer Note 2.4, 3.2 and 3.45 to the standalone financial statements for details of accounting policies on impairment of investment in subsidiaries and related disclosures. • Annual impairment testing of investments is considered to be a key audit matter due to the significance of the carrying value of these investments in the standalone financial statements, inherent complexity in auditing the forward-looking assumptions applied to determine recoverable value given the significant judgements involved. The key assumptions in the cash flow models include the forecast revenue, margins, terminal growth, weighted average cost of capital (discount rate) and uncertainty in business across geographies arising from the impact of Covid-19 pandemic.	In view of significance of the matter we applied following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence: • Tested operating effectiveness of controls over Company's review of impairment analysis. • Compared the inputs with historical growth trends evaluating the forecast used in prior year models to its actual performance of the business. • Compared current forecasts to the business plan approved by the Board of Directors. Using our knowledge of the Company and industry, challenged significant assumptions and judgements used by the Company in its impairment assessment, specifically in relation to forecast revenue, margins, terminal growth rate, consideration of impact of economic slowdown caused by Covid 19 pandemic and discount rates with the assistance of our valuation specialists. • Performed sensitivity analysis of the key assumptions, including revenue growth rates, projected gross margins, and the discount rate applied in determining the recoverable value and considering the resulting impact on the impairment testing and whether there were any indicators of management bias in the selection of these key assumptions; • Evaluated adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities and impairment adjustment recorded during the year under audit.

Minimum Alternate Tax credit asset

The key audit matter description	How the matter was addressed in our audit
• The Company pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961, and has recognised deferred tax asset (DTA) aggregating ₹ 10,174 million as at 31 March 2021, in relation to unutilized MAT credit. • The MAT paid is available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Company pays taxes under the normal provision of Income Tax Act, 1961. Refer note 2.12 for accounting policies and note 3.7 for disclosures related to DTA on Mat credit asset in the standalone financial statements. Period-end assessment of recoverability of DTA in relation to MAT credit asset is considered to be a key audit matter due to the significance of carrying value of MAT credit asset in the standalone financial statements. The assessment of recoverability of DTA on account of MAT credit asset requires significant judgment regarding the Company's estimation of future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.	In view of significance of the matter we applied following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence: • Evaluated the Company's accounting policy in respect of DTA by comparing compliance with applicable accounting standards • Evaluated Company's controls over the assumptions and judgments used in the projections of taxable future income. • Assessed Company's ability to estimate future taxable income by comparing the prior year forecasts to actual results. • Performed a sensitivity analysis over the key assumptions to assess their impact on the reasonability in Company's determination that MAT credit asset were realizable. • In respect of DTA on account of MAT credit asset, we evaluated the Company's assessment and conclusion in relation to its utilization within the period allowed for carry forward and set off against forecasted taxable income streams. • Evaluated adequacy of disclosures in relation to DTA on account of MAT credit asset made in the standalone financial statements.

Independent Auditors' Report (Continued)

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditors' Report (Continued)

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 3.26 to the standalone financial statements;.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648
UDIN: 21048648AAAABB4812

Mumbai
25 May 2021

Annexure A to the Independent Auditor's Report

The annexure referred to in independent auditors' report to the members of the Company on the standalone financial statements for the year ended 31 March 2021. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this program, a portion of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the company.

(ii) The inventory, except goods-in-transit has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and book records were not material.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, with respect to the investments made, loans, guarantees given to subsidiaries and securities given in respect of loan taken by the subsidiaries.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits in terms of directives issued by the Reserve Bank of India or under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues of, employees' state insurance, profession tax, income-tax, goods and services tax, duty of custom, cess and other material statutory dues have been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, profession tax, income-tax, goods and services tax, duty of custom, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise and value added tax as at 31 March 2021 which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Enclosure I to this report.

(viii) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. There are no dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

Annexure A to the Independent Auditor's Report (Continued)

(xi) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is in compliance with Section 177 and 188 of the Act were applicable. The details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, and based on our examination of records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648
UDIN: 21048648AAAABB4812

Mumbai
25 May 2021

Annexure A to the Independent Auditor's Report (Continued)

Enclosure I to Annexure A to the Independent Auditor's Report – 31 March 2021

Name of the Statute	Nature of dues	Amount under dispute (₹ in Million)	Amount paid under protest (₹ in Million)	Financial year / year (s)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty and Penalty	128.6	8.6	2006-2014	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	53.1	4.0	2015	Joint Secretary
Maharashtra VAT Act, 2002	Value Added Tax	107.0	12.0	2006-2015	Joint Dy. Commissioner of Sales Tax (Appeals)
Maharashtra VAT Act, 2002	Value Added Tax	65.4	4.6	2012-2014	Joint Commissioner of Sales Tax (Appeals)
Maharashtra VAT Act, 2002	Value Added Tax	46.8	-	2016-2017	Deputy Commissioner of Maharashtra State Tax
Jharkhand-VAT Act 2005	Value Added Tax	6.7	4.2	2014-2016	Dy. Commissioner of Sales Tax (Appeals)
West Bengal VAT Act, 2005	Value Added Tax	3.2	0.3	2015-2016	Senior Joint Commissioner, Corporate Division (Appellate Authority)
West Bengal VAT Act, 2005	Value Added Tax	2.8	0.3	2017-2018	Additional Commissioner of Sales Tax
Gujarat VAT Act, 2003	Value Added Tax	0.1	-	2006-2007	Commissioner of Commercial Taxes Gujarat
Odisha Entry Tax Act, 1999	Entry Tax	0.2	0.1	2012-2014	Odisha Sales Tax Tribunal, Cuttack
Odisha VAT Act, 2004	Value Added Tax	1.3	0.1	2012-2018	Odisha Sales Tax Tribunal, Cuttack
Odisha VAT Act, 2004	Value Added Tax	1.0	0.0	2014-2016	Joint Commissioner of Commercial Tax
Bihar VAT Act, 2005	Value Added Tax	0.7	0.2	1999-2001	Sales Tax Special circle for Re assessment
Bihar VAT Act, 2005	Value Added Tax	13.4	3.2	2010-2012	Joint commissioner of Commercial taxes Appeals
Central Sales Tax Act, 1956	Central Sales Tax	12.0	-	2016-2017	Deputy Commissioner of Maharashtra State Tax
Central Sales Tax Act, 1956	Central Sales Tax	0.5	-	2014-2015	Dy. Commissioner of Sales Tax (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	0.3	0.0	2014-2017	Joint commissioner of Commercial Tax
Central Sales Tax Act, 1956	Central Sales Tax	3.1	0.2	2009-2011 & 2014-2015	Joint Dy. Commissioner of Sales Tax (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	4.2	1.7	2002-2005	Sales Tax Special Circle
Income Tax Act, 1961	Income Tax	560.5	123.7	2011-2015 & 2016-2017	Commissioner of Income Tax (Appeals)
Customs Act 1962	Customs Duty	52.96	3.96	2013-2015	Commissioner of Customs Appeals

Annexure B to the Independent Auditors' report

on the standalone financial statements of Alkem Laboratories Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Alkem Laboratories Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Annexure B to the Independent Auditor's Report (Continued)

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to the standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648
UDIN: 21048648AAAABB4812

Mumbai
25 May 2021

ALKEM

Standalone Balance Sheet

as at 31 March 2021

(₹ in million)

Particulars			Note no.	As at 31 March 2021	As at 31 March 2020
I.	ASSETS				
1	Non-current assets				
	(a)	**Property, plant and equipment**	3.1	16,486.0	16,892.5
	(b)	**Capital work in progress**	3.1	3,232.6	3,136.6
	(c)	**Intangible assets**	3.1	1,097.6	1,475.1
	(d)	**Investment in subsidiaries**	3.2	18,770.4	17,102.0
	(e)	**Financial assets**			
		(i) Investments	3.2	1,131.7	843.2
		(ii) Loans	3.3	333.2	334.7
		(iii) Other financial assets	3.4	221.3	49.4
	(f)	**Deferred tax assets (net)**	3.7C	9,544.3	8,191.6
	(g)	**Non-current tax assets (net)**	3.7D	70.2	227.4
	(h)	**Other non-current assets**	3.5	524.6	514.0
	Total non-current assets			**51,411.9**	**48,766.5**
2	Current assets				
	(a)	**Inventories**	3.6	15,132.6	10,925.8
	(b)	**Financial assets**			
		(i) Investments	3.2	1,621.7	1,615.2
		(ii) Trade receivables	3.8	15,565.5	15,550.7
		(iii) Cash and cash equivalents	3.9	152.2	206.9
		(iv) Bank balances other than (iii) above	3.10	16,581.4	7,449.2
		(v) Loans	3.3	211.1	233.9
		(vi) Other financial assets	3.4	2,282.0	1,815.3
	(c)	**Other current assets**	3.11	4,713.4	4,337.3
				56,259.9	**42,134.3**
	(d)	**Non-current assets held for sale**	3.41	55.5	157.5
	Total current assets			**56,315.4**	**42,291.8**
	Total ASSETS			**107,727.3**	**91,058.3**
II.	EQUITY AND LIABILITIES				
1	Equity				
	(a)	**Equity share capital**	3.12A	239.1	239.1
	(b)	**Other equity**	3.12B	76,018.4	62,565.3
	Total Equity			**76,257.5**	**62,804.4**
2	Liabilities				
2a	Non-current liabilities				
	(a)	**Financial liabilities**			
		(i) Borrowings	3.13	63.2	63.2
		(ii) Other financial liabilities	3.17	333.7	487.2
	(b)	**Provisions**	3.14	1,904.2	1,825.0
	(c)	**Other non-current liabilities**	3.15	69.3	80.9
	Total non-current liabilities			**2,370.4**	**2,456.3**
2b	Current liabilities				
	(a)	**Financial liabilities**			
		(i) Borrowings	3.13	13,328.4	12,030.6
		(ii) Trade payables			
		Total outstanding dues of micro enterprises and small enterprises	3.16	1,044.7	952.3
		Total outstanding dues of creditors other than micro and small enterprises	3.16	8,484.5	7,171.1
		(iii) Other financial liabilities	3.17	3,336.7	3,141.1
	(b)	**Other current liabilities**	3.18	918.5	815.2
	(c)	**Provisions**	3.14	1,936.5	1,585.2
	(d)	**Current tax liabilities (net)**	3.7D	50.1	102.1
	Total current liabilities			**29,099.4**	**25,797.6**
	Total Liabilities			**31,469.8**	**28,253.9**
	Total EQUITY AND LIABILITIES			**107,727.3**	**91,058.3**
Significant Accounting Policies			2A		
Notes to the Standalone Financial Statements			3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
25 May 2021

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

B.N. Singh
Executive Chairman
DIN. 00760310
Mumbai

Sandeep Singh
Managing Director
DIN. 01277984
Maldives

D.K. Singh
Joint Managing Director
DIN. 00739153
Mumbai

M.K. Singh
Executive Director
DIN. 00881412
Mumbai

Sarvesh Singh
Executive Director
DIN. 01278229
Mumbai

Rajesh Dubey
President - Finance &
Chief Financial Officer
Mumbai

Manish Narang
President - Legal &
Company Secretary
Mumbai
25 May 2021

Standalone Statement of Profit and Loss

for the year ended 31 March 2021

(₹ in million)

		Particulars	Note no.	For the Year ended 31 March 2021	For the Year ended 31 March 2020
1	Income				
	(a)	Revenue from operations	3.19	72,196.8	66,770.8
	(b)	Other income	3.20	1,900.1	959.8
	Total income			**74,096.9**	**67,730.6**
2	Expenses				
	(a)	Cost of materials consumed	3.21	20,465.2	17,998.7
	(b)	Purchases of stock-in-trade		9,197.9	7,843.8
	(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.22	(3,012.9)	(336.9)
	(d)	Employee benefits expense	3.23	11,587.2	10,667.6
	(e)	Finance costs	3.24	429.3	387.1
	(f)	Depreciation and amortisation expense	3.1	1,989.3	1,868.4
	(g)	Other expenses	3.25	14,470.1	15,921.1
	Total expenses			**55,126.1**	**54,349.8**
3	**Profit before exceptional items and tax (1-2)**			**18,970.8**	**13,380.8**
4	**Exceptional items**		3.45	(127.8)	-
5	**Profit before tax (3) + (4)**			**18,843.0**	**13,380.8**
6	**Tax expense**		3.7A		
	(a)	Current tax		3,318.3	2,783.3
	(b)	Deferred tax charge/(credit) (net)		(1,326.1)	(1,732.9)
	Sub-total (a + b)			1,992.2	1,050.4
	(c)	Tax adjustment of earlier periods		-	(313.8)
	Total tax expenses (a + b + c)			**1,992.2**	**736.6**
7	**Profit for the year (5) - (6)**			**16,850.8**	**12,644.2**
8	**Other comprehensive income**				
	(a)	(i) Items that will not be reclassified subsequently to profit or loss	3.28	(76.7)	(265.6)
		(ii) Income tax relating to items that will not be reclassified to profit or loss	3.7A	26.8	92.8
	(b)	(i) Items that will be reclassified to profit or loss		-	-
		(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total of other comprehensive Income/(Loss) for the year, net of tax			**(49.9)**	**(172.8)**
9	**Total comprehensive income for the year (7) + (8)**			**16,800.9**	**12,471.4**
10	**Earnings per share (in ₹): Face value of ₹ 2 each**				
	Basic and diluted earnings per share		3.31	**140.93**	**105.75**
Significant Accounting Policies			2A		
Notes to the Standalone Financial Statements			3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
25 May 2021

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

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Executive Chairman
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President - Finance &
Chief Financial Officer
Mumbai

Manish Narang
President - Legal &
Company Secretary
Mumbai
25 May 2021

Standalone Statement of Changes in Equity
for the year ended 31 March 2021

(a) Equity share capital

(₹ in million)

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	119,565,000	239.1	119,565,000	239.1
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	119,565,000	239.1	119,565,000	239.1

(b) Other Equity

Particulars	Reserves and Surplus			Items of OCI	
	Capital reserve	General reserve	Retained earnings	Remeasurement of defined benefit plans	Total other equity
Balance as at 1 April 2019	5.2	19,380.4	35,178.1	(150.7)	54,413.0
Total Comprehensive Income for the year ended 31 March 2020					
Profit for the year	-	-	12,644.2	-	12,644.2
Other comprehensive income for the year (net of tax)	-	-	-	(172.8)	(172.8)
Total comprehensive income for the year	**-**	**-**	**12,644.2**	**(172.8)**	**12,471.4**
Transactions with owners of the company					
Dividend on equity shares **(Refer Note 3.33)**	-	-	(3,587.0)	-	(3,587.0)
Dividend distribution tax	-	-	(732.1)	-	(732.1)
Balance as at 31 March 2020	**5.2**	**19,380.4**	**43,503.2**	**(323.5)**	**62,565.3**
Total comprehensive income for the year ended 31 March 2021					
Profit for the year	-	-	16,850.8	-	16,850.8
Other comprehensive income for the year (net of tax)	-	-	-	(49.9)	(49.9)
Total comprehensive income for the year	**-**	**-**	**16,850.8**	**(49.9)**	**16,800.9**
Transactions with owners of the company					
Dividend on equity shares **(Refer Note 3.33)**	-	-	(3,347.8)	-	(3,347.8)
Balance as at 31 March 2021	**5.2**	**19,380.4**	**57,006.2**	**(373.4)**	**76,018.4**

The Description of the nature and purpose of each reserve within equity:

Capital reserve: Capital reserve represents investment subsidies from state government.

General reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve and dividends distributed to shareholders.

Remeasurement of defined benefit plans: Remeasurement of defined benefit plans represents actuarial gains and losses relating to gratuity.

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
25 May 2021

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

B.N. Singh
Executive Chairman
DIN. 00760310
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Sandeep Singh
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Rajesh Dubey
President - Finance &
Chief Financial Officer
Mumbai

Manish Narang
President - Legal &
Company Secretary
Mumbai
25 May 2021

Standalone Statement of Cash Flow

for the year ended 31 March 2021

(₹ in million)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A.	Cash Flow from Operating Activities:		
	Profit before tax	18,843.0	13,380.8
	Adjustments for:		
	Depreciation and amortisation	1,989.3	1,868.4
	Unrealised (gain) / loss on fair valuation of investments (net)	(260.6)	148.0
	Profit on sale of investments (net)	(17.7)	-
	Loss / (profit) on sale of property plant and equipment (net)	23.1	(38.8)
	Dividend income	-	(56.9)
	Profit on sale of brand (net)	(351.0)	-
	Interest income	(783.0)	(519.2)
	Interest expenses	429.3	387.1
	Allowances for doubtful debts	44.6	29.7
	Recovery of Bad debts	(114.9)	-
	Impairment of investment in subsidiaries	127.8	-
	Unrealised foreign currency (gain) / loss on revaluation (net)	169.1	(384.8)
	Rent income	(22.6)	(21.1)
	Subtotal of Adjustments	**1,233.4**	**1,412.4**
	Operating profit before working capital changes	20,076.4	14,793.2
	Adjustments for changes in working capital:		
	Increase in trade receivables	(599.8)	(4,986.7)
	Increase in loans, other financial assets and other assets	(907.8)	(1,451.1)
	Increase in inventories	(4,206.8)	(1,013.0)
	Increase in trade payable, other financial liabilities and other liabilities	1,742.0	1,492.5
	Increase in provisions	353.8	322.3
	Subtotal of Adjustments	**(3,618.6)**	**(5,636.0)**
	Cash generated from operations	16,457.8	9,157.2
	Less: Income taxes paid (net of refund)	(3,213.0)	(2,339.4)
	Net cash generated from operating activities	**13,244.8**	**6,817.8**
B	Cash Flow from Investing Activities:		
	Purchases of property, plant and equipment	(1,308.1)	(2,820.9)
	Sale of property, plant and equipment	10.5	151.6
	Proceeds from sale of / (Purchase of) investments (net)	(16.8)	527.8
	Profit on sale of brands (net)	351.0	-
	Investments in subsidiaries	(1,796.2)	(3,280.1)
	Investment made in bank deposits having maturity of more than 3 months	(9,139.5)	(5,005.3)
	Dividend received	-	56.9
	Interest received	666.6	397.2
	Rent received	22.6	21.1
	Net Cash used in investing activities	**(11,209.9)**	**(9,951.7)**
C	Cash Flow from Financing Activities:		
	Proceeds from current borrowings (net)	1,757.6	6,541.1
	Repayment of lease liabilities	(123.1)	(108.5)
	Dividends and corporate dividend tax paid	(3,347.8)	(4,319.1)
	Interest paid	(376.3)	(387.1)
	Net cash (used in)/generated from financing activities	**(2,089.6)**	**1,726.4**
D	**Net (decrease)/increase in cash and cash equivalents (A+B+C)**	**(54.7)**	**(1,407.5)**
E	**Cash and cash equivalents as at beginning of the year**	**206.9**	**1,614.4**
F	**Cash and cash equivalents as at end of the year (D+E) (Refer Note 3.9)**	**152.2**	**206.9**

Standalone Statement of Cash Flow

for the year ended 31 March 2021

(₹ in million)

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 (Ind AS-7) - "Statement of Cash Flows"

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

3 Debt reconciliation in accordance with Ind AS 7:

Particulars	Non-current borrowings	Current borrowings
As at 1 April 2019	63.2	4,966.4
Cash flows from borrowing during the year (net) (₹ 39,771)	(0.0)	6,541.1
Non-Cash Items (foreign exchange changes)	-	523.1
As at 31 March 2020 (Refer note 3.13)	**63.2**	**12,030.6**
Cash flows from borrowing during the year (net) (₹ 41,560)	(0.0)	1,757.6
Non-Cash Items (foreign exchange changes)	-	(459.8)
As at 31 March 2021 (Refer note 3.13)	**63.2**	**13,328.4**

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
25 May 2021

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

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President - Finance &
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Manish Narang
President - Legal &
Company Secretary
Mumbai
25 May 2021

Notes

to the standalone financial statements for the year ended 31 March 2021

1 General Information

Alkem Laboratories Limited ('the Company') was incorporated in 1973 under the provisions of Companies Act, 1956 of India, as a Company with limited liability. The Company is domiciled in India with its registered office address being Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, India. The Company is engaged in pharmaceutical business with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products.

2A Significant accounting policies:

2.1 Basis of preparation of Standalone Financial Statements ("financial statements"):

a) Statement of compliance

The financial statements of the Company as at and for the year ended 31 March 2021 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 financial statements are prepared in Indian Rupees in Million, rounded off to the nearest one decimal except for share data and per share data, unless otherwise stated.

The financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on 25 May 2021.

b) Basis of preparation and presentation

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2B. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Company presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Basis of measurement

These financial statements are prepared under historical cost convention except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

d) Functional and Presentation Currency

These financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.2 Property, plant and equipment ("PPE"):

i) Recognition and Measurement

a) Items of PPE are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of PPE comprises its purchase price, including import duties and other non- refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

b) If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

c) Any gain or loss on disposal of an item of PPE is recognised in statement of profit and loss.

d) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets.

ii) Subsequent expenditure

Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

iii) Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of PPE is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / up to the date on which is asset is ready to use / disposed off. Freehold land is not depreciated.

The estimated useful lives of Tangible assets are as follows

PPE	Useful Life
Leasehold Land	Over the period of lease
Buildings	5 Years to 59 Years
Plant and Equipment	1 Years to 20 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Office Equipments	3 Years to 6 Years

2.3 Intangible Assets:

i) Recognition and measurement

Research and development	Expenditure on research activities is recognised in statement of profit or loss as incurred.
	Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in Statement of profit and loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

The estimated useful lives of intangible assets are as follows:

Intangible Assets	Useful Life
Computer Software	3 Years to 6 Years
Right of use	Over the period of lease
Trade Marks & Patents	5 Years

2.4 Impairment of non-financial assets:

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment

Notes

to the standalone financial statements for the year ended 31 March 2021

testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.5 Leases:

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset;

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability or all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend the lease before the end of the lease term, but the renewal aspect has not been added to the lease term since the option to renew the lease lies with both the lessor and the lessee.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using discount rates generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet.

2.6 Financial instruments:

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI -debt investment;
- FVOCI -equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable interest rate features;

- prepayment and extension features; and

- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued {but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers not retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Equity instruments

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

2.8 Inventories:

a) Raw Materials and Packing Materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.

b) Finished Goods and Work–in–Progress are valued at lower of cost (on Moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities and other overheads. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Revenue Recognition and measurement:

a) Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, allowances and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

b) Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

c) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

d) Revenue (including in respect of insurance or other claims, etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.

e) Income from research and product registration (dossiers) services are deferred and allocated to the sales price of the product based on the best estimate of the sales that will be made by the contracting party over the contract period.

f) Interest income is recognized using the effective interest rate (EIR) method.

g) Dividend from investment is recognised as revenue when right to receive dividend is established.

Assets and liabilities arising from right to return:

The Company has contracts with customers which entitles them the unconditional right to return.

Right to return assets:

A right of return gives an entity a contractual right to recover the goods from a customer (return asset), if the customer exercises its option to return the goods and obtain a refund. The asset is measured at the carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Refund liabilities:

A refund liability is the obligation to refund part or all of the consideration received (or receivable) from the customer. The Company has therefore recognised refund liabilities in respect of customer's right to return. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimate of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Company has presented its right to return assets and refund liabilities as required under Ind AS 115 in the financial statements.

2.10 Foreign currency transactions and translations

Transactions in foreign currencies are translated into the functional currency of the Company by applying the appropriate fortnightly rate which best approximates the actual rate of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in the statement of profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

2.11 Employee Benefits:

a) Post Employment Benefits and Other Long Term Benefits:

i) **Defined Contribution Plan:**

Company's contribution for the year paid/ payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss. The Company's contribution towards provident fund are considered to be defined contribution plan for which the Company makes contribution on monthly basis.

ii) **Defined Benefit and Other Long Term Benefit Plans:**

Company's liabilities towards defined benefit plans and other long term benefits

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viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of Other Comprehensive income in the period of occurrence of such gains and losses for gratuity. In respect of compensated absences, actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

b) ***Short term Employee Benefits:***

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

2.12 Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

i) ***Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates and tax laws enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is resonable evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence, it is presented as Deferred Tax Asset.

ii) ***Deferred tax***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. However, deferred tax is not recognised :

- in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit.
- in case of temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised.
- in case of temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.13 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

2.14 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

2.15 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

2.16 Government Grants:

Grants related to depreciable assets are treated as deferred income which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of its being received.

2.17 Non-current assets held for sale:

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sale. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the statement of profit and loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

2.18 Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

2.19 Business Combinations:

Business combinations between entities under common control is accounted using pooling of interest method of accounting. Under pooling of interest method of accounting, none of the assets or liabilities is restated to their fair values. Instead, the acquirer incorporates carrying values from the date on which the business combination between entities under common control occurred.

2.20 Exceptional items:

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

2B Key accounting estimates and judgements

The preparation of financial statements in conformity with the Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the

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financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant accounting policies which are provided in Note 2A to the standalone financial statements, 'Significant accounting policies'.

a. Estimate of current and deferred tax

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows.

The complexity of the Company's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Statement of Profit and Loss and tax payments.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

b. Recognition of MAT credit entitlement

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. This requires significant management judgement in determining the expected availment of the credit based on business plans and future cash flows of the Company.

c. Estimation of useful life

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset based on its technical expertise. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit and Loss.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

d. Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

e. Impairment loss in investments carried at cost:

The Company conducts impairment reviews of investments in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which is based on future cash flows and a suitable discount rate in order to calculate the present value.

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f. Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes. Central corporate treasury team works with various banks for determining appropriate fair value of derivative assets and liabilities. Central treasury team reports to the Chief Financial Officer. In estimating the fair value of derivative assets and liabilities, the Company uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in **Note 3.36**.

g. Defined Benefit Plans:

The cost of the defined benefit gratuity plan and other post-employment benefits and present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

h. Provision for anticipated sales return:

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

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3.1 Property, Plant and Equipment, Other Intangible Assets and Capital Work in Progress

(₹ in million)

Particulars	Property plant and equipment								Intangible assets				Capital work in progress
	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total	Computer software	Right of use	Trade Mark & patents	Total	
As at 1 April 2019	**1,179.7**	**498.2**	**4,867.4**	**11,064.1**	**355.3**	**298.3**	**710.7**	**18,973.7**	**297.4**	**646.2**	**460.6**	**1,404.2**	
Additions	-	28.0	1,115.4	1,455.4	24.2	17.8	84.3	2,725.1	22.1	92.2	777.2	891.5	
Adjustments **(Refer note 6 below)**	3.5	-	-	227.8	0.7	-	4.2	236.2	-	-	-	-	
Deletions	(3.5)	-	(61.7)	(55.9)	(0.1)	(10.3)	(3.6)	(135.1)	-	-	-	-	
Reclassification to non-current assets held for sale	-	-	-	(546.6)	(26.0)	-	(5.7)	(578.3)	-	-	-	-	
As at 31 March 2020	**1,179.7**	**526.2**	**5,921.1**	**12,144.8**	**354.1**	**305.8**	**789.9**	**21,221.6**	**319.5**	**738.4**	**1,237.8**	**2,295.7**	
Additions	-	-	197.2	769.7	54.8	9.0	130.4	1,161.1	38.3	-	-	38.3	
Adjustments **(Refer note 6 below)**	-	-	-	263.3	10.2	-	3.3	276.8	-	-	-	-	
Deletions	-	-	(2.6)	(52.6)	-	(13.2)	(21.5)	(89.9)	-	(84.7)	-	(84.7)	
As at 31 March 2021	**1,179.7**	**526.2**	**6,115.7**	**13,125.2**	**419.1**	**301.6**	**902.1**	**22,569.6**	**357.8**	**653.7**	**1,237.8**	**2,249.3**	
Depreciation and Amortisation													
As at 1 April 2019	**-**	**17.3**	**350.5**	**2,329.7**	**124.1**	**86.3**	**328.2**	**3,236.1**	**164.4**	**-**	**267.4**	**431.8**	
Depreciation/ amortisation for the year	-	7.5	159.1	1,097.2	41.7	37.3	136.8	1,479.6	66.4	139.2	183.2	388.8	
Adjustments **(Refer note 6 below)**	-	-	-	55.6	0.1	-	0.8	56.5	-	-	-	-	
Deductions	-	-	(5.3)	(10.6)	(0.1)	(5.1)	(1.2)	(22.3)	-	-	-	-	
Reclassification to non-current assets held for sale	-	-	-	(393.5)	(23.2)	-	(4.1)	(420.8)	-	-	-	-	
As at 31 March 2020	**-**	**24.8**	**504.3**	**3,078.4**	**142.6**	**118.5**	**460.5**	**4,329.1**	**230.8**	**139.2**	**450.6**	**820.6**	
Depreciation/ amortisation for the year	-	8.0	181.2	1,234.1	39.0	35.5	138.2	1,636.0	61.5	129.5	162.3	353.3	
Adjustments **(Refer note 6 below)**	-	-	-	165.2	7.6	-	2.0	174.8	-	-	-	-	
Deductions			(1.0)	(29.0)		(8.6)	(17.7)	(56.3)	-	(22.2)	-	(22.2)	
As at 31 March 2021	**-**	**32.8**	**684.5**	**4,448.7**	**189.2**	**145.4**	**583.0**	**6,083.6**	**292.3**	**246.5**	**612.9**	**1,151.7**	
Net Book Value													
As at 31 March 2020	1,179.7	501.5	5,416.8	9,066.4	211.5	187.3	329.4	16,892.5	88.6	599.2	787.2	1,475.1	3,136.6
As at 31 March 2021	**1,179.7**	**493.4**	**5,431.2**	**8,676.5**	**229.9**	**156.2**	**319.1**	**16,486.0**	**65.5**	**407.2**	**624.9**	**1,097.6**	**3,232.6**

1. Addition to Property, Plant and Equipment includes items aggregating ₹ **49.8 Million** (For the year ended 31 March 2020 ₹ 85.5 Million) located at Research and Development Centres of the Company.

2. Capital work in progress comprises expenditure in respect of various plants in the course of construction/expansion. Total amount of Capital work in progress is ₹ **3,232.6 million** as at 31 March 2021 (31 March 2020: ₹ 3,136.6 million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **17.0 million** (For the year ended 31 March 2020: ₹ 39.6 million).

3. **Refer Note 3.26(b)(1)** for contractual commitments with respect to property, plant and equipments.

4. **Refer Note 3.29(b)** for future obligation pertaining to finance lease.

5. Exclusive charge by way of hypothecation over the whole of the movable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable assets, both present and future subject to a maximum book value of ₹ **2,150 Million** - situated at Daman and Sikkim in India against issuance of Stand by letter of credit required for loan of **US $ 11.5 million** advanced by Citi Bank USA to S&B Pharma Inc., USA, a wholly owned subsidiary of the Company and **US $ 18.0 million** advanced by Banco de Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company.

6. During the year ended 31 March 2021 and 31 March 2020, certain assets, which were categorised as assets held for sale previously have been reclassified to Property, Plant and Equipment.

7. Depreciation and amortisation expense:

(₹ in million)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation expense	1,636.0	1,479.6
Amortisation expense	353.3	388.8
Total	**1,989.3**	**1,868.4**

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3.2 Investments:

Particulars	Units as at 31 March 2021	Units as at 31 March 2020	Face Value	As at 31 March 2021 (₹ in million)	As at 31 March 2021 (₹ in million)	As at 31 March 2020 (₹ in million)	As at 31 March 2020 (₹ in million)
Non-Current Investments							
A) Investment in Subsidiaries:							
In Equity Shares Unquoted: [at cost]							
Ascend Laboratories (Pty) Limited (formerly known as Alkem Laboratories (Pty) Limited, South Africa)	49,960	49,960	Rand 10	68.8		68.8	
Alkem Laboratories Corporation, Philippines (Including 5 shares held by the nominees)	3,567,622	3,567,622	Peso 100	485.0		485.0	
Ascend GmbH, Germany (formerly known as Alkem Pharma GmbH) (One share of Euro 250, second share of Euro 24,750 and third share of Euro 751,880)	3	3	NA	160.9		160.9	
Ascend Laboratories Sdn. Bhd., Malaysia (₹ 91)	2	2	Ringgit 1	0.0		0.0	
S & B Holdings B.V., Netherlands	35,590,552	35,590,552	Euro 1	2,897.2		2,897.2	
Alkem Laboratories Korea Inc., South Korea	15,000	15,000	Korean Won 100	0.1		0.1	
Ascend Laboratories SpA, Chile (1000 Nominative Shares, without par value)	5,427	5,427	NA	281.0		281.0	
Pharmacor Limited, Kenya	1,000	1,000	KES 100	0.1		0.1	
Pharmacor Pty Limited, Australia (without par value)	68,313,954	68,313,954	NA	224.7		224.7	
Ascend Laboratories (UK) Limited, UK (issued capital 250,000 shares of 1 GBP of which 40 Pence is called up & paid)	250,000	250,000	GBP 1	9.9		9.9	
S&B Pharma Inc., USA **[Refer Note 2 (a)]**	138,459	120,202	USD 0.01	6,120.1		5,138.9	
Cachet Pharmaceuticals Private Limited, India	10,484	10,484	INR 100	888.9		888.9	
Indchemie Health Specialities Private Limited, India	127,500	127,500	INR 10	1,640.7		1,640.7	
Enzene Biosciences Limited, India **[Refer Note 2 (b)]**	36,763,278	32,326,493	INR 10	5,940.0		5,140.0	
Ascend Laboratories SAS, Colombia	322,000	322,000	COP 1,000	7.0		7.0	
Ascend Laboratories Limited, Canada	20,000	20,000	CAD 1	1.1		1.1	
Alkem Foundation, India	10,000	10,000	INR 10	0.1		0.1	
Connect 2 Clinic Private Limited, India **[Refer Note 2 (c)]**	1,499,994	-	INR 10	15.0	**18,740.6**	-	**16,944.4**
Investment in Limited Liability Partnership Firm: Unquoted: [at cost]							
The PharmaNetwork LLP, Kazakhstan					157.6		157.6
Investment in Subsidiaries					**18,898.2**		**17,102.0**
Provision for impairment in value of investments **(Refer note 3.45)**					(127.8)		-
Investment in Subsidiaries - Sub total (A)					**18,770.4**		**17,102.0**

Notes

to the standalone financial statements for the year ended 31 March 2021

Particulars	Units as at 31 March 2021	Units as at 31 March 2020	Face Value	As at 31 March 2021 (₹ in million)	As at 31 March 2021 (₹ in million)	As at 31 March 2020 (₹ in million)	As at 31 March 2020 (₹ in million)
B) Other Non-current Investments:							
In Equity Shares of Other Companies and Limited Liability Partnership Firm: Unquoted [at fair value through profit and loss] (Refer note 3 below)					408.6		2.1
Investment In Venture Capital Fund :Unquoted (Non Trade) [at fair value through profit and loss]:					494.8		302.4
Non Convertible Debentures [at amortised cost]							
Unquoted					20.0		20.0
Quoted					56.3		165.0
Bonds :[at amortised cost] : - Quoted					152.0		353.7
Other Non Current Investments - Sub total (B)					1,131.7		843.2
Total (A+B)					19,902.1		17,945.2

Notes:

1) **Details of The PharmaNetwork LLP, Kazakhstan:**

Particulars	As at 31 March 2021 Profit Sharing Ratio	As at 31 March 2021 Capital Accounts	As at 31 March 2020 Profit Sharing Ratio	As at 31 March 2020 Capital Accounts
Alkem Laboratories Limited	100.00%	157.6	100.00%	157.6
Total	100.00%	157.6	100.00%	157.6

2) **During the year, the Company has contributed by way of capital contribution:**

a) ₹ **981.2 Million** in wholly owned subsidiary in United States of America viz, "S&B Pharma Inc.".

b) ₹ **800.0 Million** in subsidiary in India viz, "Enzene Biosciences Limited".

c) ₹ **15.0 Million** in wholly owned subsidiary in India viz, "Connect 2 Clinic Private Limited".

3) During the current year, the Company has invested ₹ **400 million** in ABCD Technologies LLP with an objective to digitize healthcare infrastructure in India towards facilitating good distribution practices, inter alia, in support of the National Digital Health Mission of Government of India. As at 31 March 2021, the Company had a 12.5% share of profit/loss and voting rights.

C. Current Investments

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
1) **Investment in funds : (Unquoted) [at fair value through profit and loss]**		
Avenue Venture Real Estate Fund (Units of ₹ 100,000 each, fully paid-up) - **Refer sub note 5 of Note 3.2**	1,288.3	1,460.0
2) **Preference Shares: [at amortised cost]**	8.1	8.1
3) **Investment In Mutual Funds Quoted (Non-Trade) [at fair value through profit and loss]:**	216.5	137.1
4) **Non Convertible Debentures :[at amortised cost] : - Quoted**	108.8	10.0
Total	1,621.7	1,615.2

Notes

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Notes:

(₹ in million)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Quoted investments	533.5	533.5	655.8	655.8
2) Aggregate value of Unquoted investments	20,990.3	N.A.	18,894.5	N.A.
3) Aggregate amount of impairment in the value of Investments	(127.8)		-	

4) All Investments in Shares & Securities are fully paid up. (Except **Refer Note 3.26(b)-2)**

5) During the year ended 31 March 2016, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Company in order to focus on its core business activities and for other commercial reasons, restructured its investment in **Avenue Venture Real Estate Fund ("Fund")** by entering into an Option Agreement with Mr. Tushar Kumar for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Option Agreement which was in force for a period of 2 years from the execution date i.e 10 March 2016 was renewed with mutual consent of the parties through First Supplementary Agreement for a period of 2 years valid till 9 March 2020. During the year ended 31 March 2020, the Company had renewed the said Option Agreement, by executing a Second Supplementary Agreement, as approved in its Board meeting held on 11 November 2019 for a further period of 2 years valid till 9 March 2022.

3.3 Loans

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
A. Non-current loans		
Loans to subsidiary companies **(Refer Note 3.35)**	253.0	259.7
Less: Loss allowance	-	-
	253.0	259.7
Other receivables	80.2	75.0
Total	**333.2**	**334.7**
B. Current loans		
Advance to employees	116.1	146.4
Security deposits	95.0	87.5
Total	**211.1**	**233.9**
Break - up of loans		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	544.3	568.6
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**544.3**	**568.6**
Less: Loss allowance	-	-
Total loans	**544.3**	**568.6**

Notes

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3.4 Other financial assets

(₹ in million)

Particulars		As at 31 March 2021	As at 31 March 2020
A.	**Other non current financial assets**		
	(Unsecured, considered good unless otherwise stated)		
	In deposit Accounts:		
	Bank deposits with maturity beyond 12 months	45.8	38.5
	Interest on deposits, accrued but not due	0.7	0.8
	Other receivables	2.4	10.1
	Balances with government authorities	172.4	-
	Total	**221.3**	**49.4**
B.	**Other current financial assets**		
	(Unsecured, considered good unless otherwise stated)		
	Interest on deposits, accrued but not due	358.8	242.3
	Other receivables*	56.6	31.8
	Incentive receivable from government	1,866.6	1,541.2
	Total	**2,282.0**	**1,815.3**

Note:

*Includes insurance claim and other receivables.

3.5 Other non-current assets

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good unless otherwise stated)		
Capital advances	270.2	257.5
Balances with government authorities	252.2	254.4
Other advances	2.2	2.1
Total	**524.6**	**514.0**

3.6 Inventories

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw and packing materials	5,434.4	4,198.0
Goods-in-transit	25.1	67.6
	5,459.5	**4,265.6**
Work-in-progress	846.8	683.1
Finished goods	4,061.9	2,424.6
Goods-in-transit	2,465.6	1,942.0
	6,527.5	**4,366.6**
Stock-in-trade	2,249.1	1,446.5
Goods-in-transit	49.7	164.0
	2,298.8	**1,610.5**
Total	**15,132.6**	**10,925.8**

Note:

1. The Company follows suitable provisioning norms for writing down the value of inventories towards slow moving, non moving, expired and non saleable inventory. Write down of inventory for the year ended 31 March 2021 is ₹ **261.6 Million** (31 March 2020: ₹ 351.5 Million)

Notes

to the standalone financial statements for the year ended 31 March 2021

3.7 Income tax

(A) Components of Income Tax Expenses

(i) Tax Expense recognised in profit and loss

(₹ in million)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax		
Current year tax	3,318.3	2,783.3
Tax adjustment of earlier periods	-	(313.8)
	3,318.3	**2,469.5**
Deferred tax charge/(credit) (net)		
Minimum Alternate Tax (MAT) credit entitlement	(1,086.7)	(1,647.9)
MAT credit entitlement of earlier years written off	-	155.2
Origination and reversal of temporary differences	(239.4)	(240.2)
	(1,326.1)	**(1,732.9)**
Tax expense for the year	**1,992.2**	**736.6**

(ii) Tax recognised in other comprehensive income

(₹ in million)

Particulars	For the year ended 31 March 2021			For the year ended 31 March 2020		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(76.7)	26.8	(49.9)	(265.6)	92.8	(172.8)
Total	**(76.7)**	**26.8**	**(49.9)**	**(265.6)**	**92.8**	**(172.8)**

(B) Reconciliation of effective tax rate

(₹ in million)

Particulars	(%)	For the year ended 31 March 2021	(%)	For the year ended 31 March 2020
Profit before tax		18,843.0		13,380.8
Tax using the Company's applicable tax rate (Current year 34.9% and Previous Year 34.9%)	34.9%	6,583.7	34.9%	4,675.3
Tax effect of:				
Long term capital gains taxable at lower rate / exempt under income tax	-0.4%	(76.6)	0.0%	(1.1)
Deferred tax reversal during tax holiday period	-0.2%	(43.1)	-0.3%	(44.0)
Additional deduction allowed under income tax act in respect of Section 80(IE), 80(IB)	-23.5%	(4,431.7)	-25.4%	(3,394.7)
MAT credit entitlement of earlier years written off	0.0%	-	1.2%	155.2
Additional allowances under income tax in respect of Section 35(2AB)	0.0%	-	-1.9%	(259.9)
Others	-0.2%	(40.1)	-2.9%	(394.2)
	10.6%	1,992.2	5.5%	736.6

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to the standalone financial statements for the year ended 31 March 2021

(C) Movement in deferred tax assets and liabilities

(₹ in million)

Particulars	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Net balance 31 March 2021
Deferred Tax Liabilities:				
Property, plant and equipment and Intangible assets	(1,785.6)	75.1	-	(1,710.7)
Investments	(82.0)	(98.1)	-	(180.1)
Deferred Tax Assets:				
Employee benefits	766.6	118.4	26.8	911.8
Trade receivables	114.2	4.9	-	119.1
Deferred Government Grant	32.2	(4.1)	-	28.1
Impairment of investment in subsidiary	-	29.8	-	29.8
Other items	59.1	113.4	-	172.5
MAT credit entitlement	9,087.1	1,086.7	-	10,173.8
Net Deferred Tax Assets / (Liabilities)	**8,191.6**	**1,326.1**	**26.8**	**9,544.3**

(₹ in million)

Particulars	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Net balance 31 March 2020
Deferred Tax Liabilities:				
Property, plant and equipment and Intangible assets	(1,776.8)	(8.8)	-	(1,785.6)
Investments	(213.6)	131.6	-	(82.0)
Deferred Tax Assets:				
Employee benefits	597.7	76.1	92.8	766.6
Trade receivables	94.3	19.9	-	114.2
Deferred Government Grant	36.3	(4.1)	-	32.2
Other items	33.6	25.5	-	59.1
MAT credit entitlement	7,594.4	1,492.7	-	9,087.1
Net Deferred Tax Assets / (Liabilities)	6,365.9	1,732.9	92.8	8,191.6

The company offsets tax assets and liabilities only if it has a legally enforceable right to set off tax assets and tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets.

(D) Tax assets and liabilities

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Non Current tax assets (net)	70.2	227.4
Current tax liabilities (net)	50.1	102.1

(E) Unrecognised deferred tax assets

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Unrecognised MAT Credit Entitlement	810.0	810.0

Notes

to the standalone financial statements for the year ended 31 March 2021

3.8 Trade receivables

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
(Unsecured)		
Considered good	15,565.5	15,550.7
Credit impaired	284.5	260.1
Less: Loss allowance	(284.5)	(260.1)
Total	**15,565.5**	**15,550.7**

Note :

1. Above trade receivables include amount due from related parties ₹ **10,558.8 Million** (31 March 2020: ₹ 11,077.5 Million) - **Refer Note 3.35**
2. **Refer note 3.36** for information about credit risk and market risk of trade receivables.

3.9 Cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	1.9	3.4
Cheques and drafts on hand	38.4	151.4
Balance with banks:		
In current accounts	109.7	52.1
In exchange earners' foreign currency account	2.2	-
Total	**152.2**	**206.9**

3.10 Bank balances other than cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Unpaid dividend account	1.6	1.2
Bank deposits with maturity within 12 months	16,579.8	7,448.0
Total	**16,581.4**	**7,449.2**

Note: Bank deposits of ₹ **3,650.0 Million** (31 March 2020: ₹ 7,013.6 Million) are under lien with banks against Overdraft facilities availed.

3.11 Other current assets

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good unless otherwise stated)		
Balances with government authorities	3,881.9	3,285.6
Export incentives receivable	347.9	405.2
Advance to suppliers:		
Considered good	161.3	355.6
Considered doubtful	127.6	137.8
	288.9	**493.4**
Less: Loss allowance	(127.6)	(137.8)
	161.3	**355.6**
Prepaid expenses	221.1	194.7
Right of return asset	101.2	96.2
Total	**4,713.4**	**4,337.3**

Notes
to the standalone financial statements for the year ended 31 March 2021

3.12A Equity share capital

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised:		
250,000,000 equity shares of ₹ 2 each (31 March 2020: 250,000,000 equity shares of ₹ 2 each)	500.0	500.0
	500.0	**500.0**
Issued, subscribed and paid up:		
119,565,000 equity shares of ₹ 2 each fully paid up (31 March 2020: 119,565,000 equity shares of ₹ 2 each fully paid up)	239.1	239.1
Total	**239.1**	**239.1**

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	(₹ in million)	Number of shares	(₹ in million)
At the commencement of the year	119,565,000	239.1	119,565,000	239.1
At the end of the year	**119,565,000**	**239.1**	**119,565,000**	**239.1**

(b) Rights, preferences and restrictions attached to Equity Shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2 per share. each shareholder is eligible for one vote per share held. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Mr. Sarandhar Singh (shares held on behalf of Samprada & Nanhamati Singh Family Trust)	25,205,800	21.08%	25,205,800	21.08%
Mr. Basudeo Narain Singh	8,662,100	7.24%	8,662,100	7.24%
Mr. Mritunjay Kumar Singh	7,625,000	6.38%	7,625,000	6.38%
Mr. Dhananjay Kumar Singh	7,466,260	6.24%	7,466,260	6.24%
Mrs. Jayanti Sinha	7,138,220	5.97%	7,138,220	5.97%

(d) Aggregate Number of bonus shares issued for the consideration other than cash during the period of five years immediately preceeding the reporting date:

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

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3.12B Other equity

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Capital reserve:		
At the commencement of the year	5.2	5.2
Add: Addition during the year	-	-
At the end of the year	**5.2**	**5.2**
General reserve:		
At the commencement of the year	19,380.4	19,380.4
Add: Transferred from retained earnings	-	-
At the end of the year	**19,380.4**	**19,380.4**
Retained earnings:		
At the commencement of the year	43,503.2	35,178.1
Add: Profit for the year	16,850.8	12,644.2
	60,354.0	**47,822.3**
Less: Appropriations:		
Dividend on equity shares	3,347.8	3,587.0
Dividend distribution tax	-	732.1
At the end of the year	**57,006.2**	**43,503.2**
Other comprehensive income:		
At the commencement of the year	(323.5)	(150.7)
Add: Other comprehensive income / (loss) for the year	(49.9)	(172.8)
At the end of the year	**(373.4)**	**(323.5)**
Total	**76,018.4**	**62,565.3**

3.13 Borrowings

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
A. Non-current borrowings		
Secured:		
Finance lease obligation **(Refer Note 3.29 (b))**	63.2	63.2
Total	**63.2**	**63.2**
B. Current borrowings		
Secured		
Loans repayable on demand from banks	3,278.8	2,322.8
	3,278.8	**2,322.8**
Unsecured		
Working capital loan from banks	10,049.6	9,707.8
	10,049.6	**9,707.8**
Total	**13,328.4**	**12,030.6**

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Notes:

Secured:

Loans repayable on demand from Banks include:

1. Overdrafts from banks ₹ **3,278.8 Million** (31 March 2020: ₹ 2,322.8 Million) are secured against pledge of fixed deposits with the banks.
2. Overdraft Facilities carry a rate of interest ranging between 4.50% to 7.00% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.

Unsecured:

3. Working Capital Loan from banks comprises of overdrafts and cash credit in INR of ₹ **508.8 Million** (31 March 2020: ₹ Nil) and Packing Credit in Foreign Currencies of ₹ **9,540.8 Million** (31 March 2020: ₹ 9,707.8 Million) and are repayable on demand.
4. Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 0.50% to 2.50% and those in Indian Rupees carries Interest rate in the range of 7% to 9% p.a.

3.14 Provisions

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
A. Non-current provisions		
Provisions for employee benefits		
- Gratuity **(Refer note 3.28)**	960.9	979.1
- Compensated absences	559.4	478.9
Provision for anticipated sales returns **(Refer note.3.32)**	383.9	367.0
Total	**1,904.2**	**1,825.0**
B. Current provisions		
Provision for employee benefits:		
- Gratuity **(Refer note 3.28)**	677.7	425.7
- Compensated absences	411.2	328.0
Provision for anticipated sales returns **(Refer note.3.32)**	847.6	831.5
Total	**1,936.5**	**1,585.2**

3.15 Other non-current liabilities

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred income on government grant **(Refer note 3.40)**	69.3	80.9
Total	**69.3**	**80.9**

3.16 Trade payables

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises **(Refer note 3.27)**	1,044.7	952.3
Total outstanding dues of creditors other than micro and small enterprises	8,484.5	7,171.1
Total	**9,529.2**	**8,123.4**

Note:-

Due to related parties ₹ **862.6 Million** (31 March 2020: ₹ 957.6 Million) **(Refer note 3.35)**

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3.17 Other financial liabilities

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
A. Other non current financial liabilities		
Lease liabilities **(Refer note 3.29 (a))**	333.7	487.2
Total	**333.7**	**487.2**
B. Other current financial liabilities		
Employee payables	1,324.4	1,048.5
Security deposits	170.4	155.6
Accrual for expenses	1,730.5	1,814.8
Lease liabilities **(Refer note 3.29 (a))**	109.8	121.0
Unpaid dividend*	1.6	1.2
Total	**3,336.7**	**3,141.1**

Notes:-

* There are no amounts due for payment to the Investor education and protection fund ("IEPF") under Section 125 of the Companies Act, 2013 (31 March 2020: ₹ Nil).

3.18 Other current liabilities

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Due to statutory authorities*	648.8	558.6
Advances from customers	258.1	244.9
Deferred income on government grant **(Refer note 3.40)**	11.6	11.7
Total	**918.5**	**815.2**

Note:-

*Due to statutory authorities includes Goods and Service Tax ("GST") payable, tax deducted at source payable, provident fund and other funds payable.

3.19 Revenue from operations

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Sale of products- (A)	70,880.8	65,348.0
Other operating revenues:		
Processing income	1.4	57.4
Technology income	153.2	-
Export incentives	346.3	628.9
Scrap sales	85.8	86.5
Government subsidy income	16.2	17.4
Royalty income	72.0	38.9
Budgetary support benefit under GST	635.2	589.3
Miscellaneous income	5.9	4.4
Total other operating revenue: - (B)	**1,316.0**	**1,422.8**
Total (A) + (B)	**72,196.8**	**66,770.8**

a) Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Revenue from contract with customers as per contracted price	74,714.7	68,425.9
Adjustments made to contract price on account of:		
Less: Sales return	1,277.5	1,232.6
Less: Discounts / Rebates	2,556.4	1,845.3
Revenue from contract with customers	70,880.8	65,348.0
Other operating revenue	1,316.0	1,422.8
Revenue from operations	72,196.8	66,770.8

b) Disaggregation of revenue from contracts with customers based on geography:

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Revenue from Operations:		
Country of Domicile - India	53,004.6	50,853.7
United States of America	16,232.8	13,435.6
Other Countries	2,959.4	2,481.5
Total	**72,196.8**	**66,770.8**

3.20 Other income

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Interest income on		
-Bank deposits	685.6	400.5
-Bonds, debentures and loans at amortised cost	97.4	118.7
Dividend income on equity securities	-	56.9
Foreign currency transactions and translation gain (net)	305.2	320.4
Gain on fair value of investments through profit and loss	260.6	-
Rental income	22.6	21.1
Profit on sale of investments at FVTPL (net)	17.7	-
Profit on sale of property, plant and equipments (net)	-	38.8
Profit on sale of brand (net) **(Refer note 3.46)**	351.0	-
Recovery of bad debts	114.9	-
Miscellaneous income	45.1	3.4
Total	**1,900.1**	**959.8**

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3.21 Cost of materials consumed

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Raw material consumed	16,899.8	14,785.6
Packing material consumed	3,565.4	3,213.1
Total	**20,465.2**	**17,998.7**

3.22 Changes in inventories of finished goods, work-in-progress and stock-in-trade:

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Opening stock:		
Finished goods	4,366.6	3,994.7
Stock-in-trade	1,610.5	1,783.0
Work-in-progress	683.1	545.6
	6,660.2	**6,323.3**
Less: Closing stock:		
Finished goods	6,527.5	4,366.6
Stock-in-trade	2,298.8	1,610.5
Work-in-progress	846.8	683.1
	9,673.1	**6,660.2**
Total	**(3,012.9)**	**(336.9)**

3.23 Employee benefits expense

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Salaries, wages and bonus **(Refer Note 3.28)**	10,723.4	9,833.3
Contribution to provident and other funds **(Refer Note 3.28)**	528.7	523.7
Employees' welfare expenses	335.1	310.6
Total	**11,587.2**	**10,667.6**

3.24 Finance cost

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Interest expenses on		
-Bank overdraft and others	299.9	260.2
-Defined benefit liabilities **(Refer Note 3.28)**	75.5	63.6
Other borrowing cost	53.9	63.3
Total	**429.3**	**387.1**

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to the standalone financial statements for the year ended 31 March 2021

3.25 Other expenses

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Consumption of stores and spare parts	633.6	683.1
Power and fuel	1,001.2	1,060.8
Processing charges	371.7	309.7
Contract labour charges	707.4	686.0
Rent **(Refer note 3.29(a))**	8.2	21.9
Rates and taxes	135.8	188.4
Insurance	189.3	160.0
Marketing, advertisement and promotions	2,932.6	4,932.7
Loss on fair value of investments through profit and loss	-	148.0
Selling and distribution expenses	1,866.1	1,376.0
Legal and professional Fees	2,495.2	1,914.2
Sales commission	476.0	406.8
Travelling and conveyance	1,274.2	1,636.5
Repairs:		
- Buildings	47.8	67.3
- Plant and machineries	329.8	340.9
- Others	161.5	165.7
Loss on sale / write off of property, plant and equipments (net)	23.1	-
Commission to directors	10.8	56.4
Donation *	34.1	4.4
Communication and printing expenses	81.3	95.8
Vehicle expenses	155.3	156.9
Clinical and analytical charges	553.3	515.1
Allowances for doubtful debts	44.6	29.7
Corporate Social Responsibility (CSR) expenditure **(Refer note 3.39)**	216.3	144.4
License, registration & technology fees	420.1	639.5
Miscellaneous expenses **(Refer note 3.38)**	300.8	180.9
Total	**14,470.1**	**15,921.1**

* Includes ₹ **10 Million** (31 March 2020: Nil) paid to a political party.

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3.26 Contingent Liabilities and Commitments

a) Contingent Liabilities not provided for

(₹ in million)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
Claims against the Company not acknowledged as debt:			
(i)	Central Excise demands disputed in appeal {advances paid in dispute ₹ **12.6 Million** (31 March 2020: ₹ 14.0 Million)}	181.8	192.0
(ii)	Sales Tax demands disputed in appeal {advances paid in dispute ₹ **31.9 Million** (31 March 2020: ₹ 34.6 Million)}	268.8	208.0
(iii)	Custom duty demand disputed in appeal {advances paid in dispute ₹ **4.0 Million** (31 March 2020: ₹ Nil)}	53.0	-
(iv)	Income Tax demands disputed in appeal {advances paid in dispute ₹ **123.7 Million** (31 March 2020: ₹ 123.0 Million)}	560.5	560.5
(v)	Other matters: a. In relation to purchase commitments : ₹ **968.1 Million*** (31 March 2020: ₹ 968.1 Million) b. Supply of Goods: ₹ **0.5 Million** (31 March 2020: ₹ 0.5 Million)** c. In relation to CCI: ₹ **746.3 Million** (31 March 2020: ₹ 746.3 Million)	1,714.9	1,714.9
Total		**2,779.0**	**2,675.4**

Management considers that excise duty, sales tax, custom duty and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.

* Claim from vendor in relation to compliance with contractual purchase commitment.

** Claim from customer in relation to product quality issues.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial statements.

b) Commitments

(₹ in million)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advance paid ₹ **28.4 Million** (31 March 2020: ₹ 18.9 Million)	868.5	490.5
2	Calls in Respect of Partly paid up shares issued by a subsidiary Company	15.1	14.0
3	Uncalled/ Unpaid contribution towards investment in funds **(Refer note.3.2)**	28.3	73.8
4	Other Commitments: Commitment towards research and development - **EUR 0.0625 Million** (31 March 2020: EUR 0.0625 Million)	5.4	5.2
5	Pending Export Obligation under advance licence / EPCG Scheme	70.2	38.1
6	Other Commitments - Non Cancellable Leases - **(Refer note 3.29 (a))**		

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3.27 Dues to Micro and Small enterprises

Under Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro and Small enterprises as defined in the MSMED as set out in following disclosure.

(₹ in million)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
a)	Principal amount remaining unpaid to any supplier as at the year end	1,044.7	952.3
	Interest due thereon	36.4	29.7
b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprises Development Act, 2006 (27 of 2006) (MSMED Act, 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	36.4	29.7
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	36.4	29.7

The above information regarding Micro and Small Enterprises has been determined on the basis of information available with the Company basis the details provided by the enterprises.

3.28 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under:

i) Defined contribution plans:

The Company makes contributions towards provident fund. The Company is required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance, which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds. Both the employees and the Company make monthly contribution to the said funds plan equal to a specific percentage of the covered employee's salary. The Company has no obligations other than to make the specified contributions.

The Company has recognised the following amounts in the Statement of Profit and Loss

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
- Contribution to Provident Fund	503.1	487.1
- Contribution to Employee state insurance corporation	25.6	36.6
Total	**528.7**	**523.7**

ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

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b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at 31 March 2021 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31 March 2021:

(₹ in million)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	147.2	118.1
	Interest Cost	75.5	63.6
	Actuarial (gain) / loss	76.7	265.6
	Benefits paid	(65.6)	(106.5)
	PVO at the beginning of the year	1,404.8	1,064.0
	PVO at end of the year	1,638.6	1,404.8
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	1,638.6	1,404.8
	Fair Value of planned assets at end of year	-	-
	Funded status	(1,638.6)	(1,404.8)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset / (liability) recognised in the balance sheet	(1,638.6)	(1,404.8)
III)	**Net cost for the year**		
	Current Service cost	147.2	118.1
	Interest cost	75.5	63.6
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	76.7	265.6
	Net cost	299.4	447.3
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.26	6.33
	Attrition rate (%)	10% - 20%	10% - 20%
	Mortality rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
	Salary escalation rate (%)	10% in Next one year and 8% thereafter	10% in Next one year and 8% thereafter

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below :

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017
Defined Benefit Obligation at end of the year	1,638.6	1,404.8	1,064.0	887.0	674.3
Experience (Gain)/Loss Adjustment on plan Liabilities	71.9	173.9	56.0	46.8	36.5
Actuarial (Gain)/Loss due to change in assumption	4.8	91.7	8.3	64.3	19.6

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in million)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(64.7)	71.5	(54.5)	60.3
Future salary growth (1% movement)	69.2	(63.9)	57.8	(53.2)

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is **6.06 years** (Previous year: 6.12 years)

3.29 Leases

a. Leases as lessee

i. Right of use assets

Right of use assets related to leased properties are presented as property, plant and equipment.

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
	Land and Buildings	Land and Buildings
Adoption of IND AS 116 "Leases" (Opening balance)	599.2	646.2
Amortisation charge for the year	(129.5)	(139.2)
Additions / Derecognition of right of use assets (net)	(62.5)	92.2
Closing Balance	**407.2**	**599.2**

ii. Lease liability

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Maturity analysis of lease liability - discounted contractual cash flows		
Less than one year	109.8	121.0
One to three years	213.5	234.3
More than three years	120.2	252.9
Total discounted cash flows	**443.5**	**608.2**
Current	**109.8**	**121.0**
Non-current	**333.7**	**487.2**

iii. Amount recognised in profit or loss

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
General and administrative expenses		
Short-term lease rent expense	8.2	21.9
Amortisation and impairment losses		
Amortisation of right of use lease asset	129.5	139.2
Finance cost		
Interest expense on lease liability	49.6	58.7
	187.3	**219.8**

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iv. Amount recognised in statement of cash flows

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Cash outflow for short-term leases	8.2	21.9
Principal component of cash outflow for long-term leases	123.1	108.5
Interest component of cash outflow for long-term leases	49.6	58.7
Total cash outflow for leases	**180.9**	**189.1**

(b) The Company has entered into long-term leasing arrangements for land with government authorities which are in the nature of finance lease. The future obligation in respect of the above as under:

Particulars	Present value of minimum lease payment	Future interest Cost	Minimum lease payment
Not later than one year	0.0	2.9	2.9
Later than one year but not later than five years	0.2	11.2	11.4
Later than five years	63.0	197.8	260.8
Total	**63.2**	**211.9**	**275.1**

3.30 The aggregate amount of revenue expenditure incurred during the period on Research and Development and shown in the respective heads of account is ₹ **4,419.1 Million** (Previous year: ₹ 3,937.6 Million).

3.31 Earnings per share (EPS)

Particulars			For the Year ended 31 March 2021	For the Year ended 31 March 2020
Profit / (Loss) after tax attributable to equity shareholders	₹ in Million	A	16,850.8	12,644.2
Weighted average number of equity shares outstanding during the year	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	In ₹	(A / B)	140.93	105.75

3.32 Disclosure as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as under:

Provision for anticipated sales return:

The Company as a trade practice, accepts sales return from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns on the basis of historical experience, market conditions and specific contractual terms.

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Carrying amount at the beginning of the year	1,198.5	1,097.5
Add: Provision made during the year	904.9	866.4
Less: Amount utilized during the year	871.9	765.4
Carrying amount at the end of the year	**1,231.5**	**1,198.5**

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current provision	383.9	367.0
Current provision	847.6	831.5
Total	**1,231.5**	**1,198.5**

3.33 Dividend paid and proposed:

Dividends on equity shares were declared and paid by the Company during the year

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2021 (₹ in million)	Dividend Per Equity Share (₹)	For the year ended 31 March 2020 (₹ in million)
Dividend on equity shares	28.00	3,347.8	30.00	3,587.0
Dividend distribution tax		-		732.1
Total		**3,347.8**		**4,319.1**

After the reporting date, the following dividend was proposed by the Board of Directors in its meeting held on 25 May 2021 (previous year: in the Board meeting held on 5 June 2020) subject to the approval at the annual general meeting. Proposed dividend has not been recognised as a liability.

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2021 (₹ in million)	Dividend Per Equity Share (₹)	For the year ended 31 March 2020 (₹ in million)
Final dividend on equity shares	5.00	597.8	3.00	358.7
Total		**597.8**		**358.7**

3.34 Segment Reporting

The Company has presented data relating to its segments in its consolidated financial statements. Accordingly, in terms of paragraph 4 of the Indian Accounting Standard 108 (IND AS-108) "Segment Reporting", no disclosures related to segments are presented in the standalone financial statements.

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures.

The Company's prinicipal related parties consist of its subsidiaries (Refer list below), Key Managerial Personnel ("KMP"), relatives of KMP and entities in which KMP and their relatives have significant influence ("Affiliates"). The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.

List of Subsidiaries and Step down Subsidiaries

A) Subsidiaries and Step down Subsidiaries	Principal Place of Business	% Shareholding and Voting Power As at 31 March 2021	% Shareholding and Voting Power As at 31 March 2020
Ascend Laboratories (Pty) Ltd (formerly known as Alkem Laboratories (Pty) Ltd)	South Africa	100%	100%
Ascend GmbH (formerly known as Alkem Pharma GmbH)	Germany	100%	100%
Alkem Laboratories Corporation	Philippines	100%	100%
S&B Holdings B.V.	Netherlands	100%	100%
Pharmacor Pty Limited	Australia	100%	100%
ThePharmaNetwork, LLC (Wholly owned subsidiary of S&B Holdings B.V)	United States of America	100%	100%
Ascend Laboratories SDN BHD.	Malaysia	100%	100%
Ascend Laboratories SpA	Chile	100%	100%
Enzene Biosciences Limited	India	99.84%	99.91%
Alkem Laboratories Korea Inc.	South Korea	100%	100%
Pharmacor Limited	Kenya	100%	100%
S & B Pharma Inc.	United States of America	100%	100%
The Pharmanetwork, LLP	Kazakhstan	100%	100%
Ascend Laboratories, LLC (Wholly owned subsidiary of The PharmaNetwork, LLC)	United States of America	100%	100%
Ascend Laboratories SAS	Colombia	100%	100%

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3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

A)	Subsidiaries and Step down Subsidiaries	Principal Place of Business	% Shareholding and Voting Power As at 31 March 2021	As at 31 March 2020
	Ascend Laboratories (UK) Limited	United Kingdom	100%	100%
	Cachet Pharmaceuticals Private Limited	India	58.8%	58.8%
	Indchemie Health Specialities Private Limited	India	51%	51%
	Ascend Laboratories Limited	Canada	100%	100%
	Pharma Network SpA (Wholly owned subsidiary of Ascend Laboratories SpA)	Chile	100%	100%
	Alkem Foundation	India	100%	100%
	Connect 2 Clinic Private Limited (with effect from 12 June 2020)	India	100%	-
	S & B Pharma LLC (with effect from 8 April 2020) (Wholly owned subsidiary of The PharmaNetwork, LLC)	United States of America	100%	-

B) Key Managerial Personnel ("KMP")

Mr. Samprada Singh (upto 27 July 2019)	Chairman Emeritus
Mr. Basudeo Narain Singh	Executive Chairman
Mr. Balmiki Prasad Singh	Executive Director
Mr. Dhananjay Kumar Singh	Joint Managing Director
Mr. Mritunjay Kumar Singh	Executive Director
Mr. Sandeep Singh	Managing Director
Mr. Sarvesh Singh	Executive Director
Mr. A.K.Purwar	Independent Director
Mr. R.L.Shenoy	Independent Director
Ms. Sangeeta Singh	Independent Director
Ms. Sudha Ravi	Independent Director
Mr. Dheeraj Sharma	Independent Director
Mr. Narendra Kumar Aneja	Independent Director
Mr. A.M. Prasad (upto 15 March 2020)	Independent Director
Mr. Rajesh Dubey	President - Finance & Chief Financial Officer
Mr. Manish Narang	President - Legal & Company Secretary

C) Relatives of Key Managerial Personnel ("KMP") with whom transactions have taken place during the year

Mr. Satish Kumar Singh	Father of Sandeep Singh and Sarvesh Singh
Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
Mr. Srinivas Singh	Son of Balmiki Prasad Singh
Mrs. Manju Singh	Wife of Balmiki Prasad Singh
Mrs. Premlata Singh	Mother of Sandeep Singh and Sarvesh Singh
Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Divya Singh	Daughter of Dhananjay Kumar Singh
Mr. Aniruddha Singh	Son of Dhananjay Kumar Singh
Ms. Meghna Singh	Daughter of Mritunjay Kumar Singh
Mr. Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Ms.Inderjit Arora	Wife of Sandeep Singh
Mrs. Annapurna Singh	Wife of Sarvesh Singh
Mr. Nawal Kishore Singh	Brother of Balmiki Prasad Singh
Mr. Sreejan Shandilya	Husband of Dhananjay Kumar Singh's Daughter

Notes

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3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

D) Entities in which Key Managerial Personnel's and their relatives have significant influence and with whom transactions have taken place during the year ("Affiliates"):

M/s Galpha Laboratories Ltd., M/s. Samprada and Nanhamati Singh Family Trust, Legal heirs of Late Mr. Samprada Singh.

Details of Transactions with Related Parties

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2021				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	C	D	
1	Remuneration*	-	656.2	167.9	-	824.1
		-	(706.5)	(146.7)	-	(853.2)
2	Consultancy fees paid	-	-	2.5	-	2.5
		-	-	-	-	-
3	Purchase of stock in trade	1,833.2	-	-	523.3	2,356.5
		(1,802.5)	-	-	(531.3)	(2,333.8)
4	Sale of finished goods	18,142.5	-	-	-	18,142.5
		(15,133.7)	-	-	-	(15,133.7)
5	Sale of raw and packing materials (March 2020: ₹ 47,470)	2.7	-	-	-	2.7
		(30.5)	-	-	(0.0)	(30.5)
6	Purchase of raw and packing materials	25.3	-	-	20.9	46.2
		(46.6)	-	-	-	(46.6)
7	Services received	1,689.7	-	-	0.1	1,689.8
		(1,358.6)	-	-	-	(1,358.6)
8	Services rendered	0.2	-	-	0.6	0.8
		(0.7)	-	-	(6.4)	(7.1)
9	Rental income	16.8	-	-	3.8	20.6
		(17.2)	-	-	(3.8)	(21.0)
10	Rent expenses	0.1	1.6	2.5	-	4.2
		(0.1)	(1.0)	(3.1)	-	(4.2)
11	Investments made	1,796.2	-	-	-	1,796.2
		(3,280.1)	-	-	-	(3,280.1)
12	Dividend paid	-	672.5	453.0	754.1	1,879.6
		-	(719.9)	(526.9)	(808.0)	(2,054.8)
13	Loans and advances given to	1.5	1.0	-	-	2.5
		(273.9)	(2.5)	-	-	(276.4)
14	Loans and advances repaid by	17.5	1.0	-	-	18.5
		(96.9)	(3.0)	-	-	(99.9)
15	Donation given to	40.5	-	-	-	40.5
		(25.0)	-	-	-	(25.0)
16	Purchase of PPE/Intangible Assets	80.5	-	-	-	80.5
		(601.9)	-	-	-	(601.9)
17	Royalty expenses	0.4	-	-	-	0.4
		(0.9)	-	-	-	(0.9)
18	Guarantee commission	10.1	-	-	-	10.1
		(18.2)	-	-	-	(18.2)
19	Royalty income	49.6	-	-	-	49.6
		(33.7)	-	-	-	(33.7)

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3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2021				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	C	D	
20	Reimbursement of expenses to	249.2	-	-	3.6	252.8
		(230.7)	-	-	-	(230.7)
21	Reimbursement of expenses from (March 2021: ₹ 38,393)	280.4	-	-	0.0	280.4
		(297.9)	-	-	-	(297.9)
22	Interest income on loans given (March 2020: ₹ 35,853)	18.4	-	-	-	18.4
		(28.0)	(0.0)	-	-	(28.0)
23	Sale of PPE	3.4	-	-	-	3.4
		(51.0)	-	-	(2.8)	(53.8)
24	Dividend received	-	-	-	-	-
		(56.1)	-	-	-	(56.1)
25	Corporate guarantee given for subsidiary	278.5	-	-	-	278.5
		(756.7)	-	-	-	(756.7)
26	Scrap sale	-	-	-	-	-
		(1.3)	-	-	-	(1.3)

Figures in the brackets are the comparative figures of the previous year.

*Key managerial personnel remuneration

Key managerial personnel remuneration comprise the following :

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Short term employee benefits	564.8	464.7
Post-employment benefits	63.9	165.1
Other long-term benefits	15.5	18.6
Commission paid to Chairman Emeritus	-	45.6
Commission/sitting fees to Independent Directors	12.0	12.5
Total	**656.2**	**706.5**

Based on the recommendation of the Nomination and Remuneration Committee, all decisions relating to the remuneration of the directors are taken by the Board of Directors of the Company, is in accordance with shareholders' approval.

All related party transactions are made in the normal course of business and on terms equivalent to those that prevail in an arm's length transactions.

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to the standalone financial statements for the year ended 31 March 2021

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Significant Related party transactions

(₹ in million)

Sr. No.	Particulars	Related Party relation	Year ended 31 March 2021	Year ended 31 March 2020
1	Purchase of stock in trade			
	Cachet Pharmaceuticals Private Limited	Subsidiary	1,024.6	1,070.2
	Indchemie Health Specialities Private Limited	Subsidiary	808.7	732.3
	Galpha Laboratories Limited	Affiliate	523.3	531.3
2	Sale of Finished Goods			
	Ascend Laboratories, LLC	Step Down Subsidiary	15,681.0	13,178.8
3	Services received			
	S&B Pharma Inc., USA	Wholly owned subsidiary	1,147.8	1,020.5
	Indchemie Health Specialities Private Limited	Subsidiary	368.9	267.7
4	Investments made			
	S&B Pharma Inc., USA	Wholly owned subsidiary	981.2	1,862.9
	Enzene Biosciences Limited, India	Subsidiary	800.0	1,250.0

Balance due from / to the related Parties

(₹ in million)

Sr. No.	Particulars	As at 31 March 2021				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
1	Outstanding receivables	10,558.8	-	-	-	10,558.8
2	Outstanding payables	762.4	-	-	100.2	862.6
3	Investments	18,898.0	-	-	-	18,898.0
4	Loans receivable	253.0	-	-	-	253.0

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
1	Outstanding receivables	11,077.5	-	-	-	11,077.5
2	Outstanding payables	924.3	-	-	33.3	957.6
3	Investments	17,101.7	-	-	-	17,101.7
4	Loans receivable	259.7	-	-	-	259.7

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to the standalone financial statements for the year ended 31 March 2021

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Note:

1 Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013

a) Loans and Advances in the nature of loans to subsidiaries (net of provision for doubtful advances) *

(₹ in million)

Sr. No.	Related Party	Related Party relation	As at 31 March 2021	Maximum balance outstanding during the year	As at 31 March 2020
i	Alkem Laboratories Corporation	Wholly Owned Subsidiary	85.5	85.5	81.6
ii	Alkem Laboratories Korea Inc.	Wholly Owned Subsidiary	1.5	1.5	-
iii	Pharmacor Limited	Wholly Owned Subsidiary	-	17.0	16.3
iv	S & B Pharma Inc.	Wholly Owned Subsidiary	166.0	166.0	161.2
v	Ascend Laboratories (Pty) Ltd (formerly known as Alkem Laboratories (Pty) Ltd)	Wholly Owned Subsidiary	-	0.6	0.6

*The above loans are given towards meeting working capital requirements and are repayable in accordance with the terms and conditions of loan agreements carry an interest rate in the range of 4.5% to 9% p.a. for foreign subsidiaries.

b) Details of investments made under section 186 of the Act are given in Note 3.2A "Investment in Subsidiaries".

c) Value of assets pledged against loan taken by subsidiaries **

(₹ in million)

Sr. No.	Related party	Related Party relation	As at 31 March 2021	As at 31 March 2020
i	S & B Pharma Inc.	Wholly Owned Subsidiary	2,150.0	2,150.0
ii	Ascend Laboratories SpA, Chile	Wholly Owned Subsidiary		Nil

**The assets pledged are against loans taken by subsidiaries for the purpose of meeting working capital requirements.

d) The Company has issued corporate guarantee to its wholly owned subsidiary, Pharmacor Pty Limited, Australia amounting to ₹ **278.5 Mn (AUD 5 Million)** (31 March 2020: ₹ Nil (AUD Nil)), Ascend Laboratories SpA, Chile amounting to ₹ **146.2 Million (USD 2 Million)** (31 March 2020: ₹ 756.7 Million (USD 10 Million)) and Pharma Network SpA (Wholly owned by Ascend Laboratories SpA), Chile amounting to ₹ **182.8 Million (USD 2.5 Million)** (31 March 2020: ₹ 189.2 Million (USD 2.5 Million)) in respect of loan taken to meet working capital requirements.

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to the standalone financial statements for the year ended 31 March 2021

3.36 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The Company uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

Level 1: Observable prices in active markets for identical assets and liabilities;

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities;

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(₹ in million)

Particulars	As at 31 March 2021							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	152.2	152.2	-	-	-	-
Other Bank Balances	-	-	16,581.4	16,581.4	-	-	-	-
Non-current investments *	494.8	-	228.3	723.1	-	494.8	-	494.8
Current investments	1,504.8	-	116.9	1,621.7	216.5	-	1,288.3	1,504.8
Non-current loans	-	-	333.2	333.2	-	-	-	-
Current loans	-	-	211.1	211.1	-	-	-	-
Trade receivables	-	-	15,565.5	15,565.5	-	-	-	-
Other Non-current financial assets	-	-	221.3	221.3	-	-	-	-
Other Current financial assets	-	-	2,282.0	2,282.0	-	-	-	-
	1,999.6	**-**	**35,691.9**	**37,691.5**	**216.5**	**494.8**	**1,288.3**	**1,999.6**
Financial liabilities								
Non-current borrowings (Including current maturity of long term borrowings)	-	-	63.2	63.2	-	-	-	-
Current borrowings	-	-	13,328.4	13,328.4	-	-	-	-
Trade payables	-	-	9,529.2	9,529.2	-	-	-	-
Other Non-Current financial liabilities	-	-	333.7	333.7	-	-	-	-
Other Current financial liabilities	-	-	3,336.7	3,336.7	-	-	-	-
	-	-	**26,591.2**	**26,591.2**	-	-	-	-

* It excludes fair value information for financial assets not measured at fair value, if carrying amount is a reasonable approximation of fair value.

(₹ in million)

Particulars	As at 31 March 2020							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	206.9	206.9	-	-	-	-
Other Bank Balances	-	-	7,449.2	7,449.2	-	-	-	-
Non-current investments	304.5	-	538.7	843.2	-	304.5	-	304.5
Current investments	1,597.1	-	18.1	1,615.2	137.1	-	1,460.0	1,597.1
Non-current loans	-	-	334.7	334.7	-	-	-	-
Current loans	-	-	233.9	233.9	-	-	-	-
Trade receivables	-	-	15,550.7	15,550.7	-	-	-	-
Other Non-current financial assets	-	-	49.4	49.4	-	-	-	-
Other Current financial assets	-	-	1,815.3	1,815.3	-	-	-	-
	1,901.6	**-**	**26,196.9**	**28,098.5**	**137.1**	**304.5**	**1,460.0**	**1,901.6**
Financial liabilities								
Non-current borrowings (Including current maturity of Long term borrowings)	-	-	63.2	63.2	-	-	-	-
Current borrowings	-	-	12,030.6	12,030.6	-	-	-	-
Trade payables	-	-	8,123.4	8,123.4	-	-	-	-
Other Non-Current financial liabilities	-	-	487.2	487.2	-	-	-	-
Other Current financial liabilities	-	-	3,141.1	3,141.1	-	-	-	-
	-	**-**	**23,845.5**	**23,845.5**	**-**	**-**	**-**	**-**

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to the standalone financial statements for the year ended 31 March 2021

3.36 Financial instruments – Fair values and risk management (Continued)

B. Measurement of fair values

The Management assessed that cash and bank balances, trade receivables, trade payables, cash credit and other financial assets and liabilities approximate their carrying amounts due to short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value :

a) **Level 1:** The fair value of the quoted investments/units of mutual fund scheme are based on market price/net asset value at the reporting date.

b) **Level 2:** The fair value of financial instruments that are not traded in an active market (i.e. venture capital funds) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.

c) **Level 3:** The fair value of the remaining financial instrument is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

The significant unobservable inputs used to determine the fair value of investment in fund together with the quantitative sensitivity analysis as at 31 March 2021; 31 March 2020 are as shown below:

Type	Level	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Units of Avenue Venture Real Estate Fund	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.	Revenue, Cost of construction, absorption timelines	The estimated fair value would increase/(decrease) if: • the sale price were higher/(lower); • the cost of construction were lower/(higher); or • the absorption timelines will decrease/(increase).

There have been no transfers between Level 1 and Level 2 during the year.

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of Investment in Avenue Venture Real Estate Fund.

Particulars	(₹ in million)
Opening Balance (1 April 2019)	**2,003.4**
Net change in fair value (unrealised)	(12.6)
Repayment	(530.8)
Closing Balance (31 March 2020)	**1,460.0**
Net change in fair value (unrealised)	-
Repayment	(171.7)
Closing Balance (31 March 2021)	**1,288.3**

Transfer out of Level 3

There has been no transfer out of Level 3 during the year.

3.36 Financial instruments – Fair values and risk management (Continued)

Sensitivity analysis

For the fair values of Avenue Venture Real Estate Fund investment possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

(₹ in million)

Significant unobservable inputs	31 March 2021		31 March 2020	
	Profit or loss		Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	62.5	(62.5)	66.6	(66.6)
Cost of Construction - 5%	(11.6)	11.5	(12.5)	12.5
Absorption Timelines - 1 Year	(142.4)	166.6	(153.5)	179.3

Note: The above sensitivity analysis for the significant unobservable input of sale price has been performed only for 4 projects (Carrying value: CY: ₹**1,218.2 million**; PY: ₹ 1,295.2 million) out of total 5 projects (Carrying value: CY: ₹ **1,288.3 million** ; PY: ₹ 1,460.0 million) since the existing land will be sold without construction. For other two significant unobservable inputs (Cost of Construction and Absorption timelines), the sensitivity analysis has been performed only for 3 projects (Carrying value: CY : ₹ **938.5 million**; PY: ₹ 1,015.6 million). the exit value has already been agreed and hence no sensitivity analysis has been performed.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activites (primarily trade receivables) and from its financing/investing activities, including investments in debt securities, deposits with banks, equity securities and venture capital and mutual fund investments. The Company has no significant concentration of credit risk with any counterparty.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade receivables

Trade receivables are consisting of a large number of customers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly.

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to the standalone financial statements for the year ended 31 March 2021

3.36 Financial instruments – Fair values and risk management (Continued)

At 31 March 2021, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

(₹ in million)

Particulars	31 March 2021	31 March 2020
India	4,651.9	3,880.7
US	9,004.5	9,260.5
Other regions	1,909.1	2,409.5
Total	**15,565.5**	**15,550.7**

The Company's exposure to credit risk for trade receivables by type of counter party is as follows:

(₹ in million)

Particulars	31 March 2021	31 March 2020
Stockists/distributors	5,006.7	4,473.2
Subsidiaries	10,558.8	11,077.5
Total	**15,565.5**	**15,550.7**

At 31 March 2021, the carrying amout of the Company's most significant customer (Ascend Laboratories LLC, its wholly owned step-down subsidiary) is ₹ **8,796.8 million** (31 March 2020: ₹ 8,997.7 million)

Impairment

As per simplified approach, the Company makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date wherever required.

The ageing of trade receivables that were not impaired was as follows:

(₹ in million)

Particulars	31 March 2021	31 March 2020
Not past due	14,402.8	13,873.9
Past due 1–180 days	534.8	1,230.3
Past due more than 180 days	627.9	446.5
	15,565.5	**15,550.7**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

(₹ in million)

Particulars	For the year ended	
	31 March 2021	31 March 2020
Balance as at the beginning of the year	260.1	230.4
Impairment loss recognised	44.6	29.7
Amounts written off	(20.2)	-
Balance as at the end of the year	**284.5**	**260.1**

Loans to subsidiaries

The Company has an exposure of ₹ **253.0 million** as at 31 March 2021 (31 March 2020: ₹ 259.7 million) for loans given to subsidiaries. Such loans are classified as financial asset measured at amortised cost.

The Company did not have any amounts that were past due but not impaired at 31 March 2021 or 31 March 2020. The Company has no collateral in respect of these loans.

Investments, Cash and Cash Equivalents and Bank Deposits

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.

Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in subsidiaries, mutual funds, venture capital funds, investment in equity of other companies /LLP, quoted bonds and non-convertible debentures. These mutual funds and counterparties have low credit risk.

Total non-current and current investments as at 31 March 2021 is ₹ **21,523.8 million** (31 March 2020: ₹ 19,560.4 million)

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to the standalone financial statements for the year ended 31 March 2021

3.36 Financial instruments – Fair values and risk management (Continued)

Debt securities

The Company has an exposure of ₹ **345.2 million** as at 31 March 2021 (31 March 2020: ₹ 556.8 million) for debt securities classified as financial asset measured at amortised cost. All the debt securities have been issued by companies registered in India in Indian Rupees.

There has been no allowance for impairment in respect of such debt securities - financial asset measured at amortised cost till 31 March 2021.

Credit Rating of debt securities is given below:

(₹ in million)

Credit Rating	31 March 2021	31 March 2020
AA	20.0	120.0
AA -	152.1	263.7
AAA	165.0	165.0
Not Rated	8.1	8.1
Total	**345.2**	**556.8**

The Company did not have any debt securities that were past due but not impaired at 31 March 2021 or 31 March 2020. The Company has no collateral in respect of these investments.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The majority of the Company's trade receivables are due for maturity within 21 - 60 days from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 - 60 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Company. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in million)

31 March 2021	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance Lease obligation	63.2	275.1	2.8	-	2.9	8.7	260.7
Other non-current financial liabilities	333.7	419.6	-	-	126.3	202.6	90.7
Working capital loans from banks	13,328.4	13,328.4	13,328.4	-	-	-	-
Trade payables	9,529.2	9,529.2	9,529.2	-	-	-	-
Other Current financial liabilities	3,336.7	3,336.7	3,226.9	109.8	-	-	-

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3.36 Financial instruments – Fair values and risk management (Continued)

(₹ in million)

31 March 2020	Carrying amount	Contractual cash flows					
		Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance Lease obligation	63.2	278.0	2.8	-	2.9	8.7	263.6
Other non-current financial liabilities	487.2	626.2	-	-	162.0	299.9	164.3
Working capital loans from banks	12,030.6	12,030.6	12,030.6	-	-	-	-
Trade payables	8,123.4	8,123.4	8,123.4	-	-	-	-
Other Current financial liabilities	3,141.1	3,141.1	3,020.1	121.0	-	-	-

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The functional currency of the Company is Indian Rupee. The Company has exposure to EUR, GBP, USD, AUD, CAD and KES. The Company has formulated hedging policy for monitoring its foreign currency exposure.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2021, 31 March 2020 in there respective currencies are as below (absolute values):

Particulars	31 March 2021					
	EUR	GBP	USD	AUD	CAD	KES
Financial assets						
Non-current loans	-	-	3,460,242	-	-	-
Trade and other receivables	1,129,550	3,959,428	139,612,522	6,556,308	49,510	-
Cash and cash equivalents	-	-	138,231	-	-	1,117,144
	1,129,550	**3,959,428**	**143,210,995**	**6,556,308**	**49,510**	**1,117,144**
Financial liabilities						
Short term borrowings	-	-	130,500,000	-	-	-
Trade and other payables	771,122	187,745	15,504,395	335,635	29,548	-
	771,122	**187,745**	**146,004,395**	**335,635**	**29,548**	**-**
Net foreign currency exposure as at 31 March 2021	**358,428**	**3,771,683**	**(2,793,400)**	**6,220,673**	**19,962**	**1,117,144**

Notes

to the standalone financial statements for the year ended 31 March 2021

3.36 Financial instruments – Fair values and risk management (Continued)

Particulars	31 March 2020					
	EUR	GBP	USD	AUD	CAD	KES
Financial assets						
Non-current loans	-	-	3,432,867	-	-	-
Trade and other receivables	609,540	3,519,463	146,513,538	6,771,438	-	-
Cash and cash equivalents	-	-	161,059	-	-	895,602
	609,540	**3,519,463**	**150,107,464**	**6,771,438**	**-**	**895,602**
Financial liabilities						
Short term borrowings	-	-	128,300,000	-	-	-
Trade and other payables	443,059	308,316	13,644,932	2,020,819	-	-
	443,059	**308,316**	**141,944,932**	**2,020,819**	**-**	**-**
Net foreign currency exposure as at 31 March 2020	**166,481**	**3,211,147**	**8,162,533**	**4,750,618**	**-**	**895,602**

For the purpose of financial statement reporting, the currency exposure are measured at the following year-end exchange rates.

INR	Year-end spot rate	
	31 March 2021	31 March 2020
EUR	85.75	82.77
GBP	100.75	93.50
USD	73.11	75.67
AUD	55.70	46.08
CAD	58.03	53.08
KES	0.67	0.72

Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against various foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect ₹ in million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2021		
10% movement		
EUR	3.1	(3.1)
GBP	38.0	(38.0)
USD	(20.4)	20.4
AUD	34.7	(34.7)
CAD	0.1	(0.1)
KES	0.1	(0.1)
	55.6	**(55.6)**

Notes

to the standalone financial statements for the year ended 31 March 2021

3.36 Financial instruments – Fair values and risk management (Continued)

Effect ₹ in million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2020		
10% movement		
EUR	1.4	(1.4)
GBP	30.0	(30.0)
USD	61.8	(61.8)
AUD	21.9	(21.9)
KES	0.1	(0.1)
	115.2	**(115.2)**

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments, borrowings and loans because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments, borrowings and loans will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Company to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments is as follows:

(₹ in million)

Particulars	31 March 2021	31 March 2020
Fixed-rate instruments		
Financial assets	17,559.6	8,773.1
Financial liabilities	4,294.2	2,994.2
Total	**13,265.4**	**5,778.9**
Variable-rate instruments		
Financial liabilities	9,540.9	9,707.8
Total	**9,540.9**	**9,707.8**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would not have any material impact on the equity.

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates would not have any material impact on the equity.

Notes

to the standalone financial statements for the year ended 31 March 2021

3.37 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio was as follows.

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Total Borrowings	13,835.1	12,702.0
Less : Cash and cash equivalents	152.2	206.9
Net debt	**13,682.9**	**12,495.1**
Total equity	**76,257.5**	**62,804.4**
Net debt to equity ratio	**0.18**	**0.20**

3.38 Payment to auditors (excluding GST)

(₹ in million)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
As Auditor		
Audit fees	19.8	12.8
In other capacity		
Taxation matters	0.4	1.7
In any other services such as certification, etc.	8.1	8.5
Reimbursement of out of pocket expenses	1.0	0.9
Total	**29.3**	**23.9**

3.39 The gross amount required to be spent by the Company on Corporate Social Responsibility ("CSR") as per section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 during the year is ₹ **214.4 million** (Previous Year : ₹ 185.5 million) The Company has spent an amount of ₹ **74.1 Million** towards the CSR obligation of the Company and an amount of ₹ **142.2 Million** was transferred to the "Unspent CSR Account" towards the ongoing projects initiated by the Company (Previous Year : ₹ 144.4 million) towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

Above spend includes a transfer of ₹ **39.6 million** (Previous Year : ₹ 25.0 million) to Alkem Foundation, a subsidiary of the Company, which is a Section 8 registered company under Companies Act, 2013, with the main objectives of working in the areas of social, economic and environmental issues such as healthcare, women empowerment, education, sanitation, conservation of environment, rural development and enable the less privileged segments of the society to improve their livelihood by enhancing their means and capabilities to meet the emerging opportunities.

Amount spent during the year on other than ongoing projects:

(₹ in million)

	Particulars	In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset	-	-	-
		(-)	(-)	(-)
ii)	On purposes other than (i) above	**62.7**	-	**62.7**
		(124.5)	(19.9)	(144.4)

Figures in the brackets are the corresponding figures of the previous year.

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to the standalone financial statements for the year ended 31 March 2021

Amount spent during the year on ongoing projects under Section 135(6) of the Act:

Balance as on 1 April 2020		Amount required to be spent during the year	Amount spent during the year		Balance as on 31 March 2021	
With the Company	In Separate CSR Unspent Account		From the Company's bank account	From separate CSR Unspent account	With the Company	In Separate CSR Unspent Account
-	-	151.7	11.4	#	-	#

Subsequent to 31 March 2021, an amount of ₹ 142.2 million has been transferred to the separate CSR Unspent account on 29 April 2021 in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 rules.

3.40 Government Grant

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in FY 2014-15 amounted to ₹ **72.4 million** with respect to the Kumrek facility. The factory has been constructed and in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹ **122.1 million** for which the Company has received the claim amount in FY 2018-19. The factory has been constructed and in operation since October, 2012. These grants, recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised. The unamortised grant as on 31 March 2021 amounts to ₹ **80.9 million** (Previous year: ₹ 92.6 million), the breakup of which is as below:

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current	69.3	80.9
Current	11.6	11.7
Total	**80.9**	**92.6**

3.41 Non-current assets held for sale:

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Plant and equipment	55.0	153.1
Office Equipments	0.3	1.6
Furniture and Fixtures	0.2	2.8
Total	55.5	157.5

During the year ended 31 March 2020, the Company had decided to sell various Property, Plant and Equipment in the category of Land, Plant & equipment, Office Equipments, Buildings, Vehicles and Furniture & Fixtures being no longer required for business purposes. Accordingly, the said Property, Plant and Equipment are stated at lower of its carrying value and its fair value less costs to sell.

3.42 Disclosure under Ind AS 103 - Business Combinations

During the year ended 31 March 2020, the Company had acquired an industrial undertaking having facility of manufacturing liquid and food products, on a going concern basis from Cachet Pharmaceuticals Pvt. Ltd. (Cachet), a subsidiary of the Company for a total consideration of ₹ **518.5 million.**

At the time of acquisition, the written down value of the Property, Plant and Equipment in the books of Cachet was ₹ **518.5 million.** This value is also the purchase consideration paid by the Company to Cachet. With reference to Ind AS 103 Appendix C, the Company has allocated the consideration value to the various Property, Plant and Equipment purchased at carrying value. The carrying value of other assets and liabilities taken over are immaterial and hence no purchase price has been allocated to them.

3.43 During the year ended 31 March 2020, a case of misappropriation by an employee was detected by the Company. The Company had filed a police complaint and upon investigation the police registered a case against the said employee and his accomplice. As on 31 March 2021, the entire amount has been recovered from the said employee.

3.44 COVID-19

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

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to the standalone financial statements for the year ended 31 March 2021

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.

3.45 Exceptional item

During the current year, the Company considered indicators of impairment for investments for decline in operational performance or changes in the outlook of future profitability or weaker market conditions, among other potential indicators.

In respect of the overseas investments in Alkem Laboratories Corporation, Philippines, a wholly owned subsidiary of the Company, where indicators of impairment were identified, the Company estimated the recoverable amount based on the value in use of the underlying business. The computation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts for the next year and future projections taking the analysis out into perpetuity. Key assumptions for the value in use computations are those regarding the discount rate, growth rate, exchange rate, market demand, expected changes to selling prices and other direct costs. Changes in selling prices, exchange rates and demand are based on historical experience and expectations of future changes in the market. Beyond the specifically forecasted period, a growth rate of **5%** is used to extrapolate the cash flow projections. This rate does not exceed the average long-term growth rate for the relevant market.

The Company estimates discount rates using pre-tax rates that reflect the current market rates for investments of similar risk. The rate for these investments were estimated from the weighted average cost of capital of participants, which operate a portfolio of assets similar to those of the Company's assets. The weighted average pre-tax discount rates used for discounting the cash flows projections was **14.2%.**

The outcome of the test as on 31 March 2021 resulted in the Company recognizing an impairment loss of ₹ **127.8 Million** with respect to investment in Alkem Laboratories Corporation, Philippines.

3.46 Sale of brand

During the year ended 31 March 2021, the Company has received net consideration of ₹ **351.0 Million** towards assignment of a trademark together with associated goodwill, business and commercial rights and the same has been recognised under Other Income.

3.47 For business synergies, ease of administration and simplification in the organization structure for its business operations in USA market, the Company's Board of Directors at its meeting held on 25 May 2021 has approved the proposed plan for restructuring of the USA business operations by bringing both the subsidiary entities namely, S & B Pharma Inc, USA (engaged in manufacturing of pharmaceutical products and contract research) and The PharmaNetwork LLC, USA (engaged in sales & marketing of pharmaceuticals products) under a single umbrella by removing intermediary holding company S & B Holdings BV, Netherlands. This Board approved restructuring is subject to necessary statutory and regulatory approvals.

3.48 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

MCA issued notifications dated 24 March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1 April 2021.

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
25 May 2021

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

B.N. Singh
Executive Chairman
DIN. 00760310
Mumbai

Sandeep Singh
Managing Director
DIN. 01277984
Maldives

D.K. Singh
Joint Managing Director
DIN. 00739153
Mumbai

M.K. Singh
Executive Director
DIN. 00881412
Mumbai

Sarvesh Singh
Executive Director
DIN. 01278229
Mumbai

Rajesh Dubey
President - Finance &
Chief Financial Officer
Mumbai

Manish Narang
President - Legal &
Company Secretary
Mumbai
25 May 2021

Independent Auditors' Report

To the Members of
Alkem Laboratories Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Alkem Laboratories Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue from operations

The key audit matter description	How the matter was addressed in our audit
• Revenue is recognized when the control of the products being sold has been transferred to the customer. There is a risk of revenue being overstated at period end as management, to achieve its performance targets, may recognise certain transactions as revenue though control may not have transferred to the customer as of the period end. This was an area of focus for us. • The initial revenue recognition is reduced taking into consideration the rebates, chargebacks, allowance for medicaid payments and possible failure to supply penalties for which a provision is created as underlying revenues are recognized. • These arrangements result in deductions to gross amounts invoiced. The initial revenue recognition, which is usually upon shipment to distributor is reduced taking into consideration items such as rebates and chargebacks.	In view of significance of the matter we applied following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence: • Evaluated the Group's revenue recognition accounting policies, including those for accrual of chargebacks and rebates by assessing compliance with applicable accounting standards. • Tested design, implementation and operating effectiveness of the Group's general IT controls and key IT application/ manual controls over the Group's systems which governs recording of revenue, chargebacks/ rebates etc., creation of new customers and key controls over revenue cut-off in the general ledger accounting system. • Tested the adequacy of accruals for unsettled obligations in respect of reductions from gross sales on account of chargebacks, rebates, product recalls, Medicaid allowances and supply penalties. Performing retrospective test to identify any bias with respect to these estimates.

Independent Auditors' Report (Continued)

1. Revenue from operations (Continued)

The key audit matter description	How the matter was addressed in our audit
• Due to the competitive business environment, the estimation of provision, chargebacks and rebates are done considering historical trend of actual chargeback claims. Accordingly, this was an area of focus for our audit. • Refer Note 2.10 of the consolidated financial statements for details on accounting policy on revenue recognition and note 3.19 in for disclosure of revenue in the consolidated financial statements.	• Performed substantive testing (including period end cut off testing) by selecting samples of revenue transactions recorded during the year-end, by verifying the underlying documents, which include testing contractual terms of sale contracts/ invoices, shipping documents and lag time/ proof of delivery to test evidence for transfer of control. • Performed analysis such as sales trend, one-off sales to customers during the year to identify any unusual fluctuations. • Tested significant manual journals posted to revenue to identify unusual items. • Evaluated adequacy of disclosures in relation to revenue in the consolidated financial statements.

2. Assessment of recoverability of the carrying value of goodwill

The key audit matter description	How the matter was addressed in our audit
As at 31 March 2021, the Group has goodwill aggregating ₹ 3,954 million. The Group assesses impairment triggers with respect to goodwill at period-end, at each cash generating unit (CGU) level. The recoverable amount of the CGUs, being the higher of the value in use and fair value less costs of disposal, is compared with the carrying value including goodwill pertaining to respective CGU to identify any impairment. Value in use is usually derived from discounted future cash flows and there is an inherent risk that the goodwill may be impaired if these cash flows do not meet the Group's expectations. Refer to Note 2.2(e) and 3.36 in the consolidated financial statements for details of accounting policies on impairment of goodwill and related disclosures. Period-end impairment assessment of goodwill is considered to be a key audit matter due to the significance of carrying value of goodwill in the consolidated financial statements, inherent complexity in auditing the forward-looking assumptions applied to determine recoverable value given the significant judgements involved. The key assumptions in the cash flow models include the forecast revenue, margins, terminal growth, weighted average cost of capital (discount rate) and uncertainty in business across geographies arising from the impact of Covid-19 pandemic.	In view of significance of the matter we applied following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence: • Tested operating effectiveness of controls over Group's assessment of the impairment analysis. • Compared the inputs with historical growth trends for evaluating the forecast used in prior year models to its actual performance of the business. • Assessing identification of CGUs with reference to the guidance in applicable accounting standards, • Compared current forecasts to the business plan approved by the Board of Directors. Using our knowledge of the Company and industry, challenged significant assumptions and judgements used by the Company in its impairment assessment, specifically in relation to forecast revenue, margins, terminal growth rate, consideration of impact of economic slowdown caused by Covid 19 pandemic and discount rates; • Performed sensitivity analysis of the key assumptions, including revenue growth rates, projected gross margins, and the discount rate applied in determining the recoverable value and considering the resulting impact on the impairment testing and whether there were any indicators of management bias in the selection of these key assumptions; • Evaluated the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

Independent Auditors' Report (Continued)

3. Minimum Alternate Tax credit asset

The key audit matter description	How the matter was addressed in our audit
• The Group pays minimum alternate tax ('MAT') under section 115JB of the Income Tax Act, 1961, and has recognised deferred tax asset (DTA) aggregating ₹ 10,212 million as at 31 March 2021, in relation to unutilized MAT credit. • The MAT paid is available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Group pays taxes under the normal provision of Income Tax Act, 1961. Refer note 2.13 for accounting policies and note 3.7 for disclosures related to DTA on Mat credit asset in the consolidated financial statements. • Period-end assessment of recoverability of DTA in relation to MAT credit asset is considered to be a key audit matter due to the significance of carrying value of MAT credit asset in the consolidated financial statements. The assessment of recoverability of DTA on account of MAT credit asset requires significant judgment regarding the Group's estimation of future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.	In view of significance of the matter we applied following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence: • Evaluated the Group's accounting policy in respect of DTA by comparing compliance with applicable accounting standards. • Evaluated Group's controls over the assumptions and judgments used in the projections of taxable future income. • Assessed Group's ability to estimate future taxable income by comparing the Group's previous forecasts to actual results. • Performed a sensitivity analysis over the key assumptions to assess their impact on the reasonability in Group's determination that MAT credit asset were realizable. • In respect of DTA on account of MAT credit asset, we evaluated the Group's assessment and conclusion in relation to for its utilization within the period allowed for carry forward and set off against forecasted taxable income streams. • Evaluated adequacy of disclosures in relation to DTA on account of MAT credit asset made in the consolidated financial statements

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole

Independent Auditors' Report (Continued)

are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of 20 subsidiaries whose financial statements/financial information reflect total assets of ₹ 21,750 million (before consolidation adjustments) as at 31 March 2021, total revenues of ₹ 14,653 million (before consolidation adjustments) and net cash flows amounting to ₹ 120 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting

Independent Auditors' Report (Continued)

principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

(b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 3.26 to the consolidated financial statements.

The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021.

ii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2021.

iii. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648
UDIN: 21048648AAAABC9259

Mumbai
25 May 2021

Annexure A to the Independent Auditors' report

on the consolidated financial statements of Alkem Laboratories Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of Alkem Laboratories Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection

Annexure A to the Independent Auditors' report (Continued)

of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 3 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648
UDIN: 21048648AAAABC9259

Mumbai
25 May 2021

Consolidated Balance Sheet

as at 31 March 2021

(₹ in million)

Particulars	Note no.	As at 31 March 2021	As at 31 March 2020
I. ASSETS			
1 Non-current assets			
(a) **Property, plant and equipment**	3.1	22,339.3	23,062.9
(b) **Capital work in progress**	3.1	3,932.8	3,629.7
(c) **Goodwill**	3.36	250.3	259.3
(d) **Other intangible assets**	3.1	1,636.6	2,032.7
(e) **Goodwill on consolidation**	3.36	3,703.6	3,725.2
(f) **Financial assets**			
(i) Investments	3.2	1,539.5	915.0
(ii) Loans	3.3	110.4	106.1
(iii) Other financial assets	3.4	577.7	466.8
(g) **Deferred tax assets (net)**	3.7C	11,079.1	9,325.7
(h) **Non-current tax assets (net)**	3.7D	171.1	345.4
(i) **Other non-current assets**	3.5	564.0	530.1
Total non-current assets		**45,904.4**	**44,398.9**
2 Current assets			
(a) **Inventories**	3.6	23,124.4	18,188.2
(b) **Financial assets**			
(i) Investments	3.2	1,788.3	1,698.9
(ii) Trade receivables	3.8	16,072.1	16,493.6
(iii) Cash and cash equivalents	3.9	1,742.2	1,759.4
(iv) Bank balances other than (iii) above	3.10	18,162.3	9,162.7
(v) Loans	3.3	312.2	279.7
(vi) Other financial assets	3.4	2,481.1	1,931.0
(c) **Other current assets**	3.11	5,550.1	5,362.2
		69,232.7	**54,875.7**
(d) **Non-current assets held for sale**	3.44	55.5	180.8
Total current assets		**69,288.2**	**55,056.5**
Total ASSETS		**115,192.6**	**99,455.4**
II. EQUITY AND LIABILITIES			
1 Equity			
(a) **Equity share capital**	3.12A	239.1	239.1
(b) **Other equity**	3.12B	73,528.2	61,367.6
Equity attributable to owners of the Company		73,767.3	61,606.7
(c) **Non-controlling interest**	3.37	1,812.8	1,483.0
Total Equity		**75,580.1**	**63,089.7**
2 Liabilities			
2a Non-current liabilities			
(a) **Financial liabilities**			
(i) Borrowings	3.13	342.5	739.1
(ii) Other financial liabilities	3.17	633.9	853.3
(b) **Provisions**	3.14	2,507.3	2,229.8
(c) **Other non-current liabilities**	3.15	88.3	97.7
Total non-current liabilities		**3,572.0**	**3,919.9**
2b Current liabilities			
(a) Financial liabilities			
(i) Borrowings	3.13	16,359.6	15,035.1
(ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	3.16	1,189.6	1,025.0
Total outstanding dues of creditors other than micro and small enterprises	3.16	9,504.5	8,515.5
(iii) Other financial liabilities	3.17	5,237.7	4,519.6
(b) **Other current liabilities**	3.18	1,193.4	1,035.1
(c) **Provisions**	3.14	2,366.4	1,933.8
(d) **Current tax liabilities (net)**	3.7D	189.3	381.7
Total current liabilities		**36,040.5**	**32,445.8**
Total Liabilities		**39,612.5**	**36,365.7**
Total EQUITY AND LIABILITIES		**115,192.6**	**99,455.4**
Significant Accounting Policies	2A		
Notes to the Consolidated Financial Statements	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
25 May 2021

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

B.N. Singh
Executive Chairman
DIN. 00760310
Mumbai

Sandeep Singh
Managing Director
DIN. 01277984
Maldives

D.K. Singh
Joint Managing Director
DIN. 00739153
Mumbai

M.K. Singh
Executive Director
DIN. 00881412
Mumbai

Sarvesh Singh
Executive Director
DIN. 01278229
Mumbai

Rajesh Dubey
President - Finance &
Chief Financial Officer
Mumbai

Manish Narang
President - Legal &
Company Secretary
Mumbai
25 May 2021

Consolidated Statement of Profit and Loss

for the year ended 31 March 2021

(₹ in million)

Particulars	Note no.	For the Year ended 31 March 2021	For the Year ended 31 March 2020
1 Income			
(a) Revenue from operations	3.19	88,650.1	83,443.6
(b) Other income	3.20	2,332.1	1,042.2
Total income		**90,982.2**	**84,485.8**
2 Expenses			
(a) Cost of materials consumed	3.21	23,945.4	21,318.3
(b) Purchases of stock-in-trade		14,377.6	14,430.6
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.22	(3,338.4)	(2,299.5)
(d) Employee benefits expense	3.23	16,210.3	15,054.9
(e) Finance costs	3.24	589.2	650.6
(f) Depreciation and amortisation expense	3.1	2,745.8	2,527.6
(g) Other expenses	3.25	18,031.3	20,205.4
Total expenses		**72,561.2**	**71,887.9**
3 Profit before tax (1) - (2)		**18,421.0**	**12,597.9**
4 Tax expense	3.7A		
(a) Current tax		3,965.3	3,542.5
(b) Deferred tax charge/(credit) (net)		(1,722.0)	(2,123.9)
Sub-total (a + b)		**2,243.3**	**1,418.6**
(c) Tax adjustment of earlier periods		-	(313.8)
Total tax expenses (a + b + c)		2,243.3	1,104.8
5 Profit for the year (3) - (4)		**16,177.7**	**11,493.1**
6 Profit attributable to Non-Controlling Interest	3.37	**327.5**	**222.4**
7 Profit attributable to Owners of the Company (5) - (6)		15,850.2	11,270.7
8 Other comprehensive income			
(a) (i) Items that will not be reclassified subsequently to profit or loss	3.28	(89.2)	(280.9)
(ii) Income tax relating to items that will not be reclassified to profit or loss	3.7A	29.9	96.5
(b) (i) Items that will be reclassified to profit or loss		(283.7)	453.0
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total of Other Comprehensive Income/(Loss) for the year, net of tax		**(343.0)**	**268.6**
9 Other Comprehensive Income/(Loss) attributable to Non-Controlling Interest	3.37	(3.4)	(5.4)
10 Other Comprehensive Income/(Loss) attributable to Owners of the Company (8) - (9)		(339.6)	274.0
11 Total Comprehensive Income for the year (5) + (8)		**15,834.7**	**11,761.7**
12 Total Comprehensive Income/(Loss) attributable to Non-Controlling Interest (6) + (9)	3.37	324.1	217.0
13 Total Comprehensive Income/(Loss) attributable to Owners of the Company (11) - (12)		15,510.6	11,544.7
14 Earnings per share (in ₹): Face value of ₹ 2 each			
Basic and diluted earnings per share	3.33	**132.57**	94.26
Significant Accounting Policies	2A		
Notes to the Consolidated Financial Statements	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
25 May 2021

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

B.N. Singh
Executive Chairman
DIN. 00760310
Mumbai

Sandeep Singh
Managing Director
DIN. 01277984
Maldives

D.K. Singh
Joint Managing Director
DIN. 00739153
Mumbai

M.K. Singh
Executive Director
DIN. 00881412
Mumbai

Sarvesh Singh
Executive Director
DIN. 01278229
Mumbai

Rajesh Dubey
President - Finance &
Chief Financial Officer
Mumbai

Manish Narang
President - Legal &
Company Secretary
Mumbai
25 May 2021

Consolidated Statement of Changes in Equity
for the year ended 31 March 2021

(a) Equity share capital

(₹ in million)

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	119,565,000	239.1	119,565,000	239.1
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	119,565,000	239.1	119,565,000	239.1

(b) Other Equity

(₹ in million)

Particulars	Attributable to Owners of the Parent						Total other equity attributable to owners of the parent	Total other equity attribut-able to noncontrolling interest	Total other equity
	Reserves and Surplus				Items of OCI				
	Capital reserve	Employee stock option outstanding account	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit plans			
Balance as at 1 April 2019	7.2	15.0	19,871.5	34,223.2	194.6	(157.2)	54,154.3	1,326.1	55,480.4
Total comprehensive income for the year ended 31 March 2020									
Profit for the year	-	-	-	11,270.7	-	-	11,270.7	222.4	11,493.1
Other comprehensive income for the year (net of tax)	-	-	-	-	458.5	(184.5)	274.0	(5.4)	268.6
Total comprehensive income for the year	**-**	**-**	**-**	**11,270.7**	**458.5**	**(184.5)**	**11,544.7**	**217.0**	**11,761.7**
Dividend on equity shares **(Refer Note 3.35)**	-	-	-	(3,587.0)	-	-	(3,587.0)	(53.9)	(3,640.9)
Dividend distribution tax	-	-	-	(743.8)	-	-	(743.8)	(11.1)	(754.9)
Employee stock option exercised	-	(2.1)	-	-	-	-	(2.1)	4.9	2.8
Employee compensation expense for the year **(Refer Note 3.42)**	-	1.5	-	-	-	-	1.5	-	1.5
Transfer to general reserve from employee stock option outstanding account	-	(0.8)	0.8	-	-	-	-	-	-
Transfer to retained earnings from capital reserve	(2.0)	-	-	2.0	-	-	-	-	-
Balance as at 31 March 2020	**5.2**	**13.6**	**19,872.3**	**41,165.1**	**653.1**	**(341.7)**	**61,367.6**	**1,483.0**	**62,850.6**
Total comprehensive income for the year ended 31 March 2021									
Profit for the year	-	-	-	15,850.2	-	-	15,850.2	327.5	16,177.7
Other comprehensive income for the year (net of tax)	-	-	-	-	(280.3)	(59.3)	(339.6)	(3.4)	(343.0)
Total Comprehensive Income for the year	**-**	**-**	**-**	**15,850.2**	**(280.3)**	**(59.3)**	**15,510.6**	**324.1**	**15,834.7**
Dividend on equity shares **(Refer Note 3.35)**	-	-	-	(3,347.8)	-	-	(3,347.8)	-	(3,347.8)

Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

(₹ in million)

Particulars	Attributable to Owners of the Parent						Total other equity attributable to owners of the parent	Total other equity attribut-able to noncontrolling interest	Total other equity
	Reserves and Surplus				Items of OCI				
	Capital reserve	Employee stock option outstanding account	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit plans			
Employee stock option exercised	-	(3.3)	-	-	-	-	(3.3)	5.7	2.4
Employee compensation expense for the year **(Refer Note 3.42)**	-	1.1	-	-	-	-	1.1	-	1.1
Transfer to general reserve from employee stock option outstanding account	-	(0.2)	0.2	-	-	-	-	-	-
Balance as at 31 March 2021	**5.2**	**11.2**	**19,872.5**	**53,667.5**	**372.8**	**(401.0)**	**73,528.2**	**1,812.8**	**75,341.0**

The Description of the nature and purpose of each reserve within equity:

Capital reserve: Capital reserve represents investment subsidies from state government.

Employee stock options outstanding account: The fair value of the equity-settled share based payment transactions with employees is recognised in Statement of profit and loss with corresponding credit to Employee stock options outstanding account.

General reserve: General reserve represents portion of the net profit transferred before declaring dividend pursuant to the earlier provisions of Companies Act 1956 applicable to Company and its Indian subsidiaries. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings: Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve and dividends distributed to shareholders.

Foreign currency translation reserve: Foreign currency translation reserve represents exchange differences arising on account of conversion of foreign operations to Company's functional currency.

Remeasurement of defined benefit plans: Remeasurement of defined benefit plans represents actuarial gains and losses relating to gratuity.

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
25 May 2021

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

B.N. Singh
Executive Chairman
DIN. 00760310
Mumbai

Sandeep Singh
Managing Director
DIN. 01277984
Maldives

D.K. Singh
Joint Managing Director
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Executive Director
DIN. 01278229
Mumbai

Rajesh Dubey
President - Finance &
Chief Financial Officer
Mumbai

Manish Narang
President - Legal &
Company Secretary
Mumbai
25 May 2021

Consolidated Statement of Cash Flow

for the year ended 31 March 2021

(₹ in million)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A.	Cash Flow from Operating Activities:		
	Profit before tax	18,421.0	12,597.9
	Adjustments for:		
	Depreciation and amortisation expense	2,745.8	2,527.6
	Profit on sale of investments	(102.6)	(0.8)
	Unrealised (gain) / loss on fair valuation of investments (net)	(266.9)	172.2
	Profit on sale of property plant and equipment (net)	(37.0)	(12.6)
	Employee stock compensation expenses	1.1	1.5
	Recovery of Bad debts	(114.9)	-
	Unrealised foreign currency (gain) / loss on revaluation (net)	9.7	(275.4)
	Dividend Income	(0.2)	(1.1)
	Profit on sale of brand (net)	(351.0)	-
	Impairment loss on property, plant and equipment	-	32.7
	Interest Income	(901.2)	(631.2)
	Interest expenses	589.2	650.6
	Allowances for doubtful debts	82.8	101.7
	Rent income	(8.4)	(6.5)
	Subtotal of Adjustments	**1,646.4**	**2,558.7**
	Operating profit before working capital changes	20,067.4	15,156.6
	Adjustments for changes in working capital:		
	Increase in trade receivables	(257.6)	(2,574.4)
	Increase in loans, other financial assets and other assets	(926.5)	(1,538.0)
	Increase in inventories	(4,977.0)	(2,817.4)
	Increase / (Decrease) in trade payable, other financial liabilities and other liabilities	2,124.2	(37.4)
	Increase in provisions	625.3	495.2
	Subtotal of adjustments	**(3,411.6)**	**(6,472.0)**
	Cash generated from operations	16,655.8	8,684.6
	Less: Income taxes paid (net of refund)	(4,006.8)	(2,833.8)
	Net Cash generated from operating activities	**12,649.0**	**5,850.8**
B	Cash Flow from Investing Activities:		
	Purchases of property, plant and equipment	(1,949.1)	(3,630.9)
	Sale of property, plant and equipment	104.6	154.5
	(Purchase of) / Proceeds from sale of investments (net)	(348.3)	457.5
	Profit on sale of brand (net)	351.0	-
	Investment made in bank deposits having maturity of more than 3 months	(8,937.9)	(4,911.4)
	Dividend received	0.2	1.1
	Interest received	785.7	509.2
	Rent received	8.4	6.5
	Net cash (used in) investing activities	**(9,985.4)**	**(7,413.5)**

Consolidated Statement of Cash Flow

for the year ended 31 March 2021

(₹ in million)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
C	Cash Flow from Financing Activities:		
	Repayment of non-current borrowings (net)	(387.4)	(1,810.5)
	Proceeds from current borrowings (net)	1,784.2	7,841.2
	Dividends and corporate dividend tax paid	(3,347.8)	(4,395.6)
	Repayment of lease liabilities	(230.3)	(193.0)
	Interest and bank charges paid	(536.2)	(650.6)
	Net cash (used in)/generated from financing activities	**(2,717.5)**	**791.5**
D	**Net (decrease)/increase in Cash and Cash Equivalents (A+B+C)**	**(53.9)**	**(771.2)**
E	**Cash & Cash Equivalents as at the beginning of the year**	**1,759.4**	**2,490.5**
	Add/Less: Effect of exchange difference on foreign currency cash and cash equivalents	**36.7**	**40.1**
F	**Cash & Cash Equivalents as at the end of the year (D+E) (Refer Note 3.9)**	**1,742.2**	**1,759.4**

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 (Ind AS-7) - "Statement of Cash Flows".

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

3 Debt reconciliation in accordance with Ind AS 7:

(₹ in million)

Particulars	Non-current borrowings (including current maturity of non-current borrowings)	Current borrowings
As at 1 April 2019	2,728.0	6,712.7
Cash flows from borrowing during the year (net)	(1,810.5)	7,841.2
Non-Cash Items (foreign exchange changes)	202.6	481.2
As at 31 March 2020 (Refer note 3.13)	**1,120.1**	**15,035.1**
Cash flows from borrowing during the year (net)	(387.4)	1,784.2
Non-Cash Items (foreign exchange changes)	(21.9)	(459.7)
As at 31 March 2021 (Refer note 3.13)	**710.8**	**16,359.6**

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
25 May 2021

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

B.N. Singh
Executive Chairman
DIN. 00760310
Mumbai

Sandeep Singh
Managing Director
DIN. 01277984
Maldives

D.K. Singh
Joint Managing Director
DIN. 00739153
Mumbai

M.K. Singh
Executive Director
DIN. 00881412
Mumbai

Sarvesh Singh
Executive Director
DIN. 01278229
Mumbai

Rajesh Dubey
President - Finance &
Chief Financial Officer
Mumbai

Manish Narang
President - Legal &
Company Secretary
Mumbai
25 May 2021

Notes

to the consolidated financial statements for the year ended 31 March 2021

1 General Information

Alkem Laboratories Limited ('the Company') was incorporated in 1973 under the provisions of Companies Act, 1956 of India, as a Company with limited liability. The Company is domiciled in India with its registered office address being, Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, India. The Company is engaged in pharmaceutical business with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group').

2A SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation of Consolidated Financial Statements ("financial statements"):

a) Statement of compliance

The financial statements of the Group as at and for the year ended 31 March 2021 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 financial statements are prepared in Indian Rupees in Million, rounded off to the nearest one decimal except for share data and per share data, unless otherwise stated.

The financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on 25 May 2021.

b) Basis of preparation and presentation

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 2B**. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Basis of measurement

These financial statements are prepared under historical cost convention except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

d) Functional and Presentation Currency

These financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.2 Basis of consolidation

The financial statements incorporate the financial statements of the Company and the entities it controls, both unilaterally and jointly.

(a) Accounting for Subsidiaries

A subsidiary is an entity over which the Group has control. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Notes
to the consolidated financial statements for the year ended 31 March 2021

The financial statements of subsidiaries are included in the financial statement from the date on which control commences until the date on which control ceases.

The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and profits/losses, unless cost/revenue cannot be recovered.

The details of the subsidiaries consolidated are as follows:

Name of Subsidiaries	Principal place of Business	% of Shareholding and voting power	
		As at 31 March 2021	As at 31 March 2020
Alkem Laboratories Corporation	Philippines	100%	100%
Ascend Laboratories Pty Ltd (formerly known as Alkem Laboratories Pty Ltd)	South Africa	100%	100%
S & B Holdings B.V	Netherlands	100%	100%
Ascend GmbH (formerly known as Alkem Pharma GmbH)	Germany	100%	100%
Pharmacor Pty Ltd	Australia	100%	100%
The PharmaNetwork LLC*	USA	100%	100%
Ascend Laboratories SpA	Chile	100%	100%
Ascend Laboratories SDN BHD.	Malaysia	100%	100%
S & B Pharma Inc	USA	100%	100%
Enzene Biosciences Limited	India	99.84%	99.91%
Ascend Laboratories, LLC**	USA	100%	100%
Alkem Laboratories, Korea Inc	South Korea	100%	100%
Pharmacor Ltd.	Kenya	100%	100%
The PharmaNetwork, LLP	Kazakhstan	100%	100%
Ascend Laboratories (UK) Limited	United Kingdom	100%	100%
Ascend Laboratories SAS #	Colombia	100%	100%
Cachet Pharmaceuticals Private Limited	India	58.8%	58.8%
Indchemie Health Specialities Private Limited	India	51%	51%
Connect 2 Clinic Private Limited ##	India	100%	NA
S & B Pharma LLC ###	USA	100%	NA
Ascend Laboratories Ltd.	Canada	100%	100%
Pharma Network SpA ####	Chile	100%	100%
Alkem Foundation	India	100%	100%

*Ownership interest held through S & B Holding B.V., Netherlands
** Ownership interest held through The PharmaNetwork LLC
# with effect from 4 June 2019
with effect from 12 June 2020
Ownership interest held through The PharmaNetwork LLC with effect from 8 April 2020
Ownership interest held through Ascend Laboratories SpA

(b) ***Non-controlling interests (NCI)***

NCI are measured at their proportionate share of the acquiree's net identifiable asset at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interest is presented separately from the liabilities or assets and the equity of the shareholders in the Balance Sheet. Non-controlling interest in the profit or loss of the Group is separately presented.

(c) Loss of control

When the Group losses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary, any related NCI and other component of equity. Any interest retained in the form of subsidiary is measured at fair value at the date control is lost. Any resulting gain or loss is recognised in profit or loss.

(d) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Business Combination

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment **(see Note 3.36).** Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

Business combination between entities under common control is accounted using pooling of interest method of accounting. Under pooling of interest method of accounting, none of the assets or liabilities are restated to their fair values. Instead, the acquirer incorporates carrying values from the date on which the business combination between entities under common control occurred.

2.3 Property, plant and equipment ("PPE")

i) Recognition and measurement

a) Items of PPE are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of PPE comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

b) If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

c) Any gain or loss on disposal of an item of PPE is recognised in statement of profit and loss.

d) Cost of Items of PPE not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of PPE outstanding at each balance sheet date are disclosed as capital advance under other non-current assets.

ii) Subsequent expenditure

Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

iii) Depreciation:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of PPE is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / upto the date on which is asset is ready to use / disposed off. Freehold land is not depreciated.

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to the consolidated financial statements for the year ended 31 March 2021

The estimated useful lives of Tangible assets are as under:-

PPE	Company and Subsidiaries in India	Step down Subsidiary TPN LLC, USA and Subsidiary S&B Pharma Inc., USA	Subsidiary in Australia	Subsidiary in Philippines, United Kingdom and Kenya	Subsidiary in South Africa	Subsidiaries in Chile	Subsidiary in Kazakhstan	Subsidiary in Germany
Buildings	5-59 years	-	-	-	-	-	-	-
Leasehold land	Over the period of lease	7 - 40 years	-	-	-	-	-	-
Plant and machinery	1 - 20 years	5 - 7 years	-	-	-	-	-	-
Furniture and fixtures	10 years	5 - 7 years	5 years	3 Years	6 Years	10 Years	5 - 6 Years	-
Office equipment	3 - 6 years	5 years	2.5 - 5 years	3 Years	3 Years	3 - 10 years	2.5 - 4 Years	5-10 Years
Vehicles	8 years	5 years	-	-	-	8 years	3 - 6 Years	-

2.4 Intangible Assets:

I. *Recognition and measurement*

Research and development	Expenditure on research activities is recognised in statement of profit or loss as incurred.
	Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.
Goodwill	Goodwill is initially recognised based on the accounting policy for business combinations **(refer note 2.2 (e))**. These assets are not amortised but are tested for impairment annually.

II. *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

III. *Amortisation*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in Statement of profit and loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible Assets	Company and Subsidiaries in India	Step down Subsidiary TPN LLC, USA and Subsidiary S&B Pharma Inc., USA	Subsidiary in Australia	Subsidiary in Philippines, Kazakhstan	Subsidiary in Chile, Germany and Kenya	Subsidiary in South Africa
Computer Software	3 - 6 years	3 years	3 years	3 Years	-	-
Trademark and patents	5 years	5 years	-	-	-	5 years
Technology	-	15 years	-	-	-	-
Right of use	Over the period of lease					-

2.5 Impairment of non-financial assets:

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful life are tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

2.7 Financial instruments

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI -debt investment;
- FVOCI -equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.

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to the consolidated financial statements for the year ended 31 March 2021

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued {but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers not retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when it terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Equity instruments

Equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

2.9 Inventories:

a) Raw materials and packing materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.

b) Finished goods and work–in–progress are valued at lower of cost (on moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities and other overheads. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.10 Revenue Recognition:

a) Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, allowances and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

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to the consolidated financial statements for the year ended 31 March 2021

A chargeback is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the company. Chargeback, rebates, returns and medicaid payments are variable consideration that is recognised and recorded based on historical experience, market conditions and specific contractual terms. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices historical trends, past experience and projected market conditions.

b) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.

c) Income from research and product registration (dossiers) services are deferred and allocated to the sales price of the product based on the best estimate of the sales that will be made by the contracting party over the contract period.

d) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

e) Dividend from investment is recognised as revenue when right to receive the payments is established.

f) Interest income is recognized using the effective interest rate (EIR) method.

Assets and liabilities arising from right to return:

The Group has contracts with customers which entitles them the unconditional right to return.

Right to return assets:

A right of return gives an entity a contractual right to recover the goods from a customer (return asset), if the customer exercises its option to return the goods and obtain a refund. The asset is measured at the carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Refund liabilities:

A refund liability is the obligation to refund part or all of the consideration received (or receivable) from the customer. The Group has therefore recognised refund liabilities in respect of customer's right to return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimate of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Group has presented its right to return assets and refund liabilities as required under Ind AS 115 in the financial statements.

2.11 Foreign currencies

i. ***Foreign exchange transactions:***

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

ii. ***Foreign operations:***

The assets and liabilities of foreign subsidiaries including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR by applying the appropriate monthly average rate which best approximates the actual rate of the transaction.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant portion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in a joint venture while retaining significant influence or joint control, the relevant proportion of cumulative amount is reclassified to profit or loss.

2.12 Employee Benefits:

a) Post-employment benefits and other long term benefits:

i) Defined contribution plan:

Group's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss. The Group's contribution towards provident fund are considered to be defined contribution plan for which the Group makes contribution on monthly basis.

ii) Defined benefit and other long term benefit plans:

Group's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of other comprehensive income in the period of occurrence of such gains and losses for gratuity. In respect of compensated absences, actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

b) Short term employee benefits:

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

2.13 Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates and tax laws enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is resonable evidence that the Company and its Indian subsidiaries will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Group for a specified period of time, hence, it is presented as Deferred Tax Asset.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. However, deferred tax is not recognised :

- in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit
- in case of temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.14 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those assets, which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

2.15 Leases

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) the contract involves the use of an identified asset;

(ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability or all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend the lease before the end of the lease term, but the renewal aspect has not been added to the lease term since the option to renew the lease lies with both the lessor and the lessee.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using discount rates generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet.

2.16 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

2.17 Government Grants:

Grants related to depreciable assets are treated as deferred income, which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of it being received.

2.18 Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

2.19 Employee stock option scheme

Equity-settled share-based payments to employees are measured by reference to the fair value of the equity instruments at the grant date using Black Scholes Model.

The excess of fair value of shares over the exercise price determined at the grant date of the equity-settled share-based payments, is charged to Statement of Profit and Loss on the straight-line basis over the vesting period of the option, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The employee stock option outstanding account is shown net of unamortised deferred employee compensation expenses.

2.20 Segment reporting

The Group operates in one reportable business segment i.e. "Pharmaceuticals".

2.21 Non-current assets held for sale:

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the statement of profit and loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

2B Key accounting estimates and judgements

The preparation of financial statements in conformity with the Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Group disclosure of significant accounting policies which are provided in **Note 2A** to the consolidated financial statements, 'Significant accounting policies'.

a. Determination of control of subsidiaries and joint arrangement

Judgement is required to determine whether the Company has control or joint control, which requires an assessment of the relevant activities (those including establishing operating and capital decisions of the arrangement, such as: the approval of the budget including capital expenditure of the programme for each year, determining the funding structure and appointing, remunerating and terminating the key managerial personnel or service providers of the operations) and when the decisions in relation to those activities are under the control of the Company or require unanimous consent. Judgement is also required in determining the classification of joint arrangement between a joint venture and a joint operation through an evaluation of the rights and obligations arising from the arrangement. Differing conclusions around these judgements may materially impact how these businesses are presented in the consolidated financial statements-under full consolidation method, equity method or proportionate share of assets and liabilities.

b. Determination of functional currency of foreign operations

Judgement is required to determine the functional currency of foreign operations, which requires evaluation of the primary economic environment in which the foreign operations operate. Factors that are considered in such evaluation include :-

(i) the currency that mainly influences sales price for goods;

(ii) the currency of the country whose competitive forces and regulations mainly determine the the sales price of goods;

(iii) the currency that mainly influences labour, material and other costs of providing goods or services;

(iv) the currency in which funds from financing activities;

(v) the currency in which receipts from operating activities are usually retained.

(vi) whether the activities of the foreign operation are carried out as an extension of the reporting entity;

(vii) whether transactions with the reporting entity are a high or a low proportion of the foreign operation's activities;

(viii) whether cash flows from the activities of the foreign operation directly affect the cash flows of the reporting entity and are readily available for remittance to it; and

(ix) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the reporting entity.

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Differing conclusions around these judgements may materially impact how foreign exchange differences arising on translation of these foreign operations are reported in the consolidated financial statements.

c. **Estimate of current and deferred tax**

The Group tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows.

The complexity of the Group structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Consolidated Statement of Profit and Loss and tax payments.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

d. **Recognition of MAT credit entitlement**

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company along with its Indian subsidiaries will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. This requires significant management judgement in determining the expected availment of the credit based on business plans and future cash flows of the Company and its Indian subsidiaries.

e. **Estimation of useful life**

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset based on its technical expertise. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Consolidated Statement of Profit and Loss.

The useful lives and residual values of Group assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

f. **Provisions and contingent liabilities**

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

g. **Fair value measurements and valuation processes**

Some of the Group assets and liabilities are measured at fair value for the financial reporting purposes. Central corporate treasury team works with various banks for determining appropriate fair value of derivative assets and liabilities. Central treasury team reports to the Chief Financial Officer. In estimating the fair value of derivative assets and liabilities, the Group uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in **Note 3.38**.

h. **Defined benefit plans:**

The cost of the defined benefit gratuity plan and other post-employment benefits and present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

i. **Provision for anticipated sales return:**

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

3.1 Property, plant and equipment, Other Intangible Assets and Capital Work in Progress

(₹ in million)

Particulars	Property, plant and equipment								Other Intangible assets				Total	Capital work in progress
	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total	Computer software	Trade Mark & patents	Technology	Right of use		
As at 1 April 2019	**1,225.1**	**791.3**	**7,257.8**	**14,376.7**	**447.5**	**395.4**	**981.5**	**25,475.5**	**391.9**	**419.2**	**168.7**	**947.2**	**1,927.0**	
Additions	-	28.0	1,765.8	2,536.4	58.6	31.1	183.4	4,603.3	32.2	778.5	-	357.6	1,168.3	
Adjustments **(Refer note 6 below)**	3.5	-	-	161.6	0.5	-	1.0	166.6	-	-	-	-	-	
Deletions	(3.5)	(36.5)	(473.8)	(327.7)	(11.9)	(19.2)	(6.8)	(879.4)	-	-	-	(11.2)	(11.2)	
Reclassification to assets held for sale	(1.9)	-	(25.7)	(593.6)	(32.4)	(3.8)	(14.1)	(671.5)	-	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	11.4	110.7	156.6	1.9	(2.3)	13.9	292.2	5.2	0.7	14.0	(5.7)	14.2	
As at 31 March 2020	**1,223.2**	**794.2**	**8,634.8**	**16,310.0**	**464.2**	**401.2**	**1,158.9**	**28,986.7**	**429.3**	**1,198.4**	**182.7**	**1,287.9**	**3,098.3**	
Additions	-	-	209.8	1,167.5	59.4	11.1	153.9	1,601.7	127.3	0.1	-	27.1	154.5	
Adjustments **(Refer note 6 below)**	-	-	-	263.3	10.2	-	3.3	276.8	-	-	-	-	-	
Deletions	-	-	(3.2)	(178.4)	(2.2)	(15.0)	(22.5)	(221.3)	(0.3)	-	-	(89.6)	(89.9)	
Foreign Exchange Differences on account of foreign operations	-	(3.7)	(34.1)	(54.3)	(0.5)	0.7	0.5	(91.4)	(1.2)	(0.1)	(4.5)	25.2	19.4	
As at 31 March 2021	**1,223.2**	**790.5**	**8,807.3**	**17,508.1**	**531.1**	**398.0**	**1,294.1**	**30,552.5**	**555.1**	**1,198.4**	**178.2**	**1,250.6**	**3,182.3**	
Depreciation and Amortisation														
As at 1 April 2019	**0.1**	**31.5**	**527.5**	**3,150.1**	**159.5**	**116.2**	**434.4**	**4,419.3**	**217.5**	**265.6**	**54.0**	**-**	**537.2**	
Depreciation/amortisation for the year	-	9.9	229.5	1,459.7	52.1	51.3	208.2	2,010.7	91.5	173.4	13.8	238.2	516.9	
Adjustments **(Refer note 6 below)**	-	-	-	48.9	0.1	-	0.3	49.3	(0.3)	-	-	-	(0.3)	
Deductions	-	(4.6)	(34.3)	(76.6)	(3.5)	(10.3)	(3.0)	(132.3)	-	-	-	-	-	
Reclassification to assets held for sale	-	-	(16.5)	(428.8)	(29.3)	(3.8)	(12.4)	(490.8)	(0.1)	-	-	-	(0.1)	
Foreign Exchange Differences on account of foreign operations	-	0.2	9.8	48.6	1.2	(1.6)	9.4	67.6	4.7	0.9	5.4	0.9	11.9	
As at 31 March 2020	**0.1**	**37.2**	**716.0**	**4,201.9**	**180.1**	**151.8**	**636.9**	**5,923.8**	**313.2**	**439.9**	**73.2**	**239.1**	**1,065.6**	
Depreciation/amortisation for the year	-	9.8	267.2	1,652.7	52.9	48.7	209.3	2,240.6	97.6	152.6	14.4	240.6	505.2	
Adjustments **(Refer note 6 below)**	-	-	-	165.0	7.6	-	2.0	174.6	(0.0)	-	-	-	(0.0)	
Deductions	-	-	(1.5)	(68.5)	(1.5)	(10.1)	(18.5)	(100.1)	(0.3)	-	-	(24.8)	(25.3)	
Foreign Exchange Differences on account of foreign operations	-	(0.1)	(3.5)	(19.2)	(0.4)	0.4	(2.9)	(25.7)	(1.1)	(0.2)	(2.0)	3.5	0.2	
As at 31 March 2021	**0.1**	**46.9**	**978.2**	**5,931.9**	**238.7**	**190.8**	**826.8**	**8,213.2**	**409.4**	**592.3**	**85.6**	**458.4**	**1,545.7**	
Net Book Value														
As at 31 March 2020	1,223.1	757.2	7,918.8	12,108.1	284.1	249.4	522.0	23,062.9	116.0	758.5	109.5	1,048.8	2,032.7	3,629.7
As at 31 March 2021	**1,223.1**	**743.6**	**7,829.1**	**11,576.2**	**292.4**	**207.2**	**467.3**	**22,339.3**	**145.7**	**606.1**	**92.6**	**792.2**	**1,636.6**	**3,932.8**

Refer **Note 3.13** on Borrowings, for the details related to charge on Property, plant and equipment of the Group.

1. Addition to Property, Plant and Equipment includes items aggregating ₹ **68.5 million** (31 March 2020: ₹ 90.4 million) located at Research and Development Centres of the Group.
2. Capital work in progress comprises expenditure in respect of various plants in the course of construction/expansion. Total amount of Capital work in progress is ₹ **3,932.8 million** (31 March 2020: ₹ 3,629.7 million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **22.3 million** (31 March 2020: ₹ 59.0 million).
3. Refer **Note 3.27(1)** for contractual commitments with respect to property, plant and equipments.
4. Refer **Note 3.29(b)** for future obligation pertaining to finance lease.

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5. Exclusive charge by way of hypothecation over the whole of the movable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable assets, both present and future subject to a maximum book value of ₹ **2,150 Million** - situated at Daman and Sikkim in India against issuance of Stand by letter of credit required for loan of **US $ 11.5 million** advanced by Citi Bank USA to S&B Pharma Inc., USA, a wholly owned subsidiary of the Company and **US $ 18.0 million** advanced by Banco de Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company.
6. During the year ended 31 March 2021 and 31 March 2020, certain assets, which were categorised as assets held for sale previously have been reclassified to Property, Plant and Equipment.
7. Depreciation and amortisation expense:

(₹ in million)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation expense	2,240.6	2,010.7
Amortisation expense	505.2	516.9
Total	**2,745.8**	**2,527.6**

3.2 Investments:

A. Non-current investments

(₹ in million)

Particulars	As at 31 March 2021		As at 31 March 2020	
1) **In equity shares: [at fair value through profit and loss] Unquoted: (Refer sub note 5 of Note 3.2)**		409.9		3.4
2) **Investment In venture capital funds: Unquoted [at fair value through profit and loss]**		554.1		344.0
3) **Non convertible debentures :[at amortised cost]:**				
Unquoted	20.0		20.0	
Quoted	56.3	76.3	165.0	185.0
4) **Bonds: Quoted {at amortised cost}**		499.2		382.6
Less: Provision for diminution in the value of investments		-		-
Total		**1,539.5**		**915.0**

B. Current investments

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
1) **Investment in funds : (Unquoted) [at fair value through profit and loss]**		
Avenue Venture Real Estate Fund (Units of ₹ 100,000 each, fully paid-up) **(Refer sub note 4 of Note 3.2)**	1,288.3	1,460.0
2) **Equity shares: Quoted [at fair value through profit and loss]**	14.7	26.8
3) **Equity shares: Unquoted [at fair value through profit and loss]**	151.9	56.9
4) **Investment In mutual funds: Quoted: [at fair value through profit and loss]**	216.5	137.1
5) **Preference shares: (Unquoted) : [at amortised cost]**	8.1	8.1
6) **Non convertible debentures : [at amortised cost] : - Quoted**	108.8	10.0
Total	**1,788.3**	**1,698.9**

Notes:

(₹ in million)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Quoted investments	895.5	895.5	721.6	721.6
2) Aggregate value of Unquoted investments	2,432.3	N.A.	1,892.2	N.A.

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3) All Investments in Shares & Securities are fully paid up except for investment in Venture Capital Funds **(Refer Note 3.27(2))**.

4) During the year ended 31 March 2016, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Company in order to focus on its core business activities and for other commercial reasons, restructured its investment in Avenue Venture Real Estate Fund ("Fund") by entering into an Option Agreement with Mr. Tushar Kumar for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Option Agreement which was in force for a period of 2 years from the execution date i.e 10 March 2016 was renewed with mutual consent of the parties through First Supplementary Agreement for a period of 2 years valid till 9 March 2020. During the year ended 31 March 2020, the Company had renewed the said Option Agreement, by executing a Second Supplementary Agreement, as approved in its Board meeting held on 11 November 2019 for a further period of 2 years valid till 9 March 2022.

5) During the current year, the Company has invested ₹ **400 million** in ABCD Technologies LLP with an objective to digitize healthcare infrastructure in India towards facilitating good distribution practices, inter alia, in support of the National Digital Health Mission of Government of India. As at 31 March 2021, the Company had a 12.5% share of profit/loss and voting rights.

3.3 Loans

(₹ in million)

Particulars		As at 31 March 2021	As at 31 March 2020
A.	**Non-current loans**		
	(Unsecured, considered good unless otherwise stated)		
	Security deposits	30.2	31.0
	Other receivables	80.2	75.1
	Total	**110.4**	**106.1**
B.	**Current loans**		
	Advances to employees	186.5	173.6
	Loans to others	0.8	2.0
	Security deposits	124.9	104.1
	Total	**312.2**	**279.7**
Break-up of loans			
Loans considered good - Secured		-	-
Loans considered good - Unsecured		422.6	385.8
Loans which have significant increase in credit risk		-	-
Loans - credit impaired		-	-
Total		**422.6**	**385.8**
Less: Loss allowance		-	-
Total		**422.6**	**385.8**

3.4 Other financial assets

(₹ in million)

Particulars		As at 31 March 2021	As at 31 March 2020
A.	**Other non current financial assets**		
	(Unsecured, considered good unless otherwise stated)		
	In Deposit accounts:		
	Bank deposits with maturity beyond 12 months	400.0	451.8
	Interest on deposits, accrued but not due	2.9	4.9
	Other receivable	2.4	10.1
	Balances with government authorities	172.4	-
Total		**577.7**	**466.8**

Note:

Bank deposits of ₹ **353.7 Million** (31 March 2020: ₹ 247.4 Million) are under lien with the Banks against Overdraft facility.

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(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
B. Other current financial assets		
(Unsecured, considered good unless otherwise stated)		
Interest on deposits, accrued but not due	397.6	266.5
Other receivables*	53.9	31.0
Incentive receivable from government	2,029.6	1,633.5
Total	**2,481.1**	**1,931.0**

*Includes insurance claim and other balances

3.5 Other non-current assets

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good unless otherwise stated)		
Capital advances	309.5	273.6
Balances with government authorities	252.3	254.4
Other advances	2.2	2.1
Total	**564.0**	**530.1**

3.6 Inventories

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw and packing materials	6,621.4	4,953.1
Goods-in-transit	25.1	67.8
	6,646.5	**5,020.9**
Work-in-progress	1,087.1	857.2
Finished goods	9,133.0	6,700.7
Goods-in-transit	2,471.9	2,000.8
	11,604.9	**8,701.5**
Stock-in-trade	3,696.2	3,436.7
Goods-in-transit	89.7	171.9
	3,785.9	**3,608.6**
Total	**23,124.4**	**18,188.2**

Note:

1. The Group follows suitable provisioning norms for writing down the value of inventories towards slow moving, non moving, expired and non saleable inventory. Write down of inventory for the year is ₹ **1,289.5 Million** (31 March 2020: ₹ 645.4 Million)

2. **Refer note 3.13** on Borrowings, for the details related to charge on inventories lying with the Group.

Notes

to the consolidated financial statements for the year ended 31 March 2021

3.7 Income tax

A. Components of Income Tax Expenses

(i) Amounts recognised in profit and loss

(₹ in million)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax		
Current year tax	3,965.3	3,542.5
Tax adjustment of earlier periods	-	(313.8)
	3,965.3	**3,228.7**
Deferred tax:		
Minimum Alternate Tax (MAT) credit entitlement	(1,086.7)	(1,647.9)
Origination and reversal of temporary differences	(635.3)	(632.8)
MAT credit entitlement of earlier years written off	-	156.8
	(1,722.0)	**(2,123.9)**
Tax expense for the year	**2,243.3**	**1,104.8**

(ii) Amounts recognised in other comprehensive income

(₹ in million)

Particulars	For the year ended 31 March 2021			For the year ended 31 March 2020		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans	(89.2)	29.9	(59.3)	(280.9)	96.5	(184.4)
Total	**(89.2)**	**29.9**	**(59.3)**	**(280.9)**	**96.5**	**(184.4)**

B. Reconciliation of effective tax rate

(₹ in million)

Particulars	(%)	For the year ended 31 March 2021	(%)	For the year ended 31 March 2020
Profit before tax		18,421.0		12,597.9
Tax using the Company's applicable tax rate	34.9%	6,436.3	34.9%	4,401.7
Tax effect of:				
Additional deduction allowed under Income Tax Act	-24.7%	(4,551.9)	-27.5%	(3,469.4)
Expense not deductible for tax purposes	0.1%	17.0	0.6%	72.6
Additional allowances under Income Tax Act	0.0%	-	-2.1%	(259.9)
Unrecognised deferred tax asset in subsidiaries	1.5%	277.2	1.1%	135.2
MAT credit entitlement of earlier years written off	0.0%	-	1.2%	156.8
Deferred tax reversal during tax holiday period	-0.2%	(43.1)	-0.3%	(44.0)
Others	0.6%	107.8	0.9%	111.8
Total	12.2%	2,243.3	8.8%	1,104.8

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C. Movement in deferred tax assets and liabilities

(₹ in million)

Particulars	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Exchange rate difference	Net balance 31 March 2021	Deferred tax asset	Deferred tax liability
Deferred tax liabilities							
Property, plant and equipment and intangible assets	(1,595.8)	33.5	-	-	(1,562.3)	-	1,562.3
Investments	(78.4)	(99.9)	-	-	(178.3)	-	178.3
Deferred Tax Assets:							
Inventories	459.7	387.6	-	-	847.3	847.3	-
Employee benefits	881.9	123.2	29.9	-	1,035.0	1,035.0	-
Trade receivable	153.7	17.7	-	-	171.4	171.4	-
Deferred government grant	37.7	(4.7)	-	-	33.0	33.0	-
Other items	298.6	189.0	-	1.3	488.9	488.9	-
Tax losses carried forward	65.8	(33.4)	-	-	32.4	32.4	-
MAT credit entitlement	9,102.5	1,109.2	-	-	10,211.7	10,211.7	-
Tax assets / (liabilities)	**9,325.7**	**1,722.0**	**29.9**	**1.3**	**11,079.1**	**12,819.7**	**1,740.6**
Offsetting of deferred tax assets and deferred tax liabilities						(1,740.6)	(1,740.6)
Net tax assets	**9,325.7**	**1,722.0**	**29.9**	**1.3**	**11,079.1**	**11,079.1**	**-**

(₹ in million)

Particulars	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Exchange rate difference	Net balance 31 March 2020	Deferred tax asset	Deferred tax liability
Deferred tax liabilities							
Property, plant and equipment and intangible assets	(1,583.3)	(12.5)	-	-	(1,595.8)	-	1,595.8
Investments	(212.1)	133.7	-	-	(78.4)	-	78.4
Deferred Tax Assets:							
Inventories	157.1	302.6	-	-	459.7	459.7	-
Employee benefits	700.0	85.4	96.5	-	881.9	881.9	-
Trade receivable	136.1	17.6	-	-	153.7	153.7	-
Deferred government grant	50.6	(12.9)	-	-	37.7	37.7	-
Other items	93.0	173.6	-	32.0	298.6	298.6	-
Tax losses carried forward	122.7	(56.9)	-	-	65.8	65.8	-
MAT credit entitlement	7,609.2	1,493.3	-	-	9,102.5	9,102.5	-
Tax assets / (liabilities)	**7,073.3**	**2,123.9**	**96.5**	**32.0**	**9,325.7**	**10,999.9**	**1,674.2**
Offsetting of deferred tax assets and deferred tax liabilities						(1,674.2)	(1,674.2)
Net tax assets	**7,073.3**	**2,123.9**	**96.5**	**32.0**	**9,325.7**	**9,325.7**	**-**

The Group offsets tax assets and liabilities only if it has a legally enforceable right to set off tax assets and tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets. The recoverability of deferred tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred tax assets will be recovered.

D. Tax assets and liabilities

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Non Current tax assets (net)	171.1	345.4
Current tax liabilities (net)	189.3	381.7

E. Unrecognised deferred tax liability

A deferred tax liability in respect of temporary differences related to undistributed profit in subsidiaries has not been recognised amounting to ₹ **2,704.4 Million** (31 March 2020: ₹ 2,204.6 Million) because the Group controls the dividend policy of its subsidiaries and the management is not expecting to distribute profit in the foreseeable future.

F. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

(₹ in million)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Deductible temporary differences	21.7	5.6	18.4	4.8
Tax Losses	7,925.4	2,314.0	6,626.8	1,798.1
Unrecognised MAT credit entitlement		811.6		811.6
Total	**7,947.1**	**3,131.2**	**6,645.2**	**2,614.5**

Tax Losses carried forward

(₹ in million)

Particulars	Expiry Date (Financial Year)	As at 31 March 2021	Expiry Date (Financial Year)	As at 31 March 2020
Brought forward losses (allowed to carry forward for specified period)	2022-29	764.7	2021-28	539.4
Brought forward losses (allowed to carry forward for specified period)	2033-37	266.0	2033-37	238.2
Brought forward losses and unabsorbed depreciation (allowed to carry forward for infinite period)		1,283.3		1,020.5
Total		**2,314.0**		**1,798.1**

3.8 Trade receivables

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
(Unsecured)		
Considered good	16,072.1	16,493.6
Credit impaired	512.2	424.3
Less: Loss allowance	(512.2)	(424.3)
Total	**16,072.1**	**16,493.6**

Note :

1. **Refer note 3.38** for information about credit risk and market risk of trade receivables.

Notes

to the consolidated financial statements for the year ended 31 March 2021

3.9 Cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	5.2	8.1
Cheques and drafts on hand	38.4	151.4
Balance with banks:		
In Current accounts	1,601.0	1,387.0
In Exchange Earners' Foreign Currency Account	2.2	-
In Deposit accounts:		
Deposit with original maturity within three months	95.4	212.9
Total	**1,742.2**	**1,759.4**

3.10 Bank balances other than cash and cash equivalents:

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Unpaid dividend account	1.6	1.2
Bank deposits with maturity within 12 months	18,160.7	9,161.5
Total	**18,162.3**	**9,162.7**

Note:

Bank deposits of ₹ **4,154.2 Million** (31 March 2020: ₹ 8,016.9 Million) are under lien with banks against Overdraft facilities availed.

3.11 Other current assets

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good unless otherwise stated)		
Balances with government authorities	4,541.9	3,892.0
Export incentives receivable	347.9	405.2
Advance to suppliers:		
Considered good	192.9	650.7
Considered doubtful	127.6	137.8
	320.5	**788.5**
Less: Loss allowance	(127.6)	(137.8)
	192.9	**650.7**
Prepaid expenses	303.6	318.1
Right of return asset	163.8	96.2
Total	**5,550.1**	**5,362.2**

3.12A Equity share capital

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised:		
250,000,000 equity shares of ₹ 2/- each (31 March 2020: 250,000,000 equity shares of ₹ 2/- each)	500.0	500.0
	500.0	**500.0**
Issued, subscribed and paid up:		
119,565,000 equity shares of ₹ 2/- each fully paid up (31 March 2020: 119,565,000 equity shares of ₹ 2 each fully paid up)	239.1	239.1
Total	**239.1**	**239.1**

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to the consolidated financial statements for the year ended 31 March 2021

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	(₹ in million)	Number of shares	(₹ in million)
At the commencement and at the end of the year	119,565,000	239.1	119,565,000	239.1

(b) Rights, preferences and restrictions attached to equity shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Mr. Sarandhar Singh (shares held on behalf of Samprada & Nanhamati Singh Family Trust)	25,205,800	21.08%	25,205,800	21.08%
Mr. Basudeo Narain Singh	8,662,100	7.24%	8,662,100	7.24%
Mr. Mritunjay Kumar Singh	7,625,000	6.38%	7,625,000	6.38%
Mr. Dhananjay Kumar Singh	7,466,260	6.24%	7,466,260	6.24%
Mrs. Jayanti Sinha	7,138,220	5.97%	7,138,220	5.97%

(d) Aggregate number of bonus shares issued for the consideration other than cash during the period of five years immediately preceeding the reporting date:

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

3.12B Other equity

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Capital reserve:		
At the commencement of the year	5.2	7.2
Less: Transferred to retained earnings during the year	-	2.0
At the end of the year	**5.2**	**5.2**
Employee stock options outstanding account:		
At the commencement of the year	13.6	15.0
Add: Employee compensation expenses for the year	1.1	1.5
Less: Employee stock option exercised	3.3	2.1
Less: Transfer to general reserve	0.2	0.8
At the end of the year	**11.2**	**13.6**
General reserve:		
At the commencement of the year	19,872.3	19,871.5
Add: Transferred from retained earnings / employee stock option outstanding account	0.2	0.8
At the end of the year	**19,872.5**	**19,872.3**

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(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Retained earnings:		
At the commencement of the year	41,165.1	34,223.2
Add: Transferred from capital reserve	-	2.0
Add: Profit for the year	15,850.2	11,270.7
	57,015.3	**45,495.9**
Less: Appropriations:		
Dividend on equity shares	3,347.8	3,587.0
Dividend distribution tax	-	743.8
At the end of the year	**53,667.5**	**41,165.1**
Other comprehensive income:		
At the commencement of the year	311.4	37.4
Add: Other comprehensive income / (loss) for the year	(339.6)	274.0
At the end of the year	(28.2)	311.4
Total	**73,528.2**	**61,367.6**

3.13 Borrowings

(₹ in million)

Particulars	Non-current		Current maturities	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
A. Non-current borrowings				
Secured:				
Term loans				
- from banks	183.1	563.3	368.3	381.0
- from other parties	1.6	9.5	-	-
Finance Lease obligation **(Refer note 3.29 (b))**	63.2	63.2	-	-
Unsecured				
Term loans				
- from related parties **(Refer note 3.31)**	87.9	86.8	-	-
- from other parties	6.7	16.3	-	-
Total	**342.5**	**739.1**	**368.3**	**381.0**

Notes :

S&B Pharma Inc

Term loan from bank includes loan from Citi Bank of **US $ 2.5 Million (₹ 183.1 Million)**; (31 March 2020: US $ 7.5 Million (₹ 563.3 Million)) due and payable on 15 August 2022, net of current maturities payable of **US $ 5 Million (₹ 366.2 Million)**; due on 15 August 2021 and 15 February 2022. The outstanding principal balance of the loan shall be repaid in 3 equal semi-annual installments beginning 15 August 2021 of US $ 2.5 Million each. Quarterly interest payments are required on the borrowing until maturity at a variable rate equal to 1.25 percentage points over the 1-month LIBOR rate as at 31 March 2021 and 2020, respectively. The applicable monthly LIBOR rate at 31 March 2021 and 2020 was 0.2620% and 1.9484%, respectively. For security details **refer subnote 5 of note 3.1.**

Cachet Pharmaceuticals Private Limited ('CPPL')

Secured term loan from other parties consists of hire purchase loans from finance companies secured against the respective assets financed by them. The loan carries interest at the range of 8.75% to 10.87%.

Unsecured loan from related parties and others carry interest at the rate of 4.10% p.a and is repayable after a period of five years.

Particulars	As at 31 March 2021	As at 31 March 2020
B. Current borrowings		
Secured:		
Loans repayable on demand from banks	6,310.0	5,327.3
	6,310.0	**5,327.3**
Unsecured		
Working capital loan from banks	10,049.6	9,707.8
	10,049.6	**9,707.8**
Total	**16,359.6**	**15,035.1**

Notes :

Secured:

The Company:

Loans repayable on demand from Banks include:

1. Overdrafts from Banks ₹ **3,278.8 Million** (31 March 2020: ₹ 2,322.8 Million) are secured against pledge of fixed deposits with the banks.
2. Overdraft Facilities carry a rate of Interest ranging between 4.5% to 7% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.

Indchemie Health Specialities Private Limited ('IHSPL')

1. Overdraft from banks ₹ **21.1 Million** (31 March 2020: ₹ 388.6 Million) are secured against fixed deposits placed with respective banks.
2. This facility carries interest in the range of 5.25% to 6.00%.

Cachet Pharmaceuticals Private Limited ('CPPL')

Packing Credit (post shipment) from banks of ₹ **Nil** (31 March 2020: ₹ 65.6 Million) is secured against the export receivables backed by the letter of credit. The same has been repaid fully in the current year.

Enzene Biosciences Limited

1. Overdraft from banks ₹ **365.7 Million** (31 March 2020: ₹ 558.6 Million) are secured against pledge of fixed deposit with the banks.
2. Overdraft facilities carry a rate of interest ranging between 6.40% to 6.70% p.a computed on a monthly basis on the actual amount utilised, and are repayable on demand.

Ascend Laboratories SpA, Chile

1. Loan facilities of **CLP 1,410.5 Million (₹ 140.9 Million)** (31 March 2020: CLP 3,703.0 Million (₹ 329.6 Million)) by Banco de Chile are comprised by a fund based facility (overdraft/working capital credits) with a limit of **CLP 3,000.0 Million**. The interest rate is Tab30+1% monthly.
2. Loan from Banco de Chile amounting to **CLP 6,000.0 Million (₹ 599.4 Million)**. The purpose of this facility is Working Capital (Interest rate: 0.1333% monthly). Loan was obtained on 15 September 2020.

   For security details **refer subnote 5 of note 3.1.**

The PharmaNetwork, LLC, USA

Working Capital loan of **USD 26.0 Million (₹ 1,904.1 Million)** (31 March 2020: USD 22.1 Million (₹ 1,662.1 Million)) from bank includes revolving credit line taken on 3 October 2017 by The PharmaNetwork, LLC (along with by Ascend Laboratories, LLC) are secured upto USD 30 Million by issue of ABF Revolving Credit Facility by Citi Bank NA which is secured by a continuing lien on security interest in all of the Collateral, whether in the form of cash or other property and whether tangible or intangible as well as Inventory, Receivables, Equipment and intellectual property. Interest on this Revolving Credit Facility is payable monthly in arrears on the first business day of each month at a rate equal to 1.25% plus daily LIBOR.

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Unsecured:

The Company:

1. Working Capital Loan from banks comprises of overdrafts and cash credit in INR of ₹ **508.8 Million** (31 March 2020: ₹ Nil) and Packing Credit in Foreign Currencies of ₹ **9,540.8 Million** (31 March 2020: ₹ 9,707.8 Million) are repayable on demand.

2. Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 0.50% to 2.50% and those in Indian Rupees carries Interest rate in the range of 7% to 9% p.a.

3.14 Provisions

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
A. Non-current provisions		
Provisions for employee benefits:		
- Gratuity **(Refer note 3.28)**	1,196.4	1,182.0
- Compensated absences	669.1	574.6
Provision for anticipated sales returns **(Refer note.3.34)**	641.8	473.2
Total	**2,507.3**	**2,229.8**
B. Current provisions		
Provision for employee benefits:		
- Gratuity **(Refer note 3.28)**	713.2	457.3
- Compensated absences	514.3	415.8
Provision for anticipated sales returns **(Refer note.3.34)**	1,138.9	1,060.7
Total	**2,366.4**	**1,933.8**

3.15 Other non-current liabilities

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred income on government grant **(Refer note 3.43)**	88.3	97.7
Total	**88.3**	**97.7**

3.16 Trade payables

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises	1,189.6	1,025.0
Total outstanding dues of creditors other than micro and small enterprises	9,504.5	8,515.5
Total	**10,694.1**	**9,540.5**

Due to related parties ₹**101.6 Million** (31 March 2020: ₹ 32.5 Million) **(Refer note 3.31)**

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3.17 Other financial liabilities

(₹ in million)

Particulars		As at 31 March 2021	As at 31 March 2020
A	**Non-current**		
	Lease liabilities **(Refer note 3.29 (a))**	633.9	853.3
		633.9	**853.3**
B	**Current**		
	Current maturities of long-term debts in foreign currencies **(Refer note 3.13)**	366.2	375.5
	Current maturities of long-term debts in domestic currency **(Refer note 3.13)**	2.1	5.5
	Interest accrued but not due on borrowings	0.9	3.2
	Employee payables	1,923.5	1,457.9
	Security deposits	217.7	201.9
	Accrual for expenses	2,510.2	2,256.2
	Lease liabilities **(Refer note 3.29 (a))**	215.5	218.2
	Unpaid dividend*	1.6	1.2
Total		**5,237.7**	**4,519.6**

* There are no amounts due for payment to the Investor Education and Protection Fund ("IEPF") under Section 125 of the Companies Act, 2013 (31 March 2020: ₹ Nil).

3.18 Other current liabilities

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Due to statutory authorities*	781.0	646.8
Advances from customers	395.6	368.9
Deferred income on government grant **(Refer note 3.43)**	16.8	19.4
Total	**1,193.4**	**1,035.1**

*Due to statutory authorities includes GST payable, sales tax payable, tax deducted at source payable, provident fund and other dues payable.

3.19 Revenue from operations

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Sale of products- (A)	87,113.9	81,842.5
Sale of services- (B)	170.1	77.1
Other operating revenues:		
Processing income	3.7	66.9
Technology income	153.2	-
Export incentives	381.9	661.3
Scrap sales	89.2	98.5
Government subsidy income	18.6	26.6
Royalty income	22.4	5.2
Budgetary support benefit under GST	691.1	658.7
Miscellaneous income	6.0	6.8
Total other operating revenue: - (C)	**1,366.1**	**1,524.0**
Total (A) + (B) + (C)	**88,650.1**	**83,443.6**

Notes

to the consolidated financial statements for the year ended 31 March 2021

a) Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Revenue from contract with customers as per contracted price	129,741.4	122,433.4
Adjustments made to contract price on account of:		
Less: Sales return	2,137.1	1,931.9
Less: Discounts / Rebates / Chargebacks	40,320.3	38,581.9
Revenue from contract with customers	87,284.0	81,919.6
Other operating revenue	1,366.1	1,524.0
Revenue from operations	88,650.1	83,443.6

b) Disaggregation of revenue from contracts with customers: Refer note 3.30(a)

3.20 Other income

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Interest income on		
-Bank deposits	823.3	553.3
-Bonds and debentures at amortised cost	77.9	77.9
Dividend income on equity securities	0.2	1.1
Foreign currency transactions and translation gain (net)	464.9	339.5
Rental income	8.4	6.5
Profit on sale of investments at FVTPL (net)	102.6	0.8
Profit on sale of property, plant and equipments (net)	66.6	37.7
Gain on fair value of investments through profit and loss	266.9	-
Profit on sale of brand (net) **(Refer note 3.41)**	351.0	-
Recovery of bad debts	114.9	-
Miscellaneous income	55.4	25.4
Total	**2,332.1**	**1,042.2**

3.21 Cost of materials consumed

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Raw material consumed	20,208.9	17,460.3
Packing material consumed	3,736.5	3,858.0
Total	**23,945.4**	**21,318.3**

Notes
to the consolidated financial statements for the year ended 31 March 2021

3.22 Changes In Inventories Of Finished Goods, Work-In-Progress And Stock-In-Trade:

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Opening stock:		
Finished goods	8,701.5	6,593.2
Stock-in-trade	3,608.6	3,207.0
Work-in-progress	857.2	729.4
	13,167.3	**10,529.6**
Less: Closing stock:		
Finished goods	11,604.9	8,701.5
Stock-in-trade	3,785.9	3,608.6
Work-in-progress	1,087.1	857.2
	16,477.9	**13,167.3**
Effect of foreign exchange translation	**(27.8)**	**338.2**
Total	**(3,338.4)**	**(2,299.5)**

3.23 Employee benefits expense

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Salaries, wages and bonus	14,867.5	13,769.6
Contribution to provident and other fund **(Refer note 3.28)**	753.9	716.2
Employees' welfare expenses	587.8	567.6
Employee stock compensation expenses **(Refer note 3.42)**	1.1	1.5
Total	**16,210.3**	**15,054.9**

3.24 Finance cost

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Interest expenses on		
-Bank overdraft and others	398.7	466.1
-Defined benefit liabilities **(Refer Note 3.28)**	89.8	76.5
Other borrowing cost	100.7	108.0
Total	**589.2**	**650.6**

3.25 Other expenses

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Consumption of stores and spare parts	681.1	737.3
Power and fuel	1,299.5	1,301.4
Processing charges	715.1	625.2
Contract labour charges	862.2	831.6
Rent **(Refer note 3.29(a))**	40.8	53.7
Rates and taxes	444.9	453.6
Insurance	346.4	285.9
Marketing, advertisement and promotions	3,456.5	5,657.6
Loss on fair value of investments through profit and loss	-	172.2
Selling and distribution expenses	2,840.9	2,248.2

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(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Legal and professional Fees	1,737.1	1,228.7
Sales commission	538.9	462.2
Travelling and conveyance	1,739.5	2,240.4
Repairs:		
- Buildings	99.2	109.9
- Plant and machineries	404.5	418.9
- Others	262.8	254.7
Loss on sale / write off of property, plant and equipments (net)	29.6	25.0
Commission to directors	10.8	56.4
Donation *	34.1	4.7
Communication and printing expenses	143.3	165.9
Vehicle expenses	173.5	176.8
Clinical and analytical charges	521.3	471.8
Allowances for doubtful debts	82.8	101.7
Corporate Social Responsibility (CSR) expenditure	230.1	151.7
Royalty expenses	197.6	346.9
License, registration & technology fees	575.6	747.7
Impairment loss on property, plant and equipments	-	32.7
Foreign currency transactions and translation loss (net)	6.5	294.0
Miscellaneous expenses	556.7	548.6
Total	**18,031.3**	**20,205.4**

* Includes ₹ **10 Million** (31 March 2020: Nil) paid to a political party.

3.26 Contingent Liabilities

(₹ in million)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
	Claims against the Group not acknowledged as debt:		
(i)	Central Excise demand disputed in appeal {advances paid in dispute ₹**12.6 Million** (31 March 2020: ₹ 14.0 Million)}	181.8	192.0
(ii)	Sales Tax demand disputed in appeal {advances paid in dispute ₹ **38.8 Million** (31 March 2020: ₹ 34.9 Million)}	298.0	211.7
(iii)	Custom duty demand disputed in appeal {advances paid in dispute ₹ **4.0 Million** (31 March 2020: ₹ Nil)}	53.0	-
(iv)	Income Tax demand disputed in appeal {advances paid dispute in ₹ **128.8 Million** (31 March 2020: ₹ 123.3 Million)}	668.6	589.9
(v)	Other matters:	1,714.9	1,714.9
	a. In relation to purchase commitments : ₹ **968.1 Million*** (31 March 2020: ₹ 968.1 Million)		
	b. Supply of Goods: ₹ **0.5 Million** (31 March 2020: ₹ 0.5 Million)**		
	c. In relation to CCI: ₹ **746.3 Million** (31 March 2020: ₹ 746.3 Million)		
Total		**2,916.3**	**2,708.5**

Management considers that the above excise duty, sales tax, custom duty and income tax demands received from the authorities are not tenable against the Group, and therefore no provision for these tax contingencies have been made.

* Claim from vendor in relation to compliance with contractual purchase commitment.

** Claim from customer in relation to product quality issues.

The Group has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material adverse effect on its financial statements.

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3.27 Commitments

(₹ in million)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advances paid ₹ **51.9 Million** (31 March 2020: ₹ 25.3 Million)	1,451.7	723.5
2	Uncalled / Unpaid contribution towards investment in funds **(Refer Note.3.2)**	47.0	100.6
3	Other Commitments: Commitment towards research and development - **EUR 0.0625 Million** (31 March 2020: EUR 0.0625 Million)	5.4	5.2
4	Pending Export Obligation under advance licence / EPCG Scheme	70.2	38.1
5	Other Commitments - Non Cancellable Lease - **Refer Note.3.29(a)**		

3.28 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under:

The Company and its Indian subsidiaries:

i) Defined contribution plans:

The Company and its Indian subsidiaries makes contributions towards provident fund. The Company and its Indian subsidiaries is required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance, which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds. Both the employees and the Company and its indian subsidiaries make monthly contribution to the said funds plan equal to a specific percentage of the covered employee's salary. The Company and its indian subsidiaries has no obligations other than to make the specified contributions.

The Company and its Indian subsidiaries has recognised the following amounts in the Statement of Profit and Loss.

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
- Contribution to Provident Fund	623.1	591.6
- Contribution to Employee state insurance corporation	38.2	48.9
Total	**661.3**	**640.5**

ii) Defined benefit plan:

The Company and its Indian subsidiaries earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at 31 March 2021 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's and its Indian subsidiaries financial statements as at 31 March 2021:

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(₹ in million)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	172.6	144.5
	Interest Cost	89.8	76.5
	Actuarial (gain) / loss	89.2	280.9
	Benefits paid	(81.9)	(121.1)
	PVO at the beginning of the year	1,630.6	1,249.8
	PVO at end of the year	1,900.3	1,630.6
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	1,900.3	1,630.6
	Fair Value of planned assets at end of year	-	-
	Funded status	(1,900.3)	(1,630.6)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(1,900.3)	(1,630.6)
III)	**Net cost for the year**		
	Current Service cost	172.6	144.5
	Interest cost	89.8	76.5
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	89.2	280.9
	Net cost	351.6	501.9
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.26% - 6.72%	6.33% - 6.67%
	Attrition rate (%)	10% - 20%	10% - 20%
	Mortality rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
	Salary escalation rate (%)	5% - 10%	5% - 10%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below:

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017
Defined Benefit Obligation at end of the year	1,900.3	1,630.6	1,249.8	1,042.1	805.7
Experience (Gain)/Loss Adjustment on plan Liabilities	88.1	175.3	61.9	46.3	38.3
Actuarial (Gain)/Loss due to change in assumption	1.1	105.6	7.5	60.0	26.2

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

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3.28 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under: (Continued)

(₹ in million)

Particulars	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(88.3)	99.2	(74.6)	84.0
Future salary growth (1% movement)	94.6	(86.0)	80.3	(72.7)

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is **6.06 - 11.10 years** (Previous year: 6.09 - 10.61 years)

The PharmaNetwork LLC, USA ("TPN"):

TPN has maintained a 401(k) Safe Harbor Profit Sharing Plan ("Plan") to provide retirement and incidental benefits for its eligible employees. Employees may contribute from 1% to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. TPN contributes 100% of each dollar of elective contributions each eligible participant makes each plan year, up to the limit of 4% of gross pay. All safe harbor contributions vest immediately. The Plan requires that the contribution be placed in a trust fund in accordance with the Group Annuity Contract between the trustee, Merrill Lynch, Bank of America.

TPN matching contributions to the Plan

(₹ in million)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
- Contribution to 401(k) Plan - **USD 286,775** (31 March 2020: USD 198,661)	21.2	14.0

No discretionary contributions were made in either year.

S&B Pharma Inc., USA ("S&B"):

S&B sponsors a 401 (k) profit sharing plan that covers eligible employees at its Norac Pharma location. The profit sharing portion of the plan provides for discretionary contributions to eligible employees based on a percentage of total compensation, which is reviewed and determined annually. For the years ended 31 March 2021 and 2020, S&B contributions to the plan were **USD 386,789 (₹ 28.6 Million)** and USD 362,457 (₹ 25.6 Million), respectively. Of these amounts, **USD 91,948 (₹ 6.8 Million)** and USD 89,609 (₹ 6.3 Million) were accrued and not paid as at 31 March 2021 and 2020 respectively.

S&B sponsors a 401(k) plan that covers eligible employees at its Alkem-St. Louis location which provides for voluntary salary deferrals for eligible employees. S&B matches half (50%) of the employee's elective deferral up to 5% of eligible earnings, or a 2.5% maximum matching contribution. For the years ended 31 March 2021 and 2020, S&B matching contributions accrued and paid were **USD 86,852 (₹ 6.4 Million)** and USD 74,674 (₹ 5.3 Million) respectively.

Alkem Laboratories Corporation, Philippines ("ALC"):

ALC does not have an established retirement plan and only conforms to the minimum regulatory benefit under R.A. 7641 which is of defined benefit type and provides a retirement benefit equal to 22.5 days pay for every year of credited service for employees who attain the normal retirement age of 60 years old with at least five years of credited service. The regulatory benefit is paid in lump-sum upon retirement. For the years ended 31 March 2021 and 2020, ALC post - employment defined benefit obligation amounted to **PHP 1,566,972 (₹ 2.4 Million)** and PHP 1,174,189 (₹ 1.6 Million), respectively.

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3.29 Leases

a. Leases as lessee

i. Right of use assets

Right-of-use assets related to leased properties are presented as property, plant and equipment.

(₹ in million)

Particulars	As at 31 March 2021 Land and Buildings	As at 31 March 2020 Land and Buildings
Adoption of IND AS 116 "Leases" (Opening balance)	1,048.8	947.2
Amortisation charge for the year	(240.6)	(238.2)
Additions to right of use assets	27.1	357.6
Derecognition of right of use assets	(64.8)	(11.2)
Foreign exchange differences	21.7	(6.6)
Closing balance	**792.2**	**1,048.8**

ii. Lease liability

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Maturity analysis of lease liability - discounted contractual cash flows		
Less than one year	215.5	218.2
One to three years	357.1	465.0
More than three years	276.8	388.3
Total discounted cash flows	**849.4**	**1,071.5**
Current	**215.5**	**218.2**
Non-current	**633.9**	**853.3**

iii. Amount recognised in profit or loss

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
General and administrative expenses		
Short-term lease rent expense	40.8	53.7
Amortisation and impairment losses		
Amortisation of right of use lease asset	240.6	238.2
Foreign exchange difference	**3.5**	**0.9**
Finance cost		
Interest expense on lease liability	69.0	86.8
	353.9	**379.6**

iv. Amount recognised in statement of cash flows

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Cash outflow for short-term leases	40.8	53.7
Principal component of cash outflow for long-term leases	230.3	193.0
Interest component of cash outflow for long-term leases	69.0	86.8
Total cash outflow for leases	**340.1**	**333.5**

b) The Company has entered into long-term leasing arrangements for land with government authorities which are in the nature of finance lease. The future obligation in respect of the above are as under:

(₹ in million)

Particulars	Present value of minimum lease payment	Future interest Cost	Minimum lease payment
Not later than one year	0.0	2.9	2.9
Later than one year but not later than five years	0.2	11.2	11.4
Later than five years	63.0	197.8	260.8
Total	**63.2**	**211.9**	**275.1**

3.30 Segment Reporting

Basis for Segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

The operating segments are reported in a manner consistent with the internal reporting provided to the Company's Chief Operating Decision Maker (CODM). The CODM has been identified as the Executive Chairman of the Company who reviews the internal management reports prepared based on an aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments etc.) on a periodic basis.

Entity-wide disclosures

The below information analyses the group's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographic location of the assets.

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a)	**Revenue from Operations:**		
	Country of Domicile - India	58,208.6	56,061.8
	United States of America	24,665.5	21,999.5
	Other Countries	5,776.0	5,382.3
		88,650.1	**83,443.6**
b)	**Non-current assets (Refer note below)**		
	Country of Domicile - India	25,570.2	26,321.6
	United States of America	5,840.0	5,958.3
	Other Countries	452.4	429.9
		31,862.6	**32,709.8**

Note:-

Non-current assets for this purpose consist of property, plant and equipments, intangibles, goodwill and goodwill on consolidation.

c) The Group did not have any external revenue from a particular customer which exceeded 10% of total revenue during the year.

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3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures

The Group's prinicipal related parties consist of Key Managerial Personnel ("KMP"), relatives of KMP and entities in which KMP and their relatives have significant influence ("Affiliates"). The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enter into transactions in the ordinary course of business.

A) Key Managerial Personnel

Mr. Samprada Singh (upto 27 July 2019)	Chairman Emeritus
Mr. Basudeo Narain Singh	Executive Chairman
Mr. Balmiki Prasad Singh	Executive Director
Mr. Dhananjay Kumar Singh	Joint Managing Director
Mr. Mritunjay Kumar Singh	Executive Director
Mr. Sandeep Singh	Managing Director
Mr. Sarvesh Singh	Executive Director
Mr. A.K.Purwar	Independent Director
Mr. R.L.Shenoy	Independent Director
Ms. Sangeeta Singh	Independent Director
Ms. Sudha Ravi	Independent Director
Mr. Dheeraj Sharma	Independent Director
Mr. Narendra Kumar Aneja	Independent Director
Mr. A.M. Prasad (upto 15 March 2020)	Independent Director
Mr. Rajesh Dubey	President - Finance & Chief Financial Officer
Mr. Manish Narang	President - Legal & Company Secretary

B. Relatives of Key Managerial Personnel with whom transaction have taken place during the year

Mr. Satish Kumar Singh	Father of Sandeep Singh and Sarvesh Singh
Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
Mr. Srinivas Singh	Son of Balmiki Prasad Singh
Mrs. Manju Singh	Wife of Balmiki Prasad Singh
Mrs. Premlata Singh	Mother of Sandeep Singh and Sarvesh Singh
Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Divya Singh	Daughter of Dhananjay Kumar Singh
Mr. Aniruddha Singh	Son of Dhananjay Kumar Singh
Ms. Meghna Singh	Daughter of Mritunjay Kumar Singh
Mr. Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Ms.Inderjit Arora	Wife of Sandeep Singh
Mrs. Annapurna Singh	Wife of Sarvesh Singh
Mr. Nawal Kishore Singh	Brother of Balmiki Prasad Singh
Mr. Sreejan Shandilya	Husband of Dhananjay Kumar Singh's Daughter

C. Entities in which Key Managerial Personnel's and their relatives have significant influence and with whom transactions have taken place during the year ("Affiliates"):

M/s Galpha Laboratories Ltd., M/s. Samprada and Nanhamati Singh Family Trust, Legal heirs of Late Mr. Samprada Singh.

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3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Details of Transactions with Related Parties

(₹ in million)

Sr. No.	Particulars	Year ended 31 March 2021			
		Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	C	
1	Remuneration*	656.2	167.9	-	824.1
		(706.5)	(146.7)	-	(853.2)
2	Consultancy fees paid	-	2.5	-	2.5
		-	-	-	-
3	Loans repaid	-	2.3	-	2.3
		-	(21.6)	-	(21.6)
4	Interest expense on loans taken	-	3.6	-	3.6
		-	(9.6)	-	(9.6)
5	Purchase of stock in trade	-	-	527.1	527.1
		-	-	(537.9)	(537.9)
6	Sale of finished goods	-	-	0.2	0.2
		-	-	(0.2)	(0.2)
7	Sale of raw and packing materials (March 2021: ₹ 47,200 March 2020: ₹ 47,470)	-	-	0.0	0.0
		-	-	(0.0)	(0.0)
8	Purchase of raw and packing materials	-	-	24.0	24.0
		-	-	(10.5)	(10.5)
9	Services received	-	-	0.1	0.1
		-	-	-	-
10	Services rendered	-	-	2.3	2.3
		-	-	(18.3)	(18.3)
11	Rental income	-	-	3.8	3.8
		-	-	(3.8)	(3.8)
12	Rent expenses	1.6	2.5	-	4.1
		(1.0)	(3.1)	-	(4.1)
13	Dividend paid	672.5	453.0	754.1	1,879.6
		(759.8)	(539.0)	(809.9)	(2,108.7)
14	Advances given	1.0	-	-	1.0
		(2.5)	-	-	(2.5)
15	Repayment of advances given	1.0	-	-	1.0
		(3.0)	-	-	(3.0)
16	Interest income on loans given (March 2020 : ₹ 35,853)	-	-	-	-
		(0.0)	-	-	(0.0)
17	Sale of PPE	-	-	-	-
		-	-	(2.8)	(2.8)
18	Reimbursement of expenses to	-	-	3.6	3.6
		-	-	-	-
19	Reimbursement of expenses from (₹ 38,393)	-	-	0.0	0.0
		-	-	-	-

Figures in the brackets are the comparative figures of the previous year.

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3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

*Key managerial personnel remuneration

Key Managerial personnel remuneration comprise the following :

(₹ in million)

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Short term employee benefits	564.8	464.7
Post-employment benefits	63.9	165.1
Other long-term benefits	15.5	18.6
Commission paid to Chairman Emeritus	-	45.6
Commission/sitting fees to Independent Directors	12.0	12.5
Total	**656.2**	**706.5**

Based on the recommendation of the Nomination and Remuneration Committee, all decisions relating to the remuneration of the directors are taken by the Board of Directors of the Company, is in accordance with shareholders' approval.

All related party transactions are made in the normal course of business and on terms equivalent to those that prevail in an arm's length transactions.

Balance due from / to the related Parties

(₹ in million)

Sr. No.	Particulars	As at 31 March 2021		
		Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	
1	Outstanding payables	-	101.6	101.6
2	Loan payable	87.9	-	87.9

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020		
		Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	
1	Outstanding payables	-	32.5	32.5
2	Loan payable	86.8	-	86.8

3.32 The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is ₹ **5,322.1 Million** (31 March 2020: ₹ 4,725.7 Million).

3.33 Earnings per share (EPS)

Particulars			Year ended 31 March 2021	Year ended 31 March 2020
Profit for the year attributable to Owners of the Parent	₹in Million	A	15,850.2	11,270.7
Weighted average number of equity shares outstanding	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	In ₹	(A / B)	132.57	94.26

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3.34 Disclosure as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as under:

Provision for anticipated sales return:

The Group as a trade practice, accepts sales return from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns on the basis of historical experience, market conditions and specific contractual terms.

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Carrying amount at the beginning of the year	1,533.9	1,298.9
Add: Provision made during the year	1,895.7	1,619.3
Less: Amount utilized during the year	1,648.9	1,384.3
Carrying amount at the end of the year	**1,780.7**	**1,533.9**

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Non current provision	641.8	473.2
Current provision	1,138.9	1,060.7
Total	1,780.7	1,533.9

3.35 Dividend paid and proposed

Dividends on equity shares were declared and paid by the Company during the year

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2021 (₹ in million)	Dividend Per Equity Share (₹)	For the year ended 31 March 2020 (₹ in million)
Dividend on equity shares	28.00	3,347.8	30.00	3,587.0
Dividend distribution tax		-		743.8
Total		**3,347.8**		**4,330.8**

After the reporting date, the following dividend was proposed by the Board of Directors in its meeting held on 25 May 2021 (previous year: in the Board meeting held on 5 June 2020) subject to the approval at the annual general meeting. Proposed dividend has not been recognised as a liability.

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2021 (₹ in million)	Dividend Per Equity Share (₹)	For the year ended 31 March 2020 (₹ in million)
Final Dividend on Equity Shares	5.00	597.8	3.00	358.7
Total		**597.8**		**358.7**

3.36 Impairment testing for cash generating unit (CGU) containing goodwill

The goodwill at each CGU level and goodwill acquired separately are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount is less than its carrying value. The recoverable amount is based on a value-in-use calculation using the discounted cash flow method. The value-in-use calculation is made using pre-tax Budgeted EBITDA projections of the next five years and the Terminal Value at the end of the fifth year (after considering the relevant long-term growth rate) which is considered by the Board as a reasonable period given the long development and life cycle of medicine.

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Goodwill acquired through business combinations with indefinite lives has been allocated to the following CGU's

(₹ in million)

Name of the Entities	As at 31 March 2021	As at 31 March 2020
Goodwill on Consolidation		
The PharmaNetwork LLC, United States of America	2,034.1	2,086.0
Pharmacor Pty Ltd, Australia	175.3	145.0
Enzene Biosciences Limited, India	106.0	106.0
Cachet Pharmaceuticals Private Limited ("CPPL"), India	487.9	487.9
Indchemie Health Specialities Private Limited ("IHSPL"), India	900.3	900.3
Sub-Total	**3,703.6**	**3,725.2**
Goodwill acquired separately in		
The PharmaNetwork LLC and its subsidiary, United States of America	31.8	33.4
S&B Pharma Inc., United States of America	218.5	225.9
Sub-Total	**250.3**	**259.3**
Total	**3,953.9**	**3,984.5**

The table below shows the key assumptions used in the value in use calculations for goodwill at each CGU level:

	The Pharma Network LLC	Enzene Biosciences Limited	Pharmacor Pty Ltd	CPPL	IHSPL
Pre-tax adjusted discount rate (in %)	14.0%	25.0%	14.0%	15.0%	15.0%
Long-term growth rate (in %)	2.0%	-5.0%	1.0%	3.0%	3.0%

The table below shows the key assumptions used in the value in use calculations for goodwill acquired separately:

	The Pharmanetwork LLC & its subsidiary	S&B Pharma Inc.
Pre-tax adjusted discount rate (in %)	14.0%	13.8%
Long-term growth rate (in %)	2.0%	2.0%

Key assumptions used in the value-in-use calculations

Assumptions	How determined
Long-term growth rate	The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations on market development. The weighted average growth rates used were consistent with industry reports
Pre-tax risk adjusted discount rate	Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC)

These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external / internal sources of information.

Based on the above assumptions and analysis, no impairment was identified for any of the CGU and for goodwill acquired separately as at 31 March 2021, 31 March 2020 as the recoverable value of the CGU and goodwill acquired separately exceeded the carrying value.

The Group has also performed sensitivity analysis calculations on the projections used and discount rate applied. Group has concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

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3.37 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has non-controlling interest, before any intra-group eliminations.

31 March 2021

(₹ in million)

	CPPL	IHSPL	EBL	Total
Non-controlling interest percentage	41.2%	49.0%	0.16%	
Non- current assets	376.0	1,770.9	2,124.2	4,271.1
Current assets	1,287.3	2,877.6	1,088.6	5,253.5
Non-current liabilities	220.2	507.8	37.9	765.9
Current liabilities	931.5	879.4	653.1	2,464.0
Net assets	**511.6**	**3,261.3**	**2,521.8**	**6,294.7**
Net assets attributable to the non-controlling interest	210.8	1,598.0	4.0	1,812.8
Revenue from operations	3,218.4	4,765.7	297.4	8,281.5
Profit after tax	98.0	594.6	(1,022.0)	(329.4)
Other comprehensive income (net of tax)	(4.8)	(2.9)	(1.7)	(9.4)
Total comprehensive income	**93.2**	**591.7**	**(1,023.7)**	**(338.8)**
Profit/(loss) allocated to non-controlling interest	40.4	291.4	(1.6)	330.2
Changes in proportion held by non-controlling interest	-	-	(2.7)	(2.7)
Profit attributable to Non-Controlling Interest (a)	40.4	291.4	(4.3)	327.5
Other comprehensive income allocated to non-controlling interest (b)	(2.0)	(1.4)	(0.0)	(3.4)
Total comprehensive income allocated to non-controlling interest (a + b)	**38.4**	**290.0**	**(4.3)**	**324.1**
Cash flows from operating activities	63.7	700.2	(878.9)	(115.0)
Cash flows from investing activities	21.0	(361.0)	297.0	(42.9)
Cash flows from financing activities	(105.5)	(415.8)	559.7	38.5
Net increase (decrease) in cash and cash equivalents	**(20.8)**	**(76.5)**	**(22.2)**	**(119.4)**

31 March 2020

(₹ in million)

	CPPL	IHSPL	EBL	Total
Non-controlling interest percentage	41.2%	49.0%	0.09%	
Non- current assets	577.4	1,301.5	2,153.4	4,032.3
Current assets	917.7	2,819.0	1,406.6	5,143.3
Non-current liabilities	233.1	337.0	33.7	603.8
Current liabilities	843.7	1,113.7	785.0	2,742.4
Net assets	**418.3**	**2,669.8**	**2,741.3**	**5,829.4**
Net assets attributable to the non-controlling interest	172.3	1,308.2	2.5	1,483.0
Revenue from operations	3,555.2	4,527.1	96.6	8,178.9
Profit after tax	41.3	424.9	(559.4)	(93.2)
Other comprehensive income (net of tax)	(2.7)	(8.7)	(0.3)	(11.7)
Total comprehensive income	**38.6**	**416.2**	**(559.7)**	**(104.9)**
Profit/(loss) allocated to non-controlling interest	17.1	208.2	(0.5)	224.8
Changes in proportion held by non-controlling interest	-	-	(2.4)	(2.4)
Profit attributable to Non-Controlling Interest (a)	17.1	208.2	(2.9)	222.4
Other comprehensive income allocated to non-controlling interest (b)	(1.2)	(4.2)	(0.0)	(5.4)
Total comprehensive income allocated to non-controlling interest (a+b)	**15.9**	**204.0**	**(2.9)**	**217.0**
Cash flows from operating activities	(91.3)	(34.4)	(897.3)	(1,023.1)
Cash flows from investing activities	513.8	21.8	(607.8)	(72.2)
Cash flows from financing activities (dividends to NCI : ₹53.9 Million)	(379.6)	92.4	1,531.7	1,244.5
Net increase (decrease) in cash and cash equivalents	**42.9**	**79.7**	**26.5**	**149.2**

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3.38 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The Group uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

Level 1: Observable prices in active markets for identical assets and liabilities;

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities;

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities

(₹ in million)

Particulars	As at 31 March 2021							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	1,742.2	1,742.2	-	-	-	-
Other bank balances	-	-	18,162.3	18,162.3	-	-	-	-
Non-current investments*	554.1	-	575.5	1,129.6	-	554.1	-	554.1
Current investments *	1,519.5	-	116.9	1,636.4	231.2	-	1,288.3	1,519.5
Non-current loans	-	-	110.4	110.4	-	-	-	-
Current loans	-	-	312.2	312.2	-	-	-	-
Trade receivables	-	-	16,072.1	16,072.1	-	-	-	-
Other non-current financial assets	-	-	577.7	577.7	-	-	-	-
Other current financial assets	-	-	2,481.1	2,481.1	-	-	-	
	2,073.6	**-**	**40,150.4**	**42,224.0**	**231.2**	**554.1**	**1,288.3**	**2,073.6**
Financial liabilities								
Non-current borrowings (Including current maturity of Long term borrowing)	-	-	710.8	710.8	-	-	-	-
Current borrowings	-	-	16,359.6	16,359.6	-	-	-	-
Trade payables	-	-	10,694.1	10,694.1	-	-	-	-
Other Non-Current financial liabilities	-	-	633.9	633.9	-	-	-	-
Other current financial liabilities	-	-	4,869.4	4,869.4	-	-	-	-
	-	**-**	**33,267.8**	**33,267.8**	**-**	**-**	**-**	**-**

* It excludes fair value information for financial assets not measured at fair value, if carrying amount is a reasonable approximation of fair value.

(₹ in million)

Particulars	As at 31 March 2020							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	1,759.4	1,759.4	-	-	-	-
Other bank balances	-	-	9,162.7	9,162.7	-	-	-	-
Non-current investments	347.4	-	567.6	915.0	-	347.4	-	347.4
Current investments	1,623.9	-	75.0	1,698.9	163.9	-	1,460.0	1,623.9
Non-current loans	-	-	106.1	106.1	-	-	-	-
Current loans	-	-	279.7	279.7	-	-	-	-
Trade receivables	-	-	16,493.6	16,493.6	-	-	-	-
Other non-current financial assets	-	-	466.8	466.8	-	-	-	-
Other current financial assets	-	-	1,931.0	1,931.0	-	-	-	-
	1,971.3	**-**	**30,841.9**	**32,813.2**	**163.9**	**347.4**	**1,460.0**	**1,971.3**
Financial liabilities								
Non-current borrowings (Including current maturity of Long term borrowing)	-	-	1,120.2	1,120.2	-	-	-	-
Current borrowings	-	-	15,035.1	15,035.1	-	-	-	-
Trade payables	-	-	9,540.5	9,540.5	-	-	-	-
Other Non-Current financial liabilities	-	-	853.3	853.3	-	-	-	-
Other current financial liabilities	-	-	4,138.6	4,138.6	-	-	-	-
	-	**-**	**30,687.7**	**30,687.7**	**-**	**-**	**-**	**-**

3.38 Financial instruments – Fair values and risk management (Continued)

B. Measurement of fair values

The Management assessed that cash and bank balances, trade receivables, trade payables, cash credit and other financial assets and liabilities approximate their carrying amounts largely due to short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value

a) **Level 1:** The fair value of the quoted investments/units of mutual fund scheme are based on market price/net asset value at the reporting date.

b) **Level 2:** The fair value of financial instruments that are not traded in an active market (i.e. venture capital funds) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.

c) **Level 3:** The fair value of the remaining financial instrument is determined using discounted cash flow method. The discount rates used is based on management estimates.

The significant unobservable inputs used to determine the fair value of investment in fund together with the quantitative sensitivity analysis as at 31 March 2021 and 31 March 2020 are as shown below:

Type	Level	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in Avenue Venture Real Estate Fund	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.	Revenue, Cost of construction, absorption timelines	The estimated fair value would increase/(decrease) if: • the sale price were higher/(lower); • the cost of construction were lower/(higher); or • the absorption timelines will decrease/(increase).

There have been no transfers between Level 1 and Level 2 during the year.

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of Investment in Avenue Venture Real Estate Fund.

Particulars	(₹ in million)
Opening Balance (1 April 2019)	**2,003.4**
Net change in fair value (unrealised)	(12.6)
Repayment	(530.8)
Closing Balance (31 March 2020)	**1,460.0**
Net change in fair value (unrealised)	-
Repayment	(171.7)
Closing Balance (31 March 2021)	**1,288.3**

Transfer out of Level 3

There has been no transfer out of Level 3 during the year.

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3.38 Financial instruments – Fair values and risk management (Continued)

Sensitivity analysis

For the fair values of Avenue Venture Real Estate Fund investment possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

(₹ in million)

Significant unobservable inputs	31 March 2021		31 March 2020	
	Profit or loss		Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	62.5	(62.5)	66.6	(66.6)
Cost of Construction - 5%	(11.6)	11.5	(12.5)	12.5
Absorption Timelines - 1 Year	(142.4)	166.6	(153.5)	179.3

Note : The above sensitivity analysis for the significant unobservable input of sale price has been performed only for 4 projects (Carrying value: CY: ₹ **1,218.2 million**; PY: ₹ 1,295.2 million) out of total 5 projects (Carrying value: CY: ₹ **1,288.3 million**; PY: ₹ 1,460.0 million) since the existing land will be sold without construction. For other two significant unobservable inputs (Cost of Construction and Absorption timelines), the sensitivity analysis has been performed only for 3 projects (Carrying value: CY : ₹ **938.5 million**; PY: ₹1,015.6 million) since the exit value has already been agreed and hence no sensitivity analysis has been performed.

The Group has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk from its operating activites (primarily trade receivables) and from its financing/ investing activities, including investments in debt securities, deposits with banks, equity securities and venture capital and mutul fund investments. The Group has no significant concentration of credit risk with any counterparty.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly.

3.38 Financial instruments – Fair values and risk management (Continued)

At 31 March 2021, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

(₹ in million)

Particulars	Carrying amount	
	31 March 2021	31 March 2020
India	5,654.5	4,832.1
US	8,696.3	9,762.1
Other regions	1,721.3	1,899.4
Total	**16,072.1**	**16,493.6**

At 31 March 2021 the Group had exposure to only one type of counter party. No single customer's balance was more than 10% of the total receivables.

Impairment

As per simplified approach, the Group makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date wherever required.

The ageing of trade receivables that were not impaired was as follows:

(₹ in million)

Particulars	Carrying amount	
	31 March 2021	31 March 2020
Not past due	14,915.5	15,525.3
Past due 1–180 days	832.4	625.0
Past due more than 180 days	324.2	343.3
Total	**16,072.1**	**16,493.6**

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

(₹ in million)

Particulars	31 March 2021	31 March 2020
Balance as at the beginning of the year	424.3	383.8
Impairment loss recognised	82.8	101.7
Amounts written back / written off	5.1	(61.2)
Balance as at the end of the year	**512.2**	**424.3**

Investments, Cash and Cash equivalents and Bank Deposits

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.

Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in mutual funds, venture capital funds, quoted bonds and non-convertible debentures. These mutual funds and counterparties have low credit risk.

Total non-current and current investments as on 31 March 2021 is ₹ **3,327.7 million** (31 March 2020: ₹ 2,613.9 million)

Debt securities:

The Group has an exposure of ₹ **692.4 million** as at 31 March 2021 (31 March 2020: ₹ 585.7 million) for debt securities classified as financial asset measured at amortised cost. All the debt securities have been issued by companies registered in India in Indian Rupees.

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3.38 Financial instruments – Fair values and risk management (Continued)

There has been no allowance for impairment in respect of such debt securities - financial asset measured at amortised cost till 31 March 2021.

Credit Rating of debt securities is given below:

(₹ in million)

Credit Rating	31 March 2021	31 March 2020
A	5.0	-
AA	25.0	120.0
AA -	152.1	263.6
AA +	288.4	-
AAA	213.8	194.0
Not Rated	8.1	8.1
Total	**692.4**	**585.7**

The Group did not have any debt securities that were past due but not impaired at 31 March 2021, 31 March 2020. The Group has no collateral in respect of these investments.

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's trade receivables are due for maturity within one to four months from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 - 60 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Group. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in million)

31 March 2021	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance Lease obligation	63.2	275.0	2.8	-	2.9	8.7	260.6
Other non-current financial liabilities	633.9	769.3	-	-	248.7	318.9	201.7
Long Term Borrowings (Including Current maturity of Long term borrowings)	647.6	655.0	-	374.5	184.3	96.2	-
Working Capital Loan from Bank	16,359.6	16,359.6	16,359.6	-	-	-	-
Trade Payables	10,694.1	10,694.1	10,694.1	-	-	-	-
Other Current Financial Liabilities	4,869.4	4,869.4	4,347.7	521.7	-	-	-
Total	**33,267.8**	**33,622.4**	**31,404.2**	**896.2**	**435.9**	**423.8**	**462.3**

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3.38 Financial instruments – Fair values and risk management (Continued)

(₹ in million)

31 March 2020	Carrying amount	Contractual cash flows Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance Lease obligation	63.2	278.0	2.8	-	2.9	8.7	263.6
Other non-current financial liabilities	853.3	1,042.0	-	-	273.8	484.0	284.2
Long Term Borrowings (Including current maturity of long term borrowings)	1,056.9	1,056.9	5.5	375.5	675.9	-	-
Working Capital Loan from Bank	15,035.1	15,035.1	15,035.1	-	-	-	-
Trade Payables	9,540.5	9,540.5	9,540.5	-	-	-	-
Other Current Financial Liabilities	4,138.6	4,138.6	3,897.1	241.5	-	-	-
Total	**30,687.6**	**31,091.1**	**28,481.0**	**617.0**	**952.6**	**492.7**	**547.8**

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The Group has exposure to EUR, GBP, USD, AUD, CAD and KES. The Group has formulated hedging policy for monitoring its foreign currency exposure.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2021, 31 March 2020 in there respective currencies are as below (absolute values):

Particulars	31 March 2021					
	EUR	GBP	USD	AUD	CAD	KES
Financial assets						
Trade Receivables	808,845	-	9,505,212	88,236	49,510	-
Cash and cash equivalents	-	-	390,173	-	-	1,117,144
	808,845	**-**	**9,895,385**	**88,236**	**49,510**	**1,117,144**
Financial liabilities						
Short Term Borrowings	-	-	130,500,000	-	-	-
Trade Payables	696,631	56,829	10,781,621	65,115	29,548	-
	696,631	**56,829**	**141,281,621**	**65,115**	**29,548**	**-**
Net foreign currency exposure as at 31 March 2021	**112,214**	**(56,829)**	**(131,386,236)**	**23,121**	**19,962**	**1,117,144**

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3.38 Financial instruments – Fair values and risk management (Continued)

Particulars	31 March 2020					
	EUR	GBP	USD	AUD	CAD	KES
Financial assets						
Trade Receivables	359,597	-	9,898,676	-	-	-
Cash and cash equivalents	-	-	161,059	-	-	895,602
	359,597	**-**	**10,059,735**	**-**	**-**	**895,602**
Financial liabilities						
Short Term Borrowings	-	-	128,300,000	-	-	-
Trade Payables	658,680	229,372	7,731,042	93,487	-	-
	658,680	**229,372**	**136,031,042**	**93,487**	**-**	**-**
Net foreign currency exposure as at 31 March 2020	**(299,083)**	**(229,372)**	**(125,971,307)**	**(93,487)**	**-**	**895,602**

For the purpose of financial statement reporting, the currency exposure are measured at the following year-end exchange rates.

INR	Year-end spot rate	
	31 March 2021	31 March 2020
EUR	85.75	82.77
GBP	100.75	93.50
USD	73.11	75.67
AUD	55.70	46.08
CAD	58.03	53.08
KES	0.67	0.72

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at 31 March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect ₹ in million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2021		
10% movement		
EUR	1.0	(1.0)
GBP	(0.6)	0.6
USD	(960.6)	960.6
AUD	0.1	(0.1)
CAD	0.1	(0.1)
KES	0.1	(0.1)
Total	**(959.9)**	**959.9**

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3.38 Financial instruments – Fair values and risk management (Continued)

Effect ₹ in million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2020		
10% movement		
EUR	(2.5)	2.5
GBP	(2.1)	2.1
USD	(953.2)	953.2
AUD	(0.4)	0.4
KES	0.1	(0.1)
Total	**(958.1)**	**958.1**

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments, borrowings and loans because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments, borrowings and loans will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Group to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments is as follows.

(₹ in million)

Particulars	31 March 2021	31 March 2020
Fixed-rate instruments		
Financial assets	24,455.4	13,098.3
Financial liabilities	5,781.7	4,852.5
Total	**18,673.7**	**8,245.8**
Variable-rate instruments		
Financial liabilities	12,138.1	12,374.2
Total	**12,138.1**	**12,374.2**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would not have any material impact on the equity

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates would not have any material impact on the equity.

Notes
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3.39 Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a ratio of 'net debt' to 'total equity'. For this purpose, net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents.

The Group's net debt to equity ratio was as follows.

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Total Borrowings (including current maturity of long term borrowings)	17,070.4	16,155.2
Less : Cash and cash equivalent	1,742.2	1,759.4
Net debt	**15,328.2**	**14,395.8**
Total equity	75,580.1	63,089.7
Net debt to equity ratio	**0.20**	**0.23**

3.40 Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III to the Companies Act, 2013.

(₹ in million)

Name of the enterprises	31 March 2021							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As (%) of consolidated net assets	Amount	As (%) of consolidated profit or loss	Amount	As (%) of consolidated OCI	Amount	As (%) of consolidated TCI	Amount
Parent Company								
Alkem Laboratories Limited	101%	76,257.5	106%	16,850.8	15%	(49.9)	108%	16,800.9
Subsidiaries								
Indian								
Enzene Biosciences Limited	3%	2,520.3	-6%	(1,022.0)	1%	(1.7)	-7%	(1,023.7)
Cachet Pharmaceuticals Private Limited	1%	511.7	1%	98.0	1%	(4.8)	1%	93.2
Indchemie Health Specialities Private Limited	4%	3,261.6	4%	594.6	1%	(2.9)	4%	591.7
Alkem Foundation	0%	0.2	0%	0.9	0%	-	0%	0.9
Connect 2 Clinic Private Limited	0%	18.2	0%	3.2	0%	-	0%	3.2
Foreign								
Ascend Laboratories (Pty) Ltd (formerly known as Alkem Laboratories (Pty) Ltd)	0%	94.5	0%	6.1	-4%	13.3	0%	19.4
Ascend GmbH	0%	(14.1)	0%	(66.3)	-1%	2.1	0%	(64.2)
Alkem Laboratories Corporation	0%	(92.0)	0%	(40.1)	0%	(1.2)	0%	(41.3)
S & B Holdings B.V	1%	1,047.6	0%	53.2	20%	(66.3)	0%	(13.1)
Pharmacor Pty Ltd	1%	438.6	1%	101.4	-18%	62.4	1%	163.8
The PharmaNetwork LLC & Subsidiary (Ascend Laboratories LLC)	9%	6,972.8	1%	118.4	52%	(175.9)	0%	(57.5)
Ascend Laboratories SDN BHD.	0%	(0.1)	0%	-	0%	-	0%	-
Ascend Laboratories SpA & Subsidiary (Pharma Network SpA)	0%	278.4	0%	74.5	-7%	25.1	1%	99.6
Alkem Laboratories, Korea Inc	0%	(0.7)	0%	(0.3)	0%	-	0%	(0.3)
Pharmacor Ltd.	0%	46.5	0%	24.1	1%	(2.2)	0%	21.9
S&B Pharma Inc.	4%	3,350.2	-3%	(489.3)	29%	(97.5)	-4%	(586.8)
The PharmaNetwork, LLP	0%	95.4	0%	2.7	-1%	2.1	0%	4.8
Ascend Laboratories (UK) Limited	0%	48.9	0%	5.9	-1%	3.5	0%	9.4
Ascend Laboratories Ltd	0%	1.1	0%	-	0%	0.1	0%	0.1
Ascend Laboratories SAS	0%	4.1	0%	2.4	0%	0.1		2.5
Total Eliminations	-28%	(21,073.4)	-1%	(140.5)	15%	(49.3)	-1%	(189.8)
Non Controlling Interest	2%	1,812.8	-2%	(327.5)	-1%	3.4	-2%	(324.1)
	100%	**75,580.1**	**100%**	**15,850.2**	**100%**	**(339.6)**	**100%**	**15,510.6**

3.40 Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III to the Companies Act, 2013. (Continued)

(₹ in million)

Name of the enterprises	31 March 2020							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As (%) of consolidated net assets	Amount	As (%) of consolidated profit or loss	Amount	As (%) of consolidated OCI	Amount	As (%) of consolidated TCI	Amount
Parent Company								
Alkem Laboratories Limited	100%	62,804.3	112%	12,644.2	-63%	(172.8)	108%	12,471.4
Subsidiaries								
Indian								
Enzene Biosciences Limited	4%	2,740.4	-5%	(559.4)	0%	(0.3)	-5%	(559.7)
Cachet Pharmaceuticals Private Limited	1%	418.4	0%	41.3	-1%	(2.7)	0%	38.6
Indchemie Health Specialities Private Limited	4%	2,669.9	4%	424.9	-3%	(8.7)	4%	416.2
Alkem Foundation	0%	(0.7)	0%	(0.7)	0%	-	0%	(0.7)
Foreign								
Alkem Laboratories Pty Ltd	0%	75.1	0%	3.0	-4%	(10.4)	0%	(7.4)
Ascend GmbH	0%	50.1	-1%	(60.2)	0%	0.1	-1%	(60.1)
Alkem Laboratories Corporation	0%	(50.7)	0%	(13.1)	-2%	(4.9)	0%	(18.0)
S & B Holdings B.V	2%	1,060.7	-3%	(297.8)	-20%	(55.0)	-3%	(352.8)
Pharmacor Pty Ltd	0%	274.8	1%	130.1	-6%	(15.1)	1%	115.0
The Pharmanetwork LLC & Subsidiary (Ascend Laboratories LLC)	11%	7,030.3	10%	1,162.3	189%	518.6	15%	1,680.9
Ascend Laboratories SDN BHD.	0%	(0.1)	0%	(0.1)	0%	-	0%	(0.1)
Ascend Laboratories SpA & Subsidiary (Pharma Network SpA)	0%	178.8	-1%	(136.4)	-13%	(34.6)	-1%	(171.0)
Alkem Laboratories, Korea Inc	0%	(0.4)	0%	(0.5)	0%	-	0%	(0.5)
Pharmacor Ltd.	0%	24.6	0%	25.8	0%	1.0	0%	26.8
S&B Pharma Inc.	5%	2,955.8	-9%	(993.5)	68%	186.1	-7%	(807.4)
The PharmaNetwork, LLP	0%	90.6	0%	(15.4)	-3%	(7.9)	0%	(23.3)
Ascend Laboratories (UK) Limited	0%	39.5	0%	8.1	0%	1.2	0%	9.3
Ascend Laboratories Ltd	0%	1.0	0%	(0.1)	0%	-	0%	-
Ascend Laboratories SAS	0%	1.6	0%	(4.9)	0%	(0.5)	0%	(5.4)
Total Eliminations	-30%	(18,757.2)	-8%	(864.7)	-46%	(125.5)	-9%	(990.2)
Non Controlling Interest	2%	1,483.0	-2%	(222.4)	2%	5.4	-2%	(217.0)
	100%	**63,089.7**	**100%**	**11,270.7**	**100%**	**274.0**	**100%**	**11,544.7**

3.41 Sale of brand

During the year ended 31 March 2021, the Group has received net consideration of ₹ **351.0 Million** towards assignment of a trademark together with associated goodwill, business and commercial rights and the same has been recognised under Other Income.

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3.42 Employee Stock option Scheme

ENZENE BIOSCIENCES LIMITED (Subsidiary)

As at 31 March 2021, Subsidiary has following share based payment arrangements for employees:

ESOS 2016

This Scheme shall be called 'Enzene Employee Stock Option Scheme 2016' ("ESOS 2016"/"Scheme").

ESOS 2016 is established with effect from 15 January 2016 on which the Shareholders have approved the Scheme by way of a special resolution and shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOS 2016 have been issued and exercised, whichever is earlier. The plan entitles key managerial personnel and senior employees to purchase shares in the subsidiary at the stipulated exercise price, subject to compliance with vesting conditions.

The terms and conditions related to the grant of the shares options are as follows:

Date of Grant	03 March 2016
Exercise price per Option	₹ 125.80
Number of Options granted	145,600
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 5 years from the date of grant as stated below
Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
03 March 2017	1 year from the date of grant	5.0%	5.0%
03 March 2018	2 years from the date of grant	15.0%	15.0%
03 March 2019	3 years from the date of grant	20.0%	20.0%
03 March 2020	4 years from the date of grant	30.0%	30.0%
03 March 2021	5 years from the date of grant	30.0%	30.0%
Total		**100%**	**100%**

Date of Grant	27 January 2017
Exercise price per Option	₹10
Number of Options granted	56,400
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 4 years from the date of grant as stated below
Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
27 January 2018	1 year from the date of grant	15.0%	15.0%
27 January 2019	2 years from the date of grant	25.0%	25.0%
27 January 2020	3 years from the date of grant	30.0%	30.0%
27 January 2021	4 years from the date of grant	30.0%	30.0%
Total		**100.0%**	**100.0%**

Date of Grant	25 May 2017
Exercise price per Option	₹ 125.80
Number of Options granted	18,000
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 5 years from the date of grant as stated below
Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
25 May 2018	1 year from the date of grant	5.0%	5.0%
25 May 2019	2 years from the date of grant	15.0%	15.0%
25 May 2020	3 years from the date of grant	20.0%	20.0%
25 May 2021	4 years from the date of grant	30.0%	30.0%
25 May 2022	5 years from the date of grant	30.0%	30.0%
Total		100%	100%

Share based payment expenses for the year

(₹ in million)

Name of Scheme	For the year ended 31 March 2021	For the year ended 31 March 2020
ESOS 2016	1.1	1.5
Total Expenses recognised in " Employee benefit expenses"	**1.1**	**1.5**

Reconciliation of outstanding share options

Particulars	No.of Options	
	31 March 2021	31 March 2020
Outstanding at 1 April	148,308	190,880
Granted during the year	-	-
Forfeited during the year	(3,600)	(14,400)
Exercised during the year	(32,815)	(23,882)
Expired during the year	(5,477)	(4,290)
Outstanding at 31 March	**106,416**	**148,308**

1. The estimated grant-date fair value of Stock options granted under ESOS 2016(1) plan is ₹ 69.94
2. The estimated grant-date fair value of Stock options granted under ESOS 2016(2) plan is ₹ 147.43
3. The estimated grant-date fair value of Stock options granted under ESOS 2016(2) plan is ₹ 75.48

The fair values are measured based on the Black-Scholes-Merton formula. Expected volatility, an input in this formula, is estimated by considering historical average of share price volatility of peer companies. The Inputs used in the measurement of grant-date fair values are as follows:

Date of Vesting	ESOS 2016 (1)	ESOS 2016 (2)	ESOS 2016 (3)
Fair value as on Grant Date of Equity Share	148	155	155
Compounded Risk-Free Interest Rate	7.7%	7.5%	7.5%
Expected volatility	31.9%	31.9%	31.9%

3.43 Government Grant

The Company:

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in 2014-15 amounted to ₹ **72.4 million** with respect to the Kumrek facility. The factory has been constructed and in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹ **122.1 million** for which the Company has subsequently received the claim amount in FY 2018-19. The factory has been constructed and in operation since October, 2012. These grants, recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised.

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to the consolidated financial statements for the year ended 31 March 2021

Enzene Biosciences Limited ("EBL"):

EBL is eligible for government grant from Biotechnology Industry Research Assistance Council (BIRAC) under National Biopharma Mission. The grant received/receivable includes grant in relation to the assets and grant which are revenue in nature.

The grant received/receivable is for specific project for which EBL is incurring the expenditure. Accordingly the eligible amount of revenue grant is deducted from the respective head of expenditure. EBL has recognised ₹ **3.2 million** Government Grant (Revenue in nature) during the year.

EBL is also eligible for government grants which are against Capital expenditure incurred by EBL on the specific purchase of assets. These grants, recognized as deferred income, are being amortized over the useful life of the assets in proportion in which the related depreciation expense is recognised.

During the year, there is another grant received/receivable from a specific project for which the EBL is incurring the expenditure. Accordingly the eligible amount of revenue grant is deducted from the respective head of expenditure. EBL has recognised ₹ **9.0 million** Government Grant (Revenue in nature) during the year.

Indchemie Health Specialities Private Limited ("IHSPL")

IHSPL is eligible for government grant which is conditional upon construction of new factory in the Sikkim region. The grant is with respect to Kumrek facility in Sikkim amounting to ₹ **23.4 million** received in FY 2019-20 under the capital investment subsidy scheme of North East Industrial and Investment Promotion Policy (NEIIPP) 2007. The factory has been constructed and in operation since 9 May 2016. This grant recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised.

The unamortised grant as on 31 March 2021 of the Group amounts to ₹ **105.1 million** (Previous year: ₹ 117.1 million), the breakup of which is as below:

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current	88.3	97.7
Current	16.8	19.4
Total	**105.1**	**117.1**

3.44 Non-current assets held for sale:

(₹ in million)

Particulars	As at 31 March 2021	As at 31 March 2020
Plant and equipment	55.0	164.9
Office Equipments	0.3	1.7
Freehold Land	-	1.9
Buildings	-	9.2
Vehicles	-	0.0
Furniture and Fixtures	0.2	3.1
Total	**55.5**	**180.8**

During the year ended 31 March 2020, the Group had decided to sell various Property, Plant and Equipment in the category of Land, Plant & equipment, Office Equipments, Buildings, Vehicles and Furniture & Fixtures being no longer required for business purposes. Accordingly, the said Property, Plant and Equipment are stated at lower of its carrying value and its fair value less costs to sell.

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to the consolidated financial statements for the year ended 31 March 2021

3.45 During the year ended 31 March 2020, a case of misappropriation by an employee was detected by the Company. The Company had filed a police complaint against the said employee and upon investigation the police registered a case against the said employee and his accomplice. As on 31 March 2021, the entire amount has been recovered from the said employee.

3.46 COVID-19

The Group 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 Group 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 Group 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 Group will continue to closely monitor any material changes to future economic conditions.

3.47 For business synergies, ease of administration and simplification in the organization structure for its business operations in USA market, the Company's Board of Directors at its meeting held on 25 May 2021 has approved the proposed plan for restructuring of the USA business operations by bringing both the subsidiary entities namely, S & B Pharma Inc, USA (engaged in manufacturing of pharmaceutical products and contract research) and The PharmaNetwork LLC, USA (engaged in sales & marketing of pharmaceuticals products) under a single umbrella by removing intermediary holding company S & B Holdings BV, Netherlands. This Board approved restructuring is subject to necessary statutory and regulatory approvals.

3.48 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

MCA issued notifications dated 24 March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1 April 2021.

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
25 May 2021

For and on behalf of the Board of Directors of Alkem Laboratories Limited
CIN: L00305MH1973PLC174201

B.N. Singh
Executive Chairman
DIN. 00760310
Mumbai

Sandeep Singh
Managing Director
DIN. 01277984
Maldives

D.K. Singh
Joint Managing Director
DIN. 00739153
Mumbai

M.K. Singh
Executive Director
DIN. 00881412
Mumbai

Sarvesh Singh
Executive Director
DIN. 01278229
Mumbai

Rajesh Dubey
President - Finance &
Chief Financial Officer
Mumbai

Manish Narang
President - Legal &
Company Secretary
Mumbai
25 May 2021

ALKEM LABORATORIES LIMITED
Registered Office: "Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
CIN: L00305MH1973PLC174201
Tel.: +91 22 3982 9999 Fax: +91 22 2495 2955
Email: investors@alkem.com **Website:** www.alkemlabs.com

Notice

NOTICE is hereby given that the Forty Seventh (47th) Annual General Meeting (AGM) of the Members of **Alkem Laboratories Limited (the "Company")** will be held on Friday, 27th August, 2021, at 11.00 a.m. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
   (a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2021 and the Reports of the Board of Directors and Auditors thereon; and

   (b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2021 and the Report of Auditors thereon.

2. To confirm the payment of interim dividend and to declare final dividend on equity shares for the financial year ended 31st March, 2021.

3. To appoint a Director in place of Mr. Sandeep Singh (DIN: 01277984), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Mritunjay Kumar Singh (DIN: 00881412), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended ("the Companies Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended and the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), Dr. Dheeraj Sharma (DIN: 07683375), whose term of office an Independent Director will expire on 25th May, 2022, has given his consent for the re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149 of the Companies Act and the SEBI Listing Regulations and is eligible for re-appointment and in respect of whom notice has been received from a Member of the Company proposing his re-appointment as an Independent Director and whose re-appointment as an Independent Director has been recommended by the Nomination and Remuneration Committee and by the Board of Directors, be and is hereby re-appointed as an Independent Director of the Company, for a second term of five (5) consecutive years w.e.f. 26th May, 2022 upto 25th May, 2027.

   RESOLVED FURTHER THAT any one Director or Company Secretary of the Company be and is hereby authorized to file the relevant forms, documents and returns with the office of the Registrar of Companies as per the applicable provisions of the Companies Act, and to do all acts, deeds and things as may be deemed necessary to give effect to the above resolution.

   RESOLVED FURTHER THAT a copy of the above resolution certified by any one of the Directors or Company Secretary be submitted to the concerned authorities and they be requested to act upon the same."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, as amended ("the Companies Act"), read with the Companies (Audit and Auditors) Rules, 2014, as amended and Companies (Cost Records and Audit) Rules, 2014, as amended, the remuneration, as approved by the Board of Directors, amounting to ₹ 10,00,000/- (Rupees Ten Lakhs Only) plus applicable taxes, and re-imbursement towards the out of pocket expenses at actuals upto ₹ 10,000/- (Rupees Ten Thousand Only) incurred in connection with the audit, payable to Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), who was appointed by the Board of Directors of the Company as Cost Auditor to conduct audit of cost records maintained by the Company for the financial year ended 31st March, 2021, be and is hereby ratified.

RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and is hereby authorized to sign, execute, submit and file the relevant forms, documents etc. and to do all acts, deeds and things as may be deemed necessary to give effect to this resolution."

Notes:

1. **In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular dated 5th May, 2020 read with General Circulars dated 8th April, 2020, 13th April, 2020, 28th September, 2020, 31st December, 2020 and 13th January, 2021 as amended (collectively referred to as "MCA General Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("the Companies Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), MCA General Circulars and subsequent circulars issued by SEBI, the AGM of the Company is being held through VC/OAVM.**

2. Pursuant to the provisions of the Companies Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held through VC/OAVM, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to the Notice.

3. Members can login and join 30 minutes prior to the scheduled time of Meeting and window for joining shall be kept open till the expiry of 15 minutes after the scheduled time. Members are allowed to participate on first come-first served basis, as participation through video conferencing is limited upto 1000 Members only. However, the participation of Members holding 2% or more, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. are not restricted on first come first served basis.

4. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act.

5. The Explanatory Statement pursuant to Section 102 of the Companies Act relating to the Special Business covered under Item Nos. 5 and 6 to be transacted at the AGM is annexed hereto. In respect of Resolutions at Item Nos. 3, 4 and 5, a statement giving additional information on the Directors seeking re-appointment is annexed hereto as required under SEBI Listing Regulations, as amended, read with Secretarial Standard – 2 on General Meetings.

6. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

7. Members are advised to make nomination in respect of their shareholdings in the Company. The Nomination Form can be downloaded from the Company's website www.alkemlabs.com Members holding shares in physical form should file their nomination with M/s. Link Intime India Private Limited ("LIIPL"), Company's Registrar and Share Transfer Agent whilst those Members holding shares in dematerialised mode should file their nomination with their Depository Participants.

8. The dividend on equity shares as recommended by the Board, if approved at the AGM, will be paid on or after 01st September, 2021 to those Members or their mandatees whose names appear:

   a) as Members in the Register of Members of the Company on the record date i.e. 10th August, 2021, and

   b) as beneficial owners on the record date as per the lists to be furnished by Depositories in respect of shares held in electronic form.

9. The details of unpaid or unclaimed dividend(s), along with the due dates for transfer to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 124 of the Companies Act are provided in the Corporate Governance Report, which forms part of the Board of Directors Report.

10. Members who have not claimed their dividend(s) are requested to make their claim to the Company at the Registered Office or to the Registrar & Share Transfer Agent of the Company at the earliest but not later than the due dates for transfer to IEPF.

11. Members are requested to update their bank mandate / NECS / Direct credit details / name / address / power of attorney and update their Core Banking Solutions enabled account number:

   - For shares held in physical form: with the Registrar and Share Transfer Agent of the Company.

   - For shares held in dematerialised form: with the Depository Participants with whom they maintain their demat accounts.

12. In case, the Company is unable to pay the dividend to any Member by electronic mode, due to non-availability of details of the bank account, the Company shall dispatch dividend warrants to such Members by post.

13. Non-resident Indian Members are requested to immediately inform their Depository Participants (in case of shares held in dematerialised form) or the Registrar and Share Transfer Agent of the Company (in case of shares held in physical form), as the case may be, about:

   - the change in the residential status on return to India for permanent settlement;

   - the particulars of the NRE account with a bank in India, if not furnished earlier.

14. Members may note that in terms of the provisions of the Income-Tax Act, 1961, ("the Act") as amended by the Finance Act, 2020, dividends paid or distributed by a Company on or after 1st April, 2020 shall be taxable in the hands of the Members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of dividend. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to submit the following documents in accordance with the provisions of the Act.

   (i) For Resident Members: TDS shall be made under Section 194 of the Act @ 10% on the amount of dividend declared and paid by the Company during the financial year 2021-22 unless exempt under any of the provisions of the Act, provided PAN is registered by the Member. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during the financial year 2021-22 does not exceed ₹ 5,000:-

   TDS shall not be deducted in cases where a Member provides Form 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met. Form 15G and 15H can be downloaded from the following link https://web.linkintime.co.in/client-downloads.html. Members are requested to click on General Tab, wherein all the forms are available under the head "Form 15G/15H/10F". Please note that all fields are mandatory and Company may at its sole discretion reject form if it does not fulfil the requirement of law.

   In order to provide exemption from withholding of tax, the following organisations must provide a self-declaration as listed below:

   a) **Insurance companies:** A declaration that they are beneficial owners of shares held;

   b) **Mutual Funds:** A declaration that they are governed by the provisions of Section 10(23D) of the Act along with copy of registration documents (self-attested);

   c) **Alternative Investment Fund (AIF) established in India:** A declaration that its income is exempt under Section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI Regulations. Copy of registration documents (self-attested) should be provided.

   d) **Other Non-Individual shareholders** who are holding certificate issued by the Income-Tax Department u/s. 197 of the Act for lower / nil rate or exempt from TDS under provisions of Section 194 of the Act or who are covered u/s 196 of the Act, are required to submit an attested copy of the PAN along with the documentary evidence in relation to the exemption/ lower rate.

   Needless to mention, valid Permanent Account Number ("PAN") will be mandatorily required.

   Section 206AB of the Act - Rate of 10% is subject to provisions of Section 206AB effective from 1st July, 2021 which introduces special provision for TDS for non-filers of income-tax return whereby tax has to be deducted at twice the rate specified in the relevant provision of the Act. Section mandates deduction of TDS in case of specified persons at higher of following rates:

   - at twice the rate specified in the relevant provision of the Act; or
   - at twice the rate or rates in force; or
   - at the rate of 5%.

   Where sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at the higher rate between both the said sections.

   The term 'specified person' is defined in sub section (3) of section 206AB who satisfies the following conditions:

   - A person who has not filed the income tax return for two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under Section 139(1) of the Act has expired; and

   - The aggregate of TDS and Tax Collection at Source (TCS) in this case is ₹50,000 or more in each of these two previous years.

   The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

   Government is yet to prescribe mechanism to determine applicability of Section 206AB. Company shall determine applicability of Section 206AB and TDS deducted in accordance with said provision shall be final. Company shall not refund or adjust and amount of TDS.

(ii) For Non-Resident Members: Tax is required to be withheld in accordance with the provisions of Section 195 of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a Non-Resident Member has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the Member, if they are more beneficial to the Member. For this purpose, i.e. to avail the tax treaty benefits, the Non-Resident Member will have to provide all the following:

a) Self-attested copy of PAN card, if any, allotted by the Indian Income Tax authorities;

b) Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the Member is resident (valid for financial year 2021-22);

c) Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;

d) Self-declaration by the Non-Resident Member of having no permanent establishment in India in accordance with the applicable Tax Treaty;

e) Self-declaration by Non-Resident Member of meeting treaty eligibility requirement and satisfying beneficial ownership requirement;

f) In case of Foreign Institutional Investors and Foreign Portfolio Investors copy of SEBI registration certificate;

g) In case of shareholder being tax resident of Singapore proof of satisfying requirement of Article 24 – Limitation of Relief should be provided.

It is recommended that Members should independently satisfy its eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA.

The documents referred to in point nos. (c) to (e) can be downloaded from the following link https://web.linkintime.co.in/client-downloads.html. Members are requested to click on General Tab, wherein all the forms are available under the head "Form 15G/15H/10F".

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non- Resident Members.

15. Accordingly, in order to enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents as mentioned above not later than Wednesday, 04th August, 2021.

16. Kindly note that the aforesaid documents, duly completed and signed are required to be uploaded on the following link https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before Wednesday, 04th August, 2021 in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. No communication on the tax determination / deduction shall be entertained post Wednesday, 04th August, 2021.

17. In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted. In case of any queries, kindly write to our Registrar and Share Transfer Agent at rnt.helpdesk@linkintime.co.in.

18. Members may note that, since the tax consequences are dependent on facts and circumstances of each case, the Members are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.

19. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form w.e.f. 01st April, 2019, except in case of request received for transmission or transposition of securities. In view of this, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or LIIPL, Company's Registrar and Share Transfer Agent for assistance in this regard.

20. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company's Registrar and Share Transfer Agent.

21. In compliance with the aforesaid MCA General Circulars and SEBI Circular dated 12th May, 2020 and 15th January, 2021, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories.

Process for registration of e-mail id for obtaining Notice of the AGM along with Annual Report.

If your e-mail address is not registered with the Company/ Depository Participant, you may register on or before 5:00 p.m. (IST) on Friday, 20th August, 2021 to receive this Notice of AGM along with the Annual Report 2020-21 by completing the process for registration of e-mail address as under:

(a) **Registration of email ID for shareholders holding physical shares:**

The Members of the Company holding Equity Shares of the Company in physical form and who have not registered their e-mail addresses may get their e-mail addresses registered with LIIPL, by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their web site www.linkintime.co.in at the Investor Services tab by choosing the E mail / Bank Registration heading and follow the registration process as guided therein. The Members are requested to provide details such as Name, Folio Number, Certificate number, PAN, mobile number and e mail ID and also upload the image of share certificate in PDF or JPEG format. (upto 1 MB) .

On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

(b) **For Permanent Registration for Demat shareholders:**

It is clarified that for permanent registration of e-mail address, the Members are requested to register their e-mail address, in respect of demat holdings with the respective Depository Participant (DP) by following the procedure prescribed by the DP.

(c) **For Temporary Registration for Demat shareholders:**

The Members of the Company holding Equity Shares of the Company in Demat Form and who have not registered their e-mail addresses may temporarily get their e-mail addresses registered with LIIPL by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their web site www.linkintime.co.in at the Investor Services tab by choosing the E mail Registration heading and follow the registration process as guided therein. The Members are requested to provide details such as Name, DPID, Client ID/ PAN, mobile number and email ID.

22. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.alkemlabs.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and Notice of AGM shall be available on the website of CDSL www.evotingindia.com.

23. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

24. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of Companies Act, and all other documents referred to in the Annual Report, will be available in electronic mode. Members can inspect the same by sending an email to investors@alkem.com.

25. Pursuant to Section 108 of the Companies Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI Listing Regulations, the Company is providing facilities for remote e-voting (refer instructions at point no. 26) and voting during the AGM by electronic means (refer instructions at point no. 29) to all Members in proportion to their shareholding as on the cut-off date i.e 20th August, 2021 (as per the applicable regulations). All the businesses contained in this Notice may be transacted through abovementioned e-voting facilities, being provided by Central Depository Services Limited (CDSL).

26. The instructions for shareholders for remote e-voting are as under:

(i) The remote e-voting period begins on 24th August, 2021 at 9.00 a.m. and ends on 26th August, 2021 at 5.00 p.m. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 20th August, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on 26th August, 2021.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09th December, 2020, under Regulation 44 of SEBI Listing Regulations, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09th December, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing user ID and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
	2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542-43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-voting and joining virtual meeting for **shareholders other than individual shareholders & physical shareholders**

- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on "Shareholders" module.
- Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/LIIPL or contact LIIPL.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction (v).

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for Alkem Laboratories Limited on which you choose to vote.

(x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

(xv) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same. The authorization in respect of Representative(s) of the Corporation shall be received by the scrutiniser /Company before close of e-voting.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Company at the email address viz; investors@alkem.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

27. **Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:**

(i) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to our Registrar and Share Transfer Agent at rnt.helpdesk@linkintime.co.in.

(ii) For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP).

(iii) For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

28. **The details of the process and manner for participating in AGM through VC/OAVM are explained herein below:**

(i) The procedure for attending meeting & e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

(ii) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.

(iii) Shareholders who have voted through remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

(iv) Shareholders are encouraged to join the meeting through Laptops / IPads having audio/video facility for better experience and Internet with a good speed to avoid any disturbance during the meeting.

(v) Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

(vi) Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request via email at investors@alkem.com in advance atleast **3 (three) days prior to the date of meeting** i.e. on or before 23rd August, 2021 mentioning your name, demat account number/folio number, email id, mobile number. The shareholders who do not wish to speak during the AGM but have queries may send their queries via email at investors@alkem.com in advance atleast **5 (five) days prior to the date of meeting** i.e. on or before 21st August, 2021 mentioning their name, demat account number/folio number, email id, mobile number. These queries will be replied to by the company suitably by email.

(vii) Only those shareholders who have registered themselves as speakers will be allowed to express their views/ask questions during the meeting.

29. **The instructions for shareholders for e-voting during the AGM are as under:**

(i) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

(ii) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.

(iii) If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the Meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the Meeting is available only to the shareholders attending the Meeting.

30. If you have any queries or issues regarding attending AGM & e-voting from the e-voting system, you can write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Rakesh Dalvi (022-23058542) or Mr. Mehboob Lakhani (022-23058543). All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058738 / 022-23058542/43.

31. **Details of Scrutinizer and result of e-voting:**

(i) The Company has appointed CS Manish L. Ghia, Partner, M/s. Manish Ghia & Associates, Practicing Company Secretaries, Mumbai (Membership No. 6252) to act as the Scrutiniser, to scrutinise the entire e-voting process in a fair and transparent manner.

(ii) The Scrutiniser shall submit his report to the Chairman of the meeting or any person authorised by him within two working days of the conclusion of the AGM. The Results declared along with the report of Scrutiniser shall be placed on the website of the Company www.alkemlabs.com and on website of CDSL immediately after declaration of results by the Chairman or person authorised by him in this behalf. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

(iii) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of AGM.

Registered Office:
"ALKEM HOUSE",
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013.

For and on behalf of the Board

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 25th May, 2021

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 5

As per the provisions of Sections 149, 152 & Schedule IV of the Companies Act, read with the relevant rules thereunder as amended, the Company had appointed Dr. Dheeraj Sharma as an Independent Director as per the requirements of the Companies Act, for a term of five (5) consecutive years w.e.f 26th May, 2017 upto 25th May, 2022.

Since Dr. Dheeraj Sharma, Independent Director will be completing his first term of appointment before the date of 48th AGM of the Company, he is eligible for re-appointment for another term of five (5) consecutive years w.e.f 26th May, 2022 upto 25th May, 2027, subject to approval of the Members by Special Resolution. Dr. Dheeraj Sharma has consented to his re-appointment and confirmed that he does not suffer from any disqualifications which stand in the way of his re-appointment as an Independent Director.

The Nomination & Remuneration Committee and the Board of Directors of the Company at their Meetings held on 24th May, 2021 and 25th May, 2021, respectively, based on the performance evaluation of the Independent Directors, have recommended the re-appointment of Dr. Dheeraj Sharma as an Independent Director for a second term of five (5) consecutive years commencing from 26th May, 2022 upto 25th May, 2027. During his tenure of appointment, he shall not be liable to retire by rotation as provided under Section 149(13) of the Companies Act.

Disclosure as required under Regulation 36 of SEBI Listing Regulations and Secretarial Standard-2 on General Meetings is given as an Annexure to this Explanatory Statement.

The Company has also received notice from a Member under Section 160 of the Companies Act, proposing his reappointment as an Independent Director.

A copy of the draft letter for re-appointment of the Independent Director setting out the terms and conditions of his re-appointment is available for inspection by the Members in electronic mode. Members can inspect the same by sending an email to investors@alkem.com.

The Board recommends the Special Resolution as set out in Item No. 5 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than the concerned Independent Directors is in anyway deemed to be concerned or interested, financially or otherwise, in the Resolution as set out in Item No. 5 of the Notice.

ITEM NO. 6

The Board of Directors at its Meeting held on 05th June, 2020, on recommendation of the Audit Committee, approved the appointment of Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318) as the Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the financial year ended 31st March, 2021 at a remuneration of ₹ 10,00,000/- (Rupees Ten Lakh Only) plus applicable taxes and re-imbursement at actuals subject to a limit of ₹ 10,000/- (Rupees Ten Thousand Only) towards actual out of pocket expenses incurred for the purpose of the above audit.

In accordance with Section 148 and other applicable provisions, if any, of the Companies Act read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 including any statutory modification(s) or enactments thereof, for the time being in force, the remuneration payable to Cost Auditor is required to be ratified by the Members of the Company. Accordingly, your consent is sought for ratification of remuneration payable to Cost Auditor for the financial year 2020-21 as set out in Item No. 6.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 6 of the Notice for your approval. None of the Directors / Key Managerial Personnel of the Company and / or their relatives is, in any way, concerned or interested, financially or otherwise, in aforesaid Ordinary Resolution.

Registered Office:
"ALKEM HOUSE",
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013.

For and on behalf of the Board

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 25th May, 2021

ANNEXURE TO ITEM NOS. 3, 4 AND 5 OF THE NOTICE

Profile of Directors seeking re-appointment at the forthcoming Annual General Meeting

(in pursuance of Regulation 36 of the SEBI Listing Regulations, read with Secretarial Standard – 2 on General Meetings)

Name of Director	Mr. Sandeep Singh	Mr. Mritunjay Kumar Singh	Dr. Dheeraj Sharma
DIN	01277984	00881412	07683375
Date of Birth	23rd July, 1982	04th November, 1963	11th July, 1976
Age (in years)	38	57	44
Qualifications	Bachelor's degree in Commerce	Bachelor of Science and a Diploma in administration management	Doctoral degree with major in marketing and double minor in psychology and quantitative analysis
Experience	Over 17 years	Over 31 years	Over 22 years
Expertise in specific functional areas	Pharmaceutical (Domestic and International), Finance, Regulatory Compliance and Governance Risk Management.	Pharmaceutical (Business Development & Strategy and Production Planning, Marketing and Sales for Domestic Business), Risk Management and Supply Chain.	Marketing, Risk Management, Human Resource, M&A, Supply Chain
Brief Profile	Mr. Sandeep Singh joined the Board in the year 2013; currently, he is serving the organisation as its Managing Director. Mr. Singh has over 17 years of experience in the pharmaceutical industry. He spearheads the domestic as well as the international operations of the organisation. In the year 2016, he was presented with the 'Emerging Pharma Leader of 2016 Award' by the Pharma Leaders in association with the Ministry of Health & Family Affairs, Government of India.	Mr. Mritunjay Kumar Singh joined the Board in the year 1988 and he has been associated with the management of the Company for a period over 31 years. He is also the Managing Director of the Company's subsidiary, Indchemie Health Specialities Private Limited. Mr. Mritunjay Kumar Singh heads Aura, Alphanex, Altis, Alphamax, Cytomed, Hospicare, Diabetology, Cardiology, Metabolic, Imperia and Urocare divisions of the Company's domestic business. Additionally, he looks after the Business Development & Strategy and procurement functions for the domestic business of the Company.	Dr. Dheeraj Sharma joined the Board in May 2017. He holds a Doctoral Degree with a Major in Marketing and a double Minor in Psychology and Quantitative Analysis from Louisiana Tech University, USA. His primary research interests are 'relationships' in business domain. He is a Director at Indian Institute of Management, Rohtak and a Professor (on lien) at Indian Institute of Management, Ahmedabad. In the past, Mr. Sharma has served as a consultant or in advisory roles with the Ministry of Home Affairs, Ministry of Defence, Ministry of Youth Affairs and Sports, Ministry of Commerce, Government of Gujarat, Government of Punjab and Government of Delhi.
Date of Appointment on the Board	Original Appointment: 09th August, 2013 Appointment at current designation: 17th October, 2017	Original Appointment: 11th February, 2008 Appointment at current designation: 01st April, 2008	Original Appointment: 26th May, 2017
Terms and conditions of appointment	On such terms and conditions as mentioned in the Resolutions passed through postal ballot on 06th January, 2018 and 27th December, 2020 respectively.	On such terms and conditions as mentioned in the Resolution passed through postal ballot on 06th January, 2018.	As detailed in Item No. 5 of the Notice.

Name of Director	Mr. Sandeep Singh	Mr. Mritunjay Kumar Singh	Dr. Dheeraj Sharma
Remuneration last drawn	₹ 117.2 Million for FY 2020-21	₹ 76.9 Million for FY 2020-21	₹ 1.9 Million for FY 2020-21
Number of shares held in the Company as on 31st March, 2021	1,12,357 Equity Shares of ₹ 2/- each	76,25,000 Equity Shares of ₹ 2/- each	NIL
List of Directorships held in other companies (excluding foreign, private and Section 8 companies)	1. Enzene Biosciences Limited 2. Connect 2 Clinic Private Limited	1. Indchemie Health Specialities Private Limited 2. Connect 2 Clinic Private Limited	NIL
Chairmanship/ Membership of Audit and Stakeholders' Relationship Committees across Public Companies including Alkem Laboratories Limited	1. Member of Audit Committee of Alkem Laboratories Limited 2. Member of Audit Committee of Enzene Biosciences Limited	1. Member of the Audit Committee and Stakeholders Relationship Committee of Alkem Laboratories Limited. 2. Member of the Audit Committee of Indchemie Health Specialities Limited.	NIL
Relationship between Directors inter se	Brother of Mr. Sarvesh Singh, Executive Director	Son of Basudeo N. Singh, Executive Chairman and Brother of Mr. Dhananjay Kumar Singh, Joint Managing Director.	NA
Number of Board Meetings attended during the year 2020-21 (Out of total 5 Board Meetings held)	5	5	5

NOTES

NOTES

ALKEM

Registered Office:

Alkem House, Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013, Maharashtra, India.

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