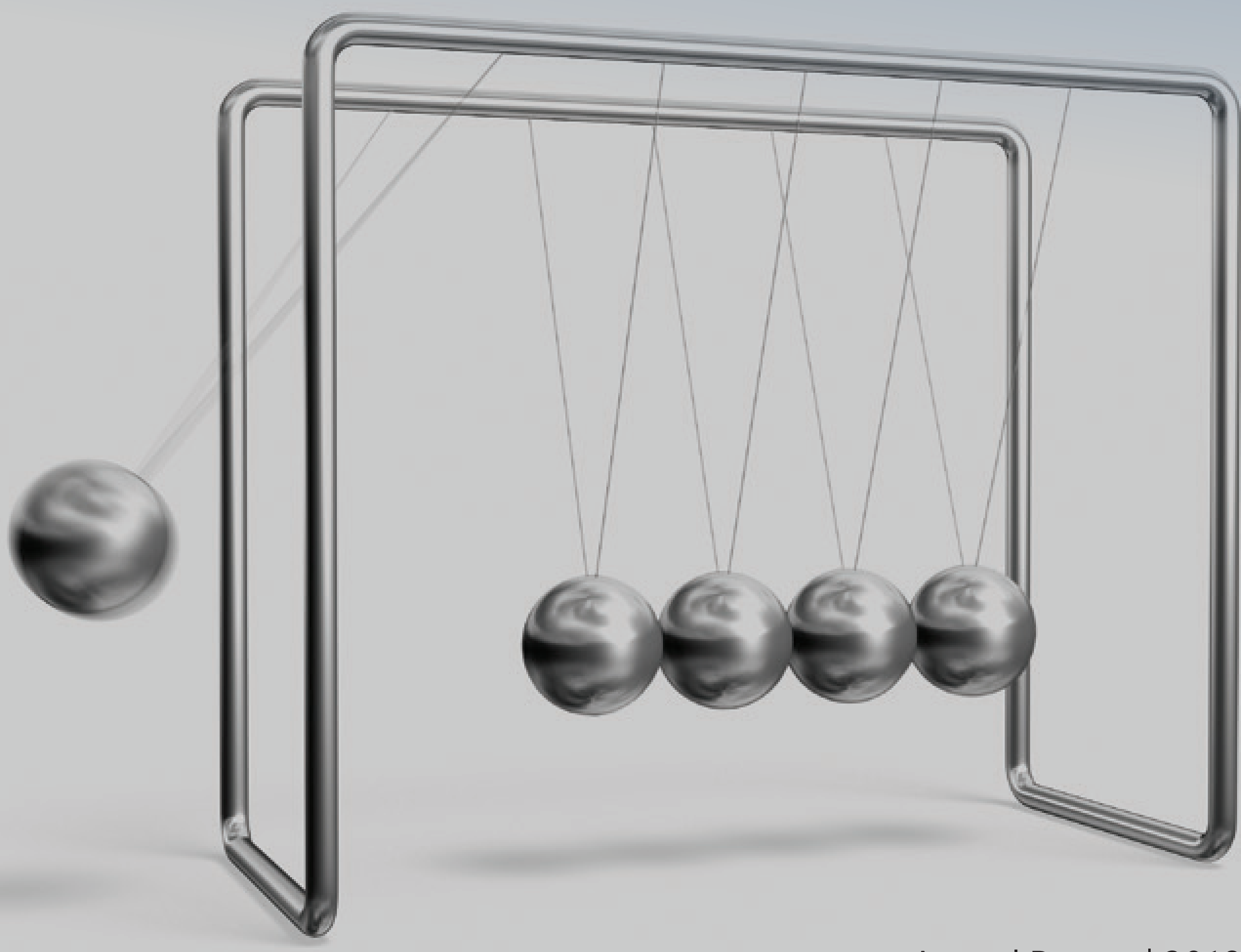
ALKEM

ALKEM LABORATORIES LIMITED

Building Momentum

for a Healthier Tomorrow



Annual Report | 2019-20

Mr. Samprada Singh
2nd May, 1930 to 27th July, 2019

Remembering Our Founder & Chairman Emeritus

A true visionary and an impactful leader, Mr. Samprada Singh's story and life are full of wonderful lessons of courage, resolve, hard work and indomitable willpower.

He overcame the financial difficulties that his family had to face to become the first graduate from his village in Bihar. He then braved the challenges of venturing into newer avenues – from selling umbrellas to opening a medical store to setting up his own pharmaceutical distribution company in the late 50s.

Our beloved founder was determined to use his vast knowledge and deep understanding of the Indian pharmaceutical industry garnered over nearly two decades to champion change in an era when the market was dominated by international companies. The bold step came in 1973 with his decision to establish Alkem Laboratories. Guided by his visionary leadership and extraordinary business acumen, our Company not only competed successfully with global giants but also emerged as one of India's largest pharmaceutical companies.

Mr. Samprada Singh's imprint extended well beyond our business. His guiding principle of striving for excellence in all that we do has been an inspiration to all who had the privilege of knowing him. His life is a testimony to the fact that with zeal, determination and hard work, no dream is unattainable. While he is physically not present amongst us today, his life, achievements and deep-rooted virtues will continue to guide Alkemites to scale new heights. We stand committed to his vision and building on his legacy.

Contents

Corporate Overview

Statutory Reports

Financial Statements

Standalone

Consolidated

Key Figures - FY 2019-20

₹ 83,444 Mn	₹ 14,734 Mn	₹ 11,271 Mn	₹ 94.26
Revenue from Operations	EBITDA	Profit After Tax	Earnings Per Share

To view the online version of this report or for other information, log on to: **www.alkemlabs.com**

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)

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. Unit I & II, 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

About Alkem

Leading Today

Headquartered in Mumbai, Alkem Laboratories is one of India's foremost global pharmaceutical company. The Company is engaged in the development, manufacture and marketing of pharmaceuticals with operational footprints across 40+ countries. In India, it has a formidable presence in several therapy segments and consistently features amongst the top ten pharmaceutical companies.

Steered by its industry experience of over four decades, Alkem offers high-quality branded generics, generic drugs, active pharmaceutical ingredients and nutraceuticals. The Company's product portfolio features over 800 brands encompassing all major therapeutic segments.

On Course for Tomorrow

Making a difference to patients' lives is an intrinsic element of Alkem's philosophy. Powered by this purpose, the Company pursues R&D with vigour and continues to expand its operations both beyond its shores and within. This momentum for a healthier tomorrow is supported by the Company's robust infrastructure. It has 21 manufacturing facilities and 6 R&D centres located across India and the US. An extensive pan-India sales and distribution network, forte in brand building and marketing, a large and talented workforce, and an experienced management team further reinforce its capabilities.

Inspiring us Towards Tomorrow

Our 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**

Key Facts About the Company

Four decades Incorporated in 1973 – More than four decades of experience in pharmaceutical industry	Successfully completed **Initial Public Offering (IPO) in December 2015**	**₹ 278.1 billion** Market capitalisation as on 31st March, 2020*	**5th** Largest pharmaceutical company in India in terms of market share **	**21** Manufacturing facilities across India and US	**6** R&D centres across India and US

Established India Business

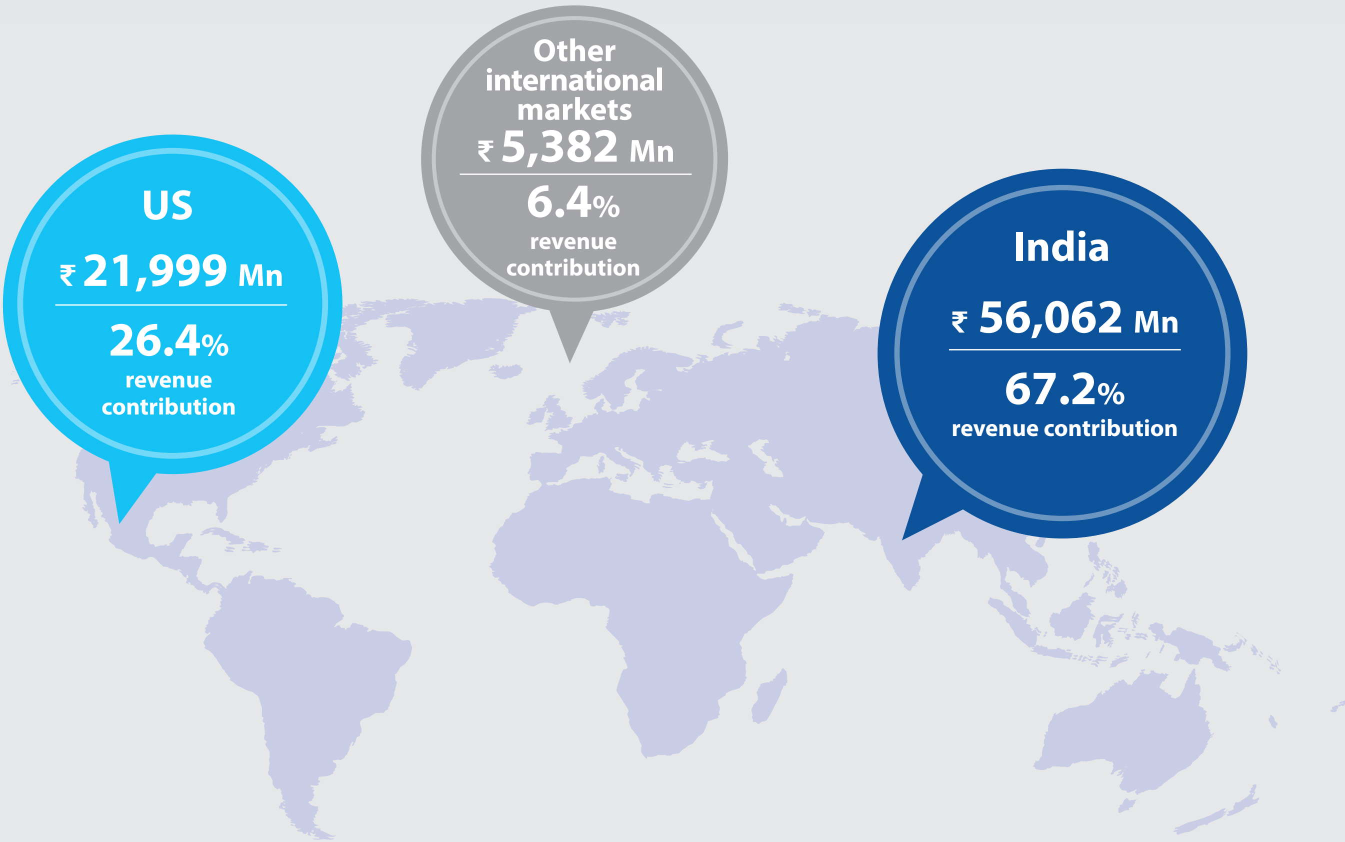
# 1 Anti-Infective company in India for over 15 years**	**# 3** Rank in Gastro-intestinal and Analgesic therapy segments in India**	**800+** Brands in India	**10** Brands with annual sales of more than ₹ 1 billion**	**7** Brands Feature amongst top **100** pharmaceutical brands in India**	Pan India distribution network with **40+** sales depots / warehouses and **>7,000** stockists

Fast-growing International Business

40+ Countries Global presence	**US$300+ million** Revenues from US business	**6** USFDA approved facilities in India and US	**>1,100** Filings across various international markets	**144** Cumulative Abbreviated New Drug Applications (ANDA) filings with the US FDA#	**89** ANDA approvals from the US FDA#

**Source: NSE website*
***Source: IQVIA data*
#Includes 2 NDA, as on 31st March, 2020

Market-Wise Revenue Segmentation



Map not to scale. For illustrative purposes only.

Manufacturing Facilities & Capabilities in India

Location	No. of Facilities	Manufacturing Capabilities
Baddi	4	Formulations - Tablets, Injectables, Dry Syrup
Sikkim	7	Formulations - Tablets, Injectables, Dry Syrup
Daman	4	Formulations - Capsules, Tablets, Injectables, Dry Syrup
Mandva	1	Active Pharmaceutical Ingredients (APIs)
Ankleshwar	1	Active Pharmaceutical Ingredients (APIs)
Indore	1	Formulations - Capsules, Tablets, Dry Syrup
Pune	1	Biosimilars

R&D Facilities in India

Location	No. of Facilities
Taloja	1
Pune	2
Mandva	1

Manufacturing Facilities & Capabilities in the US

Location	No. of Facilities	Manufacturing Capabilities
California	1	Active Pharmaceutical Ingredients (APIs)
St. Louis (Missouri)	1	Formulations - Liquids, Nasal Sprays, Semi-solids, Solids

R&D Facilities in the US

Location	No. of Facilities
California	1
St. Louis (Missouri)	1

Building Momentum in Biologics

Taking a big stride towards the manufacturing of the most promising class of drugs in the world, Alkem's subsidiary Enzene Biosciences opened its first fully connected continuous biologics manufacturing facility in Pune, India.

Alkem's Subsidiary Enzene Biosciences Facility in Pune, Maharashtra

The demand for biologics (also known as biopharmaceuticals) is growing at a brisk pace driven by its improved efficacy over conventional drugs in the treatment of chronic health conditions. While the demand for biologics is growing rapidly, there is, however, a shortage of high-quality biologics manufacturing facilities around the world. Also, as biologics are made from living organisms or cells, their development and production is highly complex and costly.

Alkem has forayed into the space of biopharmaceuticals through its subsidiary, Enzene Biosciences – an innovation-driven biotech company. In India, Enzene is amongst the first movers in end-to-end connected bio-manufacturing to have set up a fully automated continuous cGMP compliant manufacturing plant for monoclonal antibody (mAb) production. Formally opened in November 2019, this first-of-its-kind facility was built in half the time as compared to the conventional biologics manufacturing plants. The state-of-the-art infrastructure includes:

- Most advanced equipment in the field of mAb and therapeutic protein manufacturing
- Single use technology for drug substance (unformulated active pharmaceutical ingredient) manufacturing
- Fully automated fill and finish machine for drug product (final marketed dosage form of the drug substance) manufacturing

Backed by these world-class features, the Enzene facility can deliver higher production in comparison to a traditional biologics manufacturing facility. Additionally, this innovative facility has the potential to lower the cost of manufacturing, thereby facilitating the entry of biologics into this price sensitive market. It will also enable Enzene as well its potential clients to rapidly move their early/pre-clinical assets to the later stage of development or to the commercial stage.

The fast pace of growth of the biologics industry versus the insufficient internal capacity of biopharmaceutical companies has resulted in outsourcing of biologics manufacturing. Through fostering strategic global alliances, Enzene aims to be a contract development and manufacturing partner and broaden its client footprint. The Company has already secured clients from Europe and USA for multiple projects involving cGMP manufacturing of clinical material. Minimal solid waste and carbon emission due to continuous bio-manufacturing supports Enzene's focus to be environmentally responsible.

Building Momentum for International Business

Sensing growing opportunities in its International Business, the Company is investing in its manufacturing capacity today to ensure that it is ready to power its momentum tomorrow.

Alkem's International business has grown significantly in recent years and continues to be a powerful driver of future growth. To build on this momentum, Alkem has set up a new manufacturing facility at Indore which will predominantly serve the US market along with some key international markets. The facility enjoys the strategic advantage of being situated within a SEZ (Special Economic Zone) area, enabling it to receive tax exemptions on export orders and hence cater to overseas markets more efficiently. The facility would manufacture tablets, capsules, dry syrups and semi-solids with significant scope of expansion in a phased manner in accordance with the growth needs of the International business.

Alkem's Manufacturing Facility in Indore, Madhya Pradesh

Chairman's Message

Our unflinching focus on regulatory compliance and ensuring adherence to the best global practices in quality and safety further strengthen our value proposition.

Dear Shareholders,

As we prepare this year's annual letter, the world is facing an unprecedented situation with the COVID-19 crisis having a far-reaching socio-economic impact. At Alkem, our thoughts have been with the frontline health and essential services workers who are most at risk as they battle it out to control the outbreak. In this unusually changed landscape, we renew our commitment to serve healthcare needs and collaborate for the benefit of all our stakeholders and for our great nation. Together, we will emerge stronger from this crisis. Meanwhile, we urge you to follow the proactive and pre-emptive guidelines to stay safe and stem the spread of COVID-19.

Every organisation's journey is defined by milestones, and leadership that makes those milestones possible. Our Late Founder and Chairman, Mr. Samprada Singh, was a true visionary, who through his foresight and brilliance pioneered several landmark achievements to enable Alkem's evolution into a globally reputed Indian pharmaceutical company. Leading by example and exemplifying the values of commitment, determination and integrity, our Late Founder will continue to be an inspiration as we live his dream and work hard together to take Alkem to greater heights.

As we review the year gone by, I take great satisfaction in reporting that the Company has delivered robust performance. More importantly, this performance has been broad-based with all our key markets recording healthy revenue growth. We also delivered significant improvement in our profitability. These results indicate that the efforts towards cost optimisation, better business mix and productivity improvements are yielding the desired outcomes. Lower effective tax rates on account of investments made in manufacturing facilities that are entitled to fiscal benefits have also worked to the Company's advantage. We continue to drive strong cash flows and healthy balance sheet with our leaner operating model and enhanced commercial excellence.

Our diversified market presence is key to our ability to deliver sustained value. In India, we feature amongst the top pharmaceutical players, with market leadership in the acute therapeutic segments. We are also taking impressive strides in the fast-expanding chronic segment through focussed investments in select therapy areas. In the US, which is the world's largest pharmaceutical market, we have been making strong inroads despite a relatively late entry compared to other Indian players. While the competition is intense in this market, resulting in pricing pressure, we are confident of maintaining our growth momentum led by our robust ANDA filings and timely launches. We are also tending towards complex generics in the US, where the competition is relatively lower and market opportunity is higher.

Alkem was founded over four decades ago, on the principle to develop, manufacture and deliver affordable and effective drugs to make a difference in the lives of patients. Throughout our history, led by our dedicated and experienced R&D team, which has enabled us to strengthen our product portfolio and pipeline, we have maintained that patient-centric approach. During the year, we made R&D investments amounting to ₹ 4,726 million, which is about 5.7% of our total revenues. Our unflinching focus on regulatory compliance and ensuring adherence to the best global practices in quality and safety further strengthen our value proposition.

It gives me great pleasure to acknowledge the continued hard work, expertise and dedication of our employees. Without their efforts we would not have achieved so much. We remain committed to invest in our people for their ongoing learning and growth. We are also investing significantly in latest technologies to empower our people and enhance our operational excellence.

At Alkem, we understand the importance of giving back to our communities. During the year, we continued carrying out structured interventions in areas of health, education and rural infrastructure in the communities in which we live and work. Through our corporate social responsibility endeavours we aim to promote social and economic benefits for the financially vulnerable sections of the society and bring about a transformative change. In the tough times following the coronavirus crisis, we reached out to medical teams and patients at hospitals to provide protective equipment for their wellbeing. We also extended support to local communities by providing food essentials.

In closing, I would like to warmly 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 to the senior management for their leadership and guidance. We look forward to continuing working together and driving greater momentum to build a stronger company and a more robust industry for the many people who depend on our solutions.

Warm Regards,

Basudeo N. Singh
Executive Chairman

Message from the MD's Desk

Our revenues recorded a healthy double-digit growth with both our key markets – India and US – growing well. The steps taken towards cost optimisation and process improvement bore fruition as reflected in improvement in EBITDA margin over the prior year.

Dear Shareholders,

In 1973, when global giants dominated the Indian pharmaceutical landscape, our Late Chairman Mr. Samprada Singh took the bold decision to establish Alkem Laboratories Limited. With his hard work, passion and determination, he took Alkem to be amongst the top five pharmaceutical companies in India. Though he has left us in body, his spirit will serve as a guiding light to help Alkem scale greater heights.

The growing outbreak of the new coronavirus, COVID-19, is having a dramatic impact on lives and livelihoods around the world. Alkem stands in solidarity with frontline warriors, including doctors, nurses, hospital staff, essential services workers, police force and several others, selflessly working to fight the ongoing pandemic and serve our nation. Through this period of uncertainty, pharmaceutical companies globally are doing all that it takes to ensure that science and innovation do not stop, and solutions are found to diagnose, treat and prevent infections from the virus. In India, meanwhile, the pharmaceutical industry is responding with alacrity to the rapid challenges arising from disruption in supply chains and coming together to help each other with knowledge and resources to ensure that there is no shortage of essential medicines. At Alkem, 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.

I am pleased to report that we achieved solid financial results for the year under review. Our revenues recorded a healthy double-digit growth of 13.4% with both our key markets – India and US – growing well. The steps taken towards cost optimisation and process improvement bore fruition as reflected in improvement in EBITDA margins by 250 basis points over the prior year. Net Profits, led by strong revenue growth and enhanced profit margins along with lower effective tax rate due to setting up of plants in tax-free zones, also gained significant traction. With this all-round show, we have been able to improve most of our key financial ratios, which further underpin our ability to create sustained value.

In India, we continued to drive a strong performance with a double-digit revenue growth of 12.9%. Greater satisfaction stems from the fact that this growth was broad-based, with our Company outpacing the India Pharmaceutical Market (IPM) in almost all the major therapies in which we are present. Outperformance was largely led by anti-infectives segment where we maintained our leadership position. Additionally, in our other bastion therapy areas of gastro-intestinal, pain management and vitamins & nutrients, we continue to grow ahead of the market. Focussed attention on select therapy areas in the chronic segment is bearing dividends. We grew significantly ahead of the market growth rate in these chosen segments, namely the therapy areas of neuro/CNS, anti-diabetes, cardiac and derma. Our robust performance has led to improvement in our market share and market rankings in these chronic areas.

The framework for our outstanding accomplishments in India has been our strong brands, large field force, vast distribution network and an experienced management team. We continue to focus on fortifying these differentiated strengths to maintain our leadership edge.

In May 2019, we had launched Evogliptin in India, a novel molecule in the anti-diabetes segment. Our medical representatives have been extensively engaging with health professionals to educate them on the virtues of this molecule vis-à-vis other molecules currently available in the market. Backed by science to serve unmet needs, this molecule has received an encouraging response from health professionals across our country.

Our International business complimented the India business with healthy growth of 14.4%. The US, which is our key international market, grew at 15.9% driven by contribution from new product launches and market share gains from existing products. Other markets like Australia, Chile, Philippines, Kazakhstan, Middle East and African markets also delivered healthy growth during the year.

The solutions for meeting unmet medical needs can only be found by harnessing the power of science. Sharp inequities in medicine access around the world due to issues of affordability and availability of safe, high-quality medicine further mandates spending in research and development (R&D) to transform lives. At Alkem, driven by the desire to make a meaningful difference in the lives of patients and customers, we are making sustained R&D investments. Our steady pipeline of quality generic products, branded generics, active pharmaceutical ingredients and nutraceuticals have been the outcome of our continued R&D efforts. During the year, we invested ₹ 4,726 million or 5.7% of our revenues in R&D, as against ₹ 4,622 million in FY 2018-19. Led by the efforts of our researchers, we filed 18 ANDAs during the year and received 22 ANDA approvals which includes 6 tentative approvals. Alkem now has a total of 144 ANDAs (as on 31st March, 2020) filed with the USFDA and 89 approvals. Our continued focus on maintaining a steady pace of ANDA filings followed by timely commercialisation post its approval will enable us to gain a higher share of the US market.

Our pursuit of making healthcare affordable is also evidenced in the investments we are making in the area of biosimilars through our subsidiary Enzene Biosciences, a biotech-focussed company. Similar to biologics but not identical, biosimilars offer immense potential of improving patient access to life-saving drugs at reduced cost. While we have global ambitions for our biosimilars, we would be launching our first biosimilar product in India from our own R&D and manufacturing facility in FY 2020-21.

Being part of a highly regulated industry, Alkem maintains an unflinching focus towards ensuring regulatory compliance. We embed global best practices within our quality systems, deeply conscious that non-compliance can have a profound impact on costs, reputation and most importantly, the lives of our customers and patients. Continual investments are made in process automation and digitisation, training our people and strengthening controls to ensure adherence to evolving regulatory requirements. Our manufacturing sites are regularly inspected by the USFDA and other national regulatory agencies under their respective current Good Manufacturing Practice (cGMP) regulations. Our high focus on maintaining regulatory standards enabled us to successfully close almost all the audits that were conducted during the year, including clearing inspections by the USFDA, making FY 2019-20 a satisfactory year for compliance.

For success in the ‘cost conscious’ generic pharmaceutical market, it is imperative to uphold cost discipline and improve operational efficiencies. At Alkem, acutely aware of this reality, we are constantly looking for ways to do things better; continuous process improvement is thus an ongoing endeavour. We also maintain a clear focus on controlling costs. As part of our efforts to drive operational excellence, we are concentrating on improving API procurement, controlling overhead costs at plants and strengthening supply chain. All these initiatives are ongoing and while some benefits have been witnessed already, the complete effect of these efforts will be reaped in the coming years. With our people at the core of our operations, we also look for new and better ways to develop their capabilities. During the year, training was provided across various functions for skill enhancement to foster high performing teams.

Alkem recognises and respects the interconnection between business growth and the needs of society. It is important for us that we contribute to the communities where we live and work. We are supporting communities through local actions and initiatives in the areas of education, health and rural development. Our endeavour is to improve the quality of life of underserved people and to empower them to take charge of their own lives. This year, we started a pilot project in Buxar District of Bihar, in collaboration with Tata Memorial Cancer Hospital, towards creating mass health awareness in the interior villages and also installed a Cancer Screening Centre at the Sadar Hospital of Buxar. In the aftermath of the coronavirus crisis, we extended protective equipment to hospitals and basic essentials to economically vulnerable section of the society to combat the challenging times.

In closing, I would like to extend my sincere gratitude to all who make Alkem’s progress possible. Our employees has ensured that we maintain our leadership position in a competitive landscape; I thank them for their hard work and professionalism. Alkem also acknowledges the support extended by various government agencies. We would also like to express our appreciation to our partners, suppliers, the medical fraternity, investors and other stakeholders for their support and confidence in our business. With strong capabilities and an effective strategy, Alkem is poised for continued success and delivering better value.

Warm Regards,

Sandeep Singh
Managing Director

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. Recently, 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 8 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.

Mr. Arun Kumar Purwar

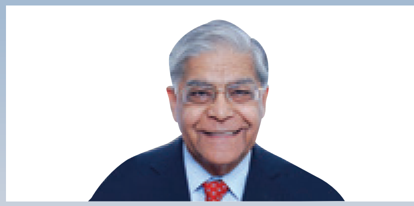
Independent Director

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 and currently represents the Institute of Internal Auditors Inc. USA, on the International Professional Practices Framework (IPPF) Oversight Council.

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. Currently, she is working as an advisor with Piramal Capital & Housing Finance Ltd., the merged entity of Piramal Finance Ltd. with Piramal Housing Finance Ltd. From October 2014, she is also, in-charge of India Venture Advisors Pvt. Ltd. – a healthcare and life sciences focused private equity fund sponsored by the Piramal Group. Before joining the Piramal Group in 2011, Ms. Ravi was associated with State Bank of India (SBI) for over 30 years. She started her journey in SBI as a Probationary Officer in 1978. During her stint at SBI, she held several important portfolios and was stationed across the length and breadth of the country. She has worked in different verticals such as International, Corporate, Retail and Rural banking, which gave her an unparalleled expertise in the financial sector and business strategy. She has held key positions like General Manager, Enterprise Risk Management where she facilitated the alignment of risk with strategy at the bank-wide level and as Chief Representative, Washington DC, USA. For outstanding contribution in the sphere of banking for community in Washington DC, she has received several recognitions/plaques by various Indian associations based in United States. Ms. Ravi has a keen interest in the education of autistic children.

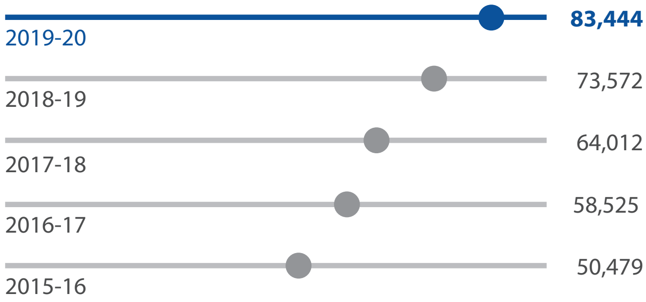
Dr. Dheeraj Sharma

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. 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 million)



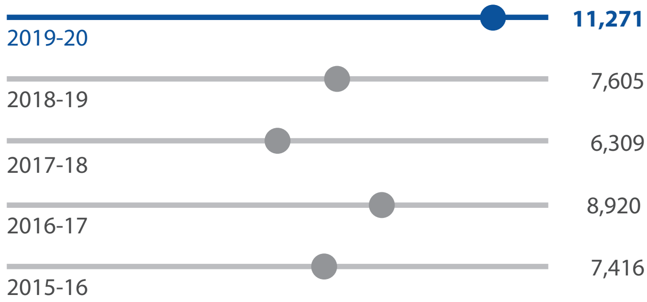
- Through FY 2015-16 to FY 2019-20, the Company's revenue from operations has grown at a CAGR of 13.4%
- In FY 2019-20, Company's revenue from operations grew by 13.4% YoY. Both the key markets of India and US registered healthy revenue growth of 12.9% YoY and 15.9% YoY respectively
- In FY 2019-20, the growth in the India business was broad-based with the Company outperforming the market growth rate in almost all the major therapy areas. During the year, the Company's US business crossed an important revenue milestone of US$300 million

EBITDA (₹ in million)

- Through FY 2015-16 to FY 2019-20, the Company's EBITDA has grown at a CAGR of 14.6% - higher than the revenue growth of 13.4% CAGR
- In FY 2019-20, Company's EBITDA margin expanded by 250 basis points to 17.7% compared to 15.2% in the previous year. This was a result of the Company's ongoing efforts towards cost optimisation and process improvement

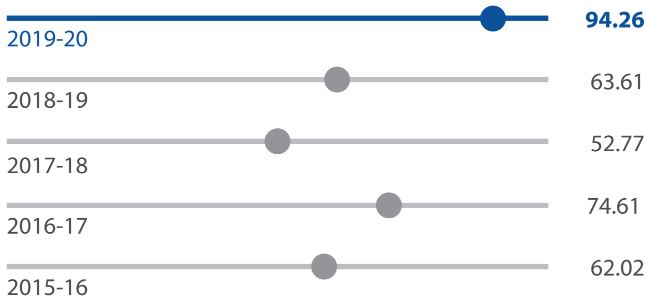
Profit Before Tax (₹ in million)

Profit After Tax (₹ in million)

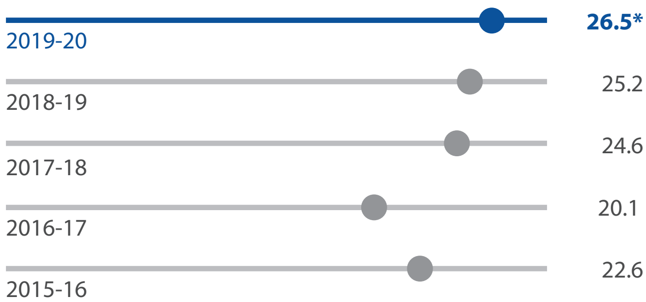


- In FY 2019-20, the Company's Profit After Tax (PAT) grew by 48.2% compared to the previous year. This was mainly driven by healthy revenue growth accompanied by expansion in EBITDA margin
- The tax rate in FY 2019-20 was 8.8% compared to 19.0% in the previous year. The lower tax rate for the Company was largely on account of higher contribution to PAT coming from its manufacturing facilities which are entitled to fiscal benefits

Earnings per Share (₹)



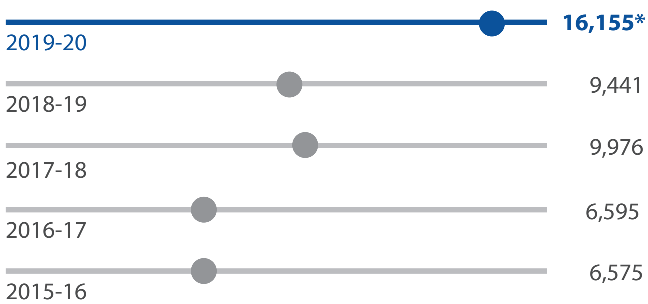
Dividend Payout (%)



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

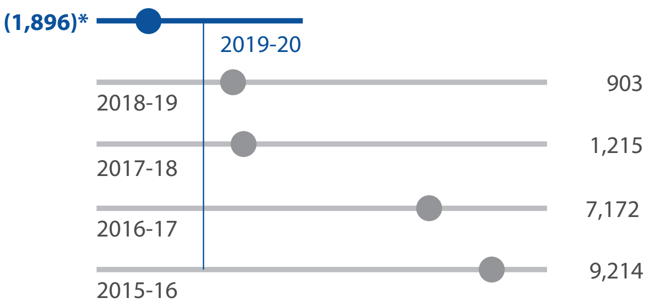
- The Company has consistently maintained dividend payout in excess of 20% with FY 2019-20 dividend payout at 26.5%

Gross Debt (₹ in million)



* Excluding borrowings pursuant to Ind AS 116

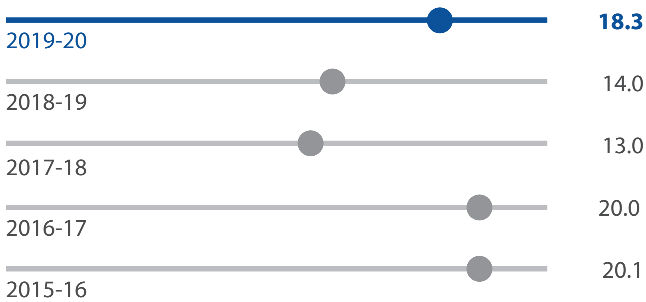
Net Cash (₹ in million)



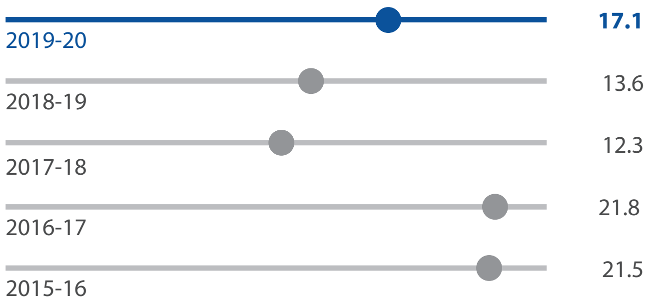
- In FY 2019-20, the increase in working capital led to an increase in gross debt
- Through FY 2015-16 to FY 2019-20, the Company has made significant capex investments towards new manufacturing facilities, upgradation and de-bottlenecking of the existing facilities and R&D centres. These investments in infrastructure and capabilities will support Company's growth in the future

* Excluding borrowings pursuant to Ind AS 116

Return on Net Worth (%)



Return on Capital Employed (Post Tax) (%)



- Over the last three years (FY 2017-18 to FY 2019-20), the Company has delivered a steady improvement in its Return on Net Worth and Return on Capital Employed driven by a healthy revenue growth, expansion in EBITDA margins and lower effective tax rate
- The Company has already made significant capex investments through FY 2016-17 to FY 2018-19 which it will look to leverage to drive future growth and profitability

Building Momentum for a Healthier Workplace

Alkem's strength is its people. Deeply valuing their contributions, the Company constantly strives to improve how it motivates, empowers and inspires them. During the year, significant progress was achieved on several people processes and practices. Alkem is now certified by Great Place to Work Institute, which endorses its success in driving best people practices and an engaging employee experience.

Great Place to Work Certification

For the first time, Alkem participated in the Great Place to Work (GPTW) survey in India, which is anchored by the Great Place to Work Institute, an internationally reputed employer branding platform. As part of this assessment, GPTW assessed and measured the employee perceptions about the workplace using Great Place to Work® Trust Index© Employee Survey. Trust Index© score at Alkem was found to be 81, which was the average score of Credibility of Management, Respect for People, Fairness at Workplace, Pride and Camaraderie between people. This score has not only led Alkem to achieve the Great Place to Work Certification for FY 2020-21 but also featured Alkem among GPTW's Top 5 best workplaces in the Biotechnology and Pharmaceutical sector in India.


Best Workplaces™ in Biotechnology & Pharmaceuticals
Great Place To Work
INDIA 2020

Alkem Laboratories Ltd.

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**

Launch of Alkem Code of Ethics

This year, the Alkem Code of Ethics - 'Doing What's Right' - was crafted and disseminated amongst employees to instil in them the Alkem way of doing business. Clearly stating principles, rules and guidelines, the Code will help employees make the right decision in all walks of life. The Code also redefined the Company's set of values to reaffirm a culture of compliance and ethics as the business scales new frontiers of growth.

Competency Framework for Key Roles

Leadership development is pivotal to realising Alkem's strategic objectives. The Company supports leadership effectiveness through a range of programmes that increase personal and organisational capability, alongside customised leadership development support.

ABC's of Leadership & Multi-stakeholder Feedback	Sales Competencies & Redefined Alkem Talent Development Centre
The Alkem Behavioural Competency Framework for Leadership roles, i.e. ABC's of Leadership, was redefined during the year. The framework was used to initiate multi-stakeholder feedback for almost 150 leaders, both in India and overseas. Individual reports were shared with the leaders along with personalised coaching sessions to help them chalk out an individual development plan.	The Company rolled out the 'EDGE' framework, based on the pillars of Excel, Develop, Grow and Enhance, to define the competencies required at the sales level. Curated through extensive research within Alkem, the competency model which is supported by a competency development guide, was developed for the sales team. The Alkem Talent Development Centre (ATDC) has adopted EDGE as the foundation for all its evaluations. EDGE is institutionalised through various programmes being conducted for the sales team. The framework is also being leveraged for recruitment of talent.

Employee Recognition and Connect Programmes

The Company fosters talent retention by cementing a culture in which its people feel highly valued. This is driven by offering attractive rewards and organising employee connect programmes towards a collective purpose.

Key Reward & Recognition Programmes

Hall of Fame
A monthly forum to appreciate hard work, creativity and new ideas put forth by individuals and teams.

Applaud
Recognises outstanding marketing and brand building efforts.

Alkem Service Awards
Recognises and appreciates the commitment and loyalty of tenured employees.

Pace & Disha Awards
Recognises individual and team efforts in improving the effectiveness of manufacturing and supply chain.

This year, the Company started the 'Leader Speak Series' to connect the leaders with employees at large. Leaders were interviewed on contextual topics of relevance and the knowledge was shared amongst employees through micro learning video series. For instance, the first series of 'Leader Speak' educated employees on the importance of effective feedback.

In addition, various employee engagement activities at Corporate, R&D and plant levels were organised to celebrate the spirit of Alkem. Quality Week, Poster Competition, Slogan Competition, International Yoga Day, International Women's Day Celebration, Bappa At My Home Contest, Town Halls and Alkem Premier League Cricket Tournament were among the noteworthy employee engagement programmes held during the year.

Women's day celebration at Alkem

Building Momentum for a Healthier Workplace

Quality Week Celebration in Daman Plant

National Safety Week Celebration in Sikkim Plant

Learning & Development Programmes

Alkem believes that investing in the skills and capabilities of its people is ever more necessary and valuable as the Company builds momentum for a bigger tomorrow. Manager Development Programme, Capsule Induction Programmes (CIP), Basic Training Programmes (BTP), First Time Manager Orientation Programme, Discover the Leader Within (for sales leaders) have emerged as the Company's flagship capability development programmes. Several new training programmes were also introduced during the year, while successful programmes launched in the past continued to drive increasing participation.

Recent Initiatives to Boost Learning and Development

L&D Programmes	Purpose	Highlights
Alkem Certified Recruiter Programme (ACR)	To bring uniformity in the Alkem Way of Hiring.	457 hiring managers were trained under the competency-based interviewing technique and 110 among them were certified as Alkem Certified Recruiter through rigorous certification process.
Lost Dutchman's Gold Mine (LDGM)	Inculcate and enhance collaborative and strategic thinking skills through interactive business simulations.	Helped participants learn collaboration, better communications and decision-making through this fun-filled and engaging activities.
Neev	Provide a foundation for a student's career and develop a mutually beneficial association for both Alkem and the student.	The structured summer internship programme provided B-school students with live projects to gain valuable applied experience. Talented students were given pre-placement offers.
Supervisory Development Programme	Initiated at all manufacturing sites to promote supervisory and people management skills for driving higher productivity.	12 supervisory skills development programmes were conducted during the year to train 215 supervisors.
NACC (North American Communication and Culture) Programme	Initiated for the R&D team members who deal with their US counterparts.	A 10 weeks training programme that focussed on teaching the cultural nuances and polishing the American English communication skills of the R&D team.
Alkepedia	A digital learning platform that supports anytime, anywhere learning needs of Alkemites.	8,500 employees have adopted this digital learning platform.

Building Momentum for Sustained Change

As a responsible corporate citizen, Alkem engages with local communities, addresses their concerns and is supportive of their collective needs. With the interventions providing cascading benefits, the Company is building momentum for sustained social, economic and environmental change within the communities.

Alkem has a large community base in India with its operations spanning several locations. The well-being of these local communities is an intrinsic part of the Company's corporate social responsibility (CSR) endeavours. The CSR initiatives are structured under three key focus areas - Health, Education and Rural Development - and are aligned with the national priorities.

Health

Mother and Child Healthcare Programmes in Raigad, Maharashtra

The Company strives to widen access to quality and affordable primary and secondary health services for the economically vulnerable sections of the society. Allied to that several promotive, preventive and curative measures are carried out. Key interventions include conducting need-based medical and blood donation camps, reaching out through mobile health vans, renovation of government health centres, promoting hygiene awareness and adolescent health with special emphasis on girl child.

Mobile Rural Healthcare Project in Mandva, Baddi and Taloja

The Company also renovated a government health centre at Dabhel, Daman and organised Cochlear Implantation Programme for the under privileged and arranged a Medical Mobile Health Unit for the villages of Maldunge Panchayat of Raigad District, Maharashtra. A dedicated health centre with doctors and paramedics also operates in villages near to the Company's plant location in Sikkim and Baddi.

Free Health Checkup and Medicine Distribution Camp Organised in Bihar

Education

Renovation Work for School Building at Kombaltekdi Village, Maldunge

The Company supports the cause of education among the economically weaker sections of the society, in collaboration with its NGO partners. School renovation, construction of school amenities and providing educational kits and uniforms are among the key measures taken.

Coaching Class for Children Living in the Slums of Dharavi, Mumbai

Alkem supports remedial education for the underprivileged sections of the society. The Company runs a coaching class for children living in the slums of Dharavi, Mumbai. Similar efforts are being made in the tribal areas near Bankura, West Bengal and at a centre near Indore. Another key intervention by the Company is providing skill training to the youth in Baddi with the aim to increase their employability.

Rural Development

Water Supply Project Initiated in Many Villages of Maldunge Panchayat

Focussed initiatives are undertaken by the Company to improve basic infrastructure facilities, promote skills and enhance the quality of life in communities residing nearby Alkem plants. Ensuring the provision of water in water-starved villages is a key focus area.

Free Tailoring Courses for Women in Daman and Mandva, Gujarat

Beed District in Maharashtra is a drought-prone district. As a means of alternative livelihood and to develop a better ecosystem for the local farmers, the Company has joined hands to support the mission of plantation of one million fruit trees for the villagers of this district. The Company has also provided solar street lights and CCTV for safety and security in few villages.

Together Against COVID-19 for a Healthier World

Alkem salutes the effort of the entire medical fraternity and Central and State Governments to contain the spread of the COVID-19 pandemic. It also firmly believes that when individuals, businesses, governments and countries join forces, the biggest challenges can be conquered. Reaffirming its commitment to come together in the fight against the virus, the Company undertook action on various fronts.

PPE Kits, Goggles, Masks, etc. Distributed for Safety of Doctors and Medical Staffs

Distributing Food Packets among Health Workers, Police Staffs and Migrant Workers During Lockdown Period

Contribution to PM CARES Fund

The Company joined the national response to the crisis by contributing ₹ 7 Crore towards the Prime Minister's Citizen Assistance and Relief in Emergency Situation (PM CARES) Fund.

Supporting Communities

The Company reached out to communities near all its plant sites - Baddi, Sikkim, Indore, Daman, Mandva and Taloja – to assist them in these challenging times. Besides distribution of food packets and protective materials among the health workers, police staff, drivers and migrant workers during the lockdown period, following are the other initiatives undertaken during the pandemic situation:

- In Sikkim, the Company made contribution to the Chief Minister's Relief Fund and provided equipment for setting up of a Virology Laboratory for COVID-19 in collaboration with Chief Medical Officer, Government of Sikkim
- In Daman, the Company provided equipment for setting up of a Virology Laboratory for COVID-19 (RT-PCR) at Sri Vinoba Bhave Civil Hospital & Medical College, Silvassa in collaboration with Daman Administration

Uninterrupted Medicine Supply

During the period of nationwide lockdown, Alkem 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 to help patients comply with their treatment.

ALKEM

Management Discussion & Analysis

Global Pharmaceutical Industry

The global pharmaceutical industry is one of the largest and the oldest industries in the world. As per a research report by the IQVIA Institute for Human Data Science, the global pharmaceutical industry is estimated to be US$ 1.25 trillion (at invoice level) in 2019 and is expected to grow at a compounded annual growth rate (CAGR) of 3-6% over 2020-2024 to touch US$ 1.6 trillion in 2024. This growth would primarily be driven by ageing and rising population, improvements in purchasing power, access to quality healthcare by poor and middle-class families worldwide and innovation and advancement in rare and specialty diseases including biologics, nucleic acid therapies and cell therapies. However, adoption of price control policies, tightening of regulations by governments in key markets and loss of exclusivity of large brands would offset some part of this growth.

The major developed markets, comprising the United States (US), top five European markets (Germany, France, Italy, United Kingdom and Spain), Japan, Canada, South Korea and Australia, will remain the dominant contributor to the global pharmaceutical sales. However, at the same time, the contribution of the Pharmerging markets (comprising China, Brazil, India, Russia and many others) to global spending is expected to rise over the five-year period to 2024.

Global Invoice Spending and Growth in Selected Countries

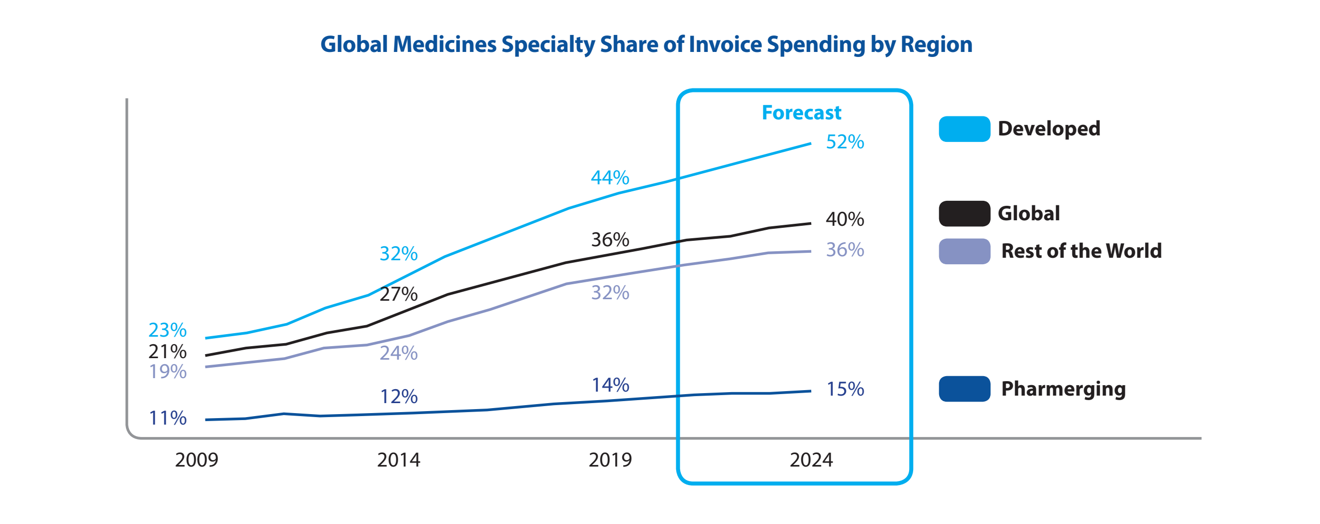
	2019 Spending US$Bn	2014-2019 CAGR	2024 Spending US$Bn	2020-2024 CAGR
Global	**1,250.4**	**4.7%**	**1,570-1,600**	**3-6%**
Developed	**821.6**	**3.8%**	**985-1,015**	**2-5%**
United States	510.3	4.3%	605-635	3-6%
Japan	87.0	-0.2%	88-98	-3-0%
EU5	173.7	4.0%	210-240	3-6%
Germany	52.1	4.9%	65-75	4-7%
France	34.9	1.6%	38-42	0-3%
Italy	33.5	5.1%	41-45	3-6%
United Kingdom	28.7	4.5%	37-41	4-7%
Spain	24.5	4.0%	30-34	3-6%
Canada	22.5	4.6%	26-30	4-7%
South Korea	16.1	7.3%	21-25	5-8%
Australia	12.1	3.5%	13-17	3-6%
Pharmerging	**357.7**	**7.0%**	**475-505**	**5-8%**
China	141.6	6.7%	165-195	5-8%
Tier 2	71.2	9.4%	90-120	7-10%
Brazil	33.6	9.9%	45-49	6-9%
India	22.0	9.5%	31-35	8-11%
Russian Federation	15.6	8.4%	23-27	8-11%
Tier 3	145.1	6.2%	195-225	5-8%
Rest of the World	**71.0**	**4.8%**	**85-95**	**2-5%**

Source : IQVIA Market Prognosis, Sep 2019, IQVIA Institute, Dec 2019

Notes : Spending in US$Bn, CAGR = Compound Annual Growth Rate using Constant US$ with Q2 2019 exchange rates

Branded and Generic Medicines

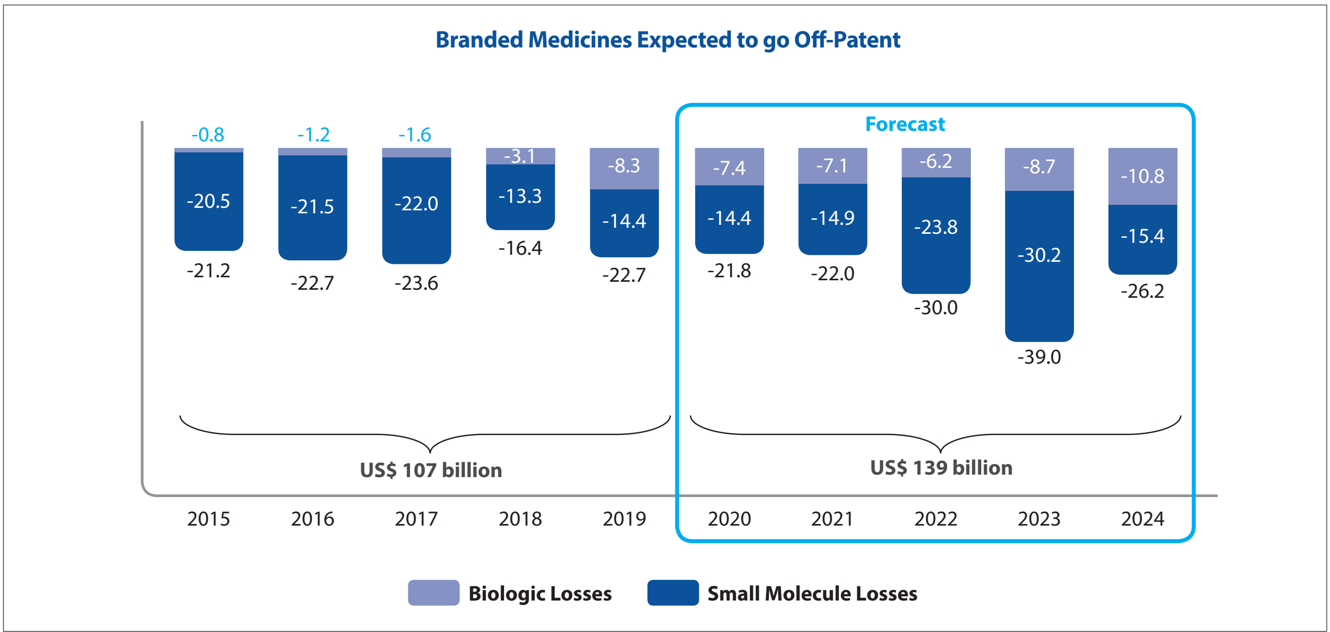
Branded, patented medicines by far make up the largest share of the global pharmaceutical sales. Specialty drugs – high-cost prescription medications to treat chronic or complex conditions like cancer, rheumatoid arthritis and multiple sclerosis - is the fastest growing and most expensive segment of pharmacy care. These products currently account for 36% of spending globally (at invoice level). Specialty share is estimated to account for 40% of global spending in 2024. In developed markets, specialty share is projected to be even higher at 52% in 2024.



Source : IQVIA Market Prognosis, Sep 2019; IQVIA Institute, Dec 2019

Notes: Specialty medicines are defined by IQVIA as drugs for chronic, complex or rare diseases which meet a majority of defined characteristics (see Methodology). Analysis shown is based on invoice price level, not reflecting rebates. Regions are based on country estimates including 219 countries in IQVIA Market Prognosis.

Meanwhile, governments worldwide are looking to boost patient access to affordable medicines through the supply of generics – the bioequivalent of branded medications. Between 2020 and 2024, branded medicines worth US$139 billion (at invoice level) are expected to go off-patent, compared to the US$107 billion impact seen from 2014–2019, opening pipeline opportunities for generics companies.



Source : IQVIA Market Prognosis, Sep 2019; IQVIA Institute, Jan 2020

Notes: Does not reflect offsetting spending increases from generic or biosimilar competitors. Losses in future periods are modelled based on expected pre-expiry growth for the brand and subsequent post-expiry loss of sales for the brands. The rates of loss are based on historic averages in each country and inclusive of adjustments for products with expiries in progress from historic periods where losses extend into the forecast periods. Historic period analyses are based on audited data. Expected loss of exclusivity dates are highly variable and can change due to outcomes of litigation, granting of new patents or changes in the expectation of launch of biosimilars. Information is current as of January 2020.

ALKEM

Key Trends Driving Growth

Ageing and Rising Population

Global population is expected to exceed 9.3 billion by 2050 and around 21% of this population will be aged 60 and above. The increased size of the global population will fuel the demand for pharmaceutical products. In addition, the demographic trend towards an older population means higher incidence of age-related diseases, thereby boosting demand for long-term treatments.

Prevalence of Lifestyle Diseases

Changing lifestyles, rapid urbanisation, and unhealthy diets have been resulting in increased incidences of chronic and non-communicable ailments. Demand for quality and specialised healthcare solutions has been rising with growing incidence of lifestyle disorders.

Growing Middle-Class

Global middle-class population is on the rise. The increasing income of the population is leading to improved affordability for better healthcare solutions.

Low-Priced Generics

Improving standards of living and purchasing power, especially in pharmerging markets, will drive demand for better healthcare. The launch of low-priced generics in several markets across the world will also boost the growth of the pharmaceutical industry.

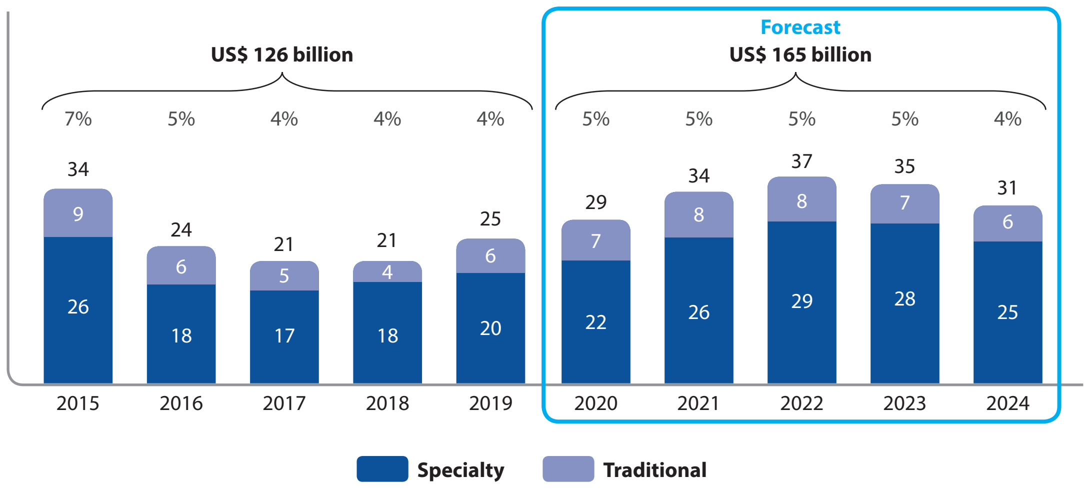
Improved Access

Rapid urbanisation has resulted in growing number of people having improved access to quality healthcare and pharmaceuticals. This includes expansion of national health insurance schemes and government programmes to support healthcare.

Innovation

Innovative and emerging pipeline products will continue to drive the size and growth of the industry, especially in major developed pharmaceutical markets, with positive implications for the health of the global population. Oncology and autoimmune therapies will constitute an increasing proportion of these specialty drugs in both developed and pharmerging markets.

New Brands Invoice Spending Growth in Developed Markets, Constant US$Bn



Source : IQVIA Market Prognosis, Sep 2019; IQVIA Institute, Jan 2020

Notes: Analysis shows the expected yearly growth from products less than two years after launch based on historic audited invoice level data and projections based on analyst consensus estimates. Total brand spending is used as the basis for calculating new percent of brand spending.

Review of Markets

Developed Markets

In the developed markets, medicine spending reached US$ 821.6 billion (at invoice level) in 2019. The developed markets are expected to see an average CAGR between 2-5% through 2024 to reach total spending of US$ 985-1,015 billion. Despite increases in specialty medicine spending, the markets are expected to witness slower growth than the past five years due to greater brand losses of exclusivity. Price and volume growth of specialty drugs are also likely to be slow, impacting brand growth. Developed markets spent a combined US$354 billion on specialty products in 2019, with 30% of that on oncology products.

Manufacturing Activity at Baddi Facility

The United States

The US currently holds the top spot globally for spends on pharmaceuticals. It is also the largest importer of drugs and therefore plays a key role in the global industry's growth. Growing at a CAGR of 3-6% over 2020-2024, the US market is estimated to reach US$ 605-635 billion and continue to retain its leadership position at the end of this period.

Growth will be driven by growing and ageing population of the country. Another important factor which is propelling the growth of this market is the rising focus of pharmaceutical companies on rare and specialty diseases. Innovations in newer areas such as advanced biologics, nucleic acid therapeutics and cell therapies is attracting investments. At the same time, the market is not without its share of challenges. The government's plan to implement cost control policies along with price erosion in US generics market may put pressure on the growth prospects of the US pharmaceuticals industry.

The US generics market continues to attract a large number of Abbreviated New Drug Application (ANDA) filings and approvals, as also evidenced in the calendar year 2019. As against 813 final ANDA approvals in 2018, 833 final ANDA approvals were granted in 2019. Additionally, 146 tentative approvals were also granted during 2019.

Pharmerging Markets

In 2019, pharmerging markets comprised 26% of global spending at net market price. This is expected to rise to 28–30% of spending in 2024. The bulk share of medicine use is in pharmerging markets driven by the large population in these countries. However, the per capita rate of use is considerably lower than in high income countries. The pharmerging markets are expected to register the highest growth among global regions with a 5-8% CAGR over 2020-2024 driven by improved access to healthcare, better affordability along with wider coverage of medical insurance, change in lifestyle and food habits and launch of newer drugs.

China is the world's second largest pharmaceutical market and the largest amongst the pharmerging markets, valued at US$ 141 billion in 2019. Pharmaceutical spending in this market is projected to increase to US$165-195 billion by 2024, growing at a CAGR of 5-8% over the five-year period. India and Brazil are other key players within pharmerging markets, making valuable contributions to the global industry growth. Also as per report by IQVIA, India is expected to be one of the fastest growing pharmaceutical markets in the world with expected CAGR of 8-11% through 2019-24.

Global Top 20 Countries Ranking and Invoice Spending Relative to United States

RANK	2014	% OF US	RANK	2019	% OF US	RANK	2024	% OF US
1	United States	100.0%	1	United States	100.0%	1	United States	100.0%
2	▲1 China	26.6%	2	China	27.9%	2	China	29.7%
3	▼1 Japan	21.2%	3	Japan	16.9%	3	Japan	13.2%
4	Germany	10.6%	4	Germany	10.2%	4	Germany	10.3%
5	France	8.4%	5	France	6.8%	5	▲2 Brazil	7.5%
6	Italy	6.4%	6	Italy	6.5%	6	Italy	6.4%
7	▲2 United Kingdom	5.7%	7	▲1 Brazil	6.3%	7	▼2 France	5.9%
8	▲3 Brazil	5.1%	8	▼1 United Kingdom	5.6%	8	United Kingdom	5.7%
9	▼2 Spain	4.7%	9	Spain	4.8%	9	▲2 India	5.5%
10	▼2 Canada	4.5%	10	Canada	4.3%	10	▼1 Spain	4.7%
11	▲2 India	3.4%	11	India	4.3%	11	▼1 Canada	4.5%
12	▼2 South Korea	3.0%	12	South Korea	3.1%	12	▲1 Russian Fed.	4.1%
13	▲4 Russian Fed.	2.7%	13	Russian Fed.	3.1%	13	▼1 South Korea	3.4%
14	▼2 Australia	2.6%	14	Australia	2.4%	14	▲6 Argentina	3.0%
15	▼1 Mexico	2.0%	15	Mexico	2.3%	15	Mexico	2.7%
16	▲5 Argentina	1.8%	16	Saudi Arabia	1.7%	16	▲2 Turkey	2.4%
17	▲5 Saudi Arabia	1.8%	17	Poland	1.6%	17	▼3 Australia	2.3%
18	▲1 Poland	1.5%	18	▲14 Turkey	1.5%	18	▼2 Saudi Arabia	1.8%
19	▲1 Belgium	1.4%	19	Belgium	1.3%	19	▼2 Poland	1.6%
20	▼4 Netherlands	1.3%	20	▼4 Argentina	1.3%	20	▲11 Egypt	1.6%

▼▲ Change is ranking over five years

Source : IQVIA Market Prognosis, Sep 2019, IQVIA Institute, Dec 2019

Notes : Rankings using Constant US$ with Q2 2019 exchange rates, except Argentina using US$

Indian Pharmaceutical Industry

Domestic Market

Over the past five years through 2014-19, Indian Pharmaceutical Market (IPM) has been one of the fastest growing markets in the world. As per IQVIA, the turnover of IPM reached ₹ 1.50 trillion (about US$ 22 billion) in FY 2019-20, a growth of 10.8% from the previous year. Going forward, IQVIA projects IPM to grow at a CAGR of 8-11% over 2020-24 to reach US$ 31-35 billion in 2024 which is double the rate of growth when compared to its global peers. This growth will be driven by a combination of factors such as rising income levels with steady economic growth, rise in chronic diseases due to sedentary lifestyles, improvements in healthcare infrastructure, higher life expectancy, new launches by innovator companies and increasing acceptance of online sales of pharmaceutical products.

Growth in domestic pharmaceutical market is also expected to be supported by the government's focus on enhancing access to healthcare to economically weaker sections of the society. The Ayushman Bharat-Pradhan Mantri Jan Aarogya Yojana (AB-PMJAY) is the biggest healthcare programme in the world and is aimed at providing affordable treatment for 500 million people, or 40% of India's population, including 100 million vulnerable families. Deeper penetration of private health insurance also offers considerable potential for the growth of the IPM. As per the report titled 'Indian Life and Health Insurance Sectors' from consulting firm Milliman, only 44% of the total population in the country have a health insurance policy as of 2017.

The announcements made in the 2020-21 Union Budget are also expected to provide a stimulus to the Indian healthcare sector. This includes:

- An allocation of ₹ 690 billion for the healthcare sector, up from ₹ 627 billion in the previous year
- Of the total allocation, around ₹ 64 billion would be for AB-PMJAY, similar to last year
- The AB-PMJAY scheme will be expanded by setting up more hospitals in the tier-II and III cities under the public-private-partnership (PPP) route

Key Therapy Areas in the Indian Pharmaceutical Market

Therapy Area	Sales in FY 2019-20 (₹ billion)	Therapy Contribution	YoY Growth in FY 2019-20
Anti-infectives	183.7	12.2%	13.3%
Cardiac	179.3	11.9%	11.8%
Gastro Intestinal	151.8	10.1%	8.7%
Anti-Diabetic	144.0	9.6%	11.8%
Respiratory	123.3	8.2%	14.5%
Vitamins / Minerals / Nutrients	116.7	7.8%	10.0%
Pain / Analgesics	116.4	7.8%	11.6%
Dermatology	112.3	7.5%	8.6%
Neuro / CNS	87.1	5.8%	9.0%
Gynaecology	74.1	4.9%	9.0%
Others	212.9	14.2%	9.2%
TOTAL	**1,501.5**	**100.0%**	**10.8%**

Source: IQVIA MAT March 2020 data

Government's Focus to make India Less Dependent on Imports of API and Raw Materials

The outbreak of global pandemic created enormous raw material related disruptions for the Indian pharmaceutical industry. India imports about 70% of its APIs from China, the epicentre of COVID-19. In the event of a protracted shutdown, the industry faced the risk of supply disruption and higher input costs.

The Indian government has decided to set up ₹ 1 lakh crore fund to encourage companies to manufacture pharmaceutical ingredients domestically and make India self-reliant in the manufacturing of bulk drugs. The funds will go towards spending on infrastructure for drug manufacturing centres and financial incentives of up to 20% incremental sales value over the next eight years. Three 'Bulk Drug Parks' will be set up in the next five years with a financial investment to the tune of ₹ 30 billion. The government has also announced that it will create a Production Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of critical Key Starting Materials (KSMs), drug intermediates and APIs in the country with financial implications of ₹ 69.4 billion for the next eight years.

Exports

India holds a key position in the global pharmaceutical industry. The country is the world's largest supplier of generics, accounting for about 20% of global exports. It supplies over 50% of global demand for various vaccines and 40% of the demand for generic products in the US. Around 62% of the generics manufactured in India are exported to highly regulated markets, with US being the key market, thereby indicating increasing relevance of India in the global pharmaceutical landscape. The Indian pharmaceutical companies have also played a key role in driving better health outcomes across the world through its affordable and high-quality generics drugs. Large pool of scientists and engineers, low cost manufacturing facilities and continuous investments in R&D underpins India's strength in global pharmaceutical market.

As per Pharmexcil Annual Report, pharmaceutical exports from India stood at US$ 19.13 billion for FY 2018-19, which translates to 10.72% higher than the previous fiscal. Also, for the nine months ended December 2019, the total exports grew by 11.40%, aided by strong performance in most key markets. At this rate, the total exports is likely to touch US$ 22 billion by the end of FY 2019-20.

India's Pharmaceutical Exports by Region

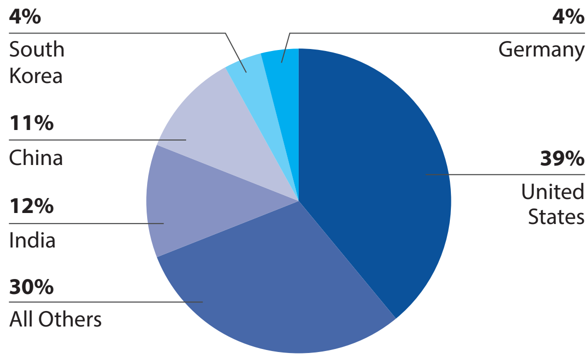
India's Pharma Exports during April-March Region-wise US$ Million

Region	FY 2017-18	FY 2018-19	Change	+/-Revenue	Contribution
North America	5,348.0	6,145.7	14.92%	797.7	32.12%
Africa	3,347.0	3,436.4	2.67%	89.5	17.96%
EU	2,752.6	3,003.9	9.13%	251.3	15.70%
ASEAN	1,181.5	1,310.1	10.89%	128.7	6.85%
LAC	1,135.2	1,308.3	15.25%	173.2	6.84%
Middle East	869.1	1,074.1	23.60%	205.1	5.61%
South Asia	764.3	812.8	6.35%	48.5	4.25%
CIS	733.2	788.3	7.52%	55.1	4.12%
Asia (Excluding Middle East)	627.3	693.6	10.57%	66.3	3.63%
Oceania	320.3	340.8	6.43%	20.6	1.78%
Other European Countries	151.0	162.9	7.86%	11.9	0.85%
Other America	52.5	57.4	9.33%	4.9	0.30%
Grand Total	**17,281.8**	**19,134.4**	**10.72%**	**1,852.6**	**100.00%**

Source : Pharmexcil Annual Report

The US is the largest exports market for the Indian pharmaceutical companies, accounting for over 30% of the total pharmaceutical exports. India continues to dominate the US Food and Drug Administration (USFDA) approvals and remain at the forefront of the US generics market. Out of total 5,768 ANDA approvals granted by the USFDA between 2010 and 2019, Indian companies secured over 2,000 approvals, which is over 35% of the total approvals. For the year 2019, the record was even better with Indian companies securing nearly 40% of the total final approvals by the USFDA (336 final ANDA approvals for Indian companies of the total 837 final approvals given by the USFDA in 2019). India also has more than 700 manufacturing sites (formulations + bulk drugs) registered with the USFDA, which is the highest number of the USFDA registered facilities outside of the US.

India has the Highest USFDA Approved Facilities Outside the US



Source: Pharmexcil Annual Report

US FDA Approvals and Approvals to India Companies

Total	Total ANDA Approvals	ANDA Approvals to Indian Companies	Total Tentative Approvals	Tentative Approvals to Indian Companies
2019	837	336	165	76
2018	813	290	194	77
2017	846	304	171	61
2016	598	201	156	70
2015	564	167	147	48
2014	385	130	100	32
2013	400	154	86	38
2012	476	178	94	42
2011	431	144	117	49
2010	418	142	121	49
Total	**5,768**	**2,046**	**1,351**	**542**

Source: Pharmabiz.com

In the past few years, growth in the US, the world's largest pharmaceutical market, has remained subdued for most Indian players. Consolidation of pharmaceutical distributors and a faster pace of approvals of new generic drugs by the USFDA has resulted in continued pressure on generic drug pricing. However, with more than US$ 100 billion worth of branded drugs losing exclusivity over the next 5 years and Indian companies steadily expanding their presence in specialty and novel drugs, the US is expected to remain the most important market for exports of Indian pharmaceutical products.

ALKEM

Company Overview

Alkem Laboratories is a leading Indian generic pharmaceutical company with global operations. Founded in 1973, the Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products which are marketed in India and overseas. The Company has consistently ranked amongst the top ten pharmaceutical companies in India, backed by an extensive portfolio of over 800 brands, vast sales and distribution network pan-India, and an experienced management team. Over the years, the Company has established its position as one of the leading companies in India in the acute therapy areas of Anti-infective, Gastro-intestinal, Pain management and Vitamins/ Minerals/ Nutrients products. In addition, it has been constantly enhancing its presence in the chronic therapy areas of Neuro/CNS, Cardiac, Anti-diabetes, and Dermatology.

The Company has a strong foothold in India and a growing presence in over 40 international markets, with the US being the key market. It has a robust infrastructure comprising 21 state-of-the-art manufacturing facilities and six R&D Centres across India and the US, which are involved in the development of high-quality products. The manufacturing facilities have been approved by the US FDA, World Health Organisation (WHO), MHRA (UK), TGA (Australia), ANVISA (Brazil) and MCC (South Africa).

Corporate Journey and Milestones

01
1973
Inception of Alkem Laboratories Limited

02
1978
First manufacturing unit was established at Taloja near Mumbai

03
1992
Second manufacturing facility established at Mandva, Gujarat which was converted into an API facility in 2005

04
2003
First research and development facility established at Taloja

05
2006
Taxim became India's first anti-infective drug to surpass annual sales figure of ₹ 1,000 million in the domestic market

06
2007
Filed the first ANDA in the United States for the drug Amlodipine

07
2009
Received the first ANDA approval in the United States for the drug Amlodipine

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

08
2010
Acquired Ascend Laboratories, pharmaceutical company in the United States

09
2011
Acquired Enzene, a company engaged in the development of biosimilars in India

10
2012
Acquired an API manufacturing facility in the United States

11
2014
Acquired the 'Clindac-A' brand in India from Galderma S.A.

Clavam surpassed ₹ 2,000 million domestic sales figure

12
2015
Acquired a formulation manufacturing facility in the United States

Successfully completed Initial Public Offering (IPO)

13
2018
Revenue from the US market crossed US$ 200 million in annual sales

14
2019
Crossed the revenue milestone of US$1 billion

Financial Highlights

Revenue from Key Markets

Business Segment	Revenues in FY 2019-20 (₹ mn)	Contribution to Total Revenues	YoY Growth
Domestic Business	56,062	67.2%	12.9%
US Business	21,999	26.4%	15.9%
Other International Markets Business	5,382	6.4%	8.7%
Total	**83,444**	**100%**	**13.4%**

Key Profit and Loss Statement Highlights

Particulars (₹ million)	FY 2019-20	FY 2018-19	YoY Change	Comments
Revenue from Operations	83,444	73,572	13.4%	Domestic revenues grew by 12.9%, while the International revenues grew by 14.4%
Gross Profit	49,994	44,122	13.3%	Gross margin was almost similar to previous financial year
Gross Profit margin	59.9%	60.0%		
EBITDA	14,734	11,148	32.2%	Measures taken towards cost containment, improvement of process efficiencies and improvement of productivity led to improvement in EBITDA margin
EBITDA margin	17.7%	15.2%		
PBT	12,598	9,547	32.0%	
PBT margin	15.1%	13.0%		
PAT (After Minority Interest)	11,271	7,605	48.2%	Improvement in EBITDA margins along with YoY lower tax rate due to better utilisation of facilities having fiscal benefits helped PAT growth
PAT margin	13.5%	10.3%		

Key Ratios

Ratio	Formula used	FY 2019-20	FY 2018-19	Comments
Debtors Turnover	Sale of products/Trade receivables	4.97	5.82	With higher growth in International business and lockdown imposed in key markets due to COVID-19 towards the end of the financial year, the Company witnessed increase in receivable days and inventory days.
Inventory Turnover	COGS/Inventory	1.84	1.96	
Interest Coverage Ratio	EBIT/Finance cost	18.76	16.87	The Company registered expansion in EBITDA margin driven by various cost optimisation initiatives which helped it improve the Interest Coverage ratio
Debt to Equity Ratio	Net Debt/Total Equity	0.25	0.12	The borrowings of the Company increased due to higher working capital requirements
Current Ratio	Current Assets/Current Liabilities	1.69	1.90	
Return on Net Worth	PAT/Net Worth (attributable to owners of the Company)	18.3%	14.0%	Healthy revenue growth accompanied by expansion in EBITDA margin and optimisation of effective tax rate led to improvement in Return on Net Worth

Domestic Business

Key Highlights

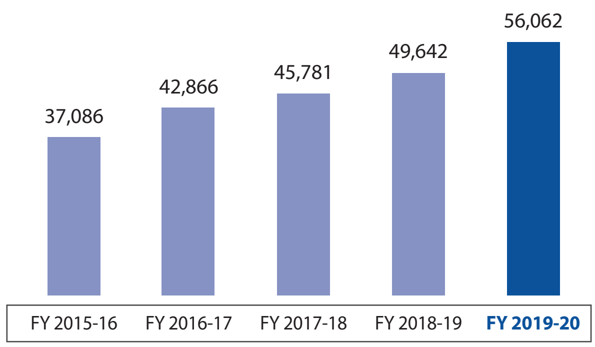
₹ 56,062 million	67.2%	12.9%	No. 5*	7*	No. 1
Revenue from Domestic Business	Revenue Contribution	Y-o-Y growth in the Domestic Business	Rank in the Indian Pharma Market	No. of Brands in IPM Top 100 Brands	Anti-infective Company in India for over 15 years

** As per IQVIA MAT March 2020 data*

Company's top 10 Brands feature amongst the top 2 selling Brands in their respective molecule category

Indian pharmaceutical market is the largest market for the Company contributing 67.2% to its total revenue during the FY 2019-20. With more than 800 brands across all the major therapy areas, a large field force and pan-India supply chain and distribution network of over 7,000 stockists, the Company is amongst the leading pharmaceutical companies in India.

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



In terms of secondary sales performance reported by IQVIA (MAT March 2020), the Company registered a growth of 16.9% YoY in FY 2019-20, which was more than 1.5x the IPM growth of 10.8% YoY. As a result, the Company gained one rank during the year and now features amongst the top 5 pharmaceutical companies in India in terms of market share. This outperformance was broad-based with the Company growing faster than the market growth rate in most of the major therapy areas of its presence. In its established therapy segments of anti-infectives, gastro intestinal and vitamins / minerals / nutrients, the Company grew significantly ahead of the market growth, thereby consolidating its position amongst the top companies in these therapeutic segments. The Company continues to rank as the number one anti-infectives Company in India for over 15 years and also features amongst the top 5 pharma companies in the therapy areas of gastro intestinal, pain & analgesic and VMS. This performance has been driven by Company's market leading brands, large field force, robust supply chain and distribution network, comprehensive product portfolio, introduction of new products to fill portfolio gaps and an experienced management. Company's top 10 brands feature amongst the top 2 selling brands in their respective molecule category and have been growing at a steady pace.

During FY 2019-20, the Company's domestic business registered operating revenue of ₹ 56,062 million compared to ₹ 49,642 million in the previous financial year, recording a growth of 12.9%. A significant portion of the Company's domestic sales comes from the acute therapy segments of anti-infective, gastro-intestinal, pain & analgesic and vitamins / minerals / nutrients where it is an established player with large brands and over four decades of presence. In the chronic segments of neurology, dermatology, anti-diabetes and cardiology, the Company is an emerging player with growing product portfolio and rising market share. The Company launched 37 new products including line extensions during the year.

Manufacturing Activity at Daman Facility

Alkem's Performance in Key Therapeutic Segments

Therapy Area	Company's Rank	Change in Rank	Therapy Sales Contribution	Market Share	Company's Growth	Industry Growth
Anti-infectives	1	Unchanged	41%	12.7%	21.4%	13.3%
Gastro Intestinal	3	Unchanged	18%	6.6%	10.8%	8.7%
Pain / Analgesics	3	Unchanged	11%	5.4%	10.8%	11.6%
Vitamins / Minerals / Nutrients	4	Unchanged	9%	4.2%	20.7%	10.0%
Neuro / CNS	7	Unchanged	4%	2.6%	13.6%	9.0%
Derma	15	▲ 2	3%	1.7%	14.7%	8.6%
Anti-Diabetic	21	▲ 1	3%	1.2%	29.4%	11.8%
Cardiac	26	Unchanged	3%	0.8%	23.7%	11.8%
Alkem	5	▲ 1		3.8%	16.9%	10.8%

Source: IQVIA MAT March 2020 data

In the fast-growing chronic therapy areas of neurology, dermatology, anti-diabetes and cardiology, the Company grew at 1.5x – 2x the market growth rate and continued to build upon its growing presence. During the year, the Company not only gained market share in these therapy areas but also improved its rank in segments like anti-diabetes and dermatology. As per IQVIA data, the Company now features amongst the top 7 Neuro/CNS companies in India and ranks amongst the leading companies in the Alzheimer's segment. This has been achieved through well-planned marketing and promotion initiatives, healthy growth in key brands, expansion in field force and new product launches.

State-of-the-art Manufacturing Facility at Baddi, India

Performance of Company's Top 10 Brands

Sr. No.	Brand	Molecule Category	Therapy Area**	Branded Sales (₹ mn)* in FY 2019-20	Rank in Molecule Category*	Market Share*
1	Clavam	Amoxicillin + Clavulanic Acid	AI	4,380	2	15.9%
2	Pan	Pantoprazole	GI	3,330	1	30.5%
3	Pan-D	Domperidone + Pantoprazole	GI	2,937	1	27.7%
4	Taxim-O	Cefixime	AI	2,417	2	21.7%
5	Xone	Ceftriaxone	AI	1,844	2	16.5%
6	A To Z NS	Multivitamins	VMN	1,650	2	10.4%
7	Taxim	Cefotaxime	AI	1,650	1	78.0%
8	Gemcal	Calcitriol Combination	Pain / Analgesics	1,453	1	18.5%
9	Ondem	Ondansetron	GI	1,061	1	28.8%
10	Pipzo	Piperacillin + Tazobactam	AI	1,022	1	17.2%

**Source: IQVIA MAT March 2020*

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

Outlook for Domestic Business

As per IQVIA report, the India pharmaceutical market is expected to be one of the fastest growing pharmaceutical markets in the world with underlying growth drivers like rising incidences of lifestyle diseases, higher disposable income, improved access to healthcare facilities and increasing penetration of medical insurance. The Government is also increasing its investments towards the healthcare sector with initiatives like Ayushman Bharat-Pradhan Mantri Jan Aarogya Yojana and Jan Aushadi Kendras, which is improving the affordability and accessibility of quality medical treatment amongst the economically weaker sections of the society. While these drivers will ensure good visibility of growth for the Indian pharmaceutical industry over the medium to long-term horizon, there could be some near-term impact on the Indian pharmaceutical industry due to COVID-19. Due to extended lockdowns in a large part of the country and because of the fear of getting infected, lot of elective surgeries are getting deferred. Many of the hospitals have shut their OPDs and doctors have stopped going to their clinics. This has impacted the generation of new prescriptions which is an important growth driver for the pharma industry. With the gradual relaxation in lockdown rules, activity levels are expected to pick up in hospitals and clinics, which should help the pharma industry to gather momentum.

Amidst this challenging backdrop, the Company would look to leverage its strengths that it has built over the years in terms of reputed brands, large field force and robust supply chain to outperform the market. Remaining agile and adopting new technology platforms to connect with the medical fraternity and healthcare providers will be an important driver of growth in these tough times. The Company will ensure that optimum levels of production and inventories are maintained so that patients don't face shortages of medicines. The Company remains positive over the medium to long-term and expects to deliver healthy growth in the Indian Pharmaceutical Market.

Scientist Working in Alkem's R&D Centre in Taloja

US Business

Key Highlights

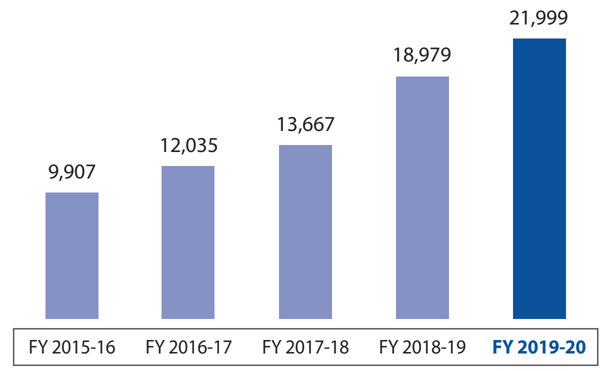
₹ 21,999 million	26.4%	15.9%	144	89
Revenue from US Business	Revenue Contribution	Y-o-Y growth in the US Business	Cumulative ANDAs filed	Cumulative ANDAs approved including tentative approvals

The US pharmaceutical market is the second largest market for the Company, contributing around 26.4% to its total revenue. During FY 2019-20, the US business registered revenue of ₹21,999 million compared to ₹18,979 million in the previous financial year, recording growth of 15.9%. In US dollar terms, revenues from the US market crossed US$300 million during the financial year. The strong growth during the financial year was mainly on account of market share gains in the existing products as well as contributions from the new product launches. Favourable exchange rate movement also helped the reported year-on-year growth during the year.

ASCEND Laboratories, LLC

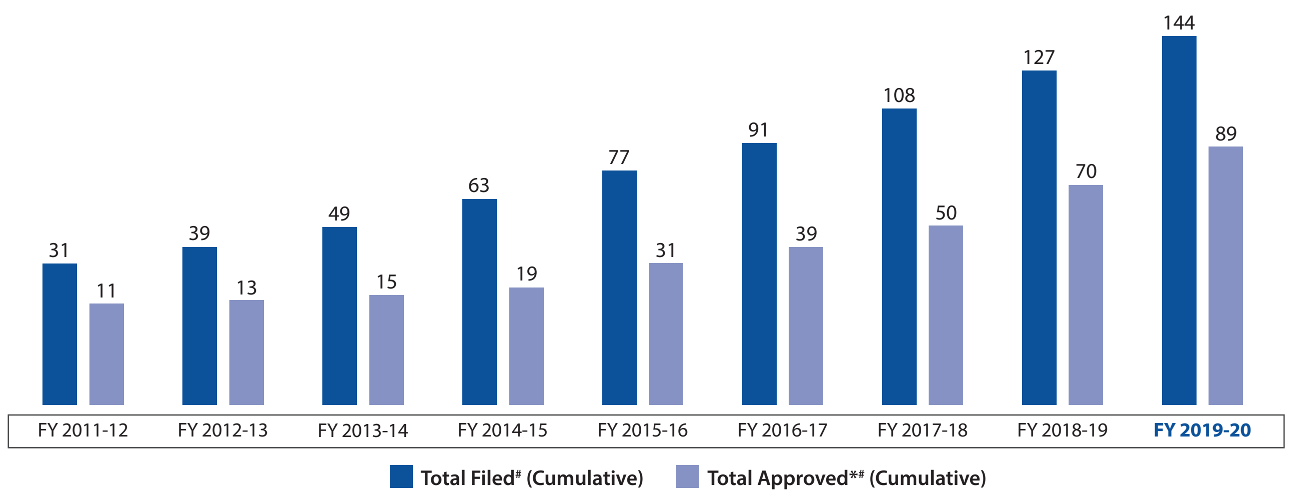
US business crossed the revenue milestone of US$300 mn during the year

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



During the year, the Company filed 18 ANDAs with the US FDA and received 22 approvals (including 6 tentative approval). With this, the Company has cumulatively filed 144 ANDAs including 2 new drug applications (NDA) with the US FDA. Of these, it has received approvals for 87 ANDAs (including 13 tentative approvals) and 2 NDA. The approved NDAs include brand Marinol (Dronabinol) which the Company acquired from AbbVie Inc, USA in December 2019.

Alkem's ANDA Filings and Approvals



*Including tentative approvals

#Including NDA

Update on the US FDA Inspections

During the year, the US FDA conducted inspections at the Company's manufacturing facilities located at Daman (India), Baddi (India) and St. Louis (US). An inspection was also carried out at the Company's bioequivalence facility located at Taloja (India). Post inspection outcomes were as below:

- May 2019 – US FDA inspected Company's formulation manufacturing facility at Baddi. At the end of the inspection, the Company received Form 483 containing four observations. Subsequently, the Company received an EIR in July 2019, thereby closing the inspection successfully
- August 2019 – US FDA carried out inspections at Company's formulation manufacturing facilities at Baddi and St. Louis (Fenton Park). At the end of the inspection, no Form 483 was issued for Baddi facility, however, St. Louis facility received Form 483 containing four observations. Subsequently, the Company received an EIR in September 2019, thereby closing the inspection at St. Louis facility successfully
- August 2019 – Company's formulation manufacturing facility at Daman was inspected by US FDA. At the end of the inspection, the Company received Form 483 containing two observations. Subsequently, the Company received an EIR in October 2019, thereby closing the inspection successfully
- October 2019 – US FDA inspected Company's bioequivalence facility located at Taloja. At the end of the inspection, no Form 483 was issued
- January-February 2020 - Inspection was conducted by US FDA at Company's formulation manufacturing facility at St. Louis. At the end of the inspection, the Company received Form 483 containing three observations. Subsequently, the Company received an EIR in May 2020, thereby closing the inspection successfully

All the six manufacturing facilities for the US market has received an EIR

Alkem's US Office

- February 2020 – US FDA inspected Company's formulation manufacturing facility at Baddi. At the end of the inspection, the Company received Form 483 containing two observations. Subsequently, the Company received an EIR in March 2020, thereby closing the inspection successfully

The Company is committed to deliver high quality products and adhere to regulatory compliance. It continues to invest in its systems, processes and people to keep up with the evolving GMP norms.

USFDA Inspections at Alkem's Manufacturing Facilities

Facility	Capability	Last Inspection	Status Post Last Inspection
St. Louis (US)	Formulation	February 2020	EIR# received in May 2020, thereby successfully closing the inspection
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
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

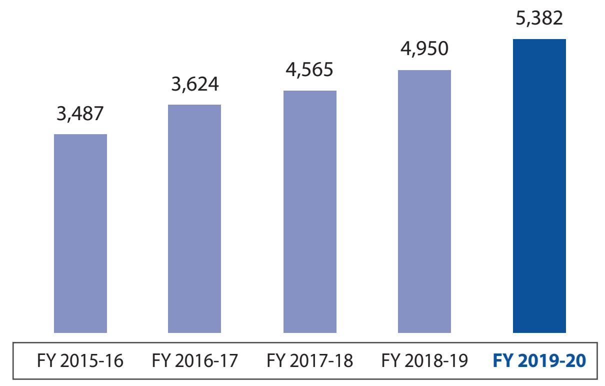
The US continues to be the biggest pharmaceutical market in the world and generics will be an integral part of the US healthcare system. The Company's US business has demonstrated sustained growth over the last ten years, making it indispensable to the Company's global sale. The Company is focussed to grow its US business, despite various market challenges such as price pressure on account of customer consolidation, stronger competition and continually changing and tightening regulatory controls. The Company is countering these challenges by creating a healthy pipeline of filings and approvals, with over 140 ANDA filings so far. To further scale the growth and navigate through these headwinds, the Company has created its own front-end and supply chain, backed by cGMP compliant manufacturing facilities. Accelerating the pace of ANDA filings through strong focus on R&D, capitalising on the in-licensing opportunities and strategic alliances and partnerships to enhance capabilities and product portfolio will provide the Company further legroom for growth in the US pharmaceutical market.

Other International Market Business

Key Highlights

₹ **5,382 million** Revenue from Other International Markets	**6.4%** Revenue Contribution	**8.7%** Y-o-Y growth in Other International Markets

Besides India and the US, the Company has wide presence in more than 40 international markets with its key markets being Australia, Philippines, Chile and Kazakhstan. Its products are sold either directly through its own subsidiaries or indirectly through active engagement with other companies in Australia, Chile, Philippines, Kazakhstan, Europe, Middle East and East Africa. During FY 2019-20, the Company's total operating revenues from Other International Markets business grew by 8.7% year-on-year to ₹ 5,382 million compared to ₹ 4,950 million in the previous financial year. Growth was driven by new product launches (including in-licensed products) and improving market share in existing products. The key markets of Australia, Chile, Philippines and Kazakhstan registered healthy growth during the year which was complimented by steady growth in Middle East and African markets. The Company has filed more than 1,100 dossiers across international markets with more than 750 approvals.



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

Outlook for other International Markets

The Company thrives to grow at a similar pace in the other international markets as it has grown in its key markets. Towards this end, it is constantly growing and strengthening its position in select geographies and launching differentiated products based on the local needs. The Company continued to focus on increasing its operational efficiencies and optimising costs to mitigate the risks arising out of tightening rules by the local governments, evolving regulatory environment and volatility in the currency exchange rates. To augment the growth in these markets, the Company is focussing on introducing new products, growing the share in existing products and through strategic acquisitions and partnership agreements for product in-licensing and out-licensing.


Alkem's Manufacturing Facility in Daman, India

Research and Development (R&D)

R&D forms an important pillar in the Company's growth strategy. It has been consistently investing a substantial part of its revenue into R&D over the years. Backed by a team of over 500 scientists working in six R&D centres across US and India, the Company's R&D function is responsible for developing a robust pipeline of products to fuel future growth. During FY 2019-20, the Company spent ₹ 4,726 million or 5.7% of its revenues on R&D, as compared to ₹ 4,622 million invested in the previous year.

The Company's R&D facilities have been successfully audited and approved by the international regulatory authorities and are equipped with state-of-the-art infrastructure. In addition, it has a 100+ bed clinical research facility for conducting bioequivalence and bioavailability studies to prove the efficacy and effectiveness of dosage forms.

Further, the Company has also made substantial investments in the biosimilars segment through its subsidiary Enzene Biosciences – a biotech focussed R&D company situated in Pune. Over the medium to long-term, Enzene aims to launch biosimilar products which are in preclinical and clinical development stage in India and core international markets.

The regulatory affairs team of the Company is responsible for overseeing product filings and approvals in India and key international markets. Moreover, the Company also has a dedicated Intellectual Property (IP) rights team to oversee patent filing, patent prosecution, design filing, infringement analysis, and patent litigations for the global markets.

Product Filings in Key International Markets (as on 31st March, 2020)

Markets	Filed	Approved
US (ANDA)	142	87 (including 13 Tentative Approvals)
US (NDA)	02	02
Australia	57	46
EU	28	18
Philippines*	59	35
Chile*	246	206
Kazakhstan*	38	36
South Africa*	77	20
Brazil	2	0

**Includes dossier for each strength*

The Company has filed more than 1,100 filings across various international markets with more than 750 approvals

Scientist Working in the R&D Centre at Taloja, India

Quality Assurance

Quality assurance is the most critical aspect for the Company's manufacturing activity. The Company remains committed to implementing a strong Quality Management System to ensure every product it develops, manufactures, and distributes adheres to the stringent regulatory standards of Safety, Quality, and Efficacy. The Company is committed to maintaining a strong culture of Quality and Safety to deliver products of highest quality to its consumers.

To meet its commitment of sustained Quality and Compliance, the Company employs experienced professionals having rich experience of working with leading pharmaceuticals companies worldwide. The Company's production lines and Quality Control labs are operated and supervised by these quality professionals to ensure products of highest standard.

The Company has a stringent Code of Conduct in place for its employees, vendors and partners. It ensures that all its employees and suppliers adhere to it. The manufacturing facilities are inspected as per cGMP guidelines enforced by leading regulatory authorities, including the US FDA, WHO, MHRA (UK), TGA (Australia), ANVISA (Brazil) and MCC (South Africa). Alkem will continue to enhance its Quality Management System with improvements in controls and processes, advancement in technology, strengthening of various operating procedures and human capabilities.

Human Resources

Employees are the most important asset of the Company and key to organisation's growth and success. The Company has over 14,000 employees working across the globe. Their skills and expertise are central to executing strategies, delivering results, and sustaining Alkem's reputation. Recognising this, the Company strives to create a safe and productive environment, wherein employees can grow, both personally as well as professionally. The HR policy ensures that the employees are recruited, trained, and motivated to deliver best results at all times.

The Company constantly endeavours to maintain high levels of employee engagement and motivation through well-designed policies, programmes like rewards & recognitions and employee benefit schemes. Every year, the Company organises many initiatives to augment employees' skills and capabilities, drive performance and boost employee connect. The aim is to promote a culture of constant learning and self-growth. In addition, the Company has made sustained investments towards digitising its HR and IT processes and introducing employee-friendly applications.

During the year, the Company started the 'Leader Speak Series' to connect the leaders with employees. In addition, various employee engagement activities at Corporate, R&D and plant levels were organised to celebrate the spirit of Alkem. To further promote a culture of learning and development, various initiatives were executed such as the Supervisory Development Programme to drive a culture of high productivity and Lost Dutchman's Gold Mine (LDGM) to inculcate and enhance collaborative and strategic thinking skills through interactive business simulations.

Risk Management

Effective management of risks is an intrinsic part of the Company's business. The management is responsible for efficient risk management and reviewing its effectiveness. By virtue of the nature of its business, the Company is susceptible to various risks which may have a significant impact on the operations, if not properly assessed and managed. The risk management policy of the Company ensures comprehensive and timely identification, evaluation, monitoring and mitigation of both internal and external risks and strengthening the governance framework to achieve the desired objectives.

Principal Risks	Impact	Mitigation
Competition Risk	The Company's products are prone to stiff competition from multiple pharma players, which may impact its revenues and competitive advantage.	• Continuous investments in R&D capabilities to develop differentiated products • The Business Development Team constantly monitors and evaluates the prevailing trends in the market and makes recommendations on launching of new drugs and molecules
Quality Risk	Any quality issues, manufacturing defects, and adverse audit findings may erode Alkem's reputation and expose it to liabilities, fines, or penalties.	• The Company ensures that the manufacturing facilities comply with the cGMP guidelines enforced by leading regulatory agencies • Stringent quality checks of machinery and equipment are done at regular intervals in all the manufacturing facilities
Pricing Risk	Adverse regulations on prices of key products may lead to reduced revenues and margins.	• The Company maintains high level of operational efficiency to control costs • Focus is on diversified portfolio and high-volume growth to drive operating leverage

Principal Risks	Impact	Mitigation
R&D Risk	Development of any pharmaceutical product is subject to huge R&D investments and involves several risks. Failure to deliver innovative and cost-efficient products may affect Company's revenues and profitability.	• The Company makes budgeted investment in R&D in line with business plans and objectives • The is a constant focus on cost optimisation of existing products and establishment of strong processes and methodologies to ensure successful launch of final products
Manufacturing Facility Risk	The Company's facilities in Sikkim manufacture majority of its products for the domestic market. Failure in the production or supply due to natural calamities or shutdown of operations may have an adverse impact on the business.	• As a measure of precaution, the Company has plans of shifting production to alternate manufacturing facilities and contract manufacturers
Regulatory Risk	Inability or delay in receiving regulatory approvals for its facilities or products may result in challenges for the Company's operations.	• The Company maintains a culture of compliance and integrity • It has stringent policies and review mechanisms in place to ensure adherence to all applicable regulations • It has a good track record of cGMP compliance in accordance with the guidelines laid down by regulators across the world
Information Technology Risk	Breach/theft of confidential data due to lack of awareness and appreciation of Information Security among employees may impair the Company's reputation and financial performance.	• The Company has deployed Microsoft Active Directory to enforce Information Security Policy • It conducts frequent VAPT and IT audits and sustained investment in tools to ensure prevention of data loss or leakages
People Risk	Failure to attract and retain quality talent may affect business growth of the Company.	• The Company has strategic tie-ups with institutions of repute to offer specialised pharmaceutical courses • The Company executes various learning & development and employee engagement initiatives to instil confidence and motivation in its employees
Risk of crisis events – Pandemic event	• Revenue reduction due to manufacturing disruptions and delays, supply chain disruptions including challenges related to reliance on third-party suppliers and API imports from China • Non-optimum utilisation of facilities due to reduced availability of workforce • Potential disruption in the business could have an adverse impact on the financial condition thereby creating a liquidity risk • Domestic and foreign legislation risks • Reduced cyber security protocols during work from home scenario may lead to increase in vulnerabilities in the IT security and may impact loss of confidential data	• The Company has initiated de-risking through alternate vendor development of critical raw materials, inventory and redundancy plans are in place to address potential shortfalls, if any • Procedures have been put in place to protect its essential workforce in manufacturing, distribution and research operations while ensuring appropriate remote working protocols have been established for other employees • Alkem will continue to assess and evaluate the ongoing & any new legislative amendments to combat the COVID-19 impact on economies and in the life science industry. Currently, the recent legislative acts put in place are not expected to have a material impact on the Company's operations • As a part of overall IT control, the Company is ensuring adequate optimisation measures before implementing work from home facility. Networks and VPNs are tested continuously for intrusion attacks in order to prevent data confidentiality • The Company reviews attacks by intruder on a regular basis • Additional new protocols are issued on data security and confidentiality

Internal Control System

The Company is committed to maintaining the highest standards of corporate governance and fostering a culture of integrity and ethics. The Company has a well-framed internal control system designed to continuously monitor the adequacy, efficacy, and effectiveness of financial and operational controls. These internal controls provide reasonable assurance on efficient conduct of the business, safeguarding of assets, prevention of frauds/errors, and compliance with the applicable regulatory requirements. It has documented policies and procedures to ensure the integrity and reliability of the internal control systems. Further, the Company has a comprehensive Code of Conduct in place, which lays down a set of principles to govern the action and behaviour of its employees. The Company has also implemented a Whistle Blower Policy for ensuring fair, transparent, and ethical practices across the organisation.

The Company has an independent internal audit function responsible for evaluating and monitoring the internal controls and processes. The internal audit department of the Company conducts risk-based audits and periodic review of financial, operational and compliance controls. The crucial areas which require immediate attention are reviewed in partnership with external professionals. The Audit Committee reviews the annual audit plan, key audit findings, and preventive actions are thereafter taken in case of any discrepancies or irregularities.

Cautionary Statement

Statements in the 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations, plans or predictions or industry conditions or events are 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied due to important factors that could make a difference to the Company's operations including but not limited to general economic and business conditions in India and other key global markets in which the Company operates, the ability to successfully implement its strategy, research and development, growth and expansion plans and technological changes, changes in laws and regulations that apply to the Company and increasing competition in and the conditions of its customers, suppliers and the pharmaceutical industry. The Company assumes no responsibility to publicly update, amend, modify or revise any forward-looking statements, based on any subsequent development, new information or future events or otherwise except as required by applicable law.

Alkem's API Manufacturing Facility in Mandva, India

ALKEM

Directors' Report
to the Members

Dear Members,
Alkem Laboratories Limited

Your Directors are pleased to present their 46th Annual Report on the business and operations together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2020. 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, 2020	Year ended 31st March, 2019	Year ended 31st March, 2020	Year ended 31st March, 2019
Income from Operations	66,770.8	57,140.9	83,443.6	73,571.9
Other Income	959.8	675.8	1,042.2	877.0
Total Revenue	67,730.6	57,816.7	84,485.8	74,448.9
Profit before Interest, Depreciation and Tax	15,636.3	11,132.9	15,776.2	12,024.7
Less: Interest	387.1	282.6	650.6	546.3
Less: Depreciation	1,868.4	1,410.7	2,527.6	1,931.8
Profit before tax	13,380.8	9,439.6	12,597.9	9,546.6
Less: Provision for Taxation (net)	736.6	1,441.2	1,104.8	1,810.2
Profit after tax and before Non-controlling Interest	12,644.2	7,998.4	11,493.1	7,736.4
Less: Non-controlling Interest	-	-	222.4	131.3
Profit for the year	12,644.2	7,998.4	11,270.7	7,605.1
Other comprehensive income	(172.8)	(41.8)	268.6	310.0
Other comprehensive income attributable to Non-Controlling Interest	-	-	5.4	1.1
Total comprehensive income attributable to owners of the Company	12,471.4	7,956.6	11,544.7	7,916.2
Balance of other equity as of 01.04.2019	54,413.0	48,614.5	54,154.3	48,398.6
Dividend on Equity Shares	(3,587.0)	(1,793.5)	(3,587.0)	(1,793.5)
Dividend Distribution Tax	(732.1)	(364.6)	(743.8)	(372.8)
Employee Stock option exercised	-	-	(2.1)	-
Employee Compensation Expenses	-	-	1.5	5.8
Balance of other equity as of 31.03.2020	62,565.3	54,413.0	61,367.6	54,154.3

OVERVIEW OF FINANCIAL PERFORMANCE

During the financial year ended 31st March, 2020, the Company's total revenue including other income was ₹ 67,730.6 Million on standalone basis as against ₹ 57,816.7 Million achieved in the previous year, registering a growth of 17 %.

The export turnover of the Company during the financial year 2019-20 was ₹ 15,917.1 Million as against ₹ 12,159.5 Million achieved in the previous year registering a growth of 31%.

During the financial year ended 31st March, 2020, the Company and its subsidiaries achieved total revenue including other income of ₹ 84,485.8 Million on consolidated basis, as against a turnover of ₹ 74,448.9 Million achieved in the previous year, registering a growth of 13%.

During the financial year ended 31st March, 2020, Standalone Profit before interest, depreciation and tax increased by 40% at ₹ 15,636.3 Million as against ₹ 11,132.9 Million in the previous year, whereas Consolidated Profit before interest, depreciation and tax increased by 31% at ₹ 15,776.2 Million as against ₹ 12,024.7 Million in the previous year. As a result, Standalone Profit before tax grew by 42% over the previous year to ₹ 13,380.8 Million and Consolidated Profit before tax was ₹ 12,597.9 Million, which grew by 32% over the previous year.

The Standalone net profit after tax for the financial year ended 31st March, 2020 increased by 58% to ₹ 12,644.2 Million over the previous year while the Consolidated net profit after tax increased by 48 % over the previous year to ₹ 11,270.7 Million.

DIVIDEND

During the financial year 2019-20, Board of Directors on 7th February, 2020 declared and paid an interim dividend at ₹ 22/- (Rupees Twenty Two only) per equity share of ₹ 2/- (Rupees Two only) each, being 1100% of paid up share capital. In addition, your Directors are pleased to recommend payment of ₹ 3/- (Rupees Three only) per equity share of the face value of ₹ 2/- (Rupees Two only) each as final dividend for the financial year 2019-20, for the approval of the Members at the ensuing Annual General Meeting (AGM). If approved, the total dividend (interim and final dividend) for the financial year 2019-20 will be ₹ 25/- (Rupees Twenty five only) per equity share of the face value of ₹ 2/- (Rupees Two only) each as against the total dividend of ₹ 16/- (Rupees Sixteen only) per equity share of the face value 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 2019-20.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31st March, 2020 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 under Section 73 of the Companies Act, 2013 (hereinafter referred to as "the Act"), read with Companies (Acceptance of Deposits) Rules, 2014 during the year under review. There are no deposits which are outstanding as on 31st March, 2020.

SUBSIDIARIES

As on 31st March, 2020, the Company had 21 subsidiaries. The Company does not have any joint venture / associate company(ies) within the meaning of Section 2(6) of the Act.

During the year under review, none of the companies ceased to be a subsidiary of the Company, however, a new company named Ascend Laboratories SAS was incorporated on 04th June, 2019 as a wholly owned subsidiary of the Company in Colombia.

In addition to the above, on 08th April, 2020, a new company named S&B Pharma LLC had been incorporated as a Step down subsidiary of the Company in USA.

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 www.alkemlabs.com 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

A detailed report on the Corporate Governance systems and practices of the Company 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

As stipulated under 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 2019-20, 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.

As a part of CSR initiatives, during the Covid-19 pandemic, the Company arranged distribution of essential items to cater the needs of the society at large and has also contributed towards the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund.

Details about the Company's CSR Policy and initiatives undertaken by the Company during financial year 2019-20 are outlined in the Report on CSR Activities annexed to this Report as Annexure C.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments

The Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee approved the re-appointment of Mr. Basudeo N. Singh (DIN: 00760310) as an Executive Chairman of the Company for a period of 5 (five) consecutive years w.e.f 01st April, 2020 upto 31st March, 2025 subject to the approval of the shareholders. The Shareholders of the Company through Postal Ballot on 04th April, 2020, approved the said appointment of Mr. Basudeo N. Singh as an Executive Chairman of the Company, not liable to retire by rotation, for a period of 5 (five) consecutive years w.e.f. 01st April, 2020 upto 31st March, 2025.

The Board of Directors of the Company on recommendation of the Nomination and Remuneration Committee appointed Mr. Sarvesh Singh (DIN: 01278229) as an Additional Director designated as an Executive Director of the Company for a period of 5 (five) consecutive years w.e.f. 11th November, 2019 upto 10th November, 2024. The Shareholders of the Company through Postal Ballot on 04th April, 2020 approved the appointment of Mr. Sarvesh Singh as a Whole Time Director designated as an Executive Director of the Company for a period of 5 (five) consecutive years w.e.f. 11th November, 2019 upto 10th November, 2024.

As per the provisions of Section 161 read with Section 149 of the Act, the Articles of Association of the Company and considering the expertise and experience of Mr. Narendra Kumar Aneja in the field of GRC (Governance, Risk and Compliance) assignment, management consultancy and high standards of integrity possessed by him, the Board of Directors of the Company approved the appointment of Mr. Narendra Kumar Aneja (DIN: 00124302) as an Additional Director designated as an Independent Director of the Company for a period of 5 (five) consecutive years w.e.f. 16th March, 2020 upto 15th March, 2025 subject to the approval of the shareholders. The Shareholders of the Company through Postal Ballot on 04th April, 2020, approved the said appointment of Mr. Narendra Kumar Aneja as an Independent Director of the Company for a period of 5 (five) consecutive years, w.e.f. 16th March, 2020 upto 15th March, 2025.

Resignations/ Retirements/ Demise/ Completion of Tenure

Late Mr. Samprada Singh, Chairman Emeritus and Founder Promoter of the Company expired on 27th July, 2019. He had served on the Board of the Company since its incorporation. He had rich and varied experience of over 45 years in the Indian pharmaceutical industry and had received various prestigious awards for his contribution. He had spearheaded the Company since its incorporation and under his guidance the Company has grown to its current stature. The Directors placed on record their sincere appreciation for the valuable strategic guidance and leadership provided by him to the Company since its inception.

Mr. Akhouri Maheshwar Prasad (DIN: 07066439) completed his tenure as an Independent Director on the Board of Directors of the Company on 15th March, 2020. The Board placed on record its appreciation for his valuable contribution during his tenure as a Director of the Company.

Directors liable to Retirement by Rotation

Mr. Dhananjay Kumar Singh (DIN: 00739153) and Mr. Balmiki Prasad Singh (DIN: 00739856) are liable to retire by rotation at the ensuing AGM 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 for their re-appointment are included in the Notice of AGM for seeking approval of Members. The Directors recommend their re-appointment for your approval.

Particulars in pursuance of Regulation 36 of the SEBI LODR Regulations read with Secretarial Standard – 2 on General Meetings relating to Mr. Dhananjay Kumar Singh and Mr. Balmiki Prasad 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, 2020, 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 fixed 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/996508366Terms_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 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 this Report.

As per the provisions of Schedule IV of the Act and Regulation 25(3) of the SEBI Listing Regulations, atleast one separate meeting of the Independent Directors of the Company shall be held in a year. However, in order to address the COVID-19 pandemic, Ministry of Corporate Affairs vide General Circular No. 11/ 2020 dated 24th March, 2020, stated that if the Independent Directors of a company have not been able to hold the said meeting for the financial year 2019-20, the same shall not be viewed as a violation. The said circular further mentions that the Independent Directors however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary. The Company was unable to hold a separate Independent Directors meeting for FY 2019-20 but the Independent Directors in line with the said circular shared their views amongst themselves telephonically.

Remuneration Policy

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 is available for inspection by the Members at the Registered Office of the Company during the business hours on all working days up to the date of AGM and also 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 7 (Seven) times during the financial year 2019-20. 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

The Audit Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Ms. Sudha Ravi, Ms. Sangeeta Singh and Mr. Narendra Kumar Aneja (inducted as Member w.e.f. 16th March, 2020) as Members. Mr. Akhouri Maheshwar Prasad was a Member of this Committee upto 15th March, 2020. 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

The Nomination and Remuneration Committee comprises of Mr. Arun Kumar Purwar, Chairman and Mr. Basudeo N. Singh, Ms. Sangeeta Singh and Mr. Ranjal Laxmana Shenoy (inducted as Member w.e.f. 16th March, 2020) as Members. Mr. Akhouri Maheshwar Prasad was a Member of this Committee upto 15th March, 2020. 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

The Corporate Social Responsibility Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh, Mr. Balmiki Prasad Singh, Mr. Mritunjay Kumar Singh and Mr. Arun Kumar Purwar 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

The Stakeholders' Relationship Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh and Mr. Mritunjay Kumar Singh as Members. Mr. Akhouri Maheshwar Prasad was a Member of this Committee upto 15th March, 2020. 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

The Risk Management Committee comprises of Mr. Dhananjay Kumar Singh, Chairman and Mr. Mritunjay Kumar Singh, Mr. Sandeep Singh, Ms. Sudha Ravi, Dr. Dheeraj Sharma and Mr. Narendra Kumar Aneja (inducted as Member w.e.f.

16th March, 2020) 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.

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, 2020, 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, 2020 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, 2020, 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 30th May, 2019, had appointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for the financial year 2019- 20 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 2019-20. The Secretarial Audit Report is annexed to this Report as Annexure F. The said Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Act and the Rules made thereunder, extract of the Annual Return in Form MGT-9 is annexed to this Report as Annexure G. Further, 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 2019-20 by the Company, were at arm's length basis, in the ordinary course of business 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.

During the financial year 2019-20, the Company did not enter into any material related party transactions, i.e. transactions exceeding ten percent of the consolidated turnover as per the last audited financial statements. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at https://www.alkemlabs.com/pdf/policies/840517139159l5Policy_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 2019-20, 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 2019-20, 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:

There are no significant and material orders passed by the regulators or courts or tribunals during the year impacting the going concern status and the Company's operations in future.

Reporting of Frauds by Auditors:

During the year under review, an employee of the Company was found to have perpetrated misappropriation of the Company's funds aggregating to an amount of ₹ 116.5 Million. As at 31st March, 2020, Company was able to recover an amount of ₹ 83.8 Million and has also secured recovery of balance amount so misappropriated. The details of the same have been explained in the notes to financial statements forming part of the Annual Report.

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: 05th June, 2020

ALKEM

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 asrequired 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	46.1873	88.1	186.3	732.6	458.2	-	1,445.2	186.3	56.1	130.2	-	100%
2	Cachet Pharmaceuticals Private Limited	27.03.2015	N.A.	INR	N.A.	1.8	416.6	1,495.3	1,076.9	0.1	3,555.2	70.3	28.9	41.4	-	58.8%
3	Ascend Laboratories SpA	19.07.2011	N.A.	CLP	0.0890	281.0	(92.1)	1,882.5	1,693.7	-	1,503.2	(164.5)	(39.5)	(125.0)	-	100%
4	Enzene Biosciences Ltd.	04.11.2011	N.A.	INR	N.A.	323.5	2,417.8	3,560.2	818.8	-	96.6	(559.0)	-	(559.0)	-	99.91%
5	Ascend GmbH (Formerly known as Alkem Pharma GmbH)	10.11.2008	N.A.	EUR	83.0404	61.6	(11.7)	149.0	99.1	-	7.6	(60.2)	-	(60.2)	-	100%
6	Indchemie Health Specialities Private Limited	30.03.2015	N.A.	INR	N.A.	2.5	2,667.4	4,120.5	1,450.6	-	4,527.1	496.9	71.9	424.9	-	51%
7	The PharmaNetwork, LLP	14.08.2012	N.A.	KZT	0.1679	157.6	(67.0)	251.2	160.6	-	243.9	(14.9)	0.5	(15.4)	-	100%
8	Alkem Laboratories Korea Inc$	07.08.2012	N.A.	KRW	0.0613	0.1	(0.5)	0.0	0.5	-	-	(0.5)	-	(0.5)	-	100%
9	Ascend Laboratories SDN BHD$	13.12.2010	N.A.	MYR	17.3067	0.0	(0.2)	2.2	2.3	-	-	(0.1)	-	(0.1)	-	100%
10	S & B Holdings B.V.	17.06.2009	N.A.	EUR	83.0404	2,897.2	(1,836.4)	2,576.5	1,515.6	2,053.5	-	(16.6)	281.1	(297.7)	-	100%
11	Pharmacor Limited	15.05.2012	N.A.	KES	0.7120	0.1	24.2	133.3	109.0	-	133.4	35.9	10.3	25.6	-	100%
12	Alkem Laboratories Corporation	07.11.2008	N.A.	PHP	1.4723	485.0	(535.4)	123.1	173.5	-	192.4	(7.6)	5.3	(12.9)	-	100%
13	S & B Pharma Inc.	25.01.2012	N.A.	USD	75.1021	0.1	2,956.2	4,685.9	1,729.6	73.4	1,696.2	(820.3)	173.0	(993.3)	-	100%
14	Alkem Laboratories (Pty) Limited	26.05.2008	N.A.	ZAR	4.1864	68.8	5.7	118.8	44.2	-	72.4	4.1	1.2	3.0	-	100%
15	ThePharmaNetwork LLC	15.07.2010	N.A.	USD	75.1021	578.9	(3,531.3)	703.1	3,655.5	703.1	-	(36.7)	-	(36.7)	-	100%
16	Ascend Laboratories LLC	15.07.2010	N.A.	USD	75.1021	703.1	9,982.6	21,017.2	10,331.5	41.6	21,419.1	1,198.8	-	1,198.8	-	100%
17	Ascend Laboratories (UK) Limited	06.08.2014	N.A.	GBP	93.0709	9.9	29.6	374.1	334.6	-	275.3	9.8	1.9	7.9	-	100%
18	Alkem Foundation	14.12.2017	N.A.	INR	N.A.	0.1	(0.8)	0.6	1.3	-	-	(0.7)	-	(0.7)	-	100%
19	Ascend Laboratories Limited$	07.09.2017	N.A.	CAD	53.2049	1.1	(0.2)	1.0	0.1	-	-	(0.1)	-	(0.1)	-	100%
20	Pharma Network SpA	27.03.2018	N.A.	CLP	0.0890	12.3	(7.3)	361.0	355.9	-	458.7	(7.6)	0.6	(8.3)	-	100%
21	Ascend Laboratories SAS	04.06.2019	N.A.	COP	0.0186	7.0	(5.4)	10.9	9.4	-	0.3	(4.9)	-	(4.9)	-	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

Sandeep Singh
Managing Director
DIN 01277984

D. K. Singh
Joint Managing Director
DIN 00739153

M.K. Singh
Executive Director
DIN 00881412

Sarvesh Singh
Executive Director
DIN 01278229

Rajesh Dubey
President - Finance & Chief Financial Officer

Manish Narang
President - Legal & Company Secretary

Place: Mumbai
Date: 5th June 2020

ALKEM

Annexure C

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

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, CSR Program Areas & Objectives, Implementation Process, CSR Governance Structure and Monitoring Mechanism.

The CSR Policy has been put up on your Company's Website and can be accessed through the following link: https://www.alkemlabs.com/pdf/policies/1148598352CSR%20Policy.pdf

2. Composition of CSR Committee:

Name of the Director	Designation
Mr. Ranjal Laxmana Shenoy	Chairman
Mr. Arun Kumar Purwar	Member
Mr. Dhananjay Kumar Singh	Member
Mr. Balmiki Prasad Singh	Member
Mr. Mritunjay Kumar Singh	Member

3. Average net profit of the Company for last three financials years: ₹ 9,276.3 Million

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 185.5 Million

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: ₹ 144.4 Million

(b) Amount unspent, if any: ₹ 41.1 Million

(c) Manner in which the amount spent during the financial year is detailed below.

(₹ in Million)

Sr. No.	CSR Project or activity identified	Sector in which Project is Covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects or programs	Amount spent on the projects or programs Sub-heads: Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
1	**Promoting Healthcare Services through promotive, preventive and curative activities –** (Maternal and child healthcare program, nutrition program, providing meals and nutritional supplements, health check-up camps, blood donation camp, breast cancer awareness camp, treatment of mentally challenged girls and women, construction of baby feeding room, cochlear implant, building boundary wall of rehabilitation centre, extension of hospital, eye cataract surgery camp, WASH program, physiotherapy and counselling of neurological disorders, construction of old age home, support cancer centre, equipment and infrastructure support to government healthcare facilities, support for cleanliness program in village, operations of health care centre, distribution of jute bags for health care, mobile rural healthcare support, construction of dam for water availability, installation and maintenance of water-pipelines, water storage tanks, installation of RO water cooler & water ATM, construction and maintenance of public toilets).	Healthcare	• Maldunge Panchayat Panvel, Mumbai, Navi Mumbai, Raigad, Thane, Boisar (Maharashtra) • Buxar (Bihar) • Varanasi (Uttar Pradesh) • Bangalore • Mandva, Daman (Gujarat) • Sikkim • Baddi (Himachal Pradesh) • Indore (Madhya Pradesh)	69.2	62.2		313.8	• Direct • Alkem Foundation • Collective Good Foundation • Shri Vardhman Jagruti Yuvak Mandal • ACC Trust • Bihar Voluntary Health Association • N K Dhabhar Cancer Foundation • Vivekananda Yoga Anusandhana Samsthana • Deva Foundation • Mission for Mankind • I- Hear Foundation • Mansa Medical Trust • Sevamob • Krishna Cancer Aid Association • Srimad Rajachandra Sarvamangal Trust • Child Help Foundation • HRDD Sikkim • Neurology Foundation • Cuddles Foundation • Apex Welcare Trust • Indorewala Memorial Institute & Research Centre • EAGL Livelihood Foundation • Habitat for Humanity Foundation • Tata Memorial Centre

(₹ in Million)

Sr. No.	CSR Project or activity identified	Sector in which Project is Covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects or programs	Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
2	**Promoting Education Initiatives** (Providing education to underprivileged children in urban (slum) and rural area, providing books and periodicals to underprivileged children, providing free membership of library for underprivileged children, construction of girls hostel, providing vocation and life skill training for children, safety awareness in schools and organising disaster management workshop, supporting school infrastructure facilities for maintaining hygiene, skill development of youth).	Education	• Indore, Sikkim (Madhya Pradesh) • Banglore • Mumbai, Raigad, Navi Mumbai, Maldunge Panchayat Raigad (Maharashtra) • Ranchi (Jharkhand) • Bankura (West Bengal) • Bihta, Sheikhpura (Bihar) • Sikkim • Mandva, Daman (Gujarat) • Baddi (Himachal Pradesh)	7.6	7.6		122.8	• Direct • Alkem Foundation • Ambuja Cement Foundation • Parivaar Education Society • Shiksha Seva Foundation • International Library Cultural Centre • Friends for Tribal Society • SitaRam Ashram Trust • Aim For SEVA • Federation of Indian Chambers of Commerce & Industry
3	**Promoting Rural Development Initiatives** (Support extended towards plantation of the vision of planting one million fruit trees in drought prone areas, support for park and herbal garden, provision of beds, installation of solar street lights in villages and training of tailoring for women through silai siksha kendra, installation of HD-CCTV for road safety, construction and maintenance of community hall in villages).	Rural Development	• Beed (Maharashtra) • Rajasthan • Daman, Mandva (Gujarat) • Baddi (Himachal Pradesh)	23.7	20.3		30.1	• Direct • Alkem Foundation • Manav Seva Mandal Global Parli • Tatpadam Upavan
4	**Support for Eradicating COVID-19** (PM Cares Fund, distribution of protective kits and masks, ex-gratia for temporary workers)	Disaster Management	• Ahmednagar, Mumbai (Maharashtra) • Indore (Madhya Pradesh)	54.3	54.3		54.3	Direct
Total				**154.8**	**144.4**		**521.0**	

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Your Company considers social responsibility as an integral part of its business activities and endeavors to utilize allocable CSR budget for the benefit of society. Our CSR initiatives are concentrated on well-being of our communities by focusing on healthcare and sanitation, education, environmental concerns and rural development. During the year 2019-20, the Company has been persistently contributing towards implementation of short term projects as a commitment towards the communities. The Company endeavors to accelerate its CSR expenditure in the coming years by focusing on long term projects. The Company could not spend the required amount as the Company is in process of evaluating long term projects which shall benefit the society at large.

7. The CSR Committee hereby confirms that the implementation and monitoring of CSR activities are in compliance with the CSR Objectivities and CSR Policy of your Company.

Place: Mumbai	**Basudeo N. Singh**	**Ranjal Laxmana Shenoy**
Date: 05th June, 2020	Executive Chairman	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, 2020	Ratio of the remuneration of each Director to the median remuneration of the employees
Non-Executive Directors			
1.	*Late Mr. Samprada Singh, Chairman Emeritus	-68.0%	132.9
Independent Directors			
2.	#Mr. Akhouri Maheshwar Prasad, Independent Director	30.2%	6.5
3.	Mr. Ranjal Laxmana Shenoy, Independent Director	17.8%	6.2
4.	Mr. Arun Kumar Purwar, Independent Director	20.2%	5.9
5.	Ms. Sudha Ravi, Independent Director	18.6%	5.9
6.	Ms. Sangeeta Singh, Independent Director	21.8%	6.2
7.	Dr. Dheeraj Sharma, Independent Director	19.8%	5.7
Executive Directors			
8.	Mr. Basudeo N. Singh, Executive Chairman	-0.4%	406.4
9.	Mr. Sandeep Singh, Managing Director	22.1%	211.2
10.	Mr. Dhananjay Kumar Singh, Joint Managing Director	17.8%	210.5
11.	Mr. Balmiki Prasad Singh, Executive Director	15.3%	150.2
12.	Mr. Mritunjay Kumar Singh, Executive Director	18.3%	198.1
13.	&Mr. Sarvesh Singh, Executive Director	-	39.9

* Demise: 27th July, 2019

Completion of Tenure: 15th March, 2020

& Appointment: 11th November, 2019

Sr. No.	Name of the Key Managerial Personnel and Designation	% increase in the remuneration in the financial year ended 31st March, 2020
1.	Mr. Rajesh Dubey, Chief Financial Officer	-1.0%*
2.	Mr. Manish Narang, Company Secretary	10.4%

*Due to certain perquisites not claimed during the financial year under review.

i. During the financial year ended 31st March, 2020, the median remuneration of employees increased by 9.97%.

ii. As on 31st March, 2020, the Company had 14,331 permanent employees on its rolls.

iii. During the financial year 2019-20, there was an average 11.78% increase in the salaries of employees (including KMP) other than the managerial personnel as against decrease in managerial remuneration by 8.04%, which was mainly on account of commission paid to Late Mr. Samprada Singh for only a part of the said financial year.

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: 05th June, 2020

Annexure F

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

[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, 2020 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 2020 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, 1998 **(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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 Members for reclassification of Mr. Nawal Kishore Singh from Promoter category to Non Promoter category was obtained by an Ordinary Resolution passed through Postal Ballot on June 15, 2019; and
2. the Board of Directors of the Company at their meeting held on 7th February, 2020, declared an interim dividend of ₹ 22/- per equity share (face value ₹ 2/-) for the financial year 2019-20, aggregating to ₹ 263.04 crores;
3. the company incorporated a wholly owned subsidiary in Colombia viz., Ascend Laboratories SAS, on 4th June, 2019; and
4. the company detected an instance of misappropriation by an employee of an amount aggregating to ₹ 116.5 million out of which an amount of ₹ 83.8 million has been recovered and the recovery of balance amount has been secured [for details refer Note No. 3.44 to the Notes on Standalone Financial Statements for the year ended 31.03.2020].

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

Manish L. Ghia
Partner
M. No. FCS 6252 C.P. No. 3531
UDIN: F006252B000320665

Place : Mumbai
Date: 05th June, 2020

'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 severe restrictions imposed by the Government Authorities on opening of offices, travel and movement (hereinafter "Lockdown") due to Covid19 pandemic (which commenced during the last week of March'2020 and continued in May'2020), we for the purpose of completion of our audit had to rely on documents and papers provided in electronic form through email/other virtual means for verification of compliances.

For **Manish Ghia & Associates**
Company Secretaries

Manish L. Ghia
Partner
M. No. FCS 6252 C.P. No. 3531
UDIN: F006252B000320665

Place : Mumbai
Date: 05th June, 2020

Annexure G

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31st March, 2020
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.]

I REGISTRATION & OTHER DETAILS

i	CIN	L00305MH1973PLC174201
ii	Registration Date	8th August, 1973
iii	Name of the Company	Alkem Laboratories Limited
iv	Category/Sub-category of the Company	Company Limited by Shares/ Non-Govt Company
v	Address of the Registered office & contact details	Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 Phone: +91 22 3982 9999 Fax: +91 22 2495 2955 Email ID: investors@alkem.com Website: www.alkemlabs.com
vi	Whether listed company	Yes
vii	Name, address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 Phone: +91 22 49186270 Fax: +91 22 49186060 Email ID: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sr. No.	Name & Description of main products/services	NIC Code of the product /service	% to total turnover of the company
1	Pharmaceutical	210	95.60

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN/LLPIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Enzene Biosciences Limited Plot No. 165/1/26, T-Block, MIDC, Bhosari, Pune - 411028	U24232PN2006PLC165610	Subsidiary	99.91%	2(87)
2	Cachet Pharmaceuticals Private Limited Exhibition Road, P.S- Gandhi Maidan , Patna, Bihar - 800001	U24230BR1978PTC001328	Subsidiary	58.80%	2(87)
3	Indchemie Health Specialities Private Limited 510-517 Shah & Nahar Industrial Estate, Dr. E Moses Road, Worli, Mumbai - 400018	U24230MH1986PTC039692	Subsidiary	51.00%	2(87)
4	Alkem Foundation Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013	U85100MH2010NPL206161	Subsidiary	100.00%	2(87)
5	Alkem Laboratories (Pty) Ltd Route 21, Corporate Park, 33 Sovereign Drive, Irene Ext.31, Gauteng 0157, South Africa	N.A.	Subsidiary	100.00%	2(87)

Sr. No.	Name & Address of the Company	CIN/GLN/LLPIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
6	Alkem Laboratories Corporation 5th Floor, 135 Dela Rosa Street Corner Legaspi Street, Legaspi Village, Makati City, Phillipines	N.A.	Subsidiary	100.00%	2(87)
7	Ascend GmbH c/o Pollux Business Center GmbH, Sebastian-Kneipp-Str. 41, 60439 Frankfurt am Main, Germany.	N.A.	Subsidiary	100.00%	2(87)
8	Pharmacor Pty Limited Suite 1, 307-317 Condamine St, Manly Vale, NSW 2093, Australia	N.A.	Subsidiary	100.00%	2(87)
9	S & B Holdings B V Naritaweg 165, Teletone 8, 1043 BW Amsterdam, Netherlands	N.A.	Subsidiary	100.00%	2(87)
10	ThePharmaNetwork LLC 180 Summit Avenue, Suit 200, Montvale, NJ 07645, U.S.A.	N.A.	Step down Subsidiary	100.00%	2(87)
11	Ascend Laboratories LLC 180 Summit Avenue, Suite 200, Montvale, NJ 07645, U.S.A.	N.A.	Step down Subsidiary	100.00%	2(87)
12	Ascend Laboratories Sdn Bhd Level 25, Menara Hong Leong, No. 6 Jalan Damanlela, Bukit Damansara- 50490 Kuala Lumpur W.P.	N.A.	Subsidiary	100.00%	2(87)
13	Ascend Laboratories SpA Avda. Andres Bello 2687, Las Condes, City of Santiago, Chile	N.A.	Subsidiary	100.00%	2(87)
14	Pharma Network SpA El Regidor 66, 10th floor, Las Condes, Santiago - Chile	N.A.	Step down Subsidiary	100.00%	2(87)
15	Pharmacor Limited Twiga Towers, Third Floor, P O Box 27859 00100, Nairobi, Republic of Kenya	N.A.	Subsidiary	100.00%	2(87)
16	The PharmaNetwork LLP 404/67/9 House, Seyfullin Ave., Corner of Mametova Street, Almalinskiy District, Almaty, 050004, Republic of Kazakhstan.	N.A.	Subsidiary	100.00%	2(87)
17	Alkem Laboratories Korea, Inc 6, Gaepo-ro 26-gil, Gangnam-gu, Seoul, South Korea	N.A.	Subsidiary	100.00%	2(87)
18	S&B Pharma Inc 405 South Motor Avenue, Azusa, California 91702, U.S.A.	N.A.	Subsidiary	100.00%	2(87)
19	Ascend Laboratories (UK) Ltd Elsley Court, 20-22 Great Titchfield Street, London, W1W 8BE	N.A.	Subsidiary	100.00%	2(87)
20	Ascend Laboratories Limited 27th Floor, PO BOX 49123 595, Burrard Street, Vancouver, BC V7X 1J2 , Canada	N.A.	Subsidiary	100.00%	2(87)
21	Ascend Laboratories SAS Oficina 303, Av. Cra 19 No. 97-31 Edificio Torre Empresarial Chico.	N.A.	Subsidiary	100.00%	2(87)

IV (i) SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % OF TOTAL EQUITY)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters*									
(1) Indian									
a) Individual/HUF	78933524	0	78933524	66.02	78774497	0	78774497	65.88	-0.13
b) Central Govt.or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/Financial Institution	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL: (A) (1)	**78933524**	**0**	**78933524**	**66.02**	**78774497**	**0**	**78774497**	**65.88**	**-0.13**
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/Financial Institution	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL: (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**78933524**	**0**	**78933524**	**66.02**	**78774497**	**0**	**78774497**	**65.88**	**-0.13**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds/UTI	5631648	0	5631648	4.71	10217665	0	10217665	8.55	3.84
b) Financial Institutions / Banks	107795	0	107795	0.09	394063	0	394063	0.33	0.24
c) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
d) Insurance Companies	0	0	0	0.00	2801172	0	2801172	2.34	2.34
e) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
f) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
g)Foreign Portfolio Investor	2913480	0	2913480	2.44	4348472	0	4348472	3.64	1.20
h)Alternate Investment Fund	373535	0	373535	0.31	379643	0	379643	0.32	0.01
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(1):	**9026458**	**0**	**9026458**	**7.55**	**18141015**	**0**	**18141015**	**15.17**	**7.62**
(2) Central Government/ State Governments/President of India									
Central Government/State Government(s)	281663	0	281663	0.24	288081	0	288081	0.24	0.01
SUB TOTAL (B)(2):	281663	0	281663	0.24	288081	0	288081	0.24	0.01
(3) Non Institutions									
a) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2570144	1	2570145	2.15	2660744	1	2660745	2.23	0.08
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	25235348	0	25235348	21.11	18323547	0	18323547	15.33	-5.78
b) NBFCs registered with RBI	551	0	551	0.00	0	0	0	0.00	0.00
c) Any Other (Specify)									
i) Trusts	3240	0	3240	0.00	4051	0	4051	0.00	0.00
ii) Hindu Undivided Family	183118	0	183118	0.15	159549	0	159549	0.13	-0.02
iii) Non Resident Indians (Non Repat)	40785	0	40785	0.03	54387	0	54387	0.05	0.01
iv) Non Resident Indians (Repat)	97444	0	97444	0.08	130884	0	130884	0.11	0.03
v) Clearing Members	53841	0	53841	0.05	98112	0	98112	0.08	0.04
vi) Bodies Corporate	3138883	0	3138883	2.63	930132	0	930132	0.78	-1.85
SUB TOTAL (B)(3):	**31323354**	**1**	**31323355**	**26.20**	**22361406**	**1**	**22361407**	**18.70**	**-7.50**
Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	**40631475**	**1**	**40631476**	**33.98**	**40790502**	**1**	**40790503**	**34.12**	**0.13**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	119564999	1	119565000	100.00	119564999	1	119565000	100.00	0.00

* Promoter includes promoter group

(ii) SHAREHOLDING OF PROMOTERS

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Samprada Singh	1577190	1.32	-	1577190	1.32	-	0.00
2	Samprada Singh HUF	150800	0.13	-	150800	0.13	-	0.00
3	Balmiki Prasad Singh	71595	0.06	-	71595	0.06	-	0.00
4	Manju Singh	1	0.00	-	1	0.00	-	0.00
5	Sarandhar Singh	79800	0.07	-	79800	0.07	-	0.00
6	Srinivas Singh	81100	0.07	-	81100	0.07	-	0.00
7	Satish K. Singh	21444	0.02	-	21417	0.02	-	**0.00
8	Prem Lata Singh	1	0.00	-	1	0.00	-	0.00
9	Sarvesh Singh	79800	0.07	-	79800	0.07	-	0.00
10	Annapurna Singh	1	0.00	-	1	0.00	-	0.00
11	Sandeep Singh	111857	0.09	-	112357	0.09	-	**0.00
12	Inderjit Arora	7800	0.01	-	7800	0.01	-	0.00
13	Basudeo N. Singh	8662100	7.24	-	8662100	7.24	-	0.00
14	Dhananjay K. Singh	7466260	6.24	-	7466260	6.24	-	0.00
15	Madhurima Singh	2974250	2.49	-	2974250	2.49	-	0.00
16	Divya Singh	1209000	1.01	-	1209000	1.01	-	0.00
17	Aniruddha Singh	1195779	1.00	-	1195779	1.00	-	0.00
18	Mritunjay K. Singh	7604000	6.36	-	7625000	6.38	-	0.02
19	Seema Singh	2937740	2.46	-	2937740	2.46	-	0.00
20	Meghna Singh	1208650	1.01	-	1208650	1.01	-	0.00
21	Shrey Shreeanant Singh	1195650	1.00	-	1195650	1.00	-	0.00
22	Archana Singh	2394050	2.00	-	2394050	2.00	-	0.00
23	Sarandhar Singh*	25205800	21.08	-	25205800	21.08	-	0.00
	Total	**64234668**	**53.72**	**-**	**64256141**	**53.74**	**-**	**0.02**

*Shares held on behalf of Samprada & Nanhamati Singh Family Trust.

**Negligible

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
	For each of the Shareholders	No. of Shares at the beginning of the year (01.04.2019)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Samprada Singh	1577190	1.32	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	1577190	1.32
2	Basudeo N. Singh	8662100	7.24	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	8662100	7.24
3	Balmiki Prasad Singh	71595	0.06	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	71595	0.06
4	Dhananjay Kumar Singh	7466260	6.24	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	7466260	6.24
5	Mritunjay Kumar Singh	7604000	6.36	01.04.2019				
				14.06.2019	100	Market Purchase	7604100	6.36
				21.06.2019	6600	Market Purchase	7610700	6.37
				29.06.2019	5900	Market Purchase	7616600	6.37
				05.07.2019	8400	Market Purchase	7625000	6.38
				31.03.2020	-	-	7625000	6.38

Sr. No.	Shareholders Name For each of the Shareholders	Shareholding No. of Shares at the beginning of the year (01.04.2019)	% of total Shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year No. of Shares	% of Shares of the Company
6	Sandeep Singh	111857	0.09	01.04.2019				
				06.09.2019	497	Market Purchase	112354	0.09
				13.09.2019	3	Market Purchase	112357	0.09
				13.03.2020	(394)	Market Sale	111963	0.09
				20.03.2020	394	Market Purchase	112357	0.09
				31.03.2020	-	-	112357	0.09
7	Samprada Singh HUF	150800	0.13	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	150800	0.13
8	Manju Singh	1	0.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	1	**0.00
9	Sarandhar Singh	79800	0.07	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	79800	0.07
10	Srinivas Singh	81100	0.07	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	81100	0.07
11	Satish K Singh	21444	0.02	01.04.2019				
				22.11.2019	(27)	Market Sale	21417	0.02
				31.03.2020	-	-	21417	0.02
12	Premlata Singh	1	0.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	1	**0.00
13	Sarvesh Singh	79800	0.07	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	79800	0.07
14	Annapurna Singh	1	0.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	1	**0.00
15	Inderjit Arora	7800	0.01	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	7800	0.01
16	Madhurima Singh	2974250	2.49	01.04.2019				
				-	-	-	-	
				31.03.2020	-	-	2974250	2.49
17	Divya Singh	1209000	1.01	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	1209000	1.01
18	Annirudha Singh	1195779	1.00	01.04.2019				
				-	-	-	-	
				31.03.2020	-	-	1195779	1.00
19	Seema Singh	2937740	2.46	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	2937740	2.46
20	Meghna Singh	1208650	1.01	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	1208650	1.01
21	Shrey Shreeanant Singh	1195650	1.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	1195650	1.00
22	Archana Singh	2394050	2.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	2394050	2.00
23	Sarandhar Singh*	25205800	21.08	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	25205800	21.08

*Shares held on behalf of Samprada & Nanhamati Singh Family Trust.

**Negligible

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
	For each of the Shareholders	No. of Shares at the beginning of the year (01.04.2019)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Nawal Kishore Singh	4311060	3.61	01.04.2019				
				14.02.2020	(100000)	Market Sale	4211060	3.52
				21.02.2020	(51451)	Market Sale	4159609	3.48
				28.02.2020	(26942)	Market Sale	4132667	3.46
				06.03.2020	(1642)	Market Sale	4131025	3.46
				13.03.2020	(465)	Market Sale	4130560	3.45
				31.03.2020	-	-	4130560	3.45
2	Kishore Kumar Singh	3423312	2.86	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	3423312	2.86
3	Rajesh Kumar	3305535	2.76	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	3305535	2.76
4	Deepak Kumar Singh	3268009	2.73	01.04.2019				
				07.06.2019	(25000)	Market Sale	3243009	2.71
				14.06.2019	(10103)	Market Sale	3232906	2.70
				13.09.2019	(17500)	Market Sale	3215406	2.69
				20.09.2019	(4781)	Market Sale	3210625	2.69
				15.11.2019	(12504)	Market Sale	3198121	2.67
				22.11.2019	(37496)	Market Sale	3160625	2.64
				20.12.2019	(50000)	Market Sale	3110625	2.60
				31.03.2020	-	-	3110625	2.60
5	Rajeev Ranjan	3040342	2.54	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	3040342	2.54
6	SBI Equity Hybrid Fund	348000	0.29	01.04.2019				
				05.04.2019	9516	Market Purchase	357516	0.30
				12.04.2019	20484	Market Purchase	378000	0.32
				31.05.2019	4035	Market Purchase	382035	0.32
				07.06.2019	831	Market Purchase	382866	0.32
				29.06.2019	9634	Market Purchase	392500	0.33
				12.07.2019	3643	Market Purchase	396143	0.33
				19.07.2019	26357	Market Purchase	422500	0.35
				16.08.2019	(2500)	Market Sale	420000	0.35
				30.08.2019	2400000	Market Purchase	2820000	2.36
				20.12.2019	(44255)	Market Sale	2775745	2.32
				27.12.2019	(4610)	Market Sale	2771135	2.32
				03.01.2020	(11135)	Market Sale	2760000	2.31
				17.01.2020	(40000)	Market Sale	2720000	2.27
				14.02.2020	(20000)	Market Sale	2700000	2.26
				21.02.2020	(20000)	Market Sale	2680000	2.24
				28.02.2020	(28600)	Market Sale	2651400	2.22
				06.03.2020	(48125)	Market Sale	2603275	2.18
				13.03.2020	(33275)	Market Sale	2570000	2.15
				20.03.2020	(34836)	Market Sale	2535164	2.12
				27.03.2020	(62782)	Market Sale	2472382	2.07
				31.03.2020	(33184)	Market Sale	2439198	2.04

Sr. No.	Shareholders Name For each of the Shareholders	Shareholding No. of Shares at the beginning of the year (01.04.2019)	% of total Shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year No. of Shares	% of Shares of the Company
7	DSP Midcap Fund	1937000	1.62	01.04.2019				
				05.04.2019	103885	Market Purchase	2040885	1.71
				12.04.2019	29218	Market Purchase	2070103	1.73
				26.04.2019	3280	Market Purchase	2073383	1.73
				03.05.2019	50559	Market Purchase	2123942	1.78
				07.06.2019	20982	Market Purchase	2144924	1.79
				14.06.2019	16575	Market Purchase	2161499	1.81
				21.06.2019	182	Market Purchase	2161681	1.81
				29.06.2019	1162	Market Purchase	2162843	1.81
				09.08.2019	11033	Market Purchase	2173876	1.82
				16.08.2019	1433	Market Purchase	2175309	1.82
				23.08.2019	57189	Market Purchase	2232498	1.87
				30.08.2019	60000	Market Purchase	2292498	1.92
				06.09.2019	(4432)	Market Sale	2288066	1.91
				13.09.2019	(42073)	Market Sale	2245993	1.88
				20.09.2019	2067	Market Purchase	2248060	1.88
				27.09.2019	(41532)	Market Sale	2206528	1.85
				04.10.2019	(42435)	Market Sale	2164093	1.81
				25.10.2019	51413	Market Purchase	2215506	1.85
				01.11.2019	36944	Market Purchase	2252450	1.88
				08.11.2019	(28162)	Market Sale	2224288	1.86
				15.11.2019	84902	Market Purchase	2309190	1.93
				22.11.2019	(33744)	Market Sale	2275446	1.90
				29.11.2019	9785	Market Purchase	2285231	1.91
				13.12.2019	33010	Market Purchase	2318241	1.94
				20.12.2019	71566	Market Purchase	2389807	2.00
				03.01.2020	28491	Market Purchase	2418298	2.02
				17.01.2020	(79675)	Market Sale	2338623	1.96
				24.01.2020	(22381)	Market Sale	2316242	1.94
				31.01.2020	(22616)	Market Sale	2293626	1.92
				20.03.2020	(731)	Market Sale	2292895	1.92
				27.03.2020	(16960)	Market Sale	2275935	1.90
				31.03.2020	(57680)	Market Sale	2218255	1.86
8	HDFC Life Insurance Company Limited	1644899	1.38	01.04.2019				
				05.04.2019	20059	Market Purchase	1664958	1.39
				19.04.2019	16	Market Purchase	1664974	1.39
				26.04.2019	27	Market Purchase	1665001	1.39
				03.05.2019	18	Market Purchase	1665019	1.39
				10.05.2019	32	Market Purchase	1665051	1.39
				24.05.2019	38	Market Purchase	1665089	1.39
				31.05.2019	18	Market Purchase	1665107	1.39
				29.06.2019	(333)	Market Sale	1664774	1.39
				05.07.2019	(155)	Market Sale	1664619	1.39
				19.07.2019	(1455)	Market Sale	1663164	1.39
				02.08.2019	(9)	Market Sale	1663155	1.39
				09.08.2019	24930	Market Purchase	1688085	1.41
				16.08.2019	(37)	Market Sale	1688048	1.41
				23.08.2019	(68)	Market Sale	1687980	1.41
				30.08.2019	(3017)	Market Sale	1684963	1.41
				06.09.2019	(162)	Market Sale	1684801	1.41
				20.09.2019	(953)	Market Sale	1683848	1.41
				27.09.2019	(62)	Market Sale	1683786	1.41
				04.10.2019	(61)	Market Sale	1683725	1.41
				11.10.2019	(457)	Market Sale	1683268	1.41

Sr. No.	Shareholders Name For each of the Shareholders	Shareholding No. of Shares at the beginning of the year (01.04.2019)	% of total Shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year No. of Shares	% of Shares of the Company
				18.10.2019	(110)	Market Sale	1683158	1.41
				25.10.2019	(167)	Market Sale	1682991	1.41
				01.11.2019	(149)	Market Sale	1682842	1.41
				08.11.2019	(798)	Market Sale	1682044	1.41
				15.11.2019	(181)	Market Sale	1681863	1.41
				22.11.2019	(290)	Market Sale	1681573	1.41
				29.11.2019	22240	Market Purchase	1703813	1.43
				06.12.2019	1729	Market Purchase	1705542	1.43
				13.12.2019	(177)	Market Sale	1705365	1.43
				20.12.2019	2672	Market Purchase	1708037	1.43
				27.12.2019	(270)	Market Sale	1707767	1.43
				31.12.2019	(463)	Market Sale	1707304	1.43
				03.01.2020	(1169)	Market Sale	1706135	1.43
				10.01.2020	(2063)	Market Sale	1704072	1.43
				17.01.2020	(47509)	Market Sale	1656563	1.39
				24.01.2020	949	Market Purchase	1657512	1.39
				31.01.2020	(42)	Market Sale	1657470	1.39
				07.02.2020	(2664)	Market Sale	1654806	1.38
				14.02.2020	(918)	Market Sale	1653888	1.38
				21.02.2020	25	Market Purchase	1653913	1.38
				28.02.2020	(477)	Market Sale	1653436	1.38
				06.03.2020	(136)	Market Sale	1653300	1.38
				20.03.2020	150	Market Purchase	1653450	1.38
				31.03.2020	50	Market Purchase	1653500	1.38
9	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Hybrid' 95 Fund	810000	0.68	01.04.2019				
				03.05.2019	400000	Market Purchase	1210000	1.01
				12.07.2019	14100	Market Purchase	1224100	1.02
				19.07.2019	5771	Market Purchase	1229871	1.03
				26.07.2019	13583	Market Purchase	1243454	1.04
				09.08.2019	8600	Market Purchase	1252054	1.05
				30.08.2019	750000	Market Purchase	2002054	1.67
				30.09.2019	26000	Market Purchase	2028054	1.70
				04.10.2019	11015	Market Purchase	2039069	1.71
				08.11.2019	(10000)	Market Sale	2029069	1.70
				20.12.2019	(2500)	Market Sale	2026569	1.69
				27.12.2019	(5700)	Market Sale	2020869	1.69
				03.01.2020	(1800)	Market Sale	2019069	1.69
				17.01.2020	(46360)	Market Sale	1972709	1.65
				24.01.2020	(57987)	Market Sale	1914722	1.60
				31.01.2020	(52660)	Market Sale	1862062	1.56
				07.02.2020	(56654)	Market Sale	1805408	1.51
				14.02.2020	(106431)	Market Sale	1698977	1.42
				21.02.2020	(17847)	Market Sale	1681130	1.41
				28.02.2020	(29824)	Market Sale	1651306	1.38
				06.03.2020	(38053)	Market Sale	1613253	1.35
				13.03.2020	(24812)	Market Sale	1588441	1.33
				20.03.2020	(51102)	Market Sale	1537339	1.29
				27.03.2020	(12600)	Market Sale	1524739	1.28
				31.03.2020	-	-	1524739	1.28
10	ALOK KUMAR	1408950	1.18	01.04.2019				
				31.03.2020	-	-	1408950	1.18

(v) Shareholding of Directors & KMP

Sr. No.	Name of Director / KMP	Shareholding: No. of Shares at the beginning of the year (01.04.2019)	Shareholding: % of the shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year: No. of Shares	Cumulative Shareholding during the year: % of Shares of the Company
1	Basudeo N. Singh	8662100	7.24	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	8662100	7.24
2	Balmiki Prasad Singh	71595	0.06	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	71595	0.06
3	Dhananjay Kumar Singh	7466260	6.24	01.04.2019				
				-	-	-	-	
				31.03.2020	-	-	7466260	6.24
4	Mritunjay Kumar Singh	7604000	6.36	01.04.2019				
				14.06.2019	100	Market Purchase	7604100	6.36
				21.06.2019	6600	Market Purchase	7610700	6.37
				29.06.2019	5900	Market Purchase	7616600	6.37
				05.07.2019	8400	Market Purchase	7625000	6.38
				31.03.2020			7625000	6.38
5	Sandeep Singh	111857	0.09	01.04.2019				
				06.09.2019	497	Market Purchase	112354	0.09
				13.09.2019	3	Market Purchase	112357	0.09
				13.03.2020	(394)	Market Sale	111963	0.09
				20.03.2020	394	Market Purchase	112357	0.09
				31.03.2020	-	-	112357	0.09
6	Sarvesh Singh	79800	0.07	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	79800	0.07
7	Ranjal Laxmana Shenoy	0	0.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	0	0.00
8	Arun Kumar Purwar	0	0.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	0	0.00
9	Sangeeta Singh	0	0.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	0	0.00
10	Sudha Ravi	0	0.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	0	0.00
11	Dheeraj Sharma	0		01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	0	0.00
12	Narendra Kumar Aneja	57	**0.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	57	**0.00
13	Rajesh Dubey (CFO)	210	**0.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	210	**0.00
14	Manish Narang (Company Secretary and Compliance Officer)	163	**0.00	01.04.2019				
				-	-	-	-	-
				31.03.2020	-	-	163	**0.00

**Negligible

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Million)

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	323.8	4,705.8	-	5,029.6
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	**323.8**	**4,705.8**	**-**	**5,029.6**
Change in Indebtedness during the financial year				
Additions	141,574.5	70,574.7	-	212,149.2
Reduction	(139,512.3)	(65,572.7)	-	(205,085.0)
Net Change	**2,062.2**	**5,002.0**	**-**	**7,064.2**
Indebtedness at the end of the financial year				
i) Principal Amount	2,386.0	9,707.8	-	12,093.8
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**2,386.0**	**9,707.8**	**-**	**12,093.8**

Note: The above mentioned figures excludes the amount of borrowing pursuant to IND AS 116.

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director and/or Manager:

(₹ in Million)

Sr. No	Particulars of Remuneration	Name of the Director						Total
		Mr. Basudeo N. Singh	Mr. Sandeep Singh	Mr. Dhananjay Kumar Singh	Mr. Balmiki Prasad Singh	Mr. Mritunjay Kumar Singh	Mr. Sarvesh Singh	
1	Gross salary							
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	83.2	63.1	61.3	45.5	61.5	12.0	326.6
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	4.5	4.0	5.7	3.3	1.3	0.9	19.7
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-	-
2	Stock option	-	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-	-
4	Commission							
	as % of profit	42.5	-	-	-	-	-	42.5
	others, please specify	-	-	-	-	-	-	-
5	Others (Perquisites and Employer Contribution)	9.2	5.4	5.2	2.7	5.2	0.8	28.5
	Total (A)	**139.4**	**72.5**	**72.2**	**51.5**	**68.0**	**13.7**	**417.3**
	Ceiling as per the Act							**1,338.1**

B. Remuneration to other Directors:

(₹ in Million)

Sr. No	Particulars of Remuneration		Mr. Akhouri Maheshwar Prasad*	Mr. Ranjal Laxmana Shenoy	Mr. Arun Kumar Purwar	Ms. Sudha Ravi	Ms. Sangeeta Singh	Dr. Dheeraj Sharma	Total
1	Independent Directors								
	(a)	Fee for attending Board and Committee Meetings	0.4	0.3	0.2	0.2	0.3	0.1	1.5
	(b)	Commission	1.8	1.8	1.8	1.8	1.8	1.8	10.8
	(c)	Others, please specify	-	-	-	-	-	-	-
	Total (1)		**2.2**	**2.1**	**2.0**	**2.0**	**2.1**	**1.9**	**12.3**
2	Other Non Executive Directors		**Late Mr. Samprada Singh#**						
	(a)	Fee for attending and Board Committee Meetings	-						
	(b)	Commission	45.6						
	(c)	Others, please specify.	-						
	Total (2)		**45.6**						
	Total (B)=(1+2)		**57.9**						
	Total Managerial Remuneration		**475.2**						
	Overall Ceiling as per the Act.		Sitting fees paid to the Independent Directors was within the ceiling limit as prescribed under the Companies Act, 2013.						
			Commission paid to Non-Executive Directors (including Independent Directors) was within the ceiling limit approved by the Shareholders of the Company i.e. ₹ 267.6 Million (2% of the Net Profits of the Company)						

* upto 15th March, 2020

upto 27th July, 2019

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in Million)

Sr. No.	Particulars of Remuneration		Key Managerial Personnel		Total
			CFO: Mr. Rajesh Dubey	Company Secretary: Mr. Manish Narang	
1	**Gross Salary**				
	(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	19.6	12.4	32.0
	(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.4	1.1	1.5
	(c)	Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
2	**Stock Option**		-	-	-
3	**Sweat Equity**		-	-	-
4	**Commission**		-	-	-
	as % of profit		-	-	-
	others, specify		-	-	-
5	**Others, please specify**		-	-	-
	Perquisites and Employer Contribution to PF		1.5	1.0	2.5
	Performance-linked Incentive Pay		-	-	-
	Total		**21.5**	**14.5**	**36.0**

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding (Managing Director)					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding (Company Secretary)					

For and on behalf of Board of Directors
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 05th June, 2020

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 2019-20 are as follows:

(i) Installed Variable frequency drive (VFD) at Baddi, Mandva & Sikkim plants for power saving.

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

(iii) Automatic temperature control in air handling unit through direct digital control in General Block Quarantine area for energy efficient operation of chillers at Baddi plant.

(iv) Steam Condensate Recovery System (CRS) installed at Daman and Sikkim plants, to recover hot condensate water in Boiler feed water tank to utilize the condensate heat.

(v) Automatic Power Factor Correction (APFC) panel with capacitor bank installed at Sikkim, Mandva and Ankleshwar plants for power factor improvement & minimizing the load losses.

(vi) High efficiency boiler (4TPH) with modified system for fuel crushing is installed at Mandva plant.

(vii) Steam traps replaced with modified thermodynamic traps at Sikkim, Daman and Mandva plants at main steam line as well as distribution line for removing of steam condensate in energy efficient manner.

(viii) Energy efficient chilled water pumps with VFD installed at Daman plant in Chiller of Wruster area.

(ix) High efficiency Air Operated Double Diaphragm (AODD) pumps installed at Ankleshwar plant having 20% less air consumption and high energy efficient dry vacuum pump installed at Daman plant on dry powder filling machine.

(x) High energy efficient Root blower installed at Sikkim plant.

(xi) Optimization of Heating Ventilation and Air Conditioning (HVAC) operation during no Manufacturing activity or holiday.

(xii) Reduction in air changes per hour from 30 to 20 in classified areas resulting in saving of energy at Baddi plant.

(xiii) Energy efficient cooling tower pump installed at Sikkim plant.

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	0.86
2.	LED Lights	1.28
3.	Air Handling Unit (AHU) Automation	0.79
4.	Capacitor Bank for Power Factor (PF) improvement	1.72
5.	High efficiency Boiler with modified fuel crusher & automation	10.85
6.	Steam Traps	1.08
7.	CRS for steam condensate	1.54
8.	Cooling Tower	0.60
9.	Dry Vacuum & Process pumps	1.10
10.	Chiller in Utility	0.02
11.	Root Blower	0.14
	Total	**19.98**

(B) TECHNOLOGY ABSORPTION:

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

(i) Development and patenting of new molecular forms and methods of synthesis.

(ii) Development of new drug delivery systems.

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

(i) Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.

(ii) Meeting norms of external regulatory agencies to facilitate more exports.

(iii) Maximum utilization of indigenous raw materials.

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

(i) Software Based Material Dispensing System:

(a) The details of technology imported:

The Company imported this technology from USA. This equipment is manufactured by Mettler Toledo and is used for dispensing of material. This system is useful for online digital documentation and compliance and reduces two manpower per dispensing booth/ shift. The technology is useful in achieving high accuracy for batch at micro gram level as compared to conventional gram techniques. This has led to higher accuracy across the batches of the same product;

(b) The year of import: 2017-18;

(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) Microfluidiser - M7125:

(a) The details of technology imported:

The Company imported this machinery from Canada. It is manufactured by IDEX Microfluidix and is used for the suspension and particle size reduction at fine micro-level for liquid oral. This technology is useful in achieving suspension homogenizing mixing of particles at much faster rate as compared to conventional liquid particle reduction technique, which in turn increases the product efficiency and yield;

(b) The year of import: 2017-18;

(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) Form Fill Seal Machine Model: TYPE 360

(a) The details of technology imported:

The Company imported this technology from Switzerland, Europe. This equipment is manufactured by M/S Rommelag, AG and is used for the storage and handling of intravenous fluid. The technology is useful in achieving higher rate of sterile accuracy in closed pack. This is the latest technology for filing of Large Volume Parental (LVP) without human interventions and maintenance of sterility;

(b) The year of import: 2017-18;

(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.

(iv) Sachet Packing Machine with Checkweigher and Metel 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.

(v) 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.

4. **Expenditure on R & D:**

(₹ in Million)

Sr. No.	Particulars	2019-20	2018-19
(i)	Capital	85.5	153.5
(ii)	Recurring	3,775.0 (excluding depreciation of 162.6 Million)	3,713.8 (excluding depreciation of 156.7 Million)
Total		3,860.5	3,867.3
Total R & D expenditure as percentage to total turnover		5.8%	6.8%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Million equivalent of various foreign currencies)

	2019-20	2018-19
Foreign Exchange earned	16,061.2	12,237.7
Foreign Exchange outgo	2,482.9	2,105.0

For and on behalf of Board of Directors
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 05th June, 2020

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, Non-Executive and Non-Independent Director	#Late Mr. Samprada Singh (Chairman Emeritus)	Father of Mr. Balmiki Prasad Singh and Grandfather of Mr. Sandeep Singh and Mr. Sarvesh Singh
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)	Grandson of Late Mr. Samprada Singh and 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)	Son of Late Mr. Samprada Singh
	Mr. Mritunjay Kumar Singh (Executive Director)	Son of Mr. Basudeo N. Singh and Brother of Mr. Dhananjay Kumar Singh
	*Mr. Sarvesh Singh (Executive Director)	Grandson of Late Mr. Samprada Singh and Brother of Mr. Sandeep Singh
Non-Executive Independent Directors	$Mr. Akhouri Maheshwar Prasad	N.A.
	Mr. Ranjal Laxmana Shenoy	N.A.
	Mr. Arun Kumar Purwar	N.A.
	Ms. Sangeeta Singh	N.A.
	Ms. Sudha Ravi	N.A.
	Dr. Dheeraj Sharma	N.A.
	&Mr. Narendra Kumar Aneja	N.A.

#Demise: 27th July, 2019

*Appointment: 11th November, 2019

$Completion of Tenure: 15th March, 2020

&Appointment: 16th March, 2020

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 Manager 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

As on 31st March, 2020, shareholding of Late Mr. Samprada Singh was 15,77,190 Equity Shares while Mr. Narendra Kumar Aneja, Independent Director held 57 Equity Shares of the Company. None of the other Non-Executive Directors held any Equity Shares of the Company as on 31st March, 2020.

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.

During the year under review, the tenure of Mr. Akhouri Maheshwar Prasad as an Independent Director of the Company expired on 15th March, 2020 and Mr. Narendra Kumar Aneja has been appointed as an Independent Director w.e.f. 16th March, 2020 on the Board of Directors of the Company.

Board Meetings

7 (seven) Board Meetings were held during the year. The dates on which the Meetings were held during the year ended 31st March, 2020 are as follows:

05th April, 2019, 30th May, 2019, 04th June, 2019, 12th August, 2019, 11th November, 2019, 20th December, 2019 and 07th February, 2020.

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, 2020, 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 27th August, 2019	#Committee Memberships	#Committee Chairmanships	*Other Directorships	Names of other listed entities where person is Director	Category of Directorship in the listed entities
&Late Mr. Samprada Singh	3	2	NA	0	0	0	NA	NA
Mr. Basudeo N. Singh	7	7	Yes	0	0	1	NA	NA
Mr. Sandeep Singh	7	6	Yes	1	0	1	NA	NA
Mr. Dhananjay Kumar Singh	7	5	Yes	0	0	0	NA	NA
Mr. Balmiki Prasad Singh	7	3	No	0	0	0	NA	NA
Mr. Mritunjay Kumar Singh	7	7	Yes	1	0	1	NA	NA
$Mr. Sarvesh Singh	2	2	NA	0	0	0	NA	NA
%Mr. Akhouri Maheshwar Prasad	7	7	Yes	1	0	1	NA	NA
Mr. Ranjal Laxmana Shenoy	7	6	Yes	4	1	3	1. Elantas Beck India Limited 2. Sunshield Chemicals Limited	Independent Director
Mr. Arun Kumar Purwar	7	7	No	3	2	5	1. Jindal Steel and Power Limited 2. IIFL Finance Limited (Formerly known as IIFL Holdings Limited) 3. Balaji Telefilms Limited	Independent Director
Ms. Sangeeta Singh	7	5	Yes	5	0	5	1. Accelya Kale Solutions Limited 2. S H Kelkar and Company Limited	Independent Director
Ms. Sudha Ravi	7	5	Yes	4	1	3	1. Goodyear India Limited	Independent Director
Dr. Dheeraj Sharma	7	6	Yes	0	0	0	NA	NA
@Mr. Narendra Kumar Aneja	0	0	NA	0	0	1	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.

& Demise: 27th July, 2019

$ Appointment: 11th November, 2019

% Completion of Tenure: 15th March, 2020

@ Appointment: 16th March, 2020

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/996508366Terms_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. Independent Directors are briefed about the operations, quality control and quality assurance processes in the Company. The details of the Familiarization Programmes imparted by the Company to the Independent Directors during the financial year 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 posted on the website of the Company, 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 for Fair Disclosures and Conduct for Insider Trading ("Code") to deter 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 year, 7 (seven) Audit Committee Meetings were held, viz. 05th April, 2019, 30th May, 2019, 04th June, 2019, 24th June, 2019, 12th August, 2019, 07th November, 2019 which was adjourned to 11th November, 2019 and 06th February, 2020. The intervening gap between two consecutive meetings was not more than one hundred and twenty days.

The present composition of the Audit Committee and attendance of Members 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	7	6
Ms. Sudha Ravi	Member	7	6
Ms. Sangeeta Singh	Member	7	7
*Mr. Akhouri Maheshwar Prasad	Member	7	7
Mr. Mritunjay Kumar Singh	Member	7	7
Mr. Sandeep Singh	Member	7	6
#Mr. Narendra Kumar Aneja	Member	NA	NA

*Member upto15th March, 2020.

#Member from 16th March, 2020.

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

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 subsection 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; and

26. Carry out any other function as mentioned in the terms of reference of the Audit Committee.

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 year, 4 (four) Nomination and Remuneration Committee Meetings were held viz. 29th May, 2019, 7th November, 2019, 20th December, 2019 and 06th February, 2020.

The present composition of the Nomination and Remuneration Committee 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	4	4
*Mr. Akhouri Maheshwar Prasad	Member	4	4
Mr. Basudeo N. Singh	Member	4	4
Ms. Sangeeta Singh	Member	4	4
#Mr. Ranjal Laxmana Shenoy	Member	NA	NA

*Member upto15th March, 2020.

#Member from 16th March, 2020.

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 Nomination and Remuneration Committee 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 said performance evaluation was then noted by the Board of Directors. 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.

As per the provisions of Schedule IV of the Act and Regulation 25(3) of the SEBI Listing Regulations, atleast one separate meeting of the Independent Directors of the Company shall be held in a year. However, in order to address the COVID-19 pandemic, Ministry of Corporate Affairs vide General Circular No. 11/ 2020 dated 24th March, 2020, stated that if the Independent Directors of a company have not been able to hold the said meeting for the financial year 2019-20, the same shall not be viewed as a violation. The said circular further mentions that the Independent Directors however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary. The Company was unable to hold a separate Independent Directors Meeting for the financial year 2019-20, but the Independent Directors in line with the said circular shared their views amongst themselves telephonically.

(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 2019-20 are as under:

(₹ in Million)

Name	Sitting Fees	Commission	Other Perquisites	Total
*Late Mr. Samprada Singh	-	45.6	-	45.6
#Mr. Akhouri Maheshwar Prasad	0.4	1.8	-	2.2
Mr. Ranjal Laxmana Shenoy	0.3	1.8	-	2.1
Mr. Arun Kumar Purwar	0.2	1.8	-	2.0
Ms. Sudha Ravi	0.2	1.8	-	2.0
Ms. Sangeeta Singh	0.3	1.8	-	2.1
Dr. Dheeraj Sharma	0.1	1.8	-	1.9

* upto 27th July, 2019

upto 15th March, 2020

(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

Non-Executive Independent Directors are paid a sitting fee of ₹ 20,000/- 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 are authorised to pay commission to the NEDs and 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 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 2019-20 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.	83.2	63.1	61.3	45.5	61.5	12.0
Value of perquisites u/s 17(2) of the Income Tax Act, 1961	4.5	4.0	5.7	3.3	1.3	0.9
Commission	42.5	-	-	-	-	-
Others (Perquisites and Employer Contribution)	9.2	5.4	5.2	2.7	5.2	0.8
Performance Linked Incentive	-	-	-	-	-	-
Total	139.4	72.5	72.2	51.5	68.0	13.7

* From 11th November, 2019.

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 year, 4 (four) Stakeholders' Relationship Committee Meetings were held viz. 29th May, 2019, 12th August, 2019, 11th November, 2019 and 07th February, 2020.

The present composition of the Stakeholders' Relationship Committee and attendance of Members 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	4	4
Mr. Dhananjay Kumar Singh	Member	4	4
*Mr. Akhouri Maheshwar Prasad	Member	4	4
Mr. Mritunjay Kumar Singh	Member	4	4

*Member upto 15th March, 2020

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

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.

Investor Complaints

There were no complaints remaining unresolved at the beginning of financial year 2019-20. During the financial year ended 31st March, 2020, no complaints were received from investors.

(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 year, 1 (one) Risk Management Committee Meeting was held on 06th February, 2020.

The present composition of the Risk Management Committee and attendance of Members 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	NA	NA

*Member from 16th March, 2020

Terms of reference of 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; and

(c) 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 year, 2 (two) Corporate Social Responsibility Committee Meetings were held viz. 29th May, 2019 and 11th November, 2019.

The present composition of the Corporate Social Responsibility Committee and attendance of Members 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	2	2
Mr. Dhananjay Kumar Singh	Member	2	2
Mr. Balmiki Prasad Singh	Member	2	0
Mr. Mritunjay Kumar Singh	Member	2	2
Mr. Arun Kumar Purwar	Member	2	2

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	Date	Time	Special Resolutions passed
2016-17	43rd AGM	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.	8th September, 2017	10.30 a.m.	NIL
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 31st 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 upto15th 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. 5. Approval for re-appointment of Ms. Sangeeta Singh (DIN: 06920906) as an Independent Director forthe second term of five (5) consecutive years w.e.f. 13th July, 2020 upto 12thJuly, 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.

(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 2019-20, the Company vide postal ballot notice dated 07th February, 2020 passed the special resolution for re-appointment and increase in remuneration of Mr. Basudeo N. Singh (DIN: 00760310) as an Executive Chairman of the Company for the term of five consecutive years w.e.f. 01st April, 2020 to 31st March, 2025.

No special resolution is proposed to be passed through postal ballot till the date of ensuing AGM to be held on 18th August, 2020.

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 Scrutiniser 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 Section 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 e-voting facility. The Members had the option to vote either by physical ballot or e-voting.

2. The Company dispatched the postal ballot notice dated 07th February, 2020, containing the draft resolution together with the explanatory statement, postal ballot forms and self-addressed business reply envelopes to the Members whose names appeared in the register of members / list of beneficiaries as on cut-off date i.e. Friday, 28th February, 2020. 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 Members who opted for the e-voting could vote from Friday, 06th March, 2020 at 9.00 a.m. to Saturday, 04th April, 2020 at 5.00 p.m. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms duly completed and signed, to the Scrutiniser on or before the close of business hours on Saturday, 04th April, 2020.

4. The Scrutiniser submitted his report on Monday, 06th April, 2020, after the completion of scrutiny.

5. The result of the postal ballot was declared on Monday, 06th April, 2020. The Resolution passed by requisite majority, was deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting i.e. Saturday, 04th April, 2020.

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 pattern:

Special Resolution	No. of votes polled	Votes cast in favour of the Resolution (no. & %)	Votes cast against the Resolution (no. & %)
1. Re-appointment and increase in remuneration of Mr. Basudeo N. Singh (DIN: 00760310) as an Executive Chairman of the Company for the term of five consecutive years w.e.f. 01st April, 2020 to 31st March, 2025	73,913,960	67,295,603 (91.05%)	6,618,357 (8.95%)

(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 46th AGM of the Members of the Company will be held on Tuesday, 18th August, 2020 at 11.00 a.m. through video conferencing.

(b) Financial year: 01st April, 2019 to 31st March, 2020.

(c) Dividend payment date: Final dividend for the financial year 2018-19 was paid during the financial year 2019-20 on and from 29th August, 2019.

Interim dividend for the financial year 2019-20 was paid on and from 18th February, 2020. Record date for the purpose of payment of final dividend for the financial year ended 31st March, 2020 shall be 11th August, 2020.

Final dividend on equity shares as recommended by the Directors for the year ended 31st March, 2020, if approved at the AGM, will be paid on and from 21st August, 2020.

(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

(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:

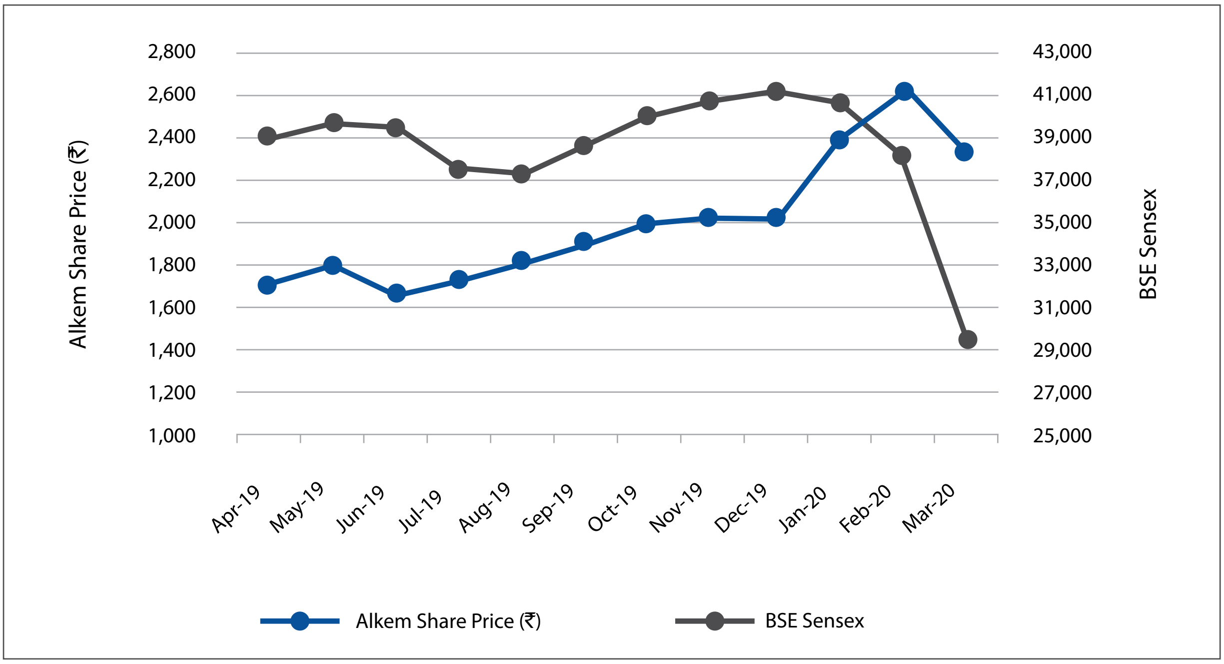
Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN for NSDL / CDSL (Dematerialized shares)
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	539523	INE540L01014
The National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai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

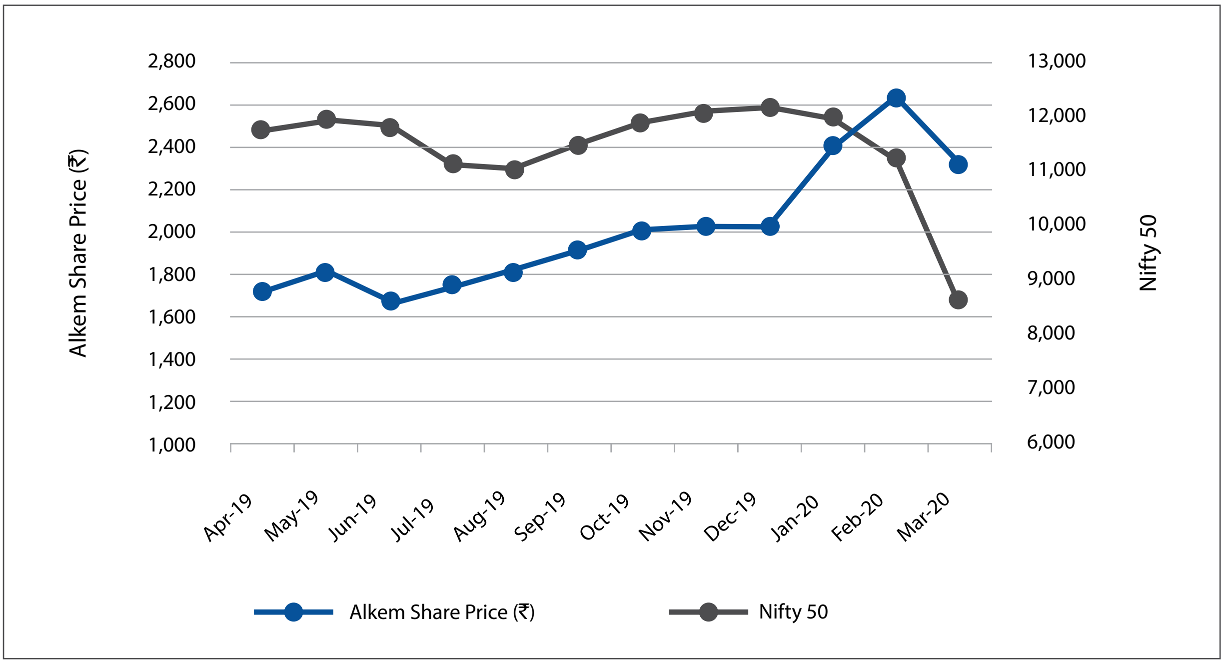
(f) Market Price data

Month	BSE			NSE		
	High Price (₹)	Low Price (₹)	Number of Shares Traded	High Price (₹)	Low Price (₹)	Number of Shares Traded
April 2019	1,789.95	1,688.00	725,775	1,783.95	1,695.10	1,449,097
May 2019	1,815.50	1,674.00	25,503	1,987.20	1,670.00	557,057
June 2019	1,840.00	1,660.35	20,030	1,844.00	1,661.00	498,027
July 2019	1,836.45	1,669.50	13,308	1,836.00	1,670.00	649,368
August 2019	1,840.00	1,662.30	28,556	1,844.90	1,660.00	963,049
September 2019	1,997.40	1,770.00	109,980	1,997.05	1,783.85	886,012
October 2019	2,029.80	1,879.35	11,281	2,027.90	1,873.00	705,902
November 2019	2,149.00	1,945.00	76,505	2,150.00	1,940.80	1,495,781
December 2019	2,108.00	1,957.30	54,507	2,107.00	1,958.00	721,439
January 2020	2,404.40	2,010.00	85,313	2,405.00	2,006.90	2,435,119
February 2020	2,720.00	2,325.00	101,878	2,716.90	2,322.05	2,734,379
March 2020	2,669.15	1,950.00	160,989	2,670.00	1,881.30	2,185,832

(g) Performance in comparison to broad based indices

Month	BSE		NSE	
	Alkem Share Price (₹)	S&P BSE Sensex	Alkem Share Price (₹)	Nifty 50
April 2019	1,719.95	39,031.55	1,718.35	11,748.15
May 2019	1,790.05	39,714.20	1,794.35	11,922.80
June 2019	1,668.65	39,394.64	1,669.00	11,788.85
July 2019	1,736.85	37,481.12	1,741.95	11,118.00
August 2019	1,816.85	37,332.79	1,817.70	11,023.25
September 2019	1,903.85	38,667.33	1,905.10	11,474.45
October 2019	1,989.85	40,129.05	1,997.70	11,877.45
November 2019	2,025.20	40,793.81	2,029.10	12,056.05
December 2019	2,013.55	41,253.74	2,013.90	12,168.45
January 2020	2,394.30	40,723.49	2,397.65	11,962.10
February 2020	2,627.90	38,297.29	2,625.50	11,201.75
March 2020	2,328.85	29,468.49	2,325.85	8,597.75





(h) Registrar to an issue and Share Transfer Agent:

Link Intime India Private Limited, C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083 are Company's Registrar and Share Transfer Agent and their 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, 2020, 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, 2020

Shareholding of Nominal Shares	No. of Folios	% of Total	Total No. of Shares	% of Total
1-1000	75372	99.35	2682275	2.24
1001-2000	148	0.20	211011	0.18
2001-4000	82	0.11	226789	0.19
4001-6000	32	0.04	153722	0.13
6001-8000	18	0.02	131123	0.11
8001-10000	15	0.02	133413	0.11
10001-20000	51	0.07	755102	0.63
Above 20000	145	0.19	115271565	96.41
Total	**75863**	**100.00**	**119565000**	**100.00**
Physical Mode	**1**	**0.00***	**1**	**0.00***
Electronic Mode	**75862**	**99.99**	**119564999**	**99.99**

* Negligible

Shareholding Pattern as on 31st March, 2020

Category	Total Shares	Percentage Total
Central Government	288081	0.24
Clearing Members	98112	0.08
Other Bodies Corporate	930132	0.78
Financial Institutions/ Banks	394063	0.33
Insurance Companies	2801172	2.34
Hindu Undivided Family	159549	0.13
Mutual Funds	10217665	8.55
Non Resident Indians	130884	0.11
Non Resident (Non Repatriable)	54387	0.05
Public	20984292	17.55
Promoters	78774497	65.88
Trusts	4051	0.00*
Foreign Portfolio Investors	4348472	3.64
Alternate Investment Funds	379643	0.32
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, 2020.

(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. Unit I & II 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+	-

(14) Disclosures

(a) Related Party Transactions

The Company has adequate procedures for purpose of identification and monitoring of related party transactions. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. All related party transactions which were on arm's length basis in the ordinary course of business were periodically placed before the Audit Committee and the Board 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 Board of Directors of the Company in its Meeting held on 30th May, 2019, reviewed the list of material subsidiaries of the Company and qualified Ascend Laboratories LLC, USA ("Ascend"), wholly owned subsidiary of the Company contributing 24.4% to the total consolidated income of the Company as its material subsidiary. Further, in accordance with Regulation 24 (1) of SEBI Listing Regulations, Mr. Ranjal Laxmana Shenoy, Independent Director of the Company has been appointed on the Board of Ascend. 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) The Company has obtained a certificate dated 05th June, 2020 from M/s Manish Ghia & Associates, Practising Company Secretaries, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

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

(j) Total fees of ₹ 23.9/- Million was paid 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. Chairman Emeritus maintained office at the Company's expense till 27th July, 2019.

ii. Half yearly, yearly and quarterly 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, 2020 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: 05th June, 2020

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, 2020.

Alkem Laboratories Limited

Place: Mumbai
Date: 05th June, 2020

Sandeep Singh
Managing Director

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 16 September 2019.

2. This report contains details of compliance of conditions of corporate governance by Alkem Laboratories Limited ('the Company') for the year ended 31 March 2020 as stipulated in regulations 17-27, clause (b) to (i) of regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Securities and 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 the National Stock Exchange Limited and the Bombay Stock Exchange Limited (collectively referred to as the 'Stock exchanges').

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions of Corporate Governance is the responsibility of the Company's management including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of 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 2020.

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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.

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 to enable the Company to comply with the requirement of the Listing Regulations, and it 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: 20048648AAAAAZ4557

Mumbai
5 June 2020

Business Responsibility Report 2019-2020

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:** 2019-20

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. Clavam
   2. PAN
   3. Gabapentin

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 21 manufacturing facilities out of which 19 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 (₹) –** 66,770.8 Million

3. **Total profit after taxes (₹) –** 12,644.2 Million

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) –** ₹ 144.4 Million i.e. 1.14% of profit after tax for the financial year 2019-20.

5. **List of activities in which expenditure in (4) has been incurred:-**

   Education: Construction and renovation of government schools in Baddi (H.P), Sikkim, Maldunge Panchayat of Raigad District (Maharashtra) and Daman for enhancing better education environment for the local communities. The Company also provide education to contain dropout of children and remedial classes especially for the students of the weaker section of the society in collaboration with different NGOs in Mumbai, Kolkata, Gujarat, M.P. Program on adolescent girl's dropout was also taken up to contain absenteeism.

   Healthcare & Sanitation: Free medical checkup camps, awareness programs, Cochlear Implant, Spine Surgeries, Cataract Surgeries and other healthcare related activities in partnership with different NGOs was taken up. Mass scale awareness on anemia on adolescent girl's. The Company also runs its own healthcare centers in the areas in and around Sikkim and Baddi where Company has its manufacturing facilities. Medical Mobile Van service runs with a dedicated paramedic and a doctor to cater to the immediate health need of the tribal villages, in Maldunge

Panchayat of Raigad District (Maharashtra).The Company has constructed public toilets and provided drinking water facility to rural areas around its manufacturing facilities. In Daman, Government Community Health Center was renovated and some infrastructure facilities were also supported with. A dedicated Mother and Child health program continues in Maldunge Panchayat of Raigad District (Maharashtra). A project on Early Cancer detection camps continues to run in District Hospital of Buxar Bihar with our support.

Rural Development: Stitching training is provided to women at Baddi and Naugama. Skill development projects for the youths was also taken up in Baddi and scoping on the same continues in Daman. Availing basic water facilities in few water starved villages of Maldunge Panchayat of Raigad District (Maharashtra) continues to reduce the drudgery of women through social engineering and community participation. Solar light was provided in few villages in and around Mandva plant location. Efforts of the building up of Self health Group in Mandva.

For more details on our CSR Initiatives, pls refer Annexure C to the Director's 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 2019-20. 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: BR 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***

Details of the BR head	01277984
Name	Mr. Sandeep Singh
Designation	Managing Director
Telephone number	+91 22 3982 9999
Email ID	investors@alkem.com

2. **Principle-wise (as per 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

- ***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.

- ***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 Report 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.

   Twenty complaints were received under whistle blower mechanism out of which majority were related to sales and marketing. The said complaints were presented and discussed in the Audit Committee Meeting during the financial year 2019-20 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.**

   i. Zupiros (Rosuvastatin) for reducing Cholesterol and control of dyslipidemia one of the rising concerns.

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

   iii. 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 resources (energy, water, raw material etc. per unit of product.**

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

   (ii) 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)? If yes, what percentage of your inputs were sourced sustainably?**

   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? 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 mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?**

   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, 2020, there were 14,331 employees in the Company.

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

   We have 3,088 employees hired on temporary/contractual/ casual basis as on 31st March, 2020.

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

   We have 451 women employees as on 31st March, 2020.

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

   As on 31st March, 2020, we have 6 employees with disabilities.

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	60 %	32%
Permanent Women Employees	80 %	79%
Casual/ Temporary/ Contractual Employees	16%	94%

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 the internal and external stakeholders?**

   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 at Baddi and Naugama (Gujarat) and organized free breast cancer detection camps at Maharashtra and Daman and drinking water facility in Hachesewadi (Raigad, Maharashtra) and Uchedia (Gujarat). Mother and child health program runs in Maldunge Panchayat of Raigad District (Maharashtra).
Patients	Sponsored spine surgery and free health checkup for underprivileged patients in Mumbai. Organized Cataract Camps and Early Cancer Detection units was set up.
Children	Sponsored Cochlear implants for deaf children and provided hearing devices to them. Renovated Primary School centre in Kumbhal Tekdi village (Raigad, Maharashtra) and introduction of basic hygiene sessions in the primary school.
Villagers / Communities	Provided facilities for quality drinking water and construction of public toilets and sanitation facilities at Daman (Forte), U.T; provided healthcare facilities in Primary Healthcare Centres at Baddi and Sikkim and provided Mobile Health Clinic services in rural areas of Maldunge panchayat of Raigad District (Maharashtra). Assisting farmers in increasing water retention in drought prone areas of Beed, Maharashtra for farming and other uses and providing CCTV camera at Baddi and street light at Uchedia, Naugama (Gujarat) for better security purpose.
Students	Renovated Government schools, provided infrastructure and also facilitated good quality drinking water and clean bathrooms in the nearby villages of Mandwa, Baddi and Maldunge Panchayat of Raigad District (Maharashtra).
NGO's/ Institution's	Sponsored through NGO's various health camps and awareness programs and treatment of diseases in different parts of the country. Dedicated health projects on Mother and Child health is also taken up. Support of Early Cancer detection Unit.

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

   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 compliant regarding violation of human rights during the financial year 2019-20.

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.?**

   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 facility in Baddi and Daman are certified with Environmental Management System ISO 14001:2015. 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.**

   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, Mandva & Sikkim plants for power saving.
   - Installed LED Lights at Mandva, Ankleshwar, Daman and Sikkim plants for power saving.
   - Automatic temperature control in air handling unit through direct digital control in General Block Quarantine area for energy efficient operation of chillers at Baddi plant.
   - Steam Condensate Recovery System (CRS) installed at Daman and Sikkim plant, to recover hot condensate water in Boiler feed water tank to utilize the condensate heat.
   - Automatic Power Factor Correction (APFC) panel with capacitor bank installed at Sikkim, Mandva and Ankleshwar plant for power factor improvement & minimizing the load losses.
   - High efficiency boiler (4TPH) with modified system for fuel crushing is installed at Mandva plant.
   - Steam traps replaced with modified thermodynamic traps at Sikkim, Daman and Mandva plants at main steam line as well as distribution line for removing of steam condensate in energy efficient manner.

- Energy efficient chilled water pumps with VFD installed at Daman plant in chiller of Wruster area.

- High efficiency Air Operated Double Diaphragm (AODD) pumps installed at Ankleshwar plant having 20% less air consumption and high energy efficient dry vacuum pump installed at Daman plant on dry powder filling machine.

- High energy efficient Root blower installed at Sikkim plant.

- Optimization of Heating Ventilation and Air Conditioning (HVAC) operation during no manufacturing activity or holiday.

- Reduction in air changes per hour from 30 to 20 in classified areas resulting in saving of energy at Baddi plant.

- Energy efficient cooling tower pump installed at Sikkim plant.

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.

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, 2020.

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:

   1. Indian Drugs Manufacturer's Association (IDMA)
   2. Indian Pharmaceutical Alliance (IPA)
   3. Bombay Chamber of Commerce & Industry
   4. 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 (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. However, we are yet to do a detailed study specifically.

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.**

   One consumer case was 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.**

   1. 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, 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 Alkem Laboratories Limited continues as on date and the matter is still pending resolution.

   2. A complaint was filed against the 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 Alkem Laboratories Limited. The CCI has directed Alkem Laboratories Limited 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 is in the process of filing an appeal before the National Company Law Appellate Tribunal (NCLAT) against the order dated 12th March, 2020 passed by the CCI.

      During the financial year 2019-20, 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 2020, 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 2020, 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.

Description of Key Audit Matter

Revenue recognition

The key audit matter	How the matter was addressed in our audit
• The Company provides a right of return to its customers as a customary business practice. The initial revenue recognition is reduced taking into consideration the anticipated sales return for which a provision is created as underlying revenues are recognized. • Due to the competitive business environment, the estimation of provision for anticipated sales return is done considering historical trend of actual returns and expected period over which such products could be returned which is inherently complex and judgmental. Accordingly, this was an area of focus for our audit. • Revenue under the new standard 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 ends as management to achieve its performance targets may recognize 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.	To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others • Evaluated the Company's revenue recognition policies, including those relating to anticipated sales returns by confirming compliance with applicable accounting standards. • Tested design, implementation and operating effectiveness of the Company's general IT controls and key application controls over the Company's systems which governs recording of revenue, creation of new customers and key controls over revenue cut-off and sales return accruals 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, by verifying the underlying documents, which include sales/contracts and shipping documents to test evidence for transfer of control. • Performed analysis of one-off sales to customers during the year. • Performed testing by selecting samples relating to actual sales returns recorded during the year by verifying the relevant source documents and comparing the sales return trend with the parameters used in the Company's estimation of sales return provision. • We have also verified the historical accuracy of the Company's estimates by comparing actual return trends and comparing that with provisions in earlier periods. • We assessed significant manual journals posted to revenue to identify unusual items.

Assessment of recoverability of the carrying value of investment in subsidiaries

The key audit matter	How the matter was addressed in our audit
As at 31 March 2020, the Company has investment in subsidiaries. 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 and 3.2 in the standalone financial statements for details of accounting policies on impairment of investment in subsidiaries and related disclosures. Valuation of investment in subsidiaries is a key audit matter due to: • The 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 and discount rates.	To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others • Tested operating effectiveness of controls over Company's review of impairment analysis. Assessed the accuracy of prior period cash flow forecasts of the Company by reference to actual performance. • Using our knowledge of the Company and industry, challenged the significant assumptions and judgements used by the Company in its impairment assessment, specifically in relation to forecast revenue, margins, terminal growth rate 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 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.

Taxation and MAT credit asset

The key audit matter	How the matter was addressed in our audit
The Company operates in complex tax jurisdictions including India with various tax exemptions available across regions and are subject to tax challenges and audits by local tax authorities. There are open tax matters under litigation with tax authorities. Judgement is required in assessing the level of provisions and disclosure of contingent liabilities required in respect of uncertain tax positions that reflect Company's best estimate of the most likely outcome based on the facts available. The Company pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. 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 2B(b) to the standalone financial statements. The recoverability of deferred tax asset on account of MAT credit 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.	To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others • Tested the operating effectiveness of controls around the recording and re-assessment of tax provisions and disclosure of contingent liabilities. • For uncertain tax positions, we read and analysed select correspondence with tax authorities, read Company's assessment and conclusion on likely eventual outcome. We also read opinion from third party experts, judgement. • We used our tax specialists' expertise to assess the status of the ongoing tax litigations and uncertain tax positions in tax returns and their most likely outcome, basis expertise, industry outcomes and Company's own past outcomes in respect of similar matters. • In respect of deferred tax assets (MAT credit entitlement), we evaluated the Company'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. • We assessed the income tax disclosures in note 3.7 to the standalone financial statements for compliance with applicable Ind AS.

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.

- 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

Independent Auditors' Report (Continued)

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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 2020 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 were no amounts which were 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 2020

   (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:20048648AAAAAY5806

Mumbai
5 June 2020

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 2020. 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 were to be physically verified by the management during the year ended 31 March 2020. According to the information and explanations given to us, the Company has not been able to perform physical verification of certain fixed assets with carrying value aggregating ₹ 730 million due to continued lockdown due to COVID-19. Company does not expect any material discrepancies on verification of those fixed assets once the lockdown restrictions are removed.

(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 provident fund, 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 2020 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 2020 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. The Company did not have any loans or borrowings from financial institutions during the year and 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) As more fully explained in Note 3.44 to the financial statements, management has identified an instance

Annexure A to the Independent Auditor's Report (Continued)

wherein an employee of the Company was found to have perpetrated misappropriation of Company's fund aggregating ₹ 116.5 million. The Company has since recovered ₹ 83.8 million as at 31 March 2020 and has secured recovery of balance amount so misappropriated. Except for the said instance, during the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officer and employees, noticed or reported during the year, nor have we been informed of any such case by the Company's management.

(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:20048648AAAAAY5806

Mumbai
5 June 2020

Annexure A to the Independent Auditor's Report (Continued)

Enclosure I to Annexure A to the Independent Auditor's Report – 31 March 2020

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	138.9	10.0	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	47.4	12.9	2006-2015	Joint Dy. Commissioner of Sales Tax (Appeals)
Maharashtra VAT Act, 2002	Value Added Tax	65.5	4.7	2012-2014	Joint Commissioner of Sales Tax (Appeals)
Jharkhand-VAT Act 2005	Value Added Tax	6.2	4.2	2014-2016	Dy. Commissioner of Sales Tax (Appeals)
Kerala VAT Act, 2003	Value Added Tax	0.1	0.1	2018	Assistant state tax officer
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
Uttar Pradesh VAT Act,2008	Value Added Tax	3.6	1.8	2016-2017	Joint commissioner of Commercial taxes -Circle-I
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 commission 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	0.5	-	2014-15	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	1.5	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
Central Sales Tax Act, 1956	Central Sales Tax	51.2	4.4	2013-14	Appellate Forum, Before Additional Commissioner
Central Sales Tax Act, 1956	Central Sales Tax	4.4	0.4	2014-2015	Appellate Authority, Large Tax Unit, before Sr. Joint Commissioner
Central Sales Tax Act, 1956	Central Sales Tax	0.4	0.0	2012-2014	Odisha Sales Tax Tribunal, Cuttack
Income Tax Act, 1961	Income Tax	560.5	123.0	2011-2015& 2016-2017	Commissioner of Income Tax (Appeal)

Annexure B to the Independent Auditors' report

on the standalone financial statements of Alkem Laboratories Limited for the period ended 31 March 2020.

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 2A(f) 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 2020 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 2020, 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 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 financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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:20048648AAAAAY5806

Mumbai
5 June 2020

ALKEM

Balance Sheet
as at 31 March 2020

(₹ in million)

Particulars				Note	As at 31 March 2020	As at 31 March 2019
I.	**ASSETS**					
1	**Non-current assets**					
	(a)	**Property, plant and equipment**		3.1	16,892.5	15,737.6
	(b)	**Capital work in progress**		3.1	3,136.6	3,815.9
	(c)	**Intangible assets**		3.1	1,475.1	326.2
	(d)	**Investment in subsidiaries**		3.2	17,102.0	13,821.7
	(e)	**Financial assets**				
		(i)	Investments	3.2	843.2	942.5
		(ii)	Loans	3.3	334.7	127.3
		(iii)	Other financial assets	3.4	49.4	161.2
	(f)	**Deferred tax assets (net)**		3.7C	8,191.6	6,365.9
	(g)	**Non-current tax assets (net)**		3.7D	301.5	262.3
	(h)	**Other non-current assets**		3.5	514.0	554.1
	Total non-current assets				**48,840.6**	**42,114.7**
2	**Current assets**					
	(a)	**Inventories**		3.6	10,925.8	9,912.8
	(b)	**Financial assets**				
		(i)	Investments	3.2	1,615.2	2,191.8
		(ii)	Trade receivables	3.8	15,550.7	9,666.4
		(iii)	Cash and cash equivalents	3.9	206.9	1,614.4
		(iv)	Bank balances other than (iii) above	3.10	7,449.2	2,365.0
		(v)	Loans	3.3	233.9	262.5
		(vi)	Other financial assets	3.4	1,815.3	1,010.4
	(c)	**Other current assets**		3.11	4,241.1	3,603.8
					42,038.1	**30,627.1**
	(d)	**Non-current assets held for sale**		3.42	157.5	179.7
	Total current assets				**42,195.6**	**30,806.8**
	TOTAL ASSETS				**91,036.2**	**72,921.5**
II.	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a)	**Equity share capital**		3.12A	239.1	239.1
	(b)	**Other equity**		3.12B	62,565.3	54,413.0
	Total Equity				62,804.4	54,652.1
2	**Liabilities**					
2a	**Non-current liabilities**					
	(a)	**Financial liabilities**				
		(i)	Borrowings	3.13	550.4	63.2
	(b)	**Provisions**		3.14	1,815.6	1,415.2
	(c)	**Other non-current liabilities**		3.15	80.9	92.3
	Total non-current liabilities				**2,446.9**	**1,570.7**
2b	**Current liabilities**					
	(a)	**Financial liabilities**				
		(i)	Borrowings	3.13	12,030.6	4,966.4
		(ii)	Trade payables			
			Dues of micro and small enterprises	3.16	952.3	346.8
			Dues of creditors other than micro and small enterprises	3.16	7,171.1	7,194.1
		(iii)	Other financial liabilities	3.17	3,141.1	2,131.6
	(b)	**Other current liabilities**		3.18	815.2	742.0
	(c)	**Provisions**		3.14	1,498.4	1,310.9
	(d)	**Current tax liabilities (net)**		3.7D	176.2	6.9
	Total current liabilities				**25,784.9**	**16,698.7**
	Total Liabilities				**28,231.8**	**18,269.4**
	TOTAL EQUITY AND LIABILITIES				**91,036.2**	**72,921.5**
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

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

M.K. Singh
Executive Director
DIN. 00881412

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
5 June 2020

Mumbai
5 June 2020

Statement of Profit and Loss

for the year ended 31 March 2020

(₹ in million)

	Particulars	Note	For the Year ended 31 March 2020	For the Year ended 31 March 2019
1	**Income**			
	(a) Revenue from operations	3.19	66,770.8	57,140.9
	(b) Other income	3.20	959.8	675.8
	Total income		**67,730.6**	**57,816.7**
2	**Expenses**			
	(a) Cost of materials consumed	3.21	17,998.7	14,972.2
	(b) Purchases of stock-in-trade		7,843.8	6,880.9
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.22	(336.9)	865.6
	(d) Employee benefits expense	3.23	10,667.6	9,600.9
	(e) Finance costs	3.24	387.1	282.6
	(f) Depreciation and amortisation expense	3.1	1,868.4	1,410.7
	(g) Other expenses	3.25	15,921.1	14,364.2
	Total expenses		**54,349.8**	**48,377.1**
3	**Profit before tax (1) - (2)**		**13,380.8**	**9,439.6**
4	**Tax expense**	3.7A		
	(a) Current tax		2,783.3	2,004.1
	(b) Deferred tax charge/(credit) (net)		(1,732.9)	(562.9)
	Sub-total (a + b)		1,050.4	1,441.2
	(c) Tax adjustment of earlier periods		(313.8)	-
	Total tax expenses (a + b + c)		**736.6**	**1,441.2**
5	**Profit for the year (3) - (4)**		**12,644.2**	**7,998.4**
6	**Other comprehensive income**			
	(a) Items that will not be reclassified subsequently to profit or loss			
	(i) Remeasurements of defined benefit plans	3.28	(265.6)	(64.3)
	(ii) Tax on remeasurements of defined benefit plans	3.7A	92.8	22.5
	(b) Items that will be reclassified to profit or loss			
	(i) Foreign currency translation difference of foreign operations		-	-
	(ii) Tax on remeasurements of foreign currency translation difference of foreign operations		-	-
	Total of other comprehensive income for the period, net of tax		**(172.8)**	**(41.8)**
7	**Total comprehensive income for the year (5) + (6)**		**12,471.4**	**7,956.6**
8	**Earnings per share (in ₹): Face value of ₹ 2 each**			
	Basic and diluted earnings per share	3.31	**105.75**	**66.90**
	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

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

M.K. Singh
Executive Director
DIN. 00881412

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
5 June 2020

Mumbai
5 June 2020

ALKEM

Statement of Changes in Equity

for the year ended 31 March 2020

(a) Equity share capital

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	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 2018	5.2	19,380.4	29,337.8	(108.9)	48,614.5
Total Comprehensive Income for the year ended 31 March 2019					
Profit for the year	-	-	7,998.4	-	7,998.4
Other comprehensive income for the year (net of tax)	-	-	-	(41.8)	(41.8)
Total comprehensive income for the year	**-**	**-**	**7,998.4**	**(41.8)**	**7,956.6**
Transactions with owners of the company					
Dividend on equity shares **(Refer Note 3.33)**	-	-	(1,793.5)	-	(1,793.5)
Dividend distribution tax	-	-	(364.6)	-	(364.6)
Balance as at 31 March 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**

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.

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

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

M.K. Singh
Executive Director
DIN. 00881412

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
5 June 2020

Mumbai
5 June 2020

Statement of Cash Flow

for the year ended 31 March 2020

(₹ in million)

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A.	Cash Flow from Operating Activities:		
	Profit before tax	13,380.8	9,439.6
	Adjustments for:		
	Depreciation and amortisation	1,868.4	1,410.7
	Fair valuation of investments	148.0	43.8
	Profit on sale of investments (net)	-	(73.1)
	Loss / (profit) on sale of property plant and equipment (net)	(38.8)	18.1
	Dividend income	(56.9)	(21.2)
	Interest income	(519.2)	(330.1)
	Interest expenses	387.1	282.6
	Allowances for doubtful debts	29.7	118.7
	Unrealised foreign currency (gain) / loss on revaluation (net)	(384.8)	(128.8)
	Rent income	(21.1)	(20.1)
	Subtotal of Adjustments	**1,412.4**	**1,300.6**
	Operating profit before working capital changes	14,793.2	10,740.2
	Changes in working capital:		
	(Increase) / Decrease in trade receivables	(4,986.7)	(1,035.1)
	Decrease / (Increase) in loans, other financial assets and other assets	(1,451.1)	83.8
	Decrease / (Increase) in inventories	(1,013.0)	328.8
	(Decrease) / Increase in trade payable, other financial liabilities and other liabilities	1,492.5	(1,021.2)
	Increase / (Decrease) in provisions	322.3	399.4
	Subtotal of Adjustments	**(5,636.0)**	**(1,244.3)**
	Cash generated from operations	9,157.2	9,495.9
	Less: Income taxes paid (net of refund)	(2,339.4)	(2,045.0)
	Net cash generated from operating activities	**6,817.8**	**7,450.9**
B	Cash Flow from Investing Activities:		
	Purchases of property, plant and equipment	(2,820.9)	(3,548.9)
	Sale of property, plant and equipment	151.6	15.8
	Proceeds from sale of investments (net)	527.8	1,289.0
	Investments in subsidiaries	(3,280.1)	(1,740.8)
	(Investment) made / Redemption of bank deposits having maturity of more than 3 months	(5,005.3)	460.5
	Dividend received	56.9	21.2
	Interest received	397.2	352.5
	Rent received	21.1	20.1
	Net Cash (used in) investing activities	**(9,951.7)**	**(3,130.6)**
C	Cash Flow from Financing Activities:		
	(Repayment) of / Proceeds from current borrowings (net)	6,541.1	(316.8)
	(Repayment) of / Proceeds from non current borrowings (net)	-	(0.1)
	Repayment of lease liabilities	(108.5)	-
	Dividends and corporate dividend tax paid	(4,319.1)	(2,158.0)
	Interest paid	(387.1)	(282.6)
	Net cash (used in)/generated from financing activities	1,726.4	(2,757.5)
D	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(1,407.5)**	**1,562.8**
E	Cash and cash equivalents as at beginning of the year (Refer Note 3.9)	**1,614.4**	**51.6**
F	Cash and cash equivalents as at end of the year (D+E) (Refer Note 3.9)	**206.9**	**1,614.4**

Statement of Cash Flow
for the year ended 31 March 2020

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows"

2 Purchase of Property, Plant and Equipment includes movements of capital work-in-progress (including capital advances) during the year.

3 During the previous year, the Company had converted loans given to its wholly owned subsidiaries in Philippines viz, "Alkem Laboratories Corporation" and in United States of America viz, "S&B Pharma Inc." amounting to ₹ **345.3 million** and ₹ **684.6 million** respectively into equity. The Company had also converted loan given to its wholly owned subsidiary in Nigeria viz, "Alkem Laboratories (NIG) Limited" amounting to ₹ **4.1 million** into equity which was subsequently written off on liquidation of the subsidiary on 6 May 2018.

These being non cash transactions have been excluded from Statement of Cash Flows.

4 Debt reconciliation in accordance with Ind AS 7:

Particulars	Non-current borrowings	Current borrowings
As at 1 April 2018	63.3	5,411.9
Cash flows from borrowing during the year (net)	(0.1)	(316.8)
Non-Cash Items (Foreign exchange changes)	-	(128.7)
As at 31 March 2019	**63.2**	**4,966.4**
Cash flows from borrowing during the year (net)	-	6,541.1
Non-Cash Items (Lease liabilities, foreign exchange changes)	608.2	523.1
As at 31 March 2020	**671.4**	**12,030.6**

Significant Accounting Policies **Note 2A**

Notes to the Standalone Financial Statements **Note 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
5 June 2020

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

M.K. Singh
Executive Director
DIN. 00881412

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
5 June 2020

Notes

to the standalone financial statements for the year ended 31 March 2020

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 March 31, 2020 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 rounded off to the nearest million 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 5 June 2020.

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 unless otherwise indicated.

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 Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment 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 property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of Property, plant and equipment.

c) Any gain or loss on disposal of an item of property plant and equipment 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 property, plant and equipment 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 of). Freehold land is not depreciated.

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 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 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 for current and comparative periods 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 testing, assets are grouped together into the

Notes

to the standalone financial statements for the year ended 31 March 2020

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 evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses significant judgement in assessing the lease term and the applicable discount rate. The Company determines the lease term based on the term mentioned in lease agreements. 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 discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Leases of Property, Plant and Equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or the financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.6 Financial instruments:

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. 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.

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.

Notes

to the standalone financial statements for the year ended 31 March 2020

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.

2.10 Foreign currencies

i. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

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 profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- equity investments measured at fair value through other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

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 and superannuation fund for eligible employees are considered to be defined contribution plan for which the Company made 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 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, and as reduced by the fair value of scheme assets, if any.

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.

Notes

to the standalone financial statements for the year ended 31 March 2020

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, associates and joint arrangements 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.

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 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

Notes

to the standalone financial statements for the year ended 31 March 2020

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. 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**.

f. 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.

g. 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								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 2018	1,183.2	498.2	4,317.2	9,365.4	314.2	282.2	574.6	16,535.0	206.7	-	395.2	601.9	
Additions	-	-	555.6	2,040.7	44.6	35.7	145.3	2,821.9	91.0	-	65.4	156.4	
Deletions	-		(5.4)	(114.2)	(2.8)	(19.6)	(5.0)	(147.0)	(0.3)	-	-	(0.3)	
Reclassification to non-current assets held for sale	(3.5)	-	-	(227.8)	(0.7)	-	(4.2)	(236.2)	-	-	-	-	
As at 31 March 2019	**1,179.7**	**498.2**	**4,867.4**	**11,064.1**	**355.3**	**298.3**	**710.7**	**18,973.7**	**297.4**	**-**	**460.6**	**758.0**	
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**	
Depreciation and Amortisation													
As at 1 April 2018	**-**	**10.3**	**217.3**	**1,553.2**	**88.1**	**61.1**	**206.5**	**2,136.5**	**107.6**	**-**	**182.9**	**290.5**	
Depreciation/amortisation for the year	-	7.0	133.3	929.0	38.1	36.9	124.9	1,269.2	57.0	-	84.5	141.5	
Deductions	-	-	(0.1)	(96.9)	(2.0)	(11.7)	(2.4)	(113.1)	(0.2)	-	-	(0.2)	
Reclassification to non-current assets held for sale	-	-	-	(55.6)	(0.1)	-	(0.8)	(56.5)	-	-	-	-	
As at 31 March 2019	**-**	**17.3**	**350.5**	**2,329.7**	**124.1**	**86.3**	**328.2**	**3,236.1**	**164.4**	**-**	**267.4**	**431.8**	
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**	
Net Book Value													
As at 31 March 2019	1,179.7	480.9	4,516.9	8,734.4	231.2	212.0	382.5	15,737.6	133.0	-	193.2	326.2	3,815.9
As at 31 March 2020	**1,179.7**	**501.4**	**5,416.8**	**9,066.4**	**211.5**	**187.3**	**329.4**	**16,892.5**	**88.7**	**599.2**	**787.2**	**1,475.1**	**3,136.6**

1. Addition to Property, Plant and Equipment includes items aggregating ₹ **85.5 million** (For the year ended 31 March 2019 ₹ 153.5 million) located at Research and Development Centres of the Company.

Notes
to the standalone financial statements for the year ended 31 March 2020

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 ₹ **3,136.6 million** as at 31 March 2020 (31 March 2019: ₹ 3,815.9 million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **39.6 million** (For the year ended 31 March 2019: ₹ 57.8 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 moveable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable, 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 $ 19.0 million advanced by Citi Bank USA to S&B Pharma Inc., USA, a wholly owned subsidiary of the Company.

6. During the year ended 31 March 2020, certain assets, which were categorised as assets held for sale as at 31 March 2019 have been reclassified to Property, Plant and Equipment.

7. Depreciation and amortisation expense:

(₹ in million)

Particulars	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Depreciation expense	1,479.6	1,269.2
Amortisation expense	388.8	141.5
Total	**1,868.4**	**1,410.7**

Notes
to the standalone financial statements for the year ended 31 March 2020

3.2 Investments:

(₹ in million)

Particulars	Units as at		Face Value	As at 31 March 2020		As at 31 March 2019	
	31 March 2020	31 March 2019		(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)
Non-Current Investments							
In Equity Shares Unquoted: [at cost]							
A) Investment in Subsidiaries:							
Alkem Laboratories (Pty.) Limited, South Africa	49,960	49,960	Rand 10	68.8		68.8	
Alkem Laboratories Corporation, Philippines	3,567,622	3,567,622	Peso	485.0		485.0	
(Including 5 shares held by the nominees)			100				
Ascend GmbH, Germany (formerly known as Alkem Pharma GmbH) **[Refer Note 2 (a)]** (One share of Euro 250, second share of Euro 24,750 and third share of Euro 751,880)	3	2	NA	160.9		1.7	
Ascend Laboratories Sdn. Bhd., Malaysia	2	2	Ringgit	**0.0**		0.0	
(₹ 91)			1				
S & B Holdings B.V., Netherlands	35,590,552	35,590,552	Euro	2,897.2		2,897.2	
			1				
Alkem Laboratories Korea Inc., South Korea	15,000	15,000	Korean Won	0.1		0.1	
			100				
Ascend Laboratories SpA, Chile	5,427	5,427	NA	281.0		281.0	
(1000 Nominative Shares, without par value)							
Pharmacor Limited, Kenya	1,000	1,000	Shillings	0.1		0.1	
			100				
Pharmacor Pty Limited, Australia	68,313,954	68,313,954		224.7		224.7	
Ascend Laboratories (UK) Limited, UK	250,000	250,000	GBP	9.9		9.9	
(issued capital 250,000 shares of 1 GBP of which 40 Pence is called up & paid)			1				
S&B Pharma Inc., USA **[Refer Note 2 (b)]**	120,202	83,557	USD	5,138.9		3,275.9	
			0.01				
Cachet Pharmaceuticals Private Limited, India	10,484	10,484	INR	888.9		888.9	
			100				
Indchemie Health Specialities Private Limited, India	127,500	127,500	INR	1,640.7		1,640.7	
			10				
Enzene Biosciences Limited, India **[Refer Note 2 (c)]**	32,326,493	25,119,000	INR	5,140.0		3,890.0	
			10				
Ascend Laboratories SAS, Colombia **[Refer Note 2 (d)]**	322,000	-	COP	7.0		-	
			1,000				
Ascend Laboratories Limited, Canada **[Refer Note 2 (e)]**	20,000	-	CAD	1.1		-	
			1				
Alkem Foundation, India	10,000	10,000	INR	0.1		0.1	
			10		16,944.4		13,664.1
Investment in Limited Liability Partnership Firm: Unquoted (Trade): [at cost]							
The PharmaNetwork LLP, Kazakhstan					157.6		157.6
Investment in Subsidiaries - Sub total (A)					**17,102.0**		**13,821.7**

Notes

to the standalone financial statements for the year ended 31 March 2020

(₹ in million)

Particulars	Units as at		Face Value	As at 31 March 2020		As at 31 March 2019	
	31 March 2020	31 March 2019		(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)
B) Other Non-current Investments:							
In Equity Shares of Other Companies Unquoted [at fair value through profit and loss]:-					2.1		2.1
Investment In Venture Capital Fund :Unquoted (Non Trade) [at fair value through profit and loss]:					302.4		370.6
Non Convertible Debentures [at amortised cost]							
Unquoted					20.0		20.0
Quoted					165.0		175.0
Bonds :[at amortised cost] : - Quoted					353.7		374.8
Other Non Current Investments - Sub total (B)					843.2		942.5
Total (A+B)					17,945.2		14,764.2

Notes:

1) Details of M/s The PharmaNetwork LLP, Kazakhstan:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Profit Sharing Ratio	Capital Accounts	Profit Sharing Ratio	Capital Accounts
M/s 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) ₹ **159.2 million** in wholly owned subsidiary in Germany viz, "Ascend GmbH".

b) ₹ **1,862.9 million** in wholly owned subsidiary in United States of America viz, "S&B Pharma Inc.".

c) ₹ **1,250.0 million** in subsidiary in India viz, "Enzene Biosciences Limited".

d) ₹ **7.0 million** in subsidiary in Colombia viz, "Ascend Laboratories SAS".

e) ₹ **1.1 million** in subsidiary in Canada viz, "Ascend Laboratories Limited".

C. Current Investments

Particulars	As at 31 March 2020		As at 31 March 2019	
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)
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	1,460.0		2,003.4	
		1,460.0		2,003.4
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]:		137.1		180.3
4) Non Convertible Debentures :[at amortised cost] : - Quoted		10.0		-
Total		1,615.2		2,191.8

Notes

to the standalone financial statements for the year ended 31 March 2020

Notes:

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Quoted investments	665.8	665.8	730.2	730.2
2) Aggregate value of Unquoted investments	18,894.6	N.A.	16,225.7	N.A.
3) Aggregate amount of impairment in the value of Investments	-		-	

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 2020	As at 31 March 2019
A. Non-current loans		
Loans to subsidiary companies (**Refer Note 3.35**)	259.7	35.4
Less: Loss allowance	-	-
	259.7	35.4
Security deposits	-	23.0
Other receivables	75.0	68.9
TOTAL	**334.7**	**127.3**
B. Current loans		
Loans and advances to employees*	146.4	169.3
Security deposits	87.5	93.2
TOTAL	**233.9**	**262.5**
*Includes loan to related party of ₹ **Nil** (31 March 2019: ₹ 0.5 million) **(Refer note 3.35)**		
Break-up of security details		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	568.6	389.8
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**568.6**	**389.8**
Less: Loss allowance	-	-
Total loans	**568.6**	**389.8**

Notes
to the standalone financial statements for the year ended 31 March 2020

3.4 Other financial assets

(₹ in million)

	Particulars	As at 31 March 2020	As at 31 March 2019
A.	**Other non current financial assets**		
	(Unsecured, considered good unless otherwise stated)		
	In deposit Accounts:		
	Bank deposits with maturity beyond 12 months	38.5	117.4
	Interest on deposits, accrued but not due	0.8	23.9
	Other receivables	10.1	19.9
	TOTAL	**49.4**	**161.2**
B.	**Other current financial assets**		
	(Unsecured, considered good unless otherwise stated)		
	Interest on deposits, accrued but not due	242.3	97.1
	Other receivables*	31.8	61.6
	Incentive receivable from government	1,541.2	851.7
	TOTAL	**1,815.3**	**1,010.4**

Note:

*Includes insurance claim receivable ₹ **1.4 million** (31 March 2019: ₹ 36.5 million)

3.5 Other non-current assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good unless otherwise stated)		
Capital advances	257.5	281.6
Balances with government authorities	254.4	265.8
Other advances	2.1	2.2
Prepaid expenses	-	4.5
TOTAL	**514.0**	**554.1**

3.6 Inventories

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw and packing materials	4,198.0	3,448.1
Goods-in-transit	67.6	141.4
	4,265.6	**3,589.5**
Work-in-progress	683.1	545.6
Finished goods	2,424.6	2,431.5
Goods-in-transit	1,942.0	1,563.2
	4,366.6	**3,994.7**
Stock-in-trade	1,446.5	1,700.7
Goods-in-transit	164.0	82.3
	1,610.5	1,783.0
	10,925.8	**9,912.8**

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 2020 is ₹ **351.5 million** (31 March 2019: ₹ 448.8 million)

Notes

to the standalone financial statements for the year ended 31 March 2020

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 2020	For the year ended 31 March 2019
Current tax		
Current year tax	2,783.3	2,004.1
Tax adjustment of earlier periods	(313.8)	-
	2,469.5	**2,004.1**
Deferred tax charge/(credit) (net)		
Minimum Alternate Tax (MAT) credit entitlement	(1,647.9)	(605.6)
MAT credit entitlement of earlier years written off	155.2	-
Origination and reversal of temporary differences	(240.2)	42.7
	(1,732.9)	**(562.9)**
Tax expense for the year	**736.6**	**1,441.2**

(ii) Tax recognised in other comprehensive income

(₹ in million)

Particulars	For the year ended 31 March 2020			For the year ended 31 March 2019		
	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	(265.6)	92.8	(172.8)	(64.3)	22.5	(41.8)
TOTAL	**(265.6)**	**92.8**	**(172.8)**	**(64.3)**	**22.5**	**(41.8)**

(B) Reconciliation of effective tax rate

(₹ in million)

Particulars	(%)	For the year ended 31 March 2020	(%)	For the year ended 31 March 2019
Profit before tax		13,380.8		9,439.6
Tax using the Company's applicable tax rate (Current year 34.9% and Previous Year 34.9%)	34.9%	4,675.3	34.9%	3,298.2
Tax effect of:				
Long term capital gains taxable at lower rate / exempt under income tax	0.0%	(1.1)	0.1%	13.0
Deferred tax reversal during tax holiday period	-0.3%	(44.0)	0.0%	-
Additional deduction allowed under income tax act in respect of Section 80(IE), 80(IB)	-25.4%	(3,394.7)	-18.1%	(1,706.8)
MAT credit entitlement of earlier years written off	1.2%	155.2	0.0%	-
Additional allowances under income tax in respect of Section 35(2AB)	-1.9%	(259.9)	-2.9%	(277.0)
Utilization of previously written off MAT credit#	0.0%	-	-1.4%	(136.7)
Others	-2.9%	(394.2)	2.7%	250.3
	5.5%	736.6	15.3%	1,441.2

The Company's applicable tax rates for the years ended 31 March 2020 and 31 March 2019 were **34.9%** and 34.9%, respectively. Income tax expense was ₹ **736.6 million** for the year ended 31 March 2020, as compared to income tax expense of ₹ 1,441.2 million for the year ended 31 March 2019.

The Company's effective tax rate for the year ended 31 March 2020 was **5.5%** (31 March 2019: 15.3%)

The effective tax rate for the year ended 31 March 2020 and 31 March 2019 was lower primarily as a result of additional allowance under Income tax.

Notes

to the standalone financial statements for the year ended 31 March 2020

During the year ended 31 March 2020, the Company has utilized Minimum Alternate Tax ("MAT") credit amounting to ₹ **Nil** (31 March 2019: ₹ 136.7 million) written off in the year ended 31 March 2016. The current tax charge for the year ended 31 March 2019 is after utilizing MAT credit of said amount.

(C) Movement in deferred tax assets and liabilities

(₹ 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
Deferred Tax Assets / (Liabilities)	6,365.9	1,732.9	92.8	8,191.6
Offsetting of deferred tax assets and deferred tax liabilities				
Net Deferred Tax Assets / (Liabilities)	**6,365.9**	**1,732.9**	**92.8**	**8,191.6**

(₹ in million)

Particulars	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Net balance 31 March 2019
Deferred Tax Liabilities:				
Property, plant and equipment and Intangible assets	(1,589.3)	(187.5)	-	(1,776.8)
Investments	(228.9)	15.3	-	(213.6)
Deferred Tax Assets:				
Employee benefits	480.3	94.9	22.5	597.7
Trade receivables	71.1	23.2	-	94.3
Deferred Government Grant	39.5	(3.2)	-	36.3
Other items	19.0	14.6	-	33.6
MAT credit entitlement	6,988.8	605.6	-	7,594.4
Deferred Tax Assets / (Liabilities)	5,780.5	562.9	22.5	6,365.9
Offsetting of deferred tax assets and deferred tax liabilities				
Net Deferred Tax Assets / (Liabilities)	5,780.5	562.9	22.5	6,365.9

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. 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.

Notes
to the standalone financial statements for the year ended 31 March 2020

(D) Tax assets and liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Non Current tax assets (net)	301.5	262.3
Current tax liabilities (net)	176.2	6.9

(E) Unrecognised deferred tax assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Unrecognised MAT Credit Entitlement	634.9	479.7

3.8 Trade receivables

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(Unsecured)		
Considered good	15,550.7	9,666.4
Credit impaired	260.1	230.4
Less: Loss allowance	(260.1)	(230.4)
TOTAL	**15,550.7**	**9,666.4**

Note :

1. Above trade receivables include amount due from related parties ₹ **11,077.5 million** (31 March 2019: ₹ 5,631.8 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 2020	As at 31 March 2019
Cash on hand	3.4	3.3
Cheques and drafts on hand	151.4	81.4
Balance with banks:		
In current accounts	52.1	29.7
In deposit accounts with original maturity within three months	-	1,500.0
TOTAL	**206.9**	**1,614.4**

3.10 Bank balances other than cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Unpaid dividend account	1.2	0.8
Bank deposits with maturity within 12 months	7,448.0	2,364.2
TOTAL	**7,449.2**	**2,365.0**

Note:

Bank deposits of ₹ **7013.6 million** (31 March 2019: ₹ 1,350.0 million) is under lien with banks against Overdraft facilities availed.

Bank deposits of ₹ **Nil** (31 March 2019: ₹ 55.0 million) are pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

Notes

to the standalone financial statements for the year ended 31 March 2020

3.11 Other current assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good unless otherwise stated)		
Balances with government authorities	3,285.6	2,922.8
Export incentive receivable	405.2	230.6
Advance to suppliers:		
Considered good	355.6	235.3
Considered doubtful	137.8	110.6
	493.4	**345.9**
Less: Loss allowance	(137.8)	(110.6)
	355.6	**235.3**
Prepaid Expenses	194.7	215.1
TOTAL	**4,241.1**	**3,603.8**

3.12A Equity share capital

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised:		
250,000,000 equity shares of ₹ 2 each (31 March 2019: 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 2019: 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 2020		As at 31 March 2019	
	Number	(₹ in million)	Number	(₹ 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.

Notes
to the standalone financial statements for the year ended 31 March 2020

(c) Details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31 March 2020		As at 31 March 2019	
	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%	7,604,000	6.36%
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:

During the year ended 31 March 2015, 59,782,500 Equity Shares of ₹ 2 each fully paid up have been allotted as bonus shares by capitalization of general reserves.

3.12B Other equity

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Capital reserve:		
Investment subsidies from state governments		
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	35,178.1	29,337.7
Add: Profit for the year	12,644.2	7,998.5
	47,822.3	**37,336.2**
Less: Appropriations:		
Dividend on equity shares	3,587.0	1,793.5
Dividend distribution tax	732.1	364.6
At the end of the year	**43,503.2**	**35,178.1**
Other comprehensive income:		
At the commencement of the year	(150.7)	(108.9)
Add: Other comprehensive income for the year	(172.8)	(41.8)
At the end of the year	**(323.5)**	**(150.7)**
TOTAL	**62,565.3**	**54,413.0**

Notes
to the standalone financial statements for the year ended 31 March 2020

3.13 Borrowings

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
A. Non-current borrowings		
Secured:		
Finance lease obligation **(Refer Note 3.29 (b))**	63.2	63.2
Lease liabilities **(Refer Note 3.29 (a) (ii))**	487.2	-
TOTAL	**550.4**	**63.2**
B. Current borrowings		
Secured		
Loans repayable on demand from banks	2,322.8	260.6
	2,322.8	**260.6**
Unsecured		
Working capital loan from banks	9,707.8	4,705.8
	9,707.8	**4,705.8**
TOTAL	**12,030.6**	**4,966.4**

Notes:

Secured:

Loans repayable on demand from Banks include:"

1. Overdrafts from banks ₹ **2,322.8 million** (31 March 2019: ₹ 260.6 million) are secured against pledge of fixed deposits with the banks.
2. Overdraft Facilities carry a rate of interest ranging between 7% to 8% 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 Overdraft in INR of ₹ **Nil** (31 March 2019: ₹ 72.4 million) and Packing Credit in Foreign Currencies of ₹ **9,707.8 million** (31 March 2019: ₹ 4,633.4 million) and are repayable on demand.
4. Working Capital Loan from banks in Foreign Currency carries interest rate in the range of 2.50% to 3.50%. During the previous year, working capital loan from banks in Indian Rupees carried interest rate in the range of 8% to 9% p.a.

3.14 Provisions

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
A. Non-current provisions		
Provisions for employee benefits		
- Gratuity **(Refer note 3.28)**	979.1	726.4
- Compensated absences	478.9	366.3
Provision for anticipated sales returns **(Refer note.3.32)**	357.6	322.5
TOTAL	**1,815.6**	**1,415.2**
B. Current provisions		
Provision for employee benefits:		
- Gratuity (Refer note 3.28)	425.7	337.6
- Compensated absences	328.0	280.0
Provision for anticipated sales returns **(Refer note.3.32)**	744.7	693.3
TOTAL	**1,498.4**	**1,310.9**

Notes

to the standalone financial statements for the year ended 31 March 2020

3.15 Other non-current liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred income on government grant **(Refer note 3.41)**	80.9	92.3
TOTAL	**80.9**	**92.3**

3.16 Trade payables

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Dues of micro and small enterprises **(Refer note 3.27)**	952.3	346.8
Dues of creditors other than micro and small enterprises	7,171.1	7,194.1
TOTAL	**8,123.4**	**7,540.9**

Note:-

Due to related parties ₹ **957.6 million** (31 March 2019: ₹ 761.9 million) **(Refer note 3.35)**

3.17 Other financial liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Employee payables	1,048.5	1,209.2
Security deposits	155.6	149.0
Accrual for expenses	1,814.8	772.8
Lease liabilities **(Refer note 3.29 (a) (ii))**	121.0	-
Unpaid dividend*	1.2	0.6
TOTAL	**3,141.1**	**2,131.6**

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 2019: ₹ Nil).

3.18 Other current liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Due to statutory authorities*	558.6	453.2
Advances from customers	244.9	276.9
Deferred income on government grant **(Refer note 3.41)**	11.7	11.9
TOTAL	**815.2**	**742.0**

Note:-

*Due to statutory authorities includes Goods and Service Tax ("GST") payable, tax deducted at source payable, provident fund and other funds payable.

Notes

to the standalone financial statements for the year ended 31 March 2020

3.19 Revenue from operations

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Sale of products- (A)	65,348.0	56,313.6
Other operating revenues:		
Processing income	57.4	11.6
Export incentives	628.9	452.5
Scrap sales	86.5	77.0
Government subsidy income	17.4	16.5
Royalty income	38.9	24.1
Budgetary support benefit under GST	589.3	240.0
Miscellaneous income/receipts	4.4	5.6
Total other operating revenue: - (B)	**1,422.8**	**827.3**
TOTAL (A) + (B)	**66,770.8**	**57,140.9**

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 2020	For the Year ended 31 March 2019
Revenue from contract with customers as per contracted price	68,425.9	58,799.2
Adjustments made to contract price on account of:		
Less: Sales return	1,232.6	1,200.2
Less: Discounts / Rebates	1,845.3	1,285.4
Revenue from contract with customers	65,348.0	56,313.6
Other operating revenue	1,422.8	827.3
Revenue from operations	66,770.8	57,140.9

b) Disaggregation of revenue from contracts with customers:

The geographical information analyses the company's revenues 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.

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Revenue from Operations:		
Country of Domicile - India	50,853.7	44,981.4
United States of America	13,435.6	9,083.0
Other Countries	2,481.5	3,076.5
	66,770.8	**57,140.9**

Notes

to the standalone financial statements for the year ended 31 March 2020

3.20 Other income

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Interest income on		
-Bank deposits	400.5	194.1
-Bonds, debentures and loans at amortised cost	118.7	136.0
Dividend income on equity securities at FVTPL	56.9	21.2
Foreign currency transactions and translation gain (net)	320.4	187.4
Rental income	21.1	20.1
Net profit on sale of equity securities at FVTPL	-	73.1
Profit on sale of property, plant and equipments (net)	38.8	-
Miscellaneous income/receipts	3.4	43.9
TOTAL	**959.8**	**675.8**

3.21 Cost of materials consumed

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Raw material consumed	14,785.6	12,159.0
Packing material consumed	3,213.1	2,813.2
TOTAL	**17,998.7**	**14,972.2**

3.22 Changes in inventories of finished goods, work-in-progress and stock-in-trade:

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Opening stock:		
Finished goods	3,994.7	3,881.2
Stock-in-trade	1,783.0	2,931.2
Work-in-progress	545.6	376.5
	6,323.3	**7,188.9**
Less: Closing 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**
TOTAL	**(336.9)**	**865.6**

3.23 Employee benefits expense

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Salaries, wages and bonus **(Refer Note 3.28)**	9,833.3	8,856.3
Contribution to provident and other funds **(Refer Note 3.28)**	523.7	422.8
Employees' welfare expenses	310.6	321.8
TOTAL	**10,667.6**	**9,600.9**

Notes

to the standalone financial statements for the year ended 31 March 2020

3.24 Finance cost

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Interest expenses on		
-Bank overdraft and others	260.2	220.1
-Defined benefit liabilities **(Refer Note 3.28)**	63.6	59.3
Other borrowing cost	63.3	3.2
TOTAL	**387.1**	**282.6**

3.25 Other expenses

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Consumption of stores and spare parts	683.1	760.2
Power and fuel	1,060.8	990.9
Processing charges	309.7	247.2
Contract labour charges	686.0	617.2
Rent **(Refer Note 3.29(a))**	21.9	200.1
Rates and taxes	188.4	34.6
Insurance	160.0	186.4
Marketing and promotions	4,932.7	4,063.1
Financial assets at FVTPL -net change in fair value	148.0	43.8
Selling and distribution expenses	1,376.0	1,266.6
Legal and professional Fees	1,925.0	1,591.6
Sales commission	406.8	387.8
Travelling and conveyance	1,636.5	1,539.5
Repairs:		
- Buildings	67.3	103.4
- Plant and machineries	340.9	311.8
- Others	165.7	115.3
Loss on sale of property, plant and equipments (net)	-	18.1
Commission to directors	45.6	142.7
Donation	4.4	14.1
Communication and printing expenses	95.8	128.7
Vehicle expenses	156.9	111.2
Clinical and analytical charges	515.1	552.1
Allowances for doubtful debts	29.7	118.7
Corporate Social Responsibility (CSR) expenditure **(Refer Note 3.39)**	144.4	115.8
License, registration & technology fees	639.5	481.8
Miscellaneous expenses **(Refer Note 3.38)**	180.9	221.5
TOTAL	**15,921.1**	**14,364.2**

3.26 Contingent Liabilities and Commitments

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
Claims against the Company not acknowledged as debt:			
(i)	Central Excise demands disputed in appeal {advances paid in dispute ₹ **14.0 million** (31 March 2019: ₹ 22.7 million)}	192.0	202.9
(ii)	Sales Tax demands disputed in appeal {advances paid in dispute ₹ **34.6 million** (31 March 2019: ₹ 41.7 million)}	208.0	252.2
(iii)	Income Tax demands disputed in appeal {advances paid in dispute ₹ **123.0 million** (31 March 2019: ₹ 98.0 million)}	560.5	593.9
(iv)	Other matters:	1,714.9	2,113.4
	a. In relation to purchase commitments: ₹ **968.1 million*** (31 March 2019: ₹ 968.1 million)		
	b. Supply of Goods: ₹ **0.5 million** (31 March 2019: ₹ 399.0 million)**		
	c. in relation to CCI: ₹ **746.3 million** (31 March 2019: ₹ 746.3 million)		
TOTAL		**2,675.4**	**3,162.4**

Management considers that excise duty, sales tax 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 and alleged infringement of intellectual property.

** 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 materially adverse effect on its financial statements.

b) Commitments

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advance paid ₹ **18.9 million** (31 March 2019: ₹ 39.8 million)	490.5	479.4
2	Calls in Respect of Partly paid up shares issued by a subsidiary Company	14.0	13.6
3	Uncalled/ Unpaid contribution towards investment in funds **(Refer Note.3.2)**	73.8	104.0
4	Other Commitments: Commitment towards research and development - **EUR 0.0625 million** (31 March 2019: USD 2.5 million)	5.2	172.9
5	Pending Export Obligation under advance licence / EPCG Scheme	38.1	27.9
6	Other Commitments - Non Cancellable Operating Lease - **Refer Note.3.29 (a) (i)**		

Notes

to the standalone financial statements for the year ended 31 March 2020

3.27 Dues to Micro and Small enterprises

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 2020	As at 31 March 2019
a)	Principal amount remaining unpaid to any supplier as at the year end	952.3	346.8
	Interest due thereon	29.7	21.4
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.	29.7	21.4
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.	29.7	21.4

The above information regarding Micro and Small Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

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 and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, 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 Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute pre-determined percentage of salary cost of the eligible employee to the superannuation plan to fund the benefit.

The Company has recognised the following amounts in the Statement of Profit and Loss

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
- Contribution to Provident Fund	487.2	378.4
- Contribution to Superannuation fund	-	-
- Contribution to Employee state insurance corporation	36.7	44.4
TOTAL	**523.9**	**422.8**

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.

Notes
to the standalone financial statements for the year ended 31 March 2020

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 2020 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 2020:

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	118.1	126.6
	Interest Cost	63.6	59.3
	Actuarial (gain) / loss	265.6	64.3
	Benefits paid	(106.5)	(73.2)
	PVO at the beginning of the year	1,064.0	887.0
	PVO at end of the year	1,404.8	1,064.0
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	1,404.8	1,064.0
	Fair Value of planned assets at end of year	-	-
	Funded status	(1,404.8)	(1,064.0)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset / (liability) recognised in the balance sheet	(1,404.8)	(1,064.0)
III)	**Net cost for the year**		
	Current Service cost	118.1	126.6
	Interest cost	63.6	59.3
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	265.6	64.3
	Net cost	447.3	250.2
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.33	7.10
	Attrition rate (%)	10% - 20%	10% - 20%
	Salary escalation rate (%)	10% in Next one year and 8% thereafter	9% in Next one year and 7% 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 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Defined Benefit Obligation at end of the year	1,404.8	1,064.0	887.0	674.3	536.0
Experience (Gain)/Loss Adjustment on plan Liabilities	173.9	56.0	46.8	36.5	(11.2)
Actuarial (Gain)/Loss due to change on assumption	91.7	8.3	64.3	19.6	10.6

Notes
to the standalone financial statements for the year ended 31 March 2020

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 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(54.5)	60.3	(42.1)	46.6
Future salary growth (1% movement)	57.8	(53.2)	46.1	(42.5)

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is **6.12 years** (Previous year: 6.18 years)

3.29 a) (i) The Company has entered into non - cancellable operating lease agreements for premises/cars/computers. Rent expenses debited to the Statement of Profit and Loss is as below:

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Rent expense	21.9	200.1
Total	21.9	200.1

The future minimum lease payments in respect of the non cancellable lease agreements as on the year end is as below:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Not later than one year	-	72.5
Later than one year but not later than five years	-	107.7
Later than five years	-	-
Total	-	180.2

Note :

There are no non-cancellable operating leases for the year ended 31 March 2020 as the Company has adopted Ind AS 116 "Leases". The disclosures for Ind AS 116 are disclosed in **Note 3.29 a) (ii)**.

(ii) Leases

The Company has adopted IND AS 116 "Leases" with a date of initial application on 1 April 2019. As a result, the Company has changed its accounting policy for lease contracts.

The Company applied IND AS 116 using the modified retrospective approach and recognized lease liability equal to the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Company recognized a right of use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

In the context of initial application, the Company has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

A. Transition Disclosures

i. Impact on financial statements

On transition to IND AS 116, the Company recognised amount ₹ **646.2 million** of right of use assets and ₹ **646.2 million** of lease liabilities. There was no difference recognised in retained earnings on date of initial application of the standard as the Company adopted the approach whereby the right-of-use assets are initially measured equal to the lease liability.

When measuring lease liabilities, the Company discounted lease payments using the incremental borrowing rate of the respective lease liability at 1 April 2019. The weighted-average rate applied is as mentioned in below table.

ii. Reconciliation of operating lease commitment as at 31 March 2019 with lease liability recognized as at 1 April 2019:

Particulars	As at 1 April 2019
Operating lease commitment as at 31 March 2019	849.8
Less: Recognition exemption for leases of low-value assets	
Less: Recognition exemption for leases with less than 12 months of lease term at transition	9.5
Discounted using the incremental borrowing rate at 1 April 2019	7.73% (1-3 years) 8.26% (4-6 years 8.61% (7-9 years) 8.67% (10-12 years) 8.76% (13-15 years) 8.75% (16-18 years) 8.69% (19 years and above)
Finance lease liabilities recognised as at 31 March 2019	-
Other reconciliation items (to be specified)	-
Extension options reasonably certain to be exercised:	-
Lease liability recognized as at 1 April 2019	646.2

iii. Practical expedients opted by the Company:

(a) Separation of non-lease components from lease components.

(b) Application of standard on a portfolio of leases with similar characteristics.

(c) Reassessment whether a contract contains a lease as at the date of initial application i.e. 1 April 2019.

(d) Non application of IND AS 116 for the leases for which the remaining lease term is less than 12 months as on the date of initial application.

(e) The Company has excluded initial direct costs from the measurement of the right of use asset at the date of initial application.

(f) Use of hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

B. Leases as lessee

i. Right of use assets

Right of use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment

(₹ in million)

Particulars	As at 31 March 2020
	Land and Buildings
Adoption of IND AS 116 "Leases" (as on 1 April 2019)	646.2
Amortisation charge for the year	(139.2)
Additions to right of use assets	92.2
Derecognition of right of use assets	-
Balance at 31 March 2020	**599.2**

Notes

to the standalone financial statements for the year ended 31 March 2020

ii. Lease liability

(₹ in million)

Particulars	As at 31 March 2020
Maturity analysis of lease liability - discounted contractual cash flows	
Less than one year	121.0
One to three years	234.3
More than three years	252.9
Total discounted cash flows	**608.2**
Current	**121.0**
Non-current	**487.2**

iii. Amount recognised in profit or loss

(₹ in million)

Particulars	For the Year ended 31 March 2020
General and administrative expenses	
Short-term lease rent expense	21.9
Amortisation and impairment losses	
Amortisation of right of use lease asset	139.2
Finance cost	
Interest expense on lease liability	58.7
	219.8

iv. Amount recognised in statement of cash flows

(₹ in million)

Particulars	For the Year ended 31 March 2020
Cash outflow for short-term leases	21.9
Principal component of cash outflow for long-term leases	108.5
Interest component of cash outflow for long-term leases	58.7
Total cash outflow for leases	**189.1**

v. Lease commitments for short term leases

(₹ in million)

Particulars	As at 31 March 2020
Lease commitments for short term leases	**15.5**

(b) During the year, 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	11.3	11.5
Later than five years	63.0	200.6	263.6
Total	**63.2**	**214.8**	**278.0**

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 ₹ **3,937.6 million** (Previous year: ₹ 3,870.5 million).

Notes

to the standalone financial statements for the year ended 31 March 2020

3.31 Earnings per share (EPS)

(₹ in million)

Particulars			For the Year ended 31 March 2020	For the Year ended 31 March 2019
Profit / (Loss) after tax attributable to equity shareholders	₹ in million	A	12,644.2	7,998.4
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)	105.75	66.90

3.32 Disclosure as per Indian Accounting Standard (Ind AS 37) for provisions 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 2020	As at 31 March 2019
Carrying amount at the beginning of the year	1,015.8	910.7
Add: Provision made during the year	778.9	749.6
Less: Amount utilized during the year	692.4	644.5
Carrying amount at the end of the year	**1,102.3**	**1,015.8**

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current provision	357.6	322.5
Current provision	744.7	693.3
Total	**1,102.3**	**1,015.8**

3.33 Dividend paid and proposed:

Dividends on equity shares were declared and paid by the Company during the year

(₹ in million)

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2020	Dividend Per Equity Share (₹)	For the year ended 31 March 2019
Dividend on equity shares	30.00	3,587.0	15.00	1,793.5
Dividend distribution tax		732.1		364.6
Total		**4,319.1**		**2,158.1**

After the reporting dates the following dividend was proposed by the Board of Directors in its meeting held on 5 June 2020 subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities.

(₹ in million)

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2020	Dividend Per Equity Share (₹)	For the year ended 31 March 2019
Final dividend on equity shares	3.00	358.7	8.00	956.5
Dividend distribution tax		-		194.7
Total		**358.7**		**1,151.2**

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 this standalone financial statement.

Notes

to the standalone financial statements for the year ended 31 March 2020

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 enter 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 2020	As at 31 March 2019
	Alkem Laboratories (NIG) Limited (Liquidated with effect from 6 May 2018)	Nigeria	-	-
	Alkem Laboratories (Pty) Limited	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	99.91%	99.98%
	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 ThePharmanetwork, LLC)	United States of America	100%	100%
	Ascend Laboratories SAS (with effect from 4 June 2019)	Colombia	100%	-
	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 (Control over composition of a Board of Directors of Ascend Laboratories Ltd., Canada)	Canada	100%	0%
	Pharma Network SpA (Wholly owned subsidiary of Ascend Laboratories SpA)	Chile	100%	100%
	Alkem Foundation	India	100%	100%

Notes

to the standalone financial statements for the year ended 31 March 2020

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2020 (Continued)

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 (w.e.f. 11 November 2019)	Executive Director
Mr. A.K.Purwar	Independent Director
Mr. A.M.Prasad (upto 15 March 2020)	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 (w.e.f. 16 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	Son of Samprada 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
Mr. Sarvesh Singh (as a relative upto 10 November 2019)	Brother of Sandeep 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
Mst. Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Ms. Inderjit Arora	Wife of Sandeep Singh
Mrs. Annapurna Singh (w.e.f 11 November 2019)	Wife of Sarvesh Singh
Mr. Nawal Kishore Singh	Son of Samprada Singh, Brother of Balmiki Prasad Singh

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 Singh (HUF), M/s. Samprada and Nanhamati Singh Family Trust, Legal heirs of Late Mr. Samprada Singh (w.e.f. 27 July 2019)

Notes

to the standalone financial statements for the year ended 31 March 2020

Details of Transactions with Related Parties

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2020				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	C	D	
1	Remuneration*	-	706.5	146.7	-	853.2
		-	(632.9)	(135.0)	-	(767.9)
2	Purchase of stock in trade	1,802.5	-	-	531.3	2,333.8
		(1,766.5)	-	-	(443.3)	(2,209.8)
3	Sale of finished goods	15,133.7	-	-	-	15,133.7
		(10,714.4)	-	-	-	(10,714.4)
4	Sale of raw and packing materials (₹ 47,470)	30.5	-	-	0.0	30.5
		(33.9)	-	-	(0.6)	(34.5)
5	Purchase of raw and packing materials	46.6	-	-	-	46.6
		(14.2)	-	-	-	(14.2)
6	Services received	1,358.6	-	-	-	1,358.6
		(959.2)	-	-	(0.7)	(959.9)
7	Services rendered	0.7	-	-	6.4	7.1
		(0.6)	-	-	(13.3)	(13.9)
8	Rental income	17.2	-	-	3.8	21.0
		(14.8)	-	-	(3.3)	(18.1)
9	Rent expenses	0.1	1.0	3.1	-	4.2
		(0.1)	(0.6)	(3.5)	-	(4.2)
10	Investments made	3,280.1	-	-	-	3,280.1
		(2,770.6)	-	-	-	(2,770.6)
11	Dividend paid	-	719.9	526.9	808.0	2,054.8
		-	(381.4)	(372.3)	(380.3)	(1,134.0)
12	Loans and advances given to	273.9	2.5	-	-	276.4
		-	-	-	-	-
13	Loans and advances repaid by / converted to equity	96.9	3.0	-	-	99.9
		(998.3)	(10.4)	-	-	(1,008.7)
14	Donation given to	25.0	-	-	-	25.0
		(39.8)	-	-	-	(39.8)
15	Purchase of PPE/Intangible Assets	601.9	-	-	-	601.9
		-	-	-	-	-
16	Royalty expenses	0.9	-	-	-	0.9
		(0.3)	-	-	-	(0.3)
17	Guarantee commission	18.2	-	-	-	18.2
		(16.7)	-	-	-	(16.7)
18	Royalty income	33.7	-	-	-	33.7
		(24.1)	-	-	-	(24.1)
19	Reimbursement of expenses to	230.7	-	-	-	230.7
		(138.6)	-	-	-	(138.6)
20	Reimbursement of expenses from	297.9	-	-	-	297.9
		(180.8)	-	-	-	(180.8)
21	Interest income on loans given (₹ 35,853)	28.0	0.0	-	-	28.0
		(33.6)	(0.4)	-	-	(34.0)
22	Sale of PPE	51.0	-	-	2.8	53.8
		-	-	-	-	-
23	Dividend received	56.1	-	-	-	56.1
		(20.4)	-	-	-	(20.4)
24	Corporate guarantee given for subsidiary	756.7	-	-	-	756.7
		(472.9)	-	-	-	(472.9)
25	Scrap sale	1.3	-	-	-	1.3
		(1.0)	-	-	-	(1.0)

Figures in the brackets are the comparative figures of the previous year.

*Key managerial personnel remuneration

Notes
to the standalone financial statements for the year ended 31 March 2020

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2020 (Continued)

Key managerial personnel remuneration comprise the following :

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Short term employee benefits	464.7	406.1
Post-employment benefits	165.1	53.5
Other long-term benefits	18.6	20.3
Remuneration paid to Chairman Emeritus	45.6	142.7
Commission/sitting fees to Independent Directors	12.5	10.3
Total	**706.5**	**632.9**

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.

Significant Related party transactions

(₹ in million)

Sr. No.	Particulars	Related Party relation	Year ended 31 March 2020	Year ended 31 March 2019
1	Purchase of stock in trade			
	Cachet Pharmaceuticals Private Limited	Subsidiary	1,070.2	1,057.4
	Indchemie Health Specialities Private Limited	Subsidiary	732.3	709.1
	Galpha Laboratories Limited	Affliates	531.3	443.3
2	Sale of Finished Goods			
	Ascend Laboratories, LLC	Step Down Subsidiary	13,178.8	8,726.9
3	Investments made			
	S&B Pharma Inc., USA	Subsidiary	1,862.9	1,425.4
	Enzene Biosciences Limited, India	Subsidiary	1,250.0	1,000.0

Balance due from / to the related Parties

(₹ 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

Notes

to the standalone financial statements for the year ended 31 March 2020

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2020 (Continued)

(₹ in million)

Sr. No.	Particulars	As at 31 March 2019				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
1	Outstanding receivables	5,631.8	-	-	-	5,631.8
2	Outstanding payables	732.8	-	-	29.1	761.9
3	Investments	13,821.7	-	-	-	13,821.7
4	Loans receivable (net of provision for doubtful advances of ₹ 65.5 million)	35.4	0.5	-	-	35.9

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 (hereinafter referred to as "Act")

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 2020	Maximum balance outstanding during the year	As at 31 March 2019
i	Alkem Laboratories Corporation	Wholly Owned Subsidiary	81.6	98.2	27.9
ii	Ascend GmbH (formerly known as Alkem Pharma GmbH)	Wholly Owned Subsidiary	-	7.4	7.0
iii	Pharmacor Limited	Wholly Owned Subsidiary	16.3	16.3	-
iv	S & B Pharma Inc.	Wholly Owned Subsidiary	161.2	161.2	-
v	Alkem Laboratories (Pty) Limited	Wholly Owned Subsidiary	0.6	0.6	0.5

*The above loans given during the year 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 7% 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) Securities pledged against loan taken by subsidiaries **

(₹ in million)

Sr. No.	Particulars	Related Party relation	As at 31 March 2020	As at 31 March 2019
i	S & B Pharma Inc.	Wholly Owned Subsidiary	2,150.0	2,150.0
ii	Cachet Pharmaceuticals Private Limited	Subsidiary	-	55.0

**The securities pledged against loans taken by subsidiaries are 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 ₹ **Nil (AUD Nil)** (31 March 2019: ₹ 269.6 million (AUD 5.5 million)), Ascend Laboratories SpA, Chile amounting to ₹ **756.7 million (USD 10 million)** (31 March 2019: ₹ 414.9 million (USD 6 million)), Pharma Network SpA (Wholly owned by Ascend Laboratories SpA), Chile amounting to ₹ **189.2 million (USD 2.5 million)** (31 March 2019: ₹ 172.9 million (USD 2.5 million)) and Enzene Biosciences Limited amounting to ₹ **Nil** (31 March 2019: ₹ 300 million) in respect of loan taken to meet working capital requirements.

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 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 (excluding investment in subsidiaries)	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 debts)	-	-	550.4	550.4	-	-	-	-
Current borrowings	-	-	12,030.6	12,030.6	-	-	-	-
Trade payables	-	-	8,123.4	8,123.4	-	-	-	-
Other Current financial liabilities	-	-	3,141.1	3,141.1	-	-	-	-
	-	-	23,845.5	23,845.5	-	-	-	-

(₹ in million)

Particulars	As at 31 March 2019							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	1,614.4	1,614.4	-	-	-	-
Other Bank Balances	-	-	2,365.0	2,365.0	-	-	-	-
Non-current investments (excluding investment in subsidiaries)	372.7	-	569.9	942.5	-	372.7	-	372.7
Current investments	2,183.6	-	8.1	2,191.8	180.3	-	2,003.4	2,183.6
Non-current loans	-	-	127.3	127.3	-	-	-	-
Current loans	-	-	262.5	262.5	-	-	-	-
Trade receivables	-	-	9,666.4	9,666.4	-	-	-	-
Other Non-current financial assets	-	-	161.2	161.2	-	-	-	-
Other Current financial assets	-	-	1,010.4	1,010.4	-	-	-	-
	2,556.3	**-**	**15,785.2**	**18,341.5**	**180.3**	**372.7**	**2,003.4**	**2,556.3**
Financial liabilities								
Non-current borrowings (Including current maturity of Long term debts)	-	-	63.2	63.2	-	-	-	-
Current borrowings	-	-	4,966.4	4,966.4	-	-	-	-
Trade payables	-	-	7,540.9	7,540.9	-	-	-	-
Other Current financial liabilities	-	-	2,131.6	2,131.6	-	-	-	-
	-	**-**	**14,702.1**	**14,702.1**	**-**	**-**	**-**	**-**

Notes

to the standalone financial statements for the year ended 31 March 2020

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 2020; 31 March 2019 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 2018)	**2,245.9**
Net change in fair value (unrealised)	(22.5)
Repayment	(220.0)
Closing Balance (31 March 2019)	**2,003.4**
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**

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 2020		31 March 2019	
	Profit or loss		Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	66.6	(66.6)	123.5	(123.5)
Cost of Construction - 5%	(12.5)	12.5	(38.0)	38.0
Absorption Timelines - 1 Year	(153.5)	179.3	(125.5)	163.6

Note: As at 31 March 2020, the above sensitivity analysis for the significant unobservable input of sale price has been performed only for 4 projects (Carrying value: ₹ **1,295.2 million**) out of total 5 projects (Carrying value: ₹ **1,460.0 million**) and for other two significant unobservable inputs, the sensitivity analysis has been performed only for 3 projects (Carrying value: ₹ **1,015.6 million**). In one of the projects, the existing land will be sold without construction and hence only sale price sensitivity analysis has been performed and for the other project 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.

Notes
to the standalone financial statements for the year ended 31 March 2020

3.36 Financial instruments – Fair values and risk management (Continued)

At 31 March 2020, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

(₹ in million)

Particulars	31 March 2020	31 March 2019
India	3,880.7	3,477.4
US	9,260.5	4,088.7
Other regions	2,409.5	2,100.3
	15,550.7	**9,666.4**

The Company's exposure to credit risk for trade receivables by type of counter party is as follows:

(₹ in million)

Particulars	31 March 2020	31 March 2019
Stockists/distributors	4,473.2	4,034.6
Subsidiaries	11,077.5	5,631.8
	15,550.7	**9,666.4**

At 31 March 2020, the carrying amout of the Company's most significant customer (Ascend Laboratories LLC, its wholly owned step-down subsidiary) is ₹ **8,997.7 million** (31 March 2019: ₹ 3,931.8 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 2020	31 March 2019
Not past due	13,595.5	9,232.5
Past due 1–180 days	1,955.2	433.9
Past due more than 180 days	-	-
	15,550.7	**9,666.4**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

(₹ in million)

Particulars	31 March 2020	31 March 2019
Balance as at the beginning of the year	230.4	163.9
Impairment loss recognised	29.7	118.7
Amounts written off	-	(52.2)
Balance as at the end of the year	**260.1**	**230.4**

Loans to subsidiaries

The Company has an exposure of ₹ **259.7 million** as at 31 March 2020 (31 March 2019: ₹ 35.4 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 2020 or 31 March 2019. 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, 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 2020 is ₹ **19,560.4 million** (31 March 2019: ₹ 16,956.0 million)

3.36 Financial instruments – Fair values and risk management (Continued)

Debt securities

The Company has an exposure of ₹ **556.8 million** as at 31 March 2020 (31 March 2019: ₹ 577.9 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 2020.

Credit Rating of debt securities is given below:

(₹ in million)

Credit Rating	31 March 2020	31 March 2019
A +	-	30.0
AA	120.0	200.2
AA -	263.7	153.9
AA +	-	20.7
AAA	165.0	165.0
Not Rated	8.1	8.1
Total	**556.8**	**577.9**

The Company did not have any debt securities that were past due but not impaired at 31 March 2020 or 31 March 2019. 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 days from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 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 2020	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	278.0	2.8	-	2.9	8.7	263.6
Lease 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	3,020.2	121.0	-	-	-

Notes

to the standalone financial statements for the year ended 31 March 2020

3.36 Financial instruments – Fair values and risk management (Continued)

(₹ in million)

31 March 2019	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	280.9	2.8	-	2.9	8.7	266.5
Working capital loans from banks	4,966.4	4,966.4	4,966.4	-	-	-	-
Trade payables	7,540.9	7,540.9	7,540.9	-	-	-	-
Other Current financial liabilities	2,131.6	2,131.6	2,131.6	-	-	-	-

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 our investments. Thus, our 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, KES and CHF. 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 2020, 31 March 2019 in there respective currencies are as below (absolute values):

Particulars	31 March 2020						
	EUR	GBP	USD	AUD	CAD	KES	CHF
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	-	-	-
Other Current financial liabilities	-	-	-	-	-	-	-
	443,059	**308,316**	**141,944,932**	**2,020,819**	**-**	**-**	**-**
Net foreign currency exposure as at 31 March 2020	**166,481**	**3,211,147**	**8,162,532**	**4,750,619**	**-**	**895,602**	**-**

3.36 Financial instruments – Fair values and risk management (Continued)

Particulars	31 March 2019						
	EUR	GBP	USD	AUD	CAD	KES	CHF
Financial assets							
Non-current loans	90,234	-	410,697	-	-	-	-
Trade and other receivables	469,439	3,670,692	81,885,914	6,585,731	-	-	-
Cash and cash equivalents	-	-	145,558	-		789,747	
	559,673	**3,670,692**	**82,442,169**	**6,585,731**	**-**	**789,747**	**-**
Financial liabilities							
Short term borrowings	-	-	67,000,000	-	-	-	-
Trade and other payables	537,855	136,044	13,195,887	828,555	12,279	-	4,265
Other Current financial liabilities	-	-	-	-	-	-	-
	537,855	**136,044**	**80,195,887**	**828,555**	**12,279**	**-**	**4,265**
Net foreign currency exposure as at 31 March 2019	**21,818**	**3,534,648**	**2,246,282**	**5,757,176**	**(12,279)**	**789,747**	**(4,265)**

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 2020	31 March 2019
EUR	82.77	77.67
GBP	93.50	90.53
USD	75.67	69.16
AUD	46.08	49.02
CAD	53.08	51.54
KES	0.72	0.69
CHF	78.29	69.43

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 and ignores any impact of forecast sales and purchases.

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)**

Notes

to the standalone financial statements for the year ended 31 March 2020

3.36 Financial instruments – Fair values and risk management (Continued)

Effect ₹ in million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2019		
10% movement		
EUR	0.2	(0.2)
GBP	32.0	(32.0)
USD	15.5	(15.5)
AUD	28.2	(28.2)
CAD	(0.1)	0.1
KES	0.1	(0.1)
CHF	(0.0)	0.0
	75.9	**(75.9)**

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 as reported to the management of the Company is as follows:

(₹ in million)

Particulars	31 March 2020	31 March 2019
Fixed-rate instruments		
Financial assets	8,773.1	4,994.1
Financial liabilities	2,994.2	396.2
Total	**5,778.9**	**4,597.9**
Variable-rate instruments		
Financial liabilities	9,707.8	4,633.4
Total	**9,707.8**	**4,633.4**

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 2020

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 2020	As at 31 March 2019
Total Borrowings	12,702.0	5,029.6
Less : Cash and cash equivalents	206.9	1,614.4
Net debt	**12,495.1**	**3,415.2**
Total equity	**62,804.4**	**54,652.1**
Net debt to equity ratio	**0.20**	**0.06**

3.38 Payment to auditors (excluding GST)

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
As Auditor		
Audit fees	12.8	12.8
In other capacity		
Taxation matters	**1.7**	**0.7**
In any other services such as certification, etc.	**8.5**	**9.7**
Reimbursement of out of pocket expenses	**0.9**	**0.9**
Total	**23.9**	**24.1**

3.39 The gross amount required to be spent on Corporate Social Responsibility ("CSR") by the Company during the year is ₹ **185.5 million** (Previous Year : ₹ 172.3 million) The Company has spent ₹ **144.4 million** (Previous Year : ₹ 115.8 million) towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

Amount spent during the year on:

(₹ 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	**124.5**	**19.9**	**144.4**
		(115.8)	(-)	(115.8)

Figures in the brackets are the corresponding figures of the previous year.

Above includes a contribution of ₹ **25.0 million** (Previous Year : ₹ 39.8 million) to subsidiary Alkem Foundation 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.

Notes

to the standalone financial statements for the year ended 31 March 2020

3.40 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 2020.

3.41 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 2020 amounts to ₹ **92.6 million** (Previous year: ₹ 104.2 million), the breakup of which is as below:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current	80.9	92.3
Current	11.7	11.9
Total	**92.6**	**104.2**

3.42 Non-current assets held for sale:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Plant and equipment	153.1	172.2
Office Equipments	1.6	3.4
Freehold Land	-	3.5
Furniture and Fixtures	2.8	0.6
Total	157.5	179.7

During the year, the Company has decided to sell various Property, Plant and Equipment in the category of Plant & equipment, Office Equipments and Furniture & Fixtures being no longer required for business purposes. Accordingly, the said Property, Plant and Equipment have been stated at lower of its carrying value and its fair value less costs to sell amounting to ₹ **157.5 million** (Previous year : ₹ 179.7 million) and are presented as "Non-current assets held for sale" as at 31 March 2020.

3.43 Disclosure under Ind AS 103 - Business Combinations

On 15 October 2019, the Company has acquired an industrial undertaking having facility of manufacturing liquid and food products, on a going concern basis from Cachet Pharmaceuticals 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.

3.44 During the year, a case of misappropriation by an employee of amount aggregating ₹ **116.5 million** was detected by the Company. The Company has filed a police complaint against the said employee and the matter is under police investigation. On the basis of the investigation conducted by the management, the Company has recovered ₹ **83.8 million** and has secured recovery of balance amount as at 31 March 2020 and accordingly, the Company has not created any provision in the books of account for balance receivable amount as at 31 March 2020. The Company has terminated the services of the employee.

Notes

to the standalone financial statements for the year ended 31 March 2020

3.45 In March 2020, the World Health Organisation declared COVID-19 to be a pandemic and several restrictions have been imposed by the Governments across the globe on travel, goods movement and transportation considering public health and safety measures. Considering the Company's products are classified as an 'essential commodity', management believes that the impact of the pandemic may not be significant. As of today, production facilities remain operational, following enhanced internal safety guidelines. The Company follows a multi-sourcing strategy for its raw materials allowing the Company to hedge supply risks and ensure reliable supply. The Company also maintains strategic safety stocks to ensure availability of raw materials and formulated products. The Company has considered internal and external information while assessing recoverability of its assets disclosed in the financial statements upto the date of approval of these financial statements 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. Board of Directors has also considered the impact of COVID-19 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 statements and the Company will continue to closely monitor any material changes to future economic conditions.

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
5 June 2020

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

M.K. Singh
Executive Director
DIN. 00881412

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
5 June 2020

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 2020, 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, 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 2020, 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 recognition	How the matter was addressed in our audit
• The Group provides a right of return to its customers as a customary business practice. The initial revenue recognition is reduced taking into consideration the anticipated sales return, 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, chargebacks and sales returns. • Due to the competitive business environment, the estimation of provision for anticipated sales return, chargebacks and rebates are done considering historical trend of actual returns / actual chargeback claims. Also, the expected period over which such products could be returned which is inherently complex and judgmental. Accordingly, this was an area of focus for our audit.	To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others • Evaluated the Group's revenue recognition accounting policies, including those relating to anticipated sales returns and 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 application controls over the Group's systems which governs recording of chargebacks, revenue, creation of new customers. Key controls over revenue cut-off and sales return accruals in the general ledger accounting system were also tested. • 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. • Performed substantive testing (including period end cut off testing) by selecting samples of revenue transactions recorded during the year, by verifying the underlying documents, which include sales/ contracts and shipping documents to test evidence for transfer of control.

1. Revenue recognition	How the matter was addressed in our audit
• Revenue under the new standard 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 ends as Group to achieve its performance targets may recognize 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 2.10 of the consolidated financial statements for details on accounting policy on revenue recognition.	• Performed analysis of one-off sales to customers during the year. • Performed testing by selecting samples relating to actual sales returns recorded during the year by verifying the relevant source documents and comparing the sales return trend with the parameters used in the Group's estimation of sales return provision. • We have also verified the historical accuracy of the Group's estimates by comparing actual return trends and comparing that with provisions in earlier periods. • We assessed significant manual journals posted to revenue to identify unusual items.

2. Assessment of recoverability of the carrying value of goodwill and intangible assets	How the matter was addressed in our audit
As at 31 March 2020, the Group has goodwill in respect of acquired businesses. The carrying value of goodwill will be recovered through future cash flows and there is inherent risk that these assets may be impaired if these cash flows do not meet the Group's expectations. Refer to Note 2.2(e) and 3.37 in the consolidated financial statements for details of accounting policies on impairment of goodwill and related disclosures. Valuation of goodwill is a key audit matter due to: • The inherent complexity in auditing the forward looking assumptions applied to the recoverable value given the significant judgements involved. The key assumptions in the cash flow models include the forecast revenue, margins, terminal growth and discount rates.	To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others • Tested operating effectiveness of controls over Group's assessment of the impairment analysis. Assessed the accuracy of prior period cash flow forecasts of the Group by reference to actual performance. • Using our knowledge of the Group and industry, challenged the significant assumptions and judgements, for impairment analysis specifically in relation to forecast revenue, margins, terminal growth and discount rates with the assistance of our valuations specialists; • Using our knowledge of the Group and industry, challenged the significant assumptions and judgements, for impairment analysis specifically in relation to forecast revenue, margins, terminal growth and discount rates with the assistance of our valuations specialists; • Evaluated the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

3. Taxation and MAT credit asset	How the matter was addressed in our audit
The Group operates in complex tax jurisdictions including India with various tax exemptions available across regions and are subject to tax challenges and audits by local tax authorities. There are open tax matters under litigation with tax authorities. Judgement is required in assessing the level of provisions and disclosure of contingent liabilities required in respect of uncertain tax positions that reflect Group's best estimate of the most likely outcome based on the facts available. The Group pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. 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 to the consolidated financial statements. The recoverability of deferred tax asset on account of MAT credit 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.	• Tested the operating effectiveness of controls around the recording and re-assessment of tax provisions and disclosure of contingent liabilities. • For uncertain tax positions, we read and analysed select correspondence with tax authorities, read Group's assessment and conclusion on likely eventual outcome. We also read opinion from third party experts, judgements on similar matters where available. • We used our tax specialists' expertise to assess the status of the ongoing tax litigations and uncertain tax positions in tax returns and their most likely outcome, basis expertise, industry outcomes and Group's own past outcomes in respect of similar matters. • In respect of deferred tax assets (MAT credit entitlement), we evaluated the Group's assessment in relation to its utilization within the period allowed for carry forward and set off against forecasted taxable income streams. • We assessed the income tax disclosures in note 3.7 to the consolidated financial statements for compliance with applicable Ind AS.

Independent Auditors' Report (Continued)

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 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

We did not audit the financial statements / financial information of 19 subsidiaries, whose financial statements/financial information reflect total assets of ₹ 20,238 million as at 31 March 2020, total revenues of ₹ 13,821 million, and net cash flows amounting to ₹ (2,877) 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 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.

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

Independent Auditors' Report (Continued)

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 2020 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 2020 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 2020 on the consolidated financial position of the Group Refer Note 3.26 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

iii. 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 2020.

iv. 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 2020

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 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: 20048648AAAAAX3456

Mumbai
5 June 2020

Annexure A to the Independent Auditors' report

on the consolidated financial statements of Alkem Laboratories Limited for the period ended 31 March 2020

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 2020, 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 2020, 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 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 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 financial statements.

Annexure A to the Independent Auditors' report (Continued)

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 three 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: 20048648AAAAAX3456

Mumbai
5 June 2020

ALKEM

Consolidated Balance Sheet

as at 31 March 2020

(₹ in million)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
1 Non-current assets			
(a) **Property, plant and equipment**	3.1	23,062.9	21,056.2
(b) **Capital work in progress**	3.1	3,629.7	4,929.6
(c) **Goodwill**	3.37	259.3	231.5
(d) **Other intangible assets**	3.1	2,032.7	442.6
(e) **Goodwill on consolidation**	3.37	3,725.2	3,574.1
(f) **Financial assets**			
(i) Investments	3.2	915.0	957.4
(ii) Loans	3.3	106.1	136.3
(iii) Other financial assets	3.4	466.8	462.0
(g) **Deferred tax assets (net)**	3.7C	9,325.7	7,076.3
(h) **Non-current tax assets (net)**	3.7D	419.5	392.7
(i) **Other non-current assets**	3.5	530.1	661.9
Total non-current assets		**44,473.0**	**39,920.6**
2 Current assets			
(a) **Inventories**	3.6	18,188.2	14,998.7
(b) **Financial assets**			
(i) Investments	3.2	1,698.9	2,278.8
(ii) Trade receivables	3.8	16,493.6	12,484.1
(iii) Cash and cash equivalents	3.9	1,759.4	2,490.5
(iv) Bank balances other than (iii) above	3.10	9,162.7	4,125.5
(v) Loans	3.3	279.7	308.0
(vi) Other financial assets	3.4	1,931.0	1,064.6
(c) **Other current assets**	3.11	5,266.0	4,293.8
		54,779.5	**42,044.0**
(d) **Non-current assets held for sale**	3.46	180.8	117.3
Total current assets		**54,960.3**	**42,161.3**
TOTAL ASSETS		**99,433.3**	**82,081.9**
II. EQUITY AND LIABILITIES			
1 Equity			
(a) **Equity share capital**	3.12A	239.1	239.1
(b) **Other equity**	3.12B	61,367.6	54,154.3
Equity attributable to owners of the Company		61,606.7	54,393.4
(c) **Non-controlling interest**	3.38	1,483.0	1,326.1
Total Equity		63,089.7	55,719.5
2 Liabilities			
2a Non-current liabilities			
(a) **Financial liabilities**			
(i) Borrowings	3.13	1,592.4	2,313.0
(b) **Provisions**	3.14	2,220.4	1,737.2
(c) **Deferred tax liabilities (net)**	3.7C	-	3.0
(d) **Other non-current liabilities**	3.15	97.7	133.9
Total non-current liabilities		**3,910.5**	**4,187.1**
2b Current liabilities			
(a) Financial liabilities			
(i) Borrowings	3.13	15,035.1	6,712.7
(ii) Trade payables			
Dues of micro and small enterprises	3.16	1,025.0	606.3
Dues of creditors other than micro and small enterprises	3.16	8,515.5	9,016.2
(iii) Other financial liabilities	3.17	4,519.6	3,428.7
(b) **Other current liabilities**	3.18	1,035.1	852.1
(c) **Provisions**	3.14	1,847.0	1,538.2
(d) **Current tax liabilities (net)**	3.7D	455.8	21.1
Total current liabilities		**32,433.1**	**22,175.3**
Total Liabilities		**36,343.6**	**26,362.4**
TOTAL EQUITY AND LIABILITIES		**99,433.3**	**82,081.9**
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

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

M.K. Singh
Executive Director
DIN. 00881412

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
5 June 2020

Mumbai
5 June 2020

Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

(₹ in million)

Particulars		Note	For the Year ended 31 March 2020	For the Year ended 31 March 2019
1	**Income**			
	(a) Revenue from operations	3.19	83,443.6	73,571.9
	(b) Other income	3.20	1,042.2	877.0
	Total income		**84,485.8**	**74,448.9**
2	**Expenses**			
	(a) Cost of materials consumed	3.21	21,318.3	18,111.4
	(b) Purchases of stock-in-trade		14,430.6	11,301.9
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.22	(2,299.5)	36.4
	(d) Employee benefits expense	3.23	15,054.9	13,624.6
	(e) Finance cost	3.24	650.6	546.3
	(f) Depreciation and amortisation expense	3.1	2,527.6	1,931.8
	(g) Other expenses	3.25	20,205.4	19,349.9
	Total expenses		**71,887.9**	**64,902.3**
3	**Profit before tax (1) - (2)**		**12,597.9**	**9,546.6**
4	**Tax expense**	3.7A		
	(a) Current tax		3,542.5	2,291.7
	(b) Deferred tax charge/(credit) (net)		(2,123.9)	(481.5)
	Sub-total (a + b)		1,418.6	1,810.2
	(c) Tax adjustment of earlier periods		(313.8)	-
	Total tax expenses (a + b + c)		**1,104.8**	**1,810.2**
5	**Profit for the year (3) - (4)**		**11,493.1**	**7,736.4**
6	**Profit attributable to Non-Controlling Interest**	3.38	**222.4**	**131.3**
7	**Profit attributable to Owners of the Company (5) - (6)**		**11,270.7**	**7,605.1**
8	**Other comprehensive income**			
	(a) Items that will not be reclassified subsequently to profit or loss			
	(i) Remeasurements of defined benefit plans	3.29	(280.9)	(69.4)
	(ii) Tax on remeasurements of defined benefit plans	3.7A	96.5	23.7
	(b) Items that will be reclassified to profit or loss			
	(i) Foreign currency translation difference of foreign operations		453.0	355.7
	(ii) Tax on remeasurements of foreign currency translation difference of foreign operations		-	-
	Total of other comprehensive income for the period, net of tax		**268.6**	**310.0**
9	**Other Comprehensive Income/(Loss) attributable to Non-Controlling Interest**	3.38	**(5.4)**	**(1.1)**
10	**Other Comprehensive Income/(Loss) attributable to Owners of the Company (8) - (9)**		**274.0**	**311.1**
11	**Total Comprehensive Income for the year (5) + (8)**		**11,761.7**	**8,046.4**
12	**Total Comprehensive Income/(Loss) attributable to Non-Controlling Interest (6) + (9)**		**217.0**	**130.2**
13	**Total Comprehensive Income/(Loss) attributable to Owners of the Company (11) - (12)**		**11,544.7**	**7,916.2**
14	**Earnings per share (in ₹): Face value of ₹ 2 each**			
	Basic and diluted earnings per share	3.34	**94.26**	**63.61**
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

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

M.K. Singh
Executive Director
DIN. 00881412

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
5 June 2020

Mumbai
5 June 2020

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

(a) Equity share capital

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	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 attributable to non-controlling interest	Total other equity
	Reserves and Surplus				Items of OCI				
	Capital reserve	Employee stock option outstanding account	General reserve	Retained earnings	Exchange differences on translation of Foreign operations	Remeasurement of defined benefit plans			
Balance as at 1 April 2018	7.2	9.9	19,870.8	28,784.4	(161.1)	(112.6)	48,398.6	1,215.5	49,614.1
Total comprehensive income for the year ended 31 March 2019									
Profit for the year	-	-	-	7,605.1	-	-	7,605.1	131.3	7,736.4
Other comprehensive income for the year (net of tax)	-	-	-	-	355.7	(44.6)	311.1	(1.1)	310.0
Total comprehensive income for the year	**-**	**-**	**-**	**7,605.1**	**355.7**	**(44.6)**	**7,916.2**	**130.2**	**8,046.4**
Dividend on equity shares **(Refer Note 3.36)**	-	-	-	(1,793.5)	-	-	(1,793.5)	(19.6)	(1,813.1)
Dividend distribution tax	-	-	-	(372.8)	-	-	(372.8)	-	(372.8)
Employee stock option exercised	-	-	-	-	-	-	-	-	-
Employee compensation expense for the year **(Refer Note 3.45)**	-	5.8	-	-	-	-	5.8	-	5.8
Transfer to general reserve from employee stock option outstanding account	-	(0.7)	0.7	-	-	-	-	-	-
Transfer to general reserve from retained earnings	-	-	-	-	-	-	-	-	-
Balance as at 31 March 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)	-	-	-	-	457.4	(183.4)	274.0	(5.4)	268.6
Total Comprehensive Income for the year	**-**	**-**	**-**	**11,270.7**	**457.4**	**(183.4)**	**11,544.7**	**217.0**	**11,761.7**

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

(₹ in million)

Particulars	Attributable to Owners of the Parent						Total other equity attributable to owners of the parent	Total other equity attributable to non-controlling interest	Total other equity
	Reserves and Surplus				Items of OCI				
	Capital reserve	Employee stock option outstanding account	General reserve	Retained earnings	Exchange differences on translation of Foreign operations	Remeasurement of defined benefit plans			
Dividend on equity shares **(Refer Note 3.36)**	-	-	-	(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 3.45)**	-	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**	**652.0**	**(340.6)**	**61,367.6**	**1,483.0**	**62,850.6**

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.

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
5 June 2020

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

M.K. Singh
Executive Director
DIN. 00881412

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
5 June 2020

ALKEM

Consolidated Statement of Cash Flow

for the year ended 31 March 2020

(₹ in million)

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A.	Cash Flow from Operating Activities:		
	Profit before tax	12,597.9	9,546.6
	Adjustments for:		
	Depreciation and amortisation expense	2,527.6	1,931.8
	Profit on sale of investments	(0.8)	(73.3)
	Unrealised loss on fair valuation of investments (net)	172.2	45.5
	(Profit) / loss on sale of property plant and equipment (net)	(12.6)	54.8
	Employee stock compensation expenses	1.5	5.8
	Unrealised foreign currency (gain) / loss on revaluation (net)	(275.4)	(113.8)
	Dividend Income	(1.1)	(1.2)
	Impairment loss on property, plant and equipment	32.7	-
	Interest Income	(631.2)	(412.8)
	Interest expenses	650.6	546.3
	Allowances for doubtful debts	101.7	185.9
	Rent income	(6.5)	(5.3)
	Subtotal of Adjustments	**2,558.7**	**2,163.7**
	Operating profit before working capital changes	15,156.6	11,710.3
	Changes in working capital:		
	(Increase) / Decrease in trade receivables	(2,574.4)	(1,558.5)
	Decrease/(Increase) in loans, other financial assets and other assets	(1,538.0)	156.8
	(Increase) / Decrease in inventories	(2,817.4)	(373.0)
	(Decrease) / Increase in trade payable, other financial liabilities and other liabilities	(37.4)	(109.5)
	(Decrease) / Increase in provisions	495.2	481.5
	Subtotal of adjustments	**(6,472.0)**	**(1,402.7)**
	Cash generated from operations	8,684.6	10,307.6
	Less: Income taxes paid (net of refund)	(2,833.8)	(2,511.1)
	Net Cash generated from operating activities	**5,850.8**	**7,796.5**
B	Cash Flow from Investing Activities:		
	Purchases of property, plant and equipment	(3,630.9)	(5,291.6)
	Sale of property, plant and equipment	154.5	22.3
	Proceeds from sale of investments (net)	482.7	1,244.8
	Purchase of Investments (net)	(25.2)	(10.1)
	(Investment) made / Redemption of bank deposits having maturity of more than 3 months	(4,911.4)	427.5
	Dividend received	1.1	1.2
	Interest received	509.2	436.7
	Rent received	6.5	5.3
	Net cash (used in) investing activities	**(7,413.5)**	**(3,163.9)**

Consolidated Statement of Cash Flow

for the year ended 31 March 2020

(₹ in million)

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
C	Cash Flow from Financing Activities:		
	(Repayment) of / Proceeds from non-current borrowings (net)	(1,810.5)	(70.6)
	(Repayment) of / Proceeds from current borrowings (net)	7,841.2	(986.7)
	Dividends and corporate dividend tax paid	(4,395.6)	(2,185.8)
	Repayment of lease liabilities	(193.0)	-
	Interest and bank charges paid	(650.6)	(546.3)
	Net cash (used in)/generated from financing activities	**791.5**	**(3,789.4)**
D	**Net (decrease)/increase in Cash and Cash Equivalents (A+B+C)**	**(771.2)**	**843.2**
E	**Cash & Cash Equivalents as at the beginning of the year (Refer Note 3.9)**	**2,490.5**	**1,667.1**
	Add/Less: Effect of exchange difference on foreign currency cash and cash equivalents	**40.1**	**(19.8)**
F	**Cash & Cash Equivalents as at the end of the year (D+E) (Refer Note 3.9)**	**1,759.4**	**2,490.5**

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows".

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 2018	2,362.9	7,612.7
Cash flows from borrowing during the year (net)	(70.6)	(986.7)
Non-Cash Items (Foreign exchange changes)	435.7	86.7
As at 31 March 2019	2,728.0	6,712.7
Cash flows from borrowing during the year (net)	(1,810.5)	7,841.2
Non-Cash Items (Lease liabilities, foreign exchange changes)	1,274.1	481.2
As at 31 March 2020	**2,191.6**	**15,035.1**

Significant Accounting Policies	**Note 2A**
Notes to the Consolidated Financial Statements	**Note 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

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

M.K. Singh
Executive Director
DIN. 00881412

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
5 June 2020

Mumbai
5 June 2020

Notes

to the Consolidated financial statements for the year ended 31 March 2020

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' and individually 'Group companies').

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 2020 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 rounded off to the nearest million 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 5 June 2020.

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 unless otherwise indicated.

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 2020

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 2020	As at 31 March 2019
Alkem Laboratories Corporation	Philippines	100%	100%
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	99.91%	99.98%
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%	0%
Cachet Pharmaceuticals Private Limited	India	58.8%	58.8%
Indchemie Health Specialities Private Limited	India	51%	51%
Alkem Laboratories (NIG) Limited #	Nigeria	NA	NA
Ascend Laboratories Ltd.	Canada	100%	0%
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
# Liquidated with effect from 6 May 2018
with effect from 4 June 2019
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.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

(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 3.37)**. 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 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.

2.3 Property, plant and equipment ("PPE")

i) Recognition and measurement

a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment 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 property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of Property, plant and equipment.

c) Any gain or loss on disposal of an item of property plant and equipment 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 property, plant and equipment 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 of). Freehold land is not depreciated.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

In case of following assets, the assessed useful life is 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
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
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 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 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.

The estimated useful lives for current and comparative periods are as follows:

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 lease term					-

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 Leases:

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Group uses significant judgement in assessing the lease term and the applicable discount rate. The Group determines the lease term based on the term mentioned in lease agreements. 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 discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

2.7 Financial instruments

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. 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

Notes

to the Consolidated financial statements for the year ended 31 March 2020

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 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.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

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.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

Additionally in case of subsidiaries in the U.S. customer rebates are estimated at the end of every reporting period, based on direct or indirect sales. If the sales are direct (sales made to end use customers directly by the Subsidiary), the rebates are recognised when products are sold and a periodic credit is given. For indirect sales (sales to end use customers through wholesale customers), the rebates are recognised based on the terms with such customer and validated against available chargeback data. Medicaid rebates are estimated based on the historical data the Subsidiary receives from the public sector benefit providers, which is based on the final dispensing of the products by a pharmacy to a benefit plan participant.

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.

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, except exchange differences arising from the translation of the following items which are recognised in OCI:

- equity investments at fair value through OCI (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

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 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.

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 and superannuation fund for eligible employees are considered to be defined contribution plan for which the Group made 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, and as reduced by the fair value of scheme assets, if any.

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.

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

Notes

to the Consolidated financial statements for the year ended 31 March 2020

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 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.

2.16 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 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.

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 management 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 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.

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 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 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

Notes

to the Consolidated financial statements for the year ended 31 March 2020

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 along with 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 3.39**.

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 2018	**1,228.6**	**782.6**	**6,190.3**	**11,829.1**	**397.5**	**356.5**	**791.6**	**21,576.2**	**285.8**	**353.1**	**158.1**	**-**	**797.0**	
Additions	-	-	1,008.3	2,809.2	54.4	77.7	198.2	4,147.8	95.0	65.4	-	-	160.5	
Adjustments	-	-	-	-	(0.0)	-	(3.6)	(3.6)	3.6	-	-	-	3.6	
Deletions	-	-	(8.2)	(172.0)	(5.3)	(36.3)	(14.6)	(236.4)	(0.3)	-	-	-	(0.3)	
Reclassification to assets held for sale	(3.5)	-	-	(161.6)	(0.5)	-	(1.0)	(166.6)	-	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	8.7	67.6	72.0	1.4	(2.5)	10.9	158.1	7.8	0.7	10.6	-	19.1	
As at 31 March 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**	**-**	**979.8**	
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 non-current 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**	
Depreciation and Amortisation														
As at 1 April 2018	**0.1**	**18.6**	**318.5**	**2,043.5**	**113.6**	**88.5**	**260.4**	**2,843.2**	**136.2**	**184.6**	**37.9**	**-**	**358.7**	
Depreciation/amortisation for the year	-	12.8	206.3	1,256.5	48.5	51.9	181.0	1,757.0	80.1	81.0	13.6	-	174.8	
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deductions	-	-	(0.3)	(115.7)	(3.1)	(22.7)	(8.7)	(150.5)	(0.2)	-	-	-	(0.2)	
Reclassification to assets held for sale	-	-	-	(48.9)	(0.1)	-	(0.3)	(49.3)	-	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	0.1	3.0	14.7	0.6	(1.5)	2.0	18.9	1.4	(0.0)	2.5	-	3.9	
As at 31 March 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**	
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 non-current 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**	
Net Book Value														
As at 31 March 2019	1,225.0	759.8	6,730.3	11,226.6	288.0	279.2	547.1	21,056.2	174.4	153.6	114.7	-	442.6	4,929.6
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**

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 ₹ **1,608.5 million** (31 March 2019: ₹ 222.6 million) located at Research and Development Centres of the Group.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

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 ₹ **3,629.7 million** (31 March 2019: ₹ 4,929.6 million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **59.0 million** (31 March 2019: ₹ 70.3 million).
3. Refer **Note 3.27(1)** for contractual commitments with respect to property, plant and equipments.
4. Refer **Note 3.30(b)** for future obligation pertaining to finance lease.
5. Exclusive charge by way of hypothecation over the whole of the moveable properties (save and except current assets) including Company's movable plant and machinery, machinery spares, tools and accessories and other movable, both present and future subject to a maximum book value of ₹ **2,150.0 million** - situated at Daman and Sikkim in India against issuance of Stand by letter of credit required for loan of US$ 19.0 million advanced by Citi Bank USA to S&B Pharma Inc. (USA), a wholly owned subsidiary of the Company.
6. During the year ended 31 March 2020, certain assets, which were categorised as assets held for sale as at 31 March 2019 have been reclassified to Property, Plant and Equipment.
7. Depreciation and amortisation expense:

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation expense	2,010.7	1,757.0
Amortisation expense	516.9	174.8
Total	**2,527.6**	**1,931.8**

3.2 Investments:

A. Non-current investments

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
1) In equity shares: [at fair value through profit and loss] Unquoted:		3.4		3.4
2) Investment In venture capital funds Unquoted: [at fair value through profit and loss]:		344.0		384.2
3) Non convertible debentures :[at amortised cost]:				
Unquoted	20.0		20.0	
Quoted	165.0	185.0	175.0	195.0
4) Bonds :[at amortised cost]:				
Quoted	353.7		374.8	
Unquoted	28.9	382.6	-	374.8
Less: Provision for diminution in the value of investments		-		-
Total		**915.0**		**957.4**

B. Current investments

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
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)**	1,460.0		2,003.4	
		1,460.0		2,003.4
2) Equity shares: Quoted [at fair value through profit and loss]		83.7		87.0
3) Investment In mutual funds: Quoted: [at fair value through profit and loss]:		137.1		180.3
4) Preference shares: (Unquoted) : [at amortised cost]		8.1		8.1
5) **Non convertible debentures : [at amortised cost]** : - Quoted		10.0		-
		1,698.9		**2,278.8**

Notes

to the Consolidated financial statements for the year ended 31 March 2020

Notes:

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Quoted investments	739.5	739.5	817.1	817.1
2) Aggregate value of Unquoted investments	1,874.4	N.A.	2,419.1	N.A.

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.

3.3 Loans

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
A. Non-current loans		
Security deposits	31.0	64.6
Other receivables	75.1	71.7
TOTAL	**106.1**	**136.3**
B. Current loans		
Loans and advances to employees *	173.6	197.9
Loans to others	2.0	-
Security deposits	104.1	110.1
TOTAL	**279.7**	**308.0**
* Includes loan to related party of ₹ Nil (31 March 2019: ₹ 0.5 million) **(Refer note 3.32)**		
Break-up of security details		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	385.8	444.3
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**385.8**	**444.3**
Less: Loss allowance	-	-
Total	**385.8**	**444.3**

3.4 Other financial assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
A. Other non current financial assets		
(Unsecured, considered good unless otherwise stated)		
In Deposit accounts:		
Bank deposits with maturity beyond 12 months	451.8	365.9
Interest on deposits, accrued but not due	4.9	26.2
Other receivable	10.1	19.9
Incentive receivable from government	-	50.0
TOTAL	**466.8**	**462.0**

Note:

Bank deposits of ₹ **247.4 million** (31 March 2019: ₹ 245.6 million) are under lien with the Banks against Overdraft facility.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
B. Other current financial assets		
(Unsecured, considered good unless otherwise stated)		
Interest on deposits, accrued but not due	266.5	99.7
Other receivables*	31.0	60.4
Incentive receivable from government	1,633.5	904.5
TOTAL	**1,931.0**	**1,064.6**

*Includes insurance claim receivable ₹ **1.4 million** (31 March 2019: ₹ 36.5 million)

3.5 Other non-current assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good unless otherwise stated)		
Capital advances	273.6	389.4
Balances with government authorities	254.4	265.8
Other advances	2.1	2.2
Prepaid expenses	-	4.5
TOTAL	**530.1**	**661.9**

3.6 Inventories

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw and packing materials	4,953.1	4,327.6
Goods-in-transit	67.8	141.6
	5,020.9	**4,469.2**
Work-in-progress	857.2	729.4
Finished goods	6,700.7	5,015.5
Goods-in-transit	2,000.8	1,577.6
	8,701.5	**6,593.1**
Stock-in-trade	3,436.7	3,102.2
Goods-in-transit	171.9	104.8
	3,608.6	**3,207.0**
	18,188.2	**14,998.7**

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 ₹ **944.0 million** (31 March 2019: ₹ 643.4 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 2020

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 2020	For the year ended 31 March 2019
Current tax		
Current year tax	3,542.5	2,291.7
Tax adjustment of earlier periods	(313.8)	-
	3,228.7	**2,291.7**
Deferred tax:		
Minimum Alternate Tax (MAT) credit entitlement	(1,647.9)	(605.6)
Decrease in tax rate in US	-	(82.3)
Origination and reversal of temporary differences	(632.8)	206.4
MAT credit entitlement of earlier years written off	156.8	-
	(2,123.9)	**(481.5)**
Tax expense for the year	**1,104.8**	**1,810.2**

(ii) Amounts recognised in other comprehensive income

(₹ in million)

Particulars	For the year ended 31 March 2020			For the year ended 31 March 2019		
	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	(280.9)	96.5	(184.4)	(69.4)	23.7	(45.7)
TOTAL	**(280.9)**	**96.5**	**(184.4)**	**(69.4)**	**23.7**	**(45.7)**

B. Reconciliation of effective tax rate

(₹ in million)

Particulars	(%)	For the year ended 31 March 2020	(%)	For the year ended 31 March 2019
Profit before tax		12,597.9		9,546.6
Tax using the Company's applicable tax rate	34.9%	4,401.7	34.9%	3,335.6
Tax effect of:				
Decrease in tax rate in US	0.0%	-	-0.9%	(82.3)
Additional deduction allowed under Income Tax Act	-27.5%	(3,469.4)	-18.2%	(1,733.1)
Expense not deductible for tax purposes	0.6%	72.6	0.4%	37.3
Additional allowances under Income Tax Act	-2.1%	(259.9)	-2.9%	(277.0)
Unrecognised deferred tax asset in subsidiaries	1.1%	135.2	4.2%	402.7
Utilization of previously written off MAT credit #	0.0%	-	-1.4%	(136.7)
MAT credit entitlement of earlier years written off	1.2%	156.8	0.0%	-
Deferred tax reversal during tax holiday period	-0.3%	(44.0)	0.0%	-
Others	0.9%	111.8	2.8%	263.7
	8.8%	1,104.8	19.0%	1,810.2

During the year ended 31 March 2020, the Group has utilized Minimum Alternate Tax ("MAT") credit amounting to ₹ **Nil** (31 March 2019: ₹ 136.7 million) which was written off in the year ended 31 March 2016. The current tax charge for year ended 31 March 2019 is after utilizing MAT credit of said amount.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

C. Movement in deferred tax assets and liabilities

(₹ 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)	(12.4)	-	-	(1,595.7)	-	1,595.7
Investments	(212.1)	133.7	-	-	(78.4)	-	78.4
Borrowings	(0.1)		-	-	(0.1)	-	0.1
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**	**-**

(₹ in million)

Particulars	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Exchange rate difference	Net balance 31 March 2019	Deferred tax asset	Deferred tax liability
Deferred tax liabilities							
Property, plant and equipment and intangible assets	(1,337.2)	(246.1)	-	-	(1,583.3)	-	1,583.3
Investments	(228.0)	15.9	-	-	(212.1)	-	212.1
Borrowings	(0.1)		-	-	(0.1)	-	0.1
Deferred Tax Assets:							
Inventories	269.7	(112.6)			157.1	157.1	-
Employee benefits	545.8	130.5	23.7	-	700.0	700.0	-
Trade receivable	96.4	39.7	-	-	136.1	136.1	-
Deferred government grant	55.1	(4.5)	-	-	50.6	50.6	-
Other items	44.8	19.6	-	28.6	93.0	93.0	-
Tax losses carried forward	89.2	33.5	-	-	122.7	122.7	-
MAT credit entitlement	7,003.7	605.5	-	-	7,609.2	7,609.2	-
Tax assets / (liabilities)	**6,539.5**	**481.5**	**23.7**	**28.6**	**7,073.3**	**8,868.8**	**1,795.5**
Offsetting of deferred tax assets and deferred tax liabilities						(1,792.5)	(1,792.5)
Net tax assets	**6,539.5**	**481.5**	**23.7**	**28.6**	**7,073.3**	**7,076.3**	**3.0**

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.

Notes
to the Consolidated financial statements for the year ended 31 March 2020

D. Tax assets and liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Non Current tax assets (net)	419.5	392.7
Current tax liabilities (net)	455.8	21.1

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 ₹ **2,204.6 million** (31 March 2019: ₹ 1,852.3 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 2020		As at 31 March 2019	
	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Deductible temporary differences	18.4	4.8	14.9	3.9
Tax Losses	6,626.8	1,798.1	4,743.0	1,243.6
Unrecognised MAT credit entitlement		636.5		479.7
Total	**6,645.2**	**2,439.4**	**4,757.9**	**1,727.2**

Tax Losses carried forward

(₹ in million)

Particulars	Expiry Date (Financial Year)	As at 31 March 2020	Expiry Date (Financial Year)	As at 31 March 2019
Brought forward losses (allowed to carry forward for specified period)	2022-29	539.4	2021-28	412.6
Brought forward losses (allowed to carry forward for specified period)	2033-37	238.2	2033-37	208.4
Brought forward losses (allowed to carry forward for infinite period)		1,020.5		622.6
Total		**1,798.1**		**1,243.6**

3.8 Trade receivables

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(Unsecured)		
Considered good	16,493.6	12,484.1
Credit impaired	424.3	383.8
Less: Loss allowance	(424.3)	(383.8)
TOTAL	**16,493.6**	**12,484.1**

Note :

1. **Refer note 3.39** for information about credit risk and market risk of trade receivables.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.9 Cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash on hand	8.1	6.1
Cheques and drafts on hand	151.4	81.4
Balance with banks:		
In Current accounts	1,387.0	894.2
In Deposit accounts:		
Deposit with original maturity within three months	212.9	1,508.8
TOTAL	**1,759.4**	**2,490.5**

3.10 Bank balances other than cash and cash equivalents:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Unpaid dividend account	1.2	0.8
Bank deposits with maturity within 12 months	9,161.5	4,124.7
TOTAL	**9,162.7**	**4,125.5**

Note:

Bank deposits of ₹ **8,016.9 million** (31 March 2019: ₹ 2,296.8 million) is under lien with banks against Overdraft facilities availed.

Bank deposits of ₹ **Nil** (31 March 2019: ₹ 55.0 million) are pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

3.11 Other current assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good unless otherwise stated)		
Balances with government authorities	3,892.0	3,382.0
Export incentive receivable	405.2	230.6
Advance to suppliers:		
Considered good	650.7	360.0
Considered doubtful	137.8	110.6
	788.5	**470.6**
Less: Loss allowance	(137.8)	(110.6)
	650.7	**360.0**
Prepaid Expenses	318.1	321.2
TOTAL	**5,266.0**	**4,293.8**

3.12A Equity share capital

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised:		
250,000,000 equity shares of ₹ 2/- each (31 March 2019: 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 2019: 119,565,000 equity shares of ₹ 2 each fully paid up)	239.1	239.1
TOTAL	**239.1**	**239.1**

Notes
to the Consolidated financial statements for the year ended 31 March 2020

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	(₹ in million)	Number	(₹ 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 2020		As at 31 March 2019	
	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%	7,604,000	6.36%
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:

During the year ended 31 March 2015, 59,782,500 Equity Shares of ₹ 2 each fully paid up have been allotted as bonus shares by capitalization of general reserves.

3.12B Other equity

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Capital reserve:		
At the commencement of the year	7.2	7.2
Add: Addition during the year	-	-
Less: Transferred to retained earnings during the year	2.0	-
At the end of the year	**5.2**	**7.2**
Employee stock options outstanding account:		
At the commencement of the year	15.0	9.9
Add: Employee compensation expenses for the year	1.5	5.8
Less: Employee stock option exercised	2.1	-
Less: Transfer to general reserve	0.8	0.7
At the end of the year	**13.6**	**15.0**
General reserve:		
At the commencement of the year	19,871.5	19,870.8
Add: Transferred from retained earnings / employee stock option outstanding account	0.8	0.7
At the end of the year	**19,872.3**	**19,871.5**

Notes

to the Consolidated financial statements for the year ended 31 March 2020

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Retained earnings:		
At the commencement of the year	34,223.2	28,784.4
Add: Transferred from capital reserve	2.0	-
Add: Profit for the year	**11,270.7**	**7,605.1**
	45,495.9	**36,389.5**
Less: Appropriations:		
Transfer to general reserve	-	-
Dividend on equity shares	3,587.0	1,793.5
Dividend distribution tax	743.8	372.8
At the end of the year	**41,165.1**	**34,223.2**
Other comprehensive income:		
At the commencement of the year	37.4	(273.7)
Add: Other comprehensive income for the year	274.0	311.1
At the end of the year	311.4	37.4
TOTAL	**61,367.6**	**54,154.3**

3.13 Borrowings

(₹ in million)

Particulars	Non-current		Current maturities	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
A. Non-current borrowings				
Secured:				
Term loans				
- from banks	563.3	2,123.5	381.0	415.0
- from other parties	9.5	11.3	-	-
Finance Lease obligation **(Refer note 3.30 (b))**	63.2	63.2	-	-
Lease liabilities **(Refer note 3.30 (a) (ii)**	853.3	-	218.2	-
Unsecured				
Term loans				
- from related parties **(Refer note 3.32)**	86.8	99.8	-	-
- from other parties	16.3	15.2	-	-
TOTAL	**1,592.4**	**2,313.0**	**599.2**	**415.0**

Notes :

S&B Pharma Inc

Term loan from bank includes loan from Citi Bank of **US $ 7.5 million** (₹ **563.3 million**); (31 March 2019: US $ 12.5 million (₹ 866.5 million)) due and payable on 15 August 2022, net of current maturities payable of **US $ 5 million** (₹ **375.5 million**); due on 15 August 2020 and 15 February 2021. The outstanding principal balance of the loan shall be repaid in 5 equal semi-annual installments beginning 15 August 2020 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 2020 and 2019, respectively. The applicable monthly LIBOR rate at 31 March 2020 and 2019 was 1.9484% and 2.4898%, respectively.

Term loan from bank includes loan from Citi Bank of **US $ Nil** (₹ **Nil**) (31 March 2019: US $ 16 million (₹ 1,109.2 million)) is due and payable on 7 December 2023. The outstanding principal balance of the loan shall be repaid in 6 equal semi-annual installments beginning 7 June 2021. 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. The applicable monthly LIBOR rate at 31 March 2020 was 1.9484%. During the year, all balances previously outstanding were repaid in full.

Term loan from Citi bank of **US $ 9.0 million** (₹ **636.2 million**) was taken and repaid fully during the year; The interest rate applicable to this loan is LIBOR plus 100 basis points.

Notes
to the Consolidated financial statements for the year ended 31 March 2020

Term loan from bank includes loan from Citi bank **US $3.0 million (₹ 208.0 million)**; and paid on 30 April 2019.

Term loan from bank includes loan from Citi bank **US $2.5 million (₹ 173.2 million)**; and paid on 15 February 2020.

The above loans are secured by a letter of credit acquired by the Company for the principal amount of the loan.

The loans taken by S&B Pharma Inc are secured by way of hypothecation over the whole of the moveable properties (save and except current assets) including movable plant and machinery, machinery spares, tools and accessories and other movable assets of the Company, 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 $ 19.0 million advanced by Citi Bank USA to S&B Pharma Inc., USA, a wholly owned subsidiary of the Company.

Cachet Pharmaceuticals Private Limited ('CPPL')

Term loan from bank includes loan from The Saraswat Co-op Bank Ltd of ₹ **Nil** (31 March 2019: ₹ 147.8 million). During the year, the above loan has been repaid fully.

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 8.39% to 10.87%.

Unsecured loan from related parties carry interest at the rate of 10% p.a and is repayable after a period of three years.

Unsecured loan from others carry interest at the rate of 10% p.a and is repayable after a period of two years.

Particulars	As at 31 March 2020	As at 31 March 2019
B. Current borrowings		
Secured:		
Loans repayable on demand from banks	5,327.3	1,979.7
	5,327.3	**1,979.7**
Unsecured		
Working capital loan from banks	9,707.8	4,733.0
	9,707.8	**4,733.0**
TOTAL	**15,035.1**	**6,712.7**

Notes :

Secured:

The Company:

Loans repayable on demand from Banks include:

1. Overdrafts from Banks ₹ **2,322.8 million** (31 March 2019: ₹ 260.6 million) are secured against pledge of Fixed Deposits with the banks.
2. Overdraft Facilities carry a rate of Interest ranging between 7% to 8% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.

Indchemie Health Specialities Private Limited ('IHSPL')

Overdraft from banks ₹ **388.6 million** (31 March 2019: ₹ 237.6 million) are secured against fixed deposits placed with respective banks.

This facility carries interest in the range of 6.50% to 6.80%.

Cachet Pharmaceuticals Private Limited ('CPPL')

1. Overdraft from bank of ₹ **Nil** (31 March 2019: ₹ 49.6 million) is against fixed deposit of ₹ **50 million**.
2. Cash credit from banks of ₹ **Nil** (31 March 2019: ₹ 135.1 million) is secured against CPPL's inventory, book debts and receivables.
3. Packing Credit (post shipment) from banks of ₹ **65.6 million** (31 March 2019: ₹ 45.5 million) is secured against the export receivables backed by the letter of credit.
4. The above loan facilities carry interest in the range of 2.5% to 12.5% and are repayable on demand.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

Enzene Biosciences Limited

1. Overdraft from banks ₹ **558.6 million** (31 March 2019: ₹ 235.8 million) are secured against pledge of fixed deposit with the banks.
2. Overdraft facilities carry a rate of interest ranging between 7.39% to 7.99% p.a computed on a monthly basis on the actual amount utilised, and are repayable on demand.

Ascend Laboratories SpA, Chile

Loan facilities of **CLP 3,703.0 (₹ 329.6 million)** (31 March 2019: CLP 1,117.5 million (₹ 113.9 million)) by HSBC Bank Chile are comprised by a fund based facility (overdraft/working capital credits) with a limit of CLP 4,900 million. This facility is backed by a corporate guarantee from the Company. The interest rate is 5.7% p.a.

Pharmacor Pty Limited, Australia

Term loan from bank of **AUD Nil (₹ Nil)** (31 March 2019: AUD 5.5 million (₹ 270.5 million)). During the year, the above loan has been repaid fully.

The Pharma Network, LLC, USA

Working Capital loan of **USD 22.1 million (₹ 1,662.1 million)** (31 March 2019: USD 9.1 million (₹ 631.1 million)) from bank includes revolving credit line taken on 3 October 2017 by The Pharma Network, 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 1.55% plus daily LIBOR. Note that this USD 30 million Revolving Credit facility was renewed as of 2 April 2020 at an annual interest rate of 1.25% plus daily LIBOR.

Unsecured:

The Company:

1. Working Capital Loan from banks comprises of Overdraft in INR of ₹ **Nil** (31 March 2019: ₹ 72.4 million) and Packing Credit in Foreign Currencies of ₹ **9,707.8 million** (31 March 2019: ₹ 4,633.4 million) and are repayable on demand.
2. Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 2.50% to 3.50% During the previous year, working capital loan from banks in Indian Rupees carried interest rate in the range of 8% to 9% p.a.

Cachet Pharmaceuticals Private Limited ('CPPL'):

Working Capital Loan from banks comprises of Book Overdraft in INR of ₹ Nil (31 March 2019: ₹ 27.2 million)

3.14 Provisions

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
A. Non-current provisions		
Provisions for employee benefits:		
- Gratuity **(Refer note 3.29)**	1,182.0	893.2
- Compensated absences	574.6	445.2
Provision for anticipated sales returns **(Refer note.3.35)**	463.8	398.8
TOTAL	**2,220.4**	**1,737.2**
B. Current provisions		
Provision for employee benefits:		
- Gratuity **(Refer note 3.29)**	457.3	364.0
- Compensated absences	415.8	355.9
Provision for anticipated sales returns **(Refer note.3.35)**	973.9	818.3
TOTAL	**1,847.0**	**1,538.2**

Notes
to the Consolidated financial statements for the year ended 31 March 2020

3.15 Other non-current liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred income on government grant **(Refer note 3.45)**	97.7	133.9
TOTAL	**97.7**	**133.9**

3.16 Trade payables

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Dues of micro and small enterprises **(Refer note 3.28)**	1,025.0	606.3
Dues of creditors other than micro and small enterprises	8,515.5	9,016.2
TOTAL	**9,540.5**	**9,622.5**

Due to related parties ₹ **32.5 million** (31 March 2019: ₹ 27.9 million) **(Refer note 3.32)**

3.17 Other financial liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Current maturities of long-term debts in foreign currencies **(Refer note 3.13)**	375.5	381.3
Current maturities of long-term debts in domestic currency **(Refer note 3.13)**	5.5	33.7
Interest accrued but not due on borrowings	3.2	9.1
Employee payables	1,457.9	1,557.9
Security deposits	201.9	223.8
Accrual for expenses	2,256.2	1,222.1
Lease liabilities **(Refer note 3.13)**	218.2	-
Unpaid dividend*	1.2	0.8
TOTAL	**4,519.6**	**3,428.7**

* 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 2019: ₹ Nil).

3.18 Other current liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Due to statutory authorities*	646.8	534.0
Advances from customers	368.9	302.2
Deferred income on government grant **(Refer note 3.45)**	19.4	15.9
TOTAL	**1,035.1**	**852.1**

*Due to statutory authorities includes GST payable, sales tax payable, tax deducted at source payable, provident fund and other funds payable.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.19 Revenue from operations

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Sale of products- (A)	81,919.6	72,658.5
Other operating revenues:		
Processing income	66.9	27.1
Export incentives	661.3	481.4
Scrap sales	98.5	87.7
Government subsidy income	26.6	22.0
Royalty income	5.2	-
Budgetary support benefit under GST	658.7	276.8
Miscellaneous income/receipts	6.8	18.4
Total other operating revenue: - (B)	**1,524.0**	**913.4**
TOTAL (A) + (B)	**83,443.6**	**73,571.9**

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 2020	For the Year ended 31 March 2019
Revenue from contract with customers as per contracted price	122,433.4	106,175.9
Adjustments made to contract price on account of:		
Less: Sales return	1,931.9	1,770.5
Less: Discounts / Rebates / Chargebacks	38,581.9	31,746.9
Revenue from contract with customers	81,919.6	72,658.5
Other operating revenue	1,524.0	913.4
Revenue from operations	83,443.6	73,571.9

b) **Disaggregation of revenue from contracts with customers: Refer note 3.31(a)**

3.20 Other income

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Interest income on		
-Bank deposits	553.3	325.1
-Bonds, debentures and loans at amortised cost	77.9	87.7
Dividend income on equity securities at FVTPL	1.1	1.2
Foreign currency transactions and translation gain (net)	339.5	294.7
Rental income	6.5	5.3
Net profit on sale of equity securities at FVTPL	0.8	73.3
Profit on sale of property, plant and equipments (net)	37.7	-
Miscellaneous income	25.4	89.7
TOTAL	**1,042.2**	**877.0**

3.21 Cost of materials consumed

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Raw material consumed	17,460.3	14,689.4
Packing material consumed	3,858.0	3,422.0
TOTAL	**21,318.3**	**18,111.4**

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.22 Changes in inventories of finished goods, work-in-progress and stock-in-trade:

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Opening stock:		
Finished goods	6,593.2	4,094.9
Stock-in-trade	3,207.0	5,776.4
Work-in-progress	729.4	530.0
	10,529.6	**10,401.3**
Less: Closing 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**
Effect of foreign exchange translation reserve	**338.2**	**164.7**
TOTAL	**(2,299.5)**	**36.4**

3.23 Employee benefits expense

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Salaries, wages and bonus	13,769.6	12,463.0
Contribution to provident and other fund **(Refer note 3.29)**	716.2	585.9
Employees' welfare expenses	567.6	569.9
Employee stock compensation expenses **(Refer note 3.44)**	1.5	5.8
TOTAL	**15,054.9**	**13,624.6**

3.24 Finance cost

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Interest expenses on		
-Bank overdraft and others	466.1	427.7
-Defined benefit liabilities **(Refer Note 3.29)**	76.5	70.1
Other borrowing cost	108.0	48.5
TOTAL	**650.6**	**546.3**

3.25 Other expenses

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Consumption of stores and spare parts	737.3	814.1
Power and fuel	1,301.4	1,214.8
Processing charges	625.2	1,183.4
Contract labour charges	831.6	750.6
Rent **(Refer note 3.30(a))**	53.7	315.0
Rates and taxes	453.6	241.2
Insurance	285.9	297.5
Marketing and promotions	5,657.6	4,705.7
Financial assets at FVTPL -net change in fair value	172.2	45.5
Selling and distribution expenses	2,248.2	1,987.6

Notes

to the Consolidated financial statements for the year ended 31 March 2020

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Legal and professional Fees	1,239.5	1,204.6
Sales commission	462.2	437.1
Travelling and conveyance	2,240.4	2,104.4
Repairs:		
- Buildings	109.9	159.2
- Plant and machineries	418.9	380.8
- Others	254.7	187.9
Loss on sale of property, plant and equipments (net)	25.0	55.5
Commission to directors	45.6	142.7
Donation	4.7	14.4
Communication and printing expenses	165.9	199.2
Vehicle expenses	176.8	131.7
Clinical and analytical charges	471.8	642.5
Allowances for doubtful debts	101.7	185.9
Corporate Social Responsibility (CSR) expenditure **(Refer note 3.41)**	151.7	119.2
Royalty expenses	346.9	521.2
License, registration & technology fees	747.7	596.5
Impairment loss on property, plant and equipments	32.7	-
Foreign currency transactions and translation loss (net)	294.0	164.9
Miscellaneous expenses	548.6	546.8
TOTAL	**20,205.4**	**19,349.9**

3.26 Contingent Liabilities

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
	Claims against the Group not acknowledged as debt:		
(i)	Central Excise demand disputed in appeal {advances paid in dispute ₹ **14.0 million** (31 March 2019: ₹ 23.2 million)}	192.0	209.2
(ii)	Sales Tax demand disputed in appeal {advances paid in dispute ₹ **34.9 million** (31 March 2019: ₹ 41.7 million)}	211.7	255.9
(iii)	Income Tax demand disputed in appeal {advances paid dispute in ₹ **123.3 million** (31 March 2019: ₹ 98.3 million)}	589.9	623.3
(iv)	Other matters:	1,714.9	2,113.4
	a. In relation to purchase commitments: ₹ **968.1 million*** (31 March 2019: ₹ 968.1 million)		
	b. Supply of Goods: ₹ **0.5 million** (31 March 2019: ₹ 399.0 million)**		
	c. in relation to CCI: ₹ **746.3 million** (31 March 2019: ₹ 746.3 million)		
TOTAL		**2,708.5**	**3,201.8**

Management considers that excise duty, sales tax 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 and alleged infringement of intellectual property.

** Claim from customer in relation to product quality issues.

The State Attorneys' Generals', Marion Diagnostic Center, and United Healthcare Services ('the plaintiffs') had filed complaints against various companies including the Company's wholly owned step-down subsidiary, Ascend Laboratories LLC, USA ('Ascend') with the Eastern District of Pennsylvania which alleges a conspiracy between 'Ascend and other parties' for increase in prices, allocate markets,

Notes

to the Consolidated financial statements for the year ended 31 March 2020

rig bids, and decrease in the production of the product - Nimodipine. Basis the consultation with the legal counsel, the Group's management is of the opinion that it has strong arguments to counter the plaintiffs' allegations and thus believes that the matter will not have any material impact on the consolidated financial statements.

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 statement. The Group does not expect the outcome of these proceedings to have materially adverse effect on its financial statements.

3.27 Commitments

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advances paid ₹ **25.3 million** (31 March 2019: ₹ 147.6 million)	723.5	859.4
2	Uncalled / Unpaid contribution towards investment in funds **(Refer Note.3.2)**	100.6	104.0
3	Other Commitments: Commitment towards research and development - **EUR 0.0625 million** (31 March 2019: USD 2.5 million)	5.2	172.9
4	Pending Export Obligation under advance licence / EPCG Scheme	38.1	27.9
5	Other Commitments - Non Cancellable Operating Lease - **Refer Note.3.30(a) (i)**		

3.28 Dues to Micro and Small enterprises

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 2020	As at 31 March 2019
a)	Principal amount remaining unpaid to any supplier as at the year end	1,025.0	606.3
	Interest due thereon	30.2	24.9
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.	30.2	24.9
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.	30.2	24.9

The above information regarding Micro and Small Enterprises has been determined on the basis of information available with the Group. This has been relied upon by the auditors.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.29 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under:

The Company:

i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, 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 Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute pre-determined percentage of salary cost of the eligible employee to the superannuation plan to fund the benefit.

The Company has recognised the following amounts in the Statement of Profit and Loss

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
- Contribution to Provident Fund	487.2	378.4
- Contribution to Superannuation fund	-	-
- Contribution to Employee state insurance corporation	36.7	44.4
TOTAL	**523.9**	**422.8**

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.

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 2020 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 2020:

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	118.1	126.6
	Interest Cost	63.6	59.3
	Actuarial (gain) / loss	265.6	64.3
	Benefits paid	(106.5)	(73.2)
	PVO at the beginning of the year	1,064.0	887.0
	PVO at end of the year	1,404.8	1,064.0

Notes
to the Consolidated financial statements for the year ended 31 March 2020

3.29 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under: (Continued)

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	1,404.8	1,064.0
	Fair Value of planned assets at end of year	-	-
	Funded status	(1,404.8)	(1,064.0)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(1,404.8)	(1,064.0)
III)	**Net cost for the year**		
	Current Service cost	118.1	126.6
	Interest cost	63.6	59.3
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	265.6	64.3
	Net cost	447.3	250.2
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.33	7.10
	Attrition rate (%)	10% - 20%	10% - 20%
	Salary escalation rate (%)	10% in Next one year and 8% thereafter	9% in next one year and 7% 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 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Defined Benefit Obligation at end of the year	1,404.8	1,064.0	887.0	674.3	536.0
Experience (Gain)/Loss Adjustment on plan Liabilities	173.9	56.0	46.8	36.5	(11.2)
Actuarial (Gain)/Loss due to change on assumption	91.7	8.3	64.3	19.6	10.6

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	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(54.5)	60.3	(42.1)	46.6
Future salary growth (1% movement)	57.8	(53.2)	46.1	(42.5)

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is **6.12 years** (Previous year: 6.18 years)

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.29 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under: (Continued)

Indchemie Health Specialities Private Limited ("IHSPL")

(i) Defined contribution plans:

IHSPL makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, IHSPL is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the Government administered employee provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and IHSPL make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. IHSPL has no obligations other than to make the specified contributions.

IHSPL has recognised the following amount in the Statement of Profit and Loss:

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
- Contribution to Provident Fund	63.8	43.5
- Contribution to ESIC	5.6	5.7

(ii) Defined benefit plan

IHSPL 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 plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020 by the actuary.

The following table sets out the status of the gratuity plan and the amounts recognised in the IHSPL's financial statements as at 31 March 2020:

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	15.1	12.8
	Interest Cost	7.3	5.8
	Actuarial (gain) / loss	11.4	1.3
	Past Service Cost (Vested benefits)	-	-
	Benefits paid	(3.4)	(1.3)
	PVO at the beginning of the year	104.1	85.5
	PVO at end of the year	134.3	104.1
II)	**Change in fair value of plan assets**		
	Expected return on plan assets	-	-
	Actuarial gain / (loss)	-	-
	Contributions by the employer	3.4	1.3
	Benefits paid	(3.4)	(1.3)
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.29 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under: (Continued)

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	134.3	104.1
	Fair Value of planned assets at end of year	-	-
	Funded status	(134.3)	(104.1)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(134.3)	(104.1)
IV)	**Net cost for the year**		
	Current Service cost	15.1	12.8
	Interest cost	7.3	5.8
	Past Service Cost (Vested benefits)	-	-
	Actuarial (gain) / loss	11.4	1.3
	Net cost	33.7	19.9
V)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.67	7.35
	Salary escalation rate (%)	7.00	7.00

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	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(14.1)	16.8	(10.6)	12.6
Future salary growth (1% movement)	15.9	(13.7)	12.0	(10.3)

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 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Defined Benefit Obligation at end of the year	134.3	104.1	85.5	65.2	50.3
Experience Gain/Loss Adjustment on plan Liabilities	1.6	3.6	3.2	0.7	0.1
Actuarial Gain/(Loss) due to change on assumption	9.8	(2.3)	(0.6)	3.2	2.0

Cachet Pharmaceuticals Private Limited ("CPPL")

(i) Defined contribution plans:

CPPL makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, CPPL is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the Government administered employee provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and CPPL make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. CPPL has no obligations other than to make the specified contributions.

CPPL has recognised the following amounts in the Statement of Profit and Loss:

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
- Contribution to Provident Fund	31.8	28.8
- Contribution to ESIC	6.4	7.7

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.29 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under: (Continued)

(ii) Defined benefit plan:

CPPL 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 plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020 by the Actuary.

The following table sets out the status of the gratuity plan and the amounts recognised in CPPL's financial statements as at 31 March 2020:

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	8.4	7.6
	Past Service Cost	-	-
	Interest Cost	5.3	4.8
	Actuarial (gain) / loss	3.6	2.4
	Benefits paid	(11.0)	(5.1)
	PVO at the beginning of the year	77.2	67.5
	PVO at end of the year	**83.7**	**77.2**
II)	**Change in fair value of plan assets**		
	Expected return on plan assets	-	-
	Actuarial gain / (loss)	-	-
	Contributions by the employer	11.0	5.1
	Benefits paid	(11.0)	(5.1)
	Fair value of plan assets at beginning of the year		
	Fair value of plan assets at end of the year		
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	83.7	77.2
	Fair Value of planned assets at end of year	-	-
	Funded status	(83.7)	(77.2)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	83.7	77.2
IV)	**Net cost for the year:**		
	Current Service cost	8.4	7.6
	Past Service Cost	-	-
	Interest cost	5.3	4.8
	Expected return on plan assets		
	Actuarial (gain) / losses	3.6	2.4
	Net cost	17.3	14.8
V)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.67	7.35
	Salary escalation rate (%)	5.00	5.00

Notes
to the Consolidated financial statements for the year ended 31 March 2020

3.29 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under: (Continued)

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	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(5.6)	6.4	(5.0)	5.7
Future salary growth (1% movement)	6.1	(5.4)	5.3	(4.9)

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Defined Benefit Obligation at end of the year	83.7	77.2	67.5	64.8	52.9
Experience Gain/Loss Adjustment on plan Liabilities	(0.2)	2.2	(3.4)	0.7	(1.0)
Actuarial Gain/(Loss) due to change on assumption	3.9	0.3	(3.6)	3.7	3.6

Enzene Biosciences Limited ("EBL"):

i) Defined contribution plans:

EBL makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, EBL is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the Government administered employee provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and EBL make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified by the Government.

EBL has recognised the following amount in the Statement of Profit and Loss:

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
- Contribution to Provident Fund	8.8	6.4
- Contribution to ESIC	0.2	0.4

Defined benefit plan:

EBL 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 the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020 by the 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.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.29 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under: (Continued)

The following table sets out the status of the gratuity plan and the amounts recognised in EBL's financial statements as at 31 March 2020:

(₹ in million)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
I)	**Reconciliation in present value of obligations**		
	Obligations at period beginning	4.5	2.1
	Current Service Cost	2.9	1.5
	Interest Cost	0.3	0.1
	Benefits paid	(0.2)	(0.5)
	Actuarial (gain) / loss	0.3	1.3
	PVO at end of the year	7.8	4.5
II)	**Change in fair value of plan assets**		
	Expected return on plan assets	-	-
	Actuarial gain / (loss)	-	-
	Contributions by the employer	0.2	0.5
	Benefits paid	(0.2)	(0.5)
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	7.8	4.5
	Fair Value of planned assets at end of year	-	-
	Funded status	(7.8)	(4.5)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(7.8)	(4.5)
IV)	**Net cost for the year**		
	Current Service cost	2.9	1.5
	Interest cost	0.3	0.1
	Expected return on plan assets		
	Actuarial (gain) / loss	0.3	1.3
	Net cost	3.4	2.9
V)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.33	6.94
	Salary escalation rate (%)	9.00	9.00

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	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(0.5)	0.6	(0.3)	0.3
Future salary growth (1% movement)	0.5	(0.5)	0.3	(0.3)

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Defined Benefit Obligation at end of the year	7.8	4.5	2.1	1.4	0.7
Experience Gain/Loss Adjustment on plan Liabilities	(0.0)	0.1	(0.3)	0.3	(0.9)
Actuarial Gain/(Loss) due to change on assumption	0.3	1.2	(0.1)	(0.3)	(0.0)

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.29 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under: (Continued)

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 2020	For the year ended 31 March 2019
- Contribution to 401(k) Plan - **USD 198,661** (31 March 2019: USD 167,120)	14.0	11.6

No discretionary contribution 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 2020 and 2019, S&B contributions to the plan were **USD 362,457 (₹ 25.6 million)** and USD 365,734 (₹ 25.4 million), respectively. Of these amounts, **USD 89,609 (₹ 6.3 million)** and USD 84,738 (₹ 5.9 million) were accrued and not paid as at 31 March 2020 and 2019 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 2020 and 2019, S&B matching contributions accrued and paid were **USD 74,674 (₹ 5.3 million)** and USD 109,836 (₹ 7.6 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 2020 and 2019, ALC post - employment defined benefit obligation amounted to **PHP 1,174,189 (₹ 1.6 million)** and PHP 904,890 (₹ 1.2 million), respectively.

3.30 a) (i) The Group has entered into non - cancellable operating lease agreements for premises/car/Computers. Rent expenses debited to the Statement of Profit and Loss is as below:

(₹ in million)

Particulars	31 March 2020	31 March 2019
Rent expense	53.7	315.0
Total	**53.7**	**315.0**

The future minimum lease payments in respect of the non cancellable lease agreements as on the year end is as below:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Not later than one year	-	126.2
Later than one year but not later than five years	-	298.3
Later than five years	-	-
Total	-	**424.5**

Note :

There are no non-cancellable operating leases for the year ended 31 March 2020 as the Group has adopted Ind AS 116 "Leases". The disclosures for Ind AS 116 are disclosed in Note 3.30 a) (ii).

Notes

to the Consolidated financial statements for the year ended 31 March 2020

(ii) Leases

The Group has adopted IND AS 116 "Leases" with a date of initial application on 1 April 2019. As a result, the Group has changed its accounting policy for lease contracts.

The Group applied IND AS 116 using the modified retrospective approach and recognized lease liability equal to the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group recognized a right of use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

In the context of initial application, the Group has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

A. Transition Disclosures

i. Impact on financial statements

On transition to IND AS 116, the Group recognised amount ₹ **947.2 million** of right of use assets and ₹ **947.2 million** of lease liabilities. There was no difference recognised in retained earnings on date of initial application of the standard as the Group adopted the approach whereby the right of use assets are initially measured equal to the lease liability.

When measuring lease liabilities, the Group discounted lease payments using the incremental borrowing rate of the respective lease liability at 1 April 2019. The weighted-average rate applied is as mentioned in below table.

ii. Reconciliation of operating lease commitment as at 31 March 2019 with lease liability recognized as at 1 April 2019:

Particulars	As at 1 April 2019
Operating lease commitment as at 31 March 2019	1,228.1
Less: Recognition exemption for leases of low-value assets	5.0
Less: Recognition exemption for leases with less than 12 months of lease term at transition	17.3
Discounted using the incremental borrowing rate at 1 April 2019	7.73% (1-3 years) 8.26% (4-6 years 8.61% (7-9 years) 8.67% (10-12 years) 8.76% (13-15 years) 8.75% (16-18 years) 8.69% (19 years and above)
Finance lease liabilities recognised as at 31 March 2019	-
Other reconciliation items (to be specified)	-
Extension options reasonably certain to be exercised:	-
Lease liability recognized as at 1 April 2019	**947.2**

iii. Practical expedients opted by the Group:

(a) Separation of non-lease components from lease components

(b) Application of standard on a portfolio of leases with similar characteristics

(c) Reassessment whether a contract contains a lease as at the date of initial application i.e. 1 April 2019

(d) Non application of IND AS 116 for the leases for which the remaining lease term is less than 12 months as on the date of initial application.

(e) The Group has excluded initial direct costs from the measurement of the right of use asset at the date of initial application.

(f) Use of hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

Notes
to the Consolidated financial statements for the year ended 31 March 2020

B. Leases as lessee

i. Right of use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment

(₹ in million)

Particulars	As at 31 March 2020 Land and Buildings
Adoption of IND AS 116 "Leases" (as on 1 April 2019)	947.2
Amortisation charge for the year	(238.2)
Additions to right of use assets	357.6
Derecognition of right of use assets	(11.2)
Foreign exchange differences	(6.6)
Balance at 31 March 2020	**1,048.8**

ii. Lease liability

(₹ in million)

Particulars	As at 31 March 2020
Maturity analysis of lease liability - discounted contractual cash flows	
Less than one year	218.2
One to three years	465.0
More than three years	388.3
Total discounted cash flows	**1,071.5**
Current	**218.2**
Non-current	**853.3**

iii. Amount recognised in profit or loss

(₹ in million)

Particulars	For the Year ended 31 March 2020
General and administrative expenses	
Short-term lease rent expense	53.7
Amortisation and impairment losses	
Amortisation of right of use lease asset	238.2
Foreign exchange difference	**0.9**
Impairment losses of right of use lease asset	-
Finance cost	
Interest expense on lease liability	86.8
	379.6

iv. Amount recognised in statement of cash flows

(₹ in million)

Particulars	For the Year ended 31 March 2020
Cash outflow for short-term leases	53.7
Principal component of cash outflow for long-term leases	193.0
Interest component of cash outflow for long-term leases	86.8
Total cash outflow for leases	**333.5**

Notes
to the Consolidated financial statements for the year ended 31 March 2020

v. Lease commitments for short term leases

(₹ in million)

Particulars	As at 31 March 2020
Lease commitments for short term leases	15.5

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	11.3	11.5
Later than five years	63.0	200.6	263.6
Total	**63.2**	**214.8**	**278.0**

3.31 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 geographical 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 have 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 2020	For the year ended 31 March 2019
a)	**Revenue from Operations:**		
	Country of Domicile - India	56,061.8	49,642.6
	United States of America	21,999.5	18,979.2
	Other Countries	5,382.3	4,950.1
		83,443.6	**73,571.9**
b)	**Non-current assets (Refer note below)**		
	Country of Domicile - India	26,321.6	24,685.8
	United States of America	5,958.3	5,369.5
	Other Countries	429.9	178.7
		32,709.8	**30,234.0**

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.

3.32 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.

B) 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 (w.e.f. 11 November 2019)	Executive Director
Mr. A.K.Purwar	Independent Director
Mr. A.M.Prasad (upto 15 March 2020)	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 (w.e.f. 16 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	Son of Samprada 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
Mr. Sarvesh Singh (as a relative upto 10 November 2019)	Brother of Sandeep 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
Mst. Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Ms.Inderjit Arora	Wife of Sandeep Singh
Mrs. Annapurna Singh (w.e.f. 11 November 2019)	Wife of Sarvesh Singh
Mr. Nawal Kishore Singh	Son of Samprada Singh, Brother of Balmiki Prasad Singh

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 Singh (HUF), M/s. Samprada and Nanhamati Singh Family Trust, Legal heirs of Late Mr. Samprada Singh (w.e.f. from 27 July 2019)

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.32 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

Sr. No.	Particulars	Year ended 31 March 2020			
		Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	C	
1	Remuneration*	706.5	146.7	-	853.2
		(632.9)	(135.0)	-	(767.9)
2	Loans taken	-	-	-	-
		-	(20.0)	-	(20.0)
3	Loans repaid	-	21.6	-	21.6
		-	-	-	-
4	Interest expense on loans taken	-	9.6	-	9.6
		-	(8.4)	-	(8.4)
5	Purchase of stock in trade	-	-	537.9	537.9
		-	-	(449.5)	(449.5)
6	Sale of finished goods	-	-	0.2	0.2
		-	-	(0.4)	(0.4)
7	Sale of raw and packing materials (₹ 47,470)	-	-	0.0	0.0
		-	-	(0.6)	(0.6)
8	Purchase of raw and packing materials	-	-	10.5	10.5
		-	-	(7.2)	(7.2)
9	Services received	-	-	-	-
		-	-	(0.7)	(0.7)
10	Services rendered	-	-	18.3	18.3
		-	-	(25.9)	(25.9)
11	Rental income	-	-	3.8	3.8
		-	-	(3.3)	(3.3)
12	Rent expenses	1.0	3.1	-	4.1
		(0.6)	(3.5)	-	(4.1)
13	Dividend paid	759.8	539.0	809.9	2,108.7
		(381.4)	(372.3)	(380.3)	(1,134.0)
14	Loans given	2.5	-	-	2.5
		-	-	-	-
15	Repayment of loan given	3.0	-	-	3.0
		(10.4)	-	-	(10.4)
16	Interest income on loans given (₹ 35,853)	0.0	-	-	0.0
		(0.4)	-	-	(0.4)
17	Sale of PPE	-	-	2.8	2.8
		-	-	-	-

Figures in the brackets are the comparative figures of the previous year.

*Key Managerial personnel remuneration

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.32 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Key Managerial personnel remuneration comprise the following :

(₹ in million)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Short term employee benefits	464.7	406.1
Post-employment benefits	165.1	53.5
Other long-term benefits	18.6	20.3
Remuneration paid to Chairman Emeritus	45.6	142.7
Commission/sitting fees to Independent Directors	12.5	10.3
Total	**706.5**	**632.9**

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 2020			
		Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	C	
1	Outstanding payables	-	-	32.5	32.5
2	Loan payable	-	86.8	-	86.8
3	Loan receivable	-	-	-	-

(₹ in million)

Sr. No.	Particulars	As at 31 March 2019			
		Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	C	
1	Outstanding payables	-	-	27.9	27.9
2	Loan payable	-	99.8	-	99.8
3	Loan receivable	0.5	-	-	0.5

3.33 The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is ₹ **4,725.7 million** (31 March 2019: ₹ 4,621.5 million).

3.34 Earnings per share (EPS)

(₹ in million)

Particulars			Year ended 31 March 2020	Year ended 31 March 2019
Profit for the year attributable to Owners of the Parent	₹ in million	A	11,270.7	7,605.1
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)	94.26	63.61

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.35 Disclosure as per Indian Accounting Standard (Ind AS 37) for provisions 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 2020	As at 31 March 2019
Carrying amount at the beginning of the year	1,217.1	1,089.1
Add: Provision made during the year	1,531.9	1,191.5
Less: Amount utilized during the year	1,311.3	1,063.5
Carrying amount at the end of the year	**1,437.7**	**1,217.1**

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current provision	463.8	398.8
Current provision	973.9	818.3
Total	1,437.7	1,217.1

3.36 Dividend paid and proposed

Dividends on equity shares were declared and paid by the Company during the year

(₹ in million)

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2020	Dividend Per Equity Share (₹)	For the year ended 31 March 2019
Dividend on equity shares	30.00	3,587.0	15.00	1,793.5
Dividend distribution tax		743.8		372.8
Total		**4,330.8**		**2,166.3**

After the reporting dates the following dividend was proposed by the Board of Directors in its meeting held on 5 June 2020. Subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities.

(₹ in million)

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2020	Dividend Per Equity Share (₹)	For the year ended 31 March 2019
Final Dividend on Equity Shares	3.00	358.7	8.00	956.5
Dividend Distribution Tax		-		194.7
Total		**358.7**		**1,151.2**

3.37 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 six years and the Terminal Value at the end of the sixth 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.

Notes
to the Consolidated financial statements for the year ended 31 March 2020

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 2020	As at 31 March 2019
Goodwill on Consolidation		
The Pharmanetwork LLC, United States of America	2,086.0	1,925.5
Pharmacor Pty Ltd, Australia	145.0	154.4
Enzene Biosciences Limited	106.0	106.0
Cachet Pharmaceuticals Private Limited ("CPPL")	487.9	487.9
Indchemie Health Specialities Private Limited ("IHSPL")	900.3	900.3
Sub-Total	**3,725.2**	**3,574.1**
Goodwill acquired separately in		
The Pharmanetwork LLC & Subsidiary, United States of America	33.4	28.4
S&B Pharma Inc., United States of America	225.9	203.1
Sub-Total	**259.3**	**231.5**
Total	**3,984.5**	**3,805.6**

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 %)	11.9%	25.0%	12.4%	16.5%	14.5%
Long-term growth rate (in %)	2.0%	5.0%	2.0%	3.0%	5.0%

The table below shows the key assumptions used in the value in use calculations for goodwill acquired separately:

	The Pharmanetwork LLC & Subsidiary	S&B Pharma Inc.
Pre-tax adjusted discount rate (in %)	11.9%	15.3%
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 2020, 31 March 2019 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.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.38 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 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**

31 March 2019

(₹ in million)

	CPPL	IHSPL	EBL	Total
Non-controlling interest percentage	41.2%	49.0%	0.02%	
Non- current assets	1,119.7	1,200.8	1,505.1	3,825.6
Current assets	901.6	2,178.0	1,010.3	4,089.9
Non-current liabilities	408.2	221.8	9.5	639.5
Current liabilities	1,233.4	770.8	458.6	2,462.8
Net assets	**379.7**	**2,386.2**	**2,047.3**	**4,813.2**
Net assets attributable to the non-controlling interest	156.4	1,169.3	0.4	1,326.1
Revenue from operations	3,381.1	3,927.7	3.2	7,312.0
Profit after tax	(53.0)	324.5	(657.2)	(385.7)
Other comprehensive income (net of tax)	(1.7)	(0.9)	(1.3)	(3.9)
Total comprehensive income	**(54.7)**	**323.6**	**(658.5)**	**(389.6)**
Profit/(loss) allocated to non-controlling interest	(24.7)	156.1	(0.1)	131.3
Other comprehensive income allocated to non-controlling interest	(0.7)	(0.4)	(0.0)	(1.1)
Total comprehensive income allocated to non-controlling interest	**(25.4)**	**155.7**	**(0.1)**	**130.2**
Cash flows from operating activities	127.8	399.1	(640.0)	(113.1)
Cash flows from investing activities	(42.4)	(98.5)	(639.5)	(780.4)
Cash flows from financing activities (dividends to NCI : ₹ 19.6 million)	(102.7)	(300.1)	1,211.2	808.5
Net increase (decrease) in cash and cash equivalents	**(17.3)**	**0.4**	**(68.3)**	**(85.0)**

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.39 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 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	-	74.9	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**	**32,813.0**	**163.9**	**347.4**	**1,460.0**	**1,971.3**
Financial liabilities								
Non-current borrowings (Including current maturity of Long term debts)	-	-	1,973.5	1,973.5	-	-	-	-
Current borrowings	-	-	15,035.1	15,035.1	-	-	-	-
Trade payables	-	-	9,540.5	9,540.5	-	-	-	-
Other current financial liabilities	-	-	4,138.6	4,138.6	-	-	-	-
	-	-	30,687.7	30,687.7	-	-	-	-

(₹ in million)

Particulars	As at 31 March 2019							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	2,490.5	2,490.5	-	-	-	-
Other bank balances	-	-	4,125.5	4,125.5	-	-	-	-
Non-current investments	387.6	-	569.9	957.4	-	387.6	-	387.6
Current investments	2,270.6	-	8.2	2,278.8	267.3	-	2,003.4	2,270.6
Non-current loans	-	-	136.3	136.3	-	-	-	-
Current loans	-	-	308.0	308.0	-	-	-	-
Trade receivables	-	-	12,484.1	12,484.1	-	-	-	-
Other non-current financial assets	-	-	462.0	462.0	-	-	-	-
Other current financial assets	-	-	1,064.6	1,064.6	-	-	-	-
	2,658.2	**-**	**21,649.1**	**24,307.2**	**267.3**	**387.6**	**2,003.4**	**2,658.2**
Financial liabilities								
Non-current borrowings (Including current maturity of Long term debts)	-	-	2,728.0	2,728.0	-	-	-	-
Current borrowings	-	-	6,712.7	6,712.7	-	-	-	-
Trade payables	-	-	9,622.5	9,622.5	-	-	-	-
Other current financial liabilities	-	-	3,013.8	3,013.8	-	-	-	-
	-	**-**	**22,077.0**	**22,077.0**	**-**	**-**	**-**	**-**

Notes
to the Consolidated financial statements for the year ended 31 March 2020

3.39 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 2020 and 31 March 2019 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 2018)	**2,245.9**
Net change in fair value (unrealised)	(22.5)
Repayment	(220.0)
Closing Balance (31 March 2019)	**2,003.4**
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**

Transfer out of Level 3

There has been no transfer out of Level 3 during the year.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.39 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 2020		31 March 2019	
	Profit or loss		Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	66.6	(66.6)	123.5	(123.5)
Cost of Construction - 5%	(12.5)	12.5	(38.0)	38.0
Absorption Timelines - 1 Year	(153.5)	179.3	(125.5)	163.6

Note : As at 31 March 2020, the above sensitivity analysis for the significant unobservable input of sale price has been performed only for 4 projects (Carrying value: ₹ **1,295.2 million**) out of total 5 projects (Carrying value: ₹ **1,460.0 million**) and for other two significant unobservable inputs, the sensitivity analysis has been performed only for 3 projects (Carrying value: ₹ **1,015.6 million**). In one of the projects, the existing land will be sold without construction and hence only sale price sensitivity analysis has been performed and for the other project 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 mutual 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.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.39 Financial instruments – Fair values and risk management (Continued)

At 31 March 2020, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

(₹ in million)

Particulars	Carrying amount	
	31 March 2020	31 March 2019
India	4,832.1	4,291.2
US	9,762.1	6,766.8
Other regions	1,899.4	1,426.1
	16,493.6	**12,484.1**

At 31 March 2020 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 2020	31 March 2019
Not past due	12,916.7	9,816.9
Past due 1–180 days	3,321.7	2,482.4
Past due more than 180 days	255.2	184.8
	16,493.6	12,484.1

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 and other receivables during the year was as follows:

(₹ in million)

Particulars	31 March 2020	31 March 2019
Balance as at the beginning of the year	383.8	261.8
Impairment loss recognised	101.7	185.9
Amounts written off	(61.3)	(63.9)
Balance as at the end of the year	**424.3**	**383.8**

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 2020 is ₹ **2,613.9 million** (31 March 2019: ₹ 3,236.2 million)

Debt securities:

The Group has an exposure of ₹ **556.8 million** as at 31 March 2020 (31 March 2019: ₹ 577.9 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.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.39 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 2020.

Credit Rating of debt securities is given below:

(₹ in million)

Credit Rating	31 March 2020	31 March 2019
A +	-	30.0
AA	120.0	200.2
AA -	263.7	153.9
AA +	-	20.7
AAA	165.0	165.0
Not Rated	8.1	8.1
Total	**556.8**	**577.9**

The Group did not have any debt securities that were past due but not impaired at 31 March 2020, 31 March 2019. 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 majority of the Group's trade receivables are due for maturity within 21 days from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 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 2020	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	278.0	2.8	-	2.9	8.7	263.6
Lease 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 (Other than Current maturity of Long term borrowings)	4,138.6	4,138.6	3,897.1	241.5	-	-	-
	30,687.6	**31,091.2**	**28,481.0**	**617.0**	**952.6**	**492.7**	**547.8**

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.39 Financial instruments – Fair values and risk management (Continued)

(₹ in million)

31 March 2019	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	280.9	2.8	-	2.9	8.7	266.5
Long Term Borrowings (Including current maturity of long term borrowings)	2,664.8	2,743.2	191.2	302.3	501.5	1,715.0	33.2
Working Capital Loan from Bank	6,712.7	6,712.7	6,712.7	-	-	-	-
Trade Payables	9,622.5	9,622.5	9,622.5	-	-	-	-
Other Current Financial Liabilities (Other than Current maturity of Long term borrowings)	3,013.8	3,013.8	2,998.6	15.2	-	-	-
	22,077.0	**22,373.1**	**19,527.8**	**317.5**	**504.4**	**1,723.7**	**299.7**

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. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our 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, KES and CHF. 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 2020, 31 March 2019 in there respective currencies are as below (absolute values):

Particulars	31 March 2020 EUR	GBP	USD	AUD	CAD	KES	CHF
Financial assets							
Trade Receivables	359,597	-	9,898,676	-	-	-	-
Cash and cash equivalents	-	-	161,059	-	-	895,602	-
	359,597	**-**	**10,059,736**	**-**	**-**	**895,602**	**-**
Financial liabilities							
Short Term Borrowings	-	-	128,300,000	-	-	-	-
Trade Payables	658,680	229,372	7,731,042	93,487	-	-	-
Other Current financial liabilities	-	-	-	-	-	-	-
	658,680	**229,372**	**136,031,042**	**93,487**	**-**	**-**	**-**
Net foreign currency exposure as at 31 March 2020	**(299,083)**	**(229,373)**	**(125,971,306)**	**(93,487)**	**-**	**895,602**	**-**

3.39 Financial instruments – Fair values and risk management (Continued)

Particulars	31 March 2019						
	EUR	GBP	USD	AUD	CAD	KES	CHF
Financial assets							
Trade Receivables	569,905	1,494,355	9,280,413	-	-	-	-
Cash and cash equivalents	-	-	145,558	-	-	789,747	-
	569,905	**1,494,355**	**9,425,971**	**-**	**-**	**789,747**	**-**
Financial liabilities							
Short Term Borrowings	-	-	67,000,000	-	-	-	-
Trade Payables	597,983	119,263	6,378,812	12,938	12,279	-	4,265
Other Current financial liabilities	391,927	50,000	500,028	-	-	-	-
	989,910	**169,263**	**73,878,840**	**12,938**	**12,279**	**-**	**4,265**
Net foreign currency exposure as at 31 March 2019	**(420,005)**	**1,325,093**	**(64,452,869)**	**(12,938)**	**(12,279)**	**789,747**	**(4,265)**

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 2020	31 March 2019
EUR	82.77	77.67
GBP	93.50	90.53
USD	75.67	69.16
AUD	46.08	49.02
CAD	53.08	51.54
KES	0.72	0.69
CHF	78.29	69.43

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 and ignores any impact of forecast sales and purchases.

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)
	(958.1)	**958.1**

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.39 Financial instruments – Fair values and risk management (Continued)

Effect ₹ in million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2019		
10% movement		
EUR	(3.3)	3.3
GBP	12.0	(12.0)
USD	(445.7)	445.7
AUD	(0.1)	0.1
CAD	(0.1)	0.1
KES	0.1	(0.1)
CHF	(0.0)	0.0
	(437.1)	**437.1**

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 as reported to the management of the Group is as follows.

(₹ in million)

Particulars	31 March 2020	31 March 2019
Fixed-rate instruments		
Financial assets	13,098.3	9,806.6
Financial liabilities	4,852.5	2,155.0
Total	**8,245.8**	**7,651.6**
Variable-rate instruments		
Financial liabilities	12,374.2	7,285.7
Total	**12,374.2**	**7,285.7**

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

to the Consolidated financial statements for the year ended 31 March 2020

3.40 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 2020	As at 31 March 2019
Total Borrowings (including current maturity of long term debts)	17,226.8	9,440.6
Less : Cash and cash equivalent	1,759.4	2,490.5
Net debt	**15,467.4**	**6,950.1**
Total equity	**63,089.7**	**55,719.5**
Net debt to equity ratio	**0.25**	**0.12**

3.41 The gross amount required to be spent on Corporate Social Responsibility ("CSR") by the Group during the year is ₹ **193.3 million** (Previous Year : ₹ 178.8 million) The Group has spent ₹ **151.7 million** (Previous Year : ₹ 119.2 million) towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

Amount spent during the year on:

(₹ 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	**131.8**	**19.9**	**151.7**
		(119.2)	(-)	(119.2)

Figures in the brackets are the corresponding figures of the previous year.

Above includes expenditure of ₹ **25.5 million** (Previous Year : ₹ 39.8 million) incurred by Alkem Foundation, 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.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.42 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 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
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%	-
Alkem Foundation	0%	(0.7)	0%	(0.7)	0%	-	0%	(0.7)
Ascend Laboratories SAS	0%	1.6	0%	(4.9)	0%	(0.5)		(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**

Notes

to the Consolidated financial statements for the year ended 31 March 2020

(₹ in million)

Name of the enterprises	31 March 2019							
	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	98%	54,652.0	105%	7,998.4	-13%	(41.8)	101%	7,956.6
Subsidiaries								
Indian								
Enzene Biosciences Limited	4%	2,046.7	-9%	(657.2)	0%	(1.3)	-8%	(658.6)
Cachet Pharmaceuticals Private Limited	1%	379.8	-1%	(53.0)	-1%	(1.7)	-1%	(54.7)
Indchemie Health Specialities Private Limited	4%	2,386.2	4%	324.5	0%	(0.9)	4%	323.6
Foreign								
Alkem Laboratories (NIG) Limited	0%	-	2%	133.4	-22%	(69.1)	1%	64.3
Alkem Laboratories Pty Ltd	0%	82.5	0%	5.3	-4%	(11.8)	0%	(6.5)
Ascend GmbH	0%	(49.0)	-1%	(46.9)	1%	1.8	-1%	(45.0)
Alkem Laboratories Corporation	0%	(32.7)	-1%	(109.0)	-7%	(21.4)	-2%	(130.4)
S & B Holdings B.V	3%	1,413.5	-3%	(241.6)	19%	59.0	-2%	(182.6)
Pharmacor Pty Ltd	0%	159.7	1%	56.0	-1%	(3.3)	1%	52.6
The Pharmanetwork LLC & Subsidiary (Ascend Laboratories LLC)	10%	5,349.3	9%	691.2	94%	292.8	12%	984.0
Ascend Laboratories SDN BHD.	0%	-	0%	-	0%	-	0%	-
Ascend Laboratories SpA & Subsidiary (Pharma Network SpA)	1%	349.8	0%	(26.0)	-6%	(18.6)	-1%	(44.6)
Alkem Laboratories, Korea Inc	0%	0.1	0%	-	0%	0.0	0%	0.0
Pharmacor Ltd.	0%	(2.2)	0%	(2.3)	0%	-	0%	(2.3)
S&B Pharma Inc.	3%	1,900.2	-9%	(708.3)	34%	106.9	-8%	(601.5)
The PharmaNetwork, LLP	0%	113.9	0%	(21.3)	-4%	(13.7)	0%	(35.0)
Ascend Laboratories (UK) Limited	0%	30.1	0%	5.5	0%	(0.3)	0%	5.2
Alkem Foundation	0%	0.1	0%	-	0%	-	0%	-
Total Eliminations	-26%	(14,386.8)	5%	387.7	11%	33.4	5%	421.3
Non Controlling Interest	2%	1,326.1	-2%	(131.3)	0%	1.1	-2%	(130.2)
	100%	**55,719.4**	**100%**	**7,605.2**	**100%**	**311.1**	**100%**	**7,916.3**

3.43 During the year ended 31 March 2020 the Company has made following investments in subsidiaries by way of capital contribution:

i) ₹ **159.2 million** in wholly owned subsidiary in Germany viz, "Ascend GmbH".

ii) ₹ **1,862.9 million** in wholly owned subsidiary in United States of America viz, "S&B Pharma Inc.".

iii) ₹ **1,250.0 million** in subsidiary in India viz, "Enzene Biosciences Limited".

iv) ₹ **7.0 million** in subsidiary in Colombia viz, "Ascend Laboratories SAS".

v) ₹ **1.1 million** in subsidiary in Canada viz, "Ascend Laboratories Limited."

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.44 Employee Stock option Scheme

ENZENE BIOSCIENCES LIMITED (Subsidiary)

As at 31 March 2020, the 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; all exercised options shall be settled by physical delivery of shares.

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

Notes
to the Consolidated financial statements for the year ended 31 March 2020

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 2020	For the year ended 31 March 2019
ESOS 2016	1.5	5.8
Total Expenses recognised in "Employee benefit"	**1.5**	**5.8**

Reconciliation of outstanding share options

(₹ in million)

Particulars	No.of Options	
	31 March 2020	31 March 2019
Outstanding at 1 April	190,880	206,560
Granted during the year	-	-
Forfeited during the year	(14,400)	(15,680)
Exercised during the year	(23,882)	-
Expired during the year	(4,290)	-
Outstanding at 31 March	**148,308**	**190,880**

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%

3.45 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 post 31 March 2018. 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.

Cachet Pharmaceuticals Private Limited ("CPPL"):

During the year CPPL has received Grant with respect to facility at Jholungey, Lower Kabrey Block, in Sikkim amounting to ₹ **48.6 million** against eligible claim of ₹ 50 million.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

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 ₹ **2.6 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 2020 of the Group amounts to ₹ **117.1 million** (Previous year: ₹ 149.8 million), the breakup of which is as below:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current	97.7	133.9
Current	19.4	15.9
Total	**117.1**	**149.8**

3.46 Non-current assets held for sale:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Plant and equipment	164.9	112.8
Office Equipments	1.7	0.6
Freehold Land	1.9	3.5
Buildings	9.2	-
Vehicles	0.0	-
Furniture and Fixtures	3.1	0.4
Total	**180.8**	**117.3**

During the year, the Group has 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 have been stated at lower of its carrying value and its fair value less costs to sell amounting to ₹ **180.8 million** (Previous Year : ₹ 117.3 million) and are presented as "Non-current assets held for sale" as at 31 March 2020.

3.47 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 2020.

3.48 During the year, a case of misappropriation by an employee of amount aggregating ₹ **116.5 million** was detected by the Company. The Company has filed a police complaint against the said employee and the matter is under police investigation. On the basis of the investigation conducted by the management, the Company has recovered ₹ **83.8 million** and has secured recovery of balance amount as at 31 March 2020 and accordingly, the Company has not created any provision in the books of account for balance receivable amount as at 31 March 2020. The Company has terminated the services of the employee.

Notes

to the Consolidated financial statements for the year ended 31 March 2020

3.49 In March 2020, the World Health Organisation declared COVID-19 to be a pandemic and several restrictions have been imposed by the Governments across the globe on travel, goods movement and transportation considering public health and safety measures. Considering the Group's products are classified as an 'essential commodity', management believes that the impact of the pandemic may not be significant. As of today, production facilities remain operational, following enhanced internal safety guidelines. The Group follows a multi-sourcing strategy for its raw materials allowing the Group to hedge supply risks and ensure reliable supply. The Group also maintains strategic safety stocks to ensure availability of raw materials and formulated products. The Group has considered internal and external information while assessing recoverability of its assets disclosed in the financial statements upto the date of approval of these financial statements 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. 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 statements and the Group will continue to closely monitor any material changes to future economic conditions.

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
5 June 2020

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

M.K. Singh
Executive Director
DIN. 00881412

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
5 June 2020

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 Sixth (46th) Annual General Meeting (AGM) of the Members of **Alkem Laboratories Limited** (the "**Company**") will be held on Tuesday, 18th August, 2020, 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, 2020 and the Reports of the Board of Directors and Auditors thereon.

   (b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2020 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, 2020.

3. To appoint a Director in place of Mr. Dhananjay Kumar Singh (DIN: 00739153), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Balmiki Prasad Singh (DIN: 00739856), 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 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, 2020, 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.

   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."

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 and 13th April, 2020 (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 ("Companies Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), MCA General Circular and subsequent Circulars issued by SEBI, the AGM of the Company is being held through VC/OAVM.**

2. Pursuant to the provisions of the 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 pursuant to the MCA General Circulars 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 (thirty) minutes prior to the scheduled time of Meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after

the scheduled time. Members are allowed to participate on first come first serve 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. is not restricted on first come first serve basis.

4. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

5. The Explanatory Statement pursuant to Section 102 of the Companies Act relating to the Special Business covered under Item No. 5 to be transacted at the AGM is annexed hereto. In respect of Resolutions at Item Nos. 3 and 4, 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 Participant.

8. The dividend on shares as recommended by the Board, if approved at the AGM, will be paid on or after 21st August, 2020 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. 11th August, 2020, 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 dividends, 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 Participant with whom they maintain their demat account.

12. In case, the Company is unable to pay the dividend to any Member by the electronic mode, due to non-availability of the details of the bank account, the Company shall dispatch the dividend warrant to such Member 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 01st 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 @ 7.5% on the amount of dividend declared and paid by the Company during the financial year 2020-21 unless exempt under any of the provisions of the Act, provided PAN is registered by the Member. Where the PAN is either not available or is invalid, tax shall be deducted at 20%. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during FY 2020-21 does not exceed Rs. 5,000.

   TDS shall not be deducted in cases where a Member provides Form 15G (applicable to any person other than a Company or a Firm) / 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://www.linkintime.co.in/client-downloads.html. Members are requested to click on General Tab, wherein all the forms are available in under the head "Form 15G/15H/10F".

In order to provide exemption from withholding of tax, the following organizations 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.

(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 2020-21);

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 of beneficial ownership by the Non-Resident Member.

The documents referred to in point nos. (c) to (e) can be downloaded from the following link https://www.linkintime.co.in/client-downloads.html. Members are requested to click on General Tab, wherein all the forms are available in 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.

Notwithstanding the above, tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors and Foreign Portfolio Investors under section 196D of the Act. Such TDS rate shall not be reduced on account of the application of the lower DTAA rate, if any.

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 Monday, 03rd August, 2020.

16. Kindly note that the aforesaid documents, duly completed and signed are required to be uploaded on the following link https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before Monday, 3rd August, 2020 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 Monday, 03rd August, 2020.

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, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members who have not yet registered their email addresses

are requested to register the same with their Depository Participant(s) in case the shares are held by them in electronic form and with LIIPL in case the shares are held by them in physical form.

22. Members may note that the Notice and Annual Report 2019-20 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 11th August, 2020 (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 voting period begins on 15th August, 2020 at 9.00 a.m. and ends on 17th August, 2020 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 11th August, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m on 17th August, 2020.

    (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

    (iii) The shareholders should log on to the e-voting website www.evotingindia.com.

    (iv) Click on "Shareholders" module.

    (v) 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.

    (vi) Next enter the Image Verification as displayed and Click on Login.

    (vii) 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.

    (viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form 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).

    (ix) After entering these details appropriately, click on "SUBMIT" tab.

    (x) 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.

(xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for Alkem Laboratories Limited on which you choose to vote.

(xiii) 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.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) 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.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

(xviii) 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.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

(xx) 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 as Corporates.
- 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 provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, 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.

(iii) The Company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

28. The details of the process and manner for participating in AGM through VC/OAVM are explained herein below:

(i) Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under Shareholders/Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Shareholder/Members login where the EVSN of Company will be displayed.

(ii) 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.

(iii) 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.

(iv) Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **3 (three) days prior to meeting i.e on or before 14th August, 2020** mentioning their name, demat account number/folio number, email id, mobile number at investors@alkem.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance atleast **5 (five) days prior to meeting i.e on or before 12th August, 2020** mentioning their name, demat account number/folio number, email id, mobile number at investors@alkem.com. These queries will be replied to by the company suitably by email.

(v) Only those shareholders who have registered themselves as speakers will be allowed to express their views/ask questions during the Meeting.

(vi) Members can also view AGM through webcast online streaming link available at CDSL voting website after using their log in credentials and selecting EVSN of the Company.

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.

(iv) Shareholders who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

30. If you have any queries or issues regarding attending AGM & e-voting from the e-voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available www.evotingindia.com, under help section or 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 48 hours 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.

Place: Mumbai
Date: 05th June, 2020

By Order of the Board

Basudeo N. Singh
Executive Chairman
DIN: 00760310

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 5

The Board of Directors at its Meeting held on 30th May, 2019, 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, 2020 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 to the Resolution as set out in Item No. 5 for ratification of remuneration payable to Cost Auditor for the financial year 2019-20.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 5 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.

Place: Mumbai
Date: 05th June, 2020

By Order of the Board

Basudeo N. Singh
Executive Chairman
DIN: 00760310

ALKEM

ANNEXURE TO ITEM Nos. 3 and 4 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. Dhananjay Kumar Singh	Mr. Balmiki Prasad Singh
DIN	00739153	00739856
Date of Birth	29th July, 1962	26th December, 1954
Age (in years)	57	65
Qualifications	Bachelor's degree in Commerce	Intermediate in Commerce
Experience	Over 30 years	Over 30 years
Expertise in specific functional areas	Marketing (Domestic), Purchase, HRD, Audit, Administration, Legal, CSR and branding functions.	Pharmaceutical-Generics and Supply Chain Management.
Brief Profile	Mr. Dhananjay Kumar Singh joined the Board in the year 1998. He is currently serving the organization as its Joint Managing Director. He has over 30 years of experience in the Indian pharmaceutical industry. Mr. Singh heads the Bergen, Arise divisions of the organization's domestic market. He also leads the Distribution & Logistics, Human Resource, Legal, Secretarial & Compliance Departments of the Company.	Mr. Balmiki Prasad Singh joined the Board in the year 1988. Before getting inducted on the Board, he had served the organization 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.
Date of Appointment on the Board	Original Appointment: 25th October, 1988 Appointment at current designation: 01st April, 2015	Original Appointment: 25th October, 1988 Appointment at current designation: 01st April, 2010
Terms and conditions of appointment	On such terms and conditions as mentioned in the resolution passed on 06th January, 2018 through postal ballot.	On such terms and conditions as mentioned in the resolution passed on 06th January, 2018 through postal ballot.
Remuneration last drawn	₹ 72.2 Million for FY 2019-20	₹ 51.5 Million for FY 2019-20
Number of shares held in the Company as on 31st March, 2020	74,66,260 Equity Shares of ₹ 2/- each	71,595 Equity Shares of ₹ 2/- each
List of Directorships held in other companies (excluding foreign, private and Section 8 companies)	Nil	Nil
Chairmanship/Membership of Audit and Stakeholders' Relationship Committees across Public Companies including Alkem Laboratories Limited	Member of Stakeholders Relationship Committee of Alkem Laboratories Limited	Nil
Relationship between Directors inter se	Son of Mr. Basudeo N. Singh, Executive Chairman and Brother of Mr. Mritunjay Kumar Singh, Executive Director	Son of Late Mr. Samprada Singh, Chairman Emeritus
Number of Board Meetings attended during the year 2019-2020(Out of total 7 Board Meetings held)	5	3

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

Concept, Content & Design
WYATTPrism COMMUNICATIONS (info@wyatt.co.in)