ALKEM LABORATORIES LTD.
Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.
• Phone: +91-22-3982 9999 • Fax: 022-2495 2955
• Email: contact@alkem.com • Website: www.alkemlabs.com
• CIN: L00305MH1973PLC174201

14th July, 2023

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

Sub: Notice of the 49th Annual General Meeting (AGM) and Annual Report for FY 2022-2023

Dear Sir/Madam,

Please find enclosed herewith the Notice of the 49th Annual General Meeting of the Company scheduled to be held on Friday, 25th August, 2023 at 11.00 a.m. through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) alongwith the Annual Report for financial year 2022-2023.

The same is also available on the website of the Company at www.alkemlabs.com

Kindly take the same on record.

Thanking you

Sincerely,

For **Alkem Laboratories Limited**

MANISH NARANG
Digitally signed by MANISH NARANG
Date: 2023.07.14 16:01:23 +05'30'

Manish Narang
President - Legal, Company Secretary & Compliance Officer

Encl: a/a

2022-23
Annual Report

ALKEM
ALKEM LABORATORIES LIMITED

Innovation. Care. Growth.

Read On

01 Corporate Overview

02 Statutory Reports

03 Financial Statements

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

Highlights of FY 2022-23

₹115,993 million
Revenue from operations

₹9,842 million
Profit after tax

₹406 billion
Market capitalization#

₹16,095 million
EBITDA

₹82.3
Earnings per share

 # As on 31st March 2023

50 Years of Creating Milestones

SINCE 1973

As we reflect on our journey, we are filled with a sense of pride and gratitude. We have not only stood resilient against the test of time, but have also seized every opportunity that has come our way. Over the past five decades, we have successfully built a Company that is driven for growth, but is also focused on making a positive impact in the world underpinned by our values and empathy.

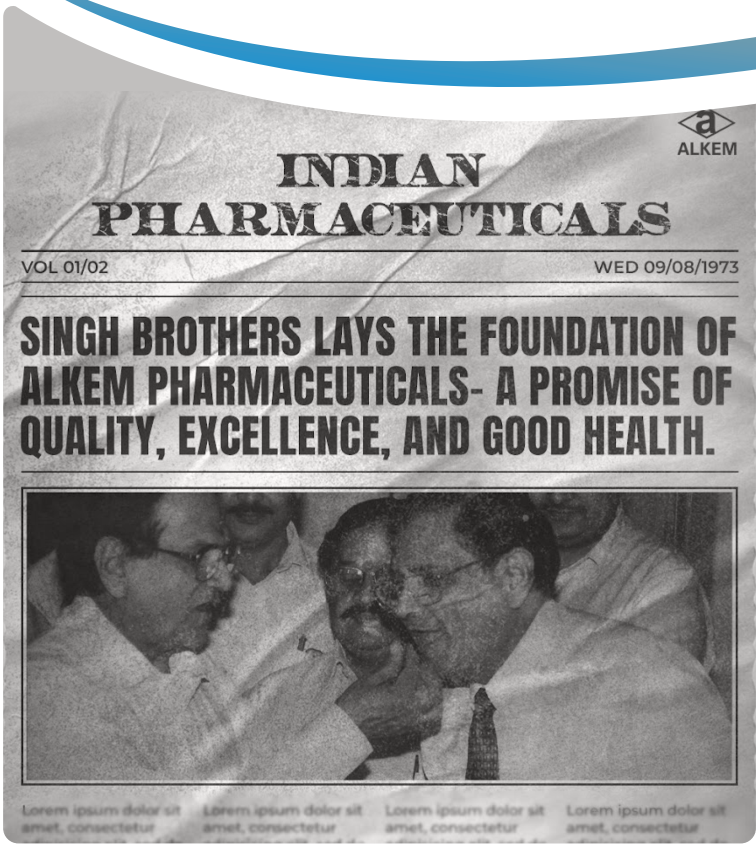
The past 50 years has seen us adapting to changing market conditions and catering to the ever-changing customer needs. On the back of confident strides, we have expanded our reach, diversified our portfolio, and broadbased our presence across the globe. This has been enabled by our constant investments in world-class technology and best-in-class equipment, recruiting and training of best-in-industry talent, and strengthening our research and development capabilities, thereby, empowering seamless operations and improving business efficiencies.

With employees at the heart of our Company, and people-centricity embedded in our DNA, we have gradually nurtured a culture of excellence, collaboration, and integrity, and laid foundation to a workplace that fosters creativity, innovation, and inclusivity.

Moving forward, we remain committed to our core values and our mission to make a positive impact in the world. We will continue on our endeavor to innovate, push boundaries, and achieve excellence in everything we do.

Thank you for being part of our journey. Here's to the next 50 years of success, growth, and impact!

As we juxtapose the past and present images, the journey of 50 years comes alive. It is a visual testament to our relentless pursuit of excellence, our passion for growth, and our commitment to humanity. They reveal our resilience, as we weathered the storms of time and emerged stronger.



ALKEM

INDIAN PHARMACEUTICALS

VOL 01/02 WED 09/08/1973

SINGH BROTHERS LAYS THE FOUNDATION OF ALKEM PHARMACEUTICALS- A PROMISE OF QUALITY, EXCELLENCE, AND GOOD HEALTH.

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INDIA


ALKEM LABORATORIES LIMITED
ALKEM LABORATORIES LIMITED
LISTING CEREMONY
ALKEM


10:00
CONGRATULATIONS
BSE
Listing Ceremony of Alkem Laboratories Limited
on Wednesday, 23rd December, 2015.


ASCEND
Laboratories, LLC
ASCEND
Laboratories, LLC


ALKEM
BSE LIMITED

Journey so far

Over the course of 50 years, our journey has been marked by several significant milestones. We have transformed into a leading global pharmaceutical Company with a diverse product portfolio. Our journey has been guided by our unwavering commitment to making a positive impact in the healthcare segment.

1973

Inception of Alkem Laboratories Limited

1978

First manufacturing unit established at Taloja near Mumbai

1992

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

2003

First research and development facility established at Taloja

2006

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

2007

Filed the first ANDA in the US for the drug Amlodipine

2009

Received the first ANDA approval in the US for the drug Amlodipine

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

2010

Acquired Ascend Laboratories, a pharmaceutical Company in the US

2011

Acquired Enzene Biosciences, a Company engaged in the development of biosimilars in India

2012

Acquired an API manufacturing facility in the US

2014

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

Clavam surpassed ₹ 2 billion domestic sales milestone

2015

Acquired a formulation manufacturing facility in the US

Successfully completed Initial Public Offering (IPO)

2018

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

2019

Crossed the revenue milestone of US$1 billion

2020

Started new formulation manufacturing facility in Indore

Started a new biologic/ biosimilar manufacturing facility in Pune

2021

First product launched from Enzene Biosciences in India

Company forayed in the respiratory segment in India with the launch of Pulmocare division

2022

Awarded as "Pharma Company of the Year" in ET India Pharma World Awards 2023, among other awards

Clavam crossed ₹ 6 billion sales milestone

Corporate Information

BOARD OF DIRECTORS

Mr. Basudeo N. Singh
Executive Chairman

Mr. Sandeep Singh
Managing Director

Mr. Mritunjay Kumar Singh
Executive Director

Mrs. Madhurima Singh
Executive Director

Mr. Sarvesh Singh
Executive Director

Mr. Srinivas Singh
Executive 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

Mr. Sujjain Talwar
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

Axis Bank
Canara Bank
Citi Bank
DBS Bank
HDFC Bank
HDFC Limited (NBFC)
HSBC Bank
ICICI Bank
IDBI Bank
Kotak Bank
SBI Bank
Union Bank of India
Yes Bank
Bank of India
MUFG Bank
Emirates Bank
Shinhan Bank
Federal Bank
LIC Housing Finance
Bank of Baroda
Sumitomo Mitsui Banking Corporation

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 AGENT

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: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

PLANT LOCATIONS

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

MAJOR RESEARCH CENTERS

1. R&D Centre, MIDC, Taloja, Maharashtra, India
2. R&D Centre, Mandva, Gujarat, India
3. Enzene Biosciences Limited, Chakan, Pune, Maharashtra, India
4. S&B Pharma LLC., California, U.S.A.
5. S&B Pharma LLC., Missouri, U.S.A.

Key Highlights of FY23

During the fiscal under review (2022-23), we have seen several developments which has only fortified our position in generic and specialty pharmaceutical space, and is expected to help us grow by leaps and bounds in the years to come.

01 Company's sales registered growth of 12.8% compared to IPM growth of 7.9%

02 18 Brands in the top 300 Pharma brands & 6 Brands in the top 100 Pharma brands

03 30+ Brands featuring at the leadership position in their respective markets

04 Generated significant cash flow of ₹ 10.1 billion leading to net cash of ₹ 21.3 billion as on 31st March 2023

05 Enzene Biosciences (a subsidiary of Alkem) has raised ₹ 161 crore during the fiscal, and partnered with Eight Roads Ventures and F-Prime Capital to fortify its position in the biosimilar

06 Enzene launched Adalimumab in the domestic markets during the fiscal, and saw the approval of the fifth biosimilar product

07 Awarded "Best Pharma Company of the Year", among others

08 Ranked as No. 1 in Anti Infective Therapy, consistently for the past 15 years

09 As on 31st March 2023, 175 ANDA's filed (including NDA) and 134 approved (including tentative approval)

Years That Resonate Dominance

With its inception dated back to 1973, Alkem Laboratories has emerged as the largest generic and specialty pharmaceutical Company in India with a strong presence spread across more than countries.

Experience

We have a strong legacy of five decades backing us. This illustrious journey of 50 years has not only helped us emerge as leaders in the sector we operate in, but also helped us grow by leaps and bounds.

Ethos

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

Awards & Accolades

Great Place to Work - 'Best Workplaces in Asia 2022'

India's Best Workplaces in Pharmaceuticals, Healthcare and Biotech 2022

ET India Pharma World Awards 2023

Pharma Company of the Year

Excellence in CSR

Excellence in Training and Development

TISS - LEAPVAULT, CLO Award 2022

Silver Award in Best Sales Enablement Program - Pharma

Bronze Award in L&D Team of the Year - Pharma

Bronze Award - CLO of the Year - Pharma

Transformance L&D Vision & Innovation Summit and Awards 2023

Best L&D Team of the Year

Best Use of Gamification for Learning

L&D innovation in Training and Development Programs

CLO of the Year

Years
That Resonate Dominance

Portfolio

We have a widespread product portfolio comprising branded generics, generic drugs, active pharmaceutical ingredients, nutraceuticals, and biosimilars. We have a vast portfolio spreading across 800 brands with more than 1,300 SKUs catering to a wide range of downstream needs.

Presence

Over the years, we have not only emerged as the fifth largest pharmaceutical Company in India in terms of domestic sales, but also a leading player in the acute therapeutic segment and a fast-growing player in the chronic therapeutic segment. We have a strong presence spread across more than 40 countries. The second largest market for us after India is US. Other key markets for Alkem comprise Australia, Chile, Philippines, Kazakhstan, Europe and East Africa. Our international footprint has only strengthened over the years on the back of a strong and growing pipeline, which are distributed through our capable distribution network.

Research and development

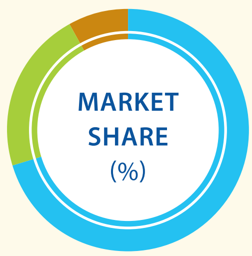
At Alkem, we have five research and development (R&D) center spread across the world with sharp focus on developing generics, transdermal drug delivery systems, oral films, difficult-to-produce technology intensive products and Novel Drug Delivery Systems (NDDS). These R&D center are run by our capable and strong R&D team comprising more than 500 scientists.

Listing

We are listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), with a strong market capitalization of ₹ 406 billion as on 31st March 2023

Our market mix

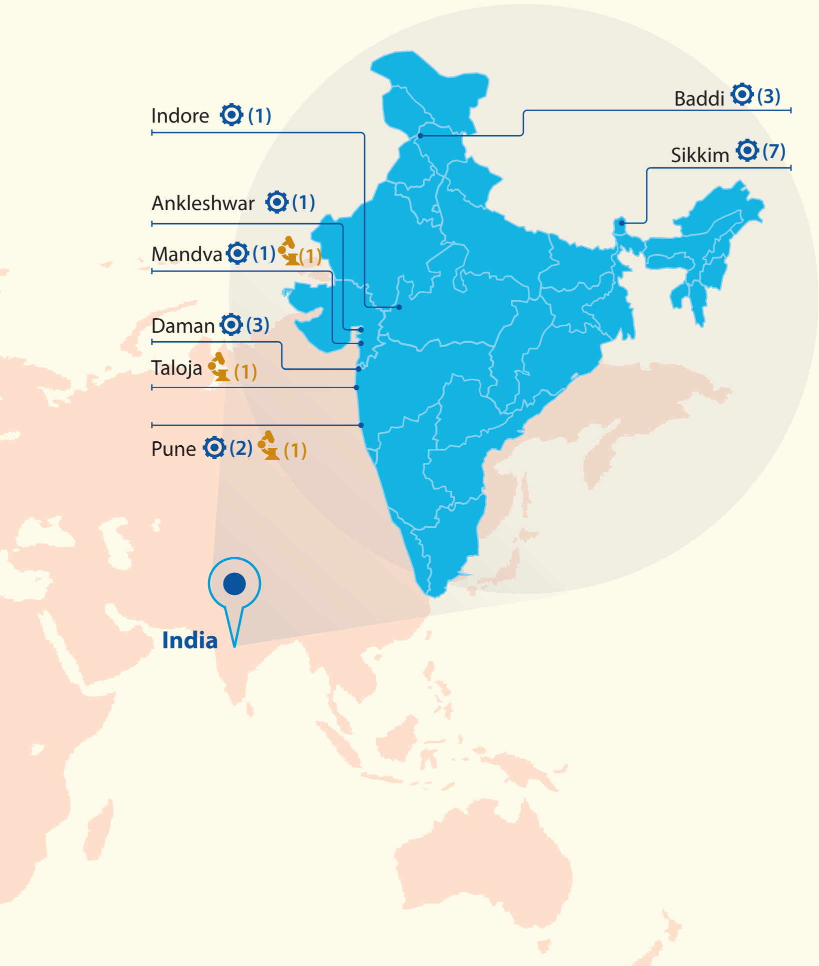
- ₹ 81,600 mn India
- ₹ 25,134 mn US
- ₹ 9,259 mn Other international markets



- 70.3% India
- 21.7% US
- 8.0% Other international markets

MANUFACTURING FACILITIES

R&D FACILITIES



Map not to scale. For illustrative purposes only.

40+
Countries

19,500+
Employees

5
R&D Centers

500+
Scientists

20
Manufacturing Facilities

India Operations

Alkem Laboratories is a well-established Indian generic pharmaceutical Company that has gained reputation as one of the largest players in the industry, operating globally for five decades. In India, Alkem is a dominant player in acute therapy areas such as Anti-infective, Gastro-intestinal, Pain Management, and Vitamins/Minerals/Nutrients. Its product portfolio also includes mega-brands such as Clavam, Pan, Pan-D, and Taxim-O, all of which rank among the top 50 pharmaceutical brands in India. In the anti-infective segment, the Company has maintained the top position for over a decade, and it is also one of the leading companies in the Indian trade generic segment. Alkem has been expanding its presence in chronic therapy areas such as Neuro/CNS, Cardiac, Anti-diabetes, and Dermatology.

800+
brands

7,500+
stockists

#1*
in Anti infective

#2*
in Vitamins / Minerals / Nutrients Segment

#3*
in Gastrointestinal, Pain / Analgesics Segment

11,500+
medical representatives
(Excluding Managers & including Indchemie and Cachet)

6*
brands featuring amongst the top 100 pharmaceutical brands

73
sales depots and CFAs

** As per IQVIA MAT March 2023 data*

International Operations

We pose a strong presence in the US market with a commitment to provide quality generic pharmaceuticals. In addition to India & USA, our global presence is in over 40 international markets, selling its products through its subsidiaries and partner companies wherein our key markets include Australia, Chile, Kazakhstan, and the Philippines.

175
cumulative Abbreviated New Drug Application (ANDA) filings with the US FDA

134*
cumulative ANDA approvals from the US FDA

1,100+
filings across various international markets

7
US FDA approved facilities in India and US

Board Profile

At Alkem, we take immense pride in the fact that our founders spearheaded the much-needed disruption in the Indian pharmaceutical space when it was largely dominated by global giants. On the back of the legacy built by them, and leveraging the rich experience of our leadership team and the Board, we have successfully emerged as one of the frontrunners in the pharmaceutical space in India.

Board of Directors

STANDING - LEFT TO RIGHT:
Dr. Dheeraj Sharma | Mr. Srinivas Singh | Mr. Mritunjay Kumar Singh | Mr. Sujjain Talwar | Mr. Narendra Kumar Aneja | Mr. Sarvesh Singh

SEATING - LEFT TO RIGHT:
Mr. Arun Kumar Purwar | Ms. Sudha Ravi | Mr. Basudeo N. Singh | Mr. Sandeep Singh | Ms. Sangeeta Singh | Mrs. Madhurima Singh

Mr. Basudeo N. Singh

Executive Chairman

M M

Mr. Basudeo N. Singh has over five decades of experience in the Indian pharmaceutical industry and is also a co-founder of the Company. He holds BA (Honours) and MA in political science from Patna University. In the period extending 2007-2008, Mr. Singh had a stint as President of the Indian Drug Manufacturers' Association. He was the recipient of 'Business Leader of the Year 2014' at the 7th Annual Pharmaceutical Leadership Summit and the Pharma Leaders Business Leadership Awards 2014. He was also named 'EY Entrepreneur of the Year in Life Sciences' in the year 2016. On 20th January, 2018, he was named 'Chief Mentor of the Year' by the Indian Drug Manufacturers' Association. He is also a member of the Executive Council of the Indian Pharmaceutical Alliance.

Mr. Sandeep Singh

Managing Director

M M M

Mr. Sandeep Singh joined the Board in the year 2013; currently, he is serving the organization as its Managing Director. Mr. Singh has over 18 years of experience in the pharmaceutical industry. He spearheads the domestic as well as the international operations of the organization. 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. In the year 2021, he was featured by 'ET AND SPENCER STUART 40 under 40'.

Mr. Mritunjay Kumar Singh

Executive Director

M M C

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 of over 33 years. He is also the Managing Director of the Company's subsidiary, Indchemie Health Specialities Private Limited. Mr. Mritunjay Kumar Singh heads Aura, Nexa, Nexgen, Altis, Alphamax, Diabetology, Aspiria, Metabolics, Metanext, Imperia, Hospicare (Intenza and Critica) and Eyecare divisions of the Company's domestic business. Additionally, he looks after the Strategy & Business Development and Procurement functions for the domestic business of the Company.

Mrs. Madhurima Singh
Executive Director

M M

Mrs. Madhurima Singh is an Executive Director on the Board of the Company having extensive experience in the fields of Legal and Compliance, Financial Management, Human Resource, Supply Chain Management and Marketing. She holds an MSc degree in Botany (distinction) from Ranchi University and Diploma in entrepreneurship from SVKM's, Mumbai. She has been actively involved in overseeing and managing the semi-chronic therapy SBU's of the Company's domestic business, manufacturing, distribution and supply chain, HR, CSR and Corporate Communications. She is additionally responsible for reviving and building Active Pharmaceutical (API) business of the Company.

Mr. Sarvesh Singh
Executive Director

Mr. Sarvesh Singh has been associated with the Company since 2011 and joined the Board in the year 2019. He has over 10 years of experience in sales and marketing in the pharmaceutical industry and heads the Pentacare and Prizma divisions of the Company's domestic business.

Mr. Srinivas Singh
Executive Director

M M

Mr. Srinivas Singh aged about 34 years, holds a Bachelor's Degree in Science and has over 10 years of experience in the pharmaceutical industry. His key accountabilities include managing R&D projects, generics portfolio, cost optimization and saving, new product launches in Regulated Markets & Alternate Vendor Development, digitalization of sales team and also ensuring risk assessment of to be launched products.

Mr. Arun Kumar Purwar
Independent Director

C M C

Mr. Arun Kumar Purwar joined the Board of the Company in the year 2015. He is the Chairman and Independent Director of IIFL Finance Ltd., Jindal Panther Cement, as well as ERoute Technologies Pvt. Ltd. He is as an Independent Director in companies across diverse sectors like Finance, Pharma, Media, Engineering Consultancy, Investment Banking, Fintech. He also acts as an advisor to Mizuho Securities, Japan. He was Chairman of the State Bank of India ('SBI') from 2002 to 2006, and Chairman of the Indian Bank Association during 2005 to 2006. He has previously held positions such as Managing Director of State Bank of Patiala, and has been associated in the setting up of SBI Life. Post his retirement from SBI, he was associated with a leading industry house in setting up the first healthcare focused private equity fund as well as a non-banking finance Company focused on funding real estate projects as well as educational institutions. He has won a number of awards including the 'CEO of the Year' award from the Institute of Technology and Management (2004), 'Outstanding Achiever of the Year' award from the Indian Banks' Association (2004) and 'Finance Man of the Year' award by the Bombay Management Association in 2006.

Mr. Narendra Kumar Aneja
Independent Director

M M

Mr. Narendra Kumar Aneja inducted on the Board in 2020, is the Chief Executive of Aneja Associates, Chartered Accountants, India. He is a Fellow Chartered Accountant, Certified Internal Auditor, Certification in Risk Management Assurance (CRMA) and holds an MBA from the Wharton Business School. He is a Gold Medalist (ICWA), a Tata Scholar and was ranked on the Director's List at Wharton School (1978). He has over 30 years of experience in GRC (Governance, Risk and Compliance) Assignments and Management Consultancy.

Ms. Sangeeta Singh
Independent Director

M M

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 Behavioral Psychology and certification in Strategic Human Resource Management from Harvard Business School.

Ms. Sudha Ravi
Independent Director

M M M

Ms. Sudha Ravi is a management consultant with over 40 years of banking, non-banking and regulatory experience in India and USA. In the three decades in State Bank of India (SBI), she has held several important positions including key positions as General Manager, Enterprise Risk Management and as Chief Representative, Washington DC, USA. Later, joining the Ajay Piramal Group, Ms. Ravi set up the NBFC - Piramal Finance Ltd, and was with the Group's Financial Services business and a healthcare and life-sciences focused PE fund in various capacities including as CEO/ED/ CCO. Ms. Ravi has held position as an Independent Director in diverse sectors of the economy - Financial, Pharma, Automobile, Healthcare, Real Estate and continues to do so in many of the same. Ms. Sudha Ravi joined the Board in 2015.

Dr. Dheeraj Sharma
Independent Director

M C M

Dr. Dheeraj Sharma joined the Board in 2017. He holds a Doctoral Degree with a Major in Marketing and a double Minor in Psychology and Quantitative Analysis from Louisiana Tech University, USA. His primary research interests are 'relationships' in the business domain. He is a Director at Indian Institute of Management, Rohtak. In the past, Dr. 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.

Mr. Sujjain Talwar
Independent Director

C

Mr. Sujjain Talwar recently inducted on the Board is a co-founding Partner of Economic Laws Practice (ELP), a leading Tier-1 full-service law firm in India with over 250 professionals in 7 cities in India. With over 30 years of experience, Mr. Talwar is a qualified Solicitor in India as well as England and Wales. His expertise covers M&A transactions, project finance and infrastructure law. Amongst others, Mr. Talwar also serves on Boards of companies in the Murugappa Group and Dubai Ports World.

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

M stands for Member of Committee
C stands for Chairperson of Committee

Chairman's Message

Standing at this juncture and reminiscing about our journey takes me back to 8th August 1973, the day when we incorporated the organization with sheer will power, determination, and a positive mindset. Our success goes beyond the remarkable growth we have achieved and the enduring brand recognition we have garnered.

Dear Shareholders,

Since our humble beginnings five decades back, we have grown and emerged as a dominant player in the pharmaceutical space not only in India but also across the world. It lies in the profound impact we have had on the Indian pharmaceutical sector, inspiring other homegrown companies to enter the industry and contributing to its overall transformation.

> Looking ahead, we are driven by a renewed sense of purpose and ambition. Our focus remains steadfast on furthering our research and development efforts, enhancing our manufacturing capabilities, and expanding our global presence.

We forayed into the sector which was predominantly led by international organization, and were ready to face challenges fearlessly, and disrupt and revolutionize the Indian pharmaceutical space. With the help of our 20 state-of-the-art manufacturing facilities, we service our customers across 40 countries in the world with more than 800 brands. We hold profound gratitude for the immeasurable contributions made by our employees. Given the knowledge-intensive nature of our industry, we persistently commit ourselves to fulfilling the ever-changing needs of our customers by leveraging the expertise of more than 500 scientists across five research and development centers.

At the core of our mission lies a deep commitment to making a positive difference in the world and enhancing the well-being of patients and customers. This commitment drives us to consistently deliver high-quality products across a wide range of therapeutic areas, ensuring their affordability and accessibility in various regions. Our endeavor into the field of biosimilars further reinforces our commitment to expanding access to quality healthcare for individuals from diverse socio-economic backgrounds. By offering cost-effective alternatives to branded biologic therapies, our biosimilars pave the way for improved health outcomes and increased affordability, ensuring that individuals can receive the necessary treatments without financial barriers. This strategic move aligns with our mission to make a positive impact on the lives of patients and contribute to the overall well-being of society.

We prioritize environmental, social, and governance (ESG) elements into business strategy and operations, aiming to improve the quality of life for a better future. Alkem is dedicated to continually enhance its business performance to generate shared value for all stakeholders while making positive contributions to sustainable development. To accomplish this, the Company has devised a comprehensive ESG policy that serves as a framework to fulfill its business responsibilities and goals, supported by a robust enforcement mechanism to ensure the translation of its commitments into action.

As part of our corporate social responsibility endeavors, we actively engage in initiatives aimed at uplifting communities in various areas such as healthcare, education, rural development, environment, and sports. Throughout the fiscal year, we undertook several impactful CSR interventions, including the establishment of baby feeding centers, collaborating with the Tata Memorial Centre to set up an Advanced Radiotherapy Block, conducting cancer awareness and early detection campaigns, empowering women, and providing support to 163 athletes participating in the Common Wealth Games 2022, among other notable endeavors. These efforts exemplify our dedication to making a positive difference and contributing to the well-being of society.

While we acknowledge the challenges faced in the US market, we are resolute in our pursuit of improvement. We are actively addressing profitability and margin pressures through cost optimization and operational efficiency. At the same time, we acknowledge the strength of our presence in the Indian market, contributing to our overall resilience. With a strategic focus on India, we leverage our solid foundation and market position to seize growth opportunities and reinforce our leadership. Our commitment to overcoming these short-term challenges and achieving sustainable growth remains steadfast. Thus, we strive to emerge as a stronger and more resilient organization, well-prepared for the future.

We are dedicated to investing in cutting-edge technologies, strengthening strategic partnerships, and nurturing talent to drive sustained growth and deliver greater value to our shareholders. The rapidly changing landscape, regulatory complexities, and emerging healthcare needs demand our continued agility and resilience. However, with our strong foundation, experienced leadership, and the collective spirit of our incredible team, I am confident that we will overcome any obstacle and seize the opportunities that lie ahead.

As we celebrate this momentous occasion, I would like to express my heartfelt gratitude to our dedicated employees, who are the pillars of our success, and our Board members for their invaluable guidance and unwavering support. I extend my appreciation to our valued partners, suppliers, and stakeholders for their collaboration and trust. Last but not the least, I am immensely grateful to you, our esteemed shareholders, for your unwavering confidence in our vision and your continued support throughout this extraordinary journey.

Warm regards,

B. N. Singh
Executive Chairman

Managing Director's Message

As we celebrate our achievements, let us embrace innovation, disruption, and change, for the future belongs to those who challenge conventions and forge ahead with unwavering determination.

Dear Shareholders,

The global pharmaceutical industry played an instrumental role in countering the COVID-conundrum in the past 2 years. The year 2022 was marked with huge inflationary pressures across the globe, which impacted the global pharmaceutical industry as well. The sector was faced with a multitude of challenges during the year, such as rising healthcare costs, increasing competition from generics and biosimilars, and ongoing regulatory changes, among others. Despite all these challenges, I am proud to share that the pharmaceutical industry, including our Company, demonstrated remarkable resilience.

Against the backdrop of these challenging and inflationary environment, our revenue from operations grew by 9.1%. India business outperformed the market surpassing industry benchmarks and achieved good growth on a large base while our US performance was impacted due to significant pricing pressure. Headwinds from price erosion in US market and inflationary environment has impacted our EBITDA margin which stood at 13.9% for the year. We generated significant cash flow of ₹ 10.1 billion during the year aided by release in working capital resulting in strong net cash balance of ₹ 21.3 billion.

As per IQVIA, our secondary sales grew by 12.8% in FY 2022-23, outperforming the Indian Pharmaceutical Market (IPM) growth of 7.9%. This outstanding performance positions us at the forefront of the industry, with one of the highest growth rates among the top players. Our unparalleled leadership has propelled significant market share expansion across all acute therapies during the year. We are delighted to report significant growth in the anti-

> While adapting to changes in the US market, we remain committed to leveraging the potential of biosimilars as a key growth lever, capitalizing on their attractive economics and regulatory advancements. Our commitment is reflected with the launch of world's 1st biosimilar for Cetuximab, which is used for treatment of head and neck cancer.

diabetic and CNS therapies, with a notable achievement of advancing two ranks in both therapeutic areas. We acknowledge the subpar performance in our cardiac therapy segment due to portfolio gaps. By strengthening our product portfolio, we aim to enhance our performance and cater more effectively to the needs of a wider user base, prioritizing mass-based products over niche categories. In FY23, our new product portfolio made a remarkable impact, contributing an impressive 3.1% to our overall growth. We had some very encouraging new launches during the year. We are proud to highlight the successful launch of Sitagliptin, which achieved tremendous success in an intensely competitive market due to the expiration of the product's patent. Furthermore, our trade generics franchise has played a vital role in our growth story, delivering incremental growth on a substantial base. With the dedication of our team and the strength of our product portfolio, we are confident in our ability to maintain our leadership position and continue delivering outstanding results.

We ended the year with our US business generating sales of US$ 312 million, a year-on-year decline of 2%. In light of the structural changes observed in the US authorized generics market, characterized by buyers' consolidation and the accelerated approval of ANDAs leading to heightened competition, we have made strategic decisions to prioritize profitability. As part of this approach, we have scaled back our investments in authorized generics in the US market and discontinued operations at our St Louis manufacturing facility primarily meant for controlled substance. By adapting to these changes, we aim to navigate the competitive landscape effectively while maintaining a focus on profitability and sustainable growth through cost optimization, process improvements, and streamlining operations. While we have adjusted our investment approach, we remain committed to leveraging opportunities in the US pharmaceutical landscape

While we have made the decision to scale back our investment in authorized generics in the US market, we firmly believe that biosimilars present a significant opportunity and serve as a key growth lever for our Company. The economics of biosimilars remain highly attractive. The lower cost of manufacturing and development compared to originator biologics provides the potential for improved profitability and cost savings. This, coupled with the easing of the regulatory pathway for biosimilars, creates a favorable environment for market entry and growth. Although biosimilars involve higher research and development costs compared to authorized generics, we anticipate that the gross margins in the biosimilars segment will be favorable going by the current trends. By strategically focusing on biosimilars, we aim to leverage the attractive economics, regulatory advancements, and market consolidation to drive growth and achieve a sustainable competitive advantage. Nevertheless, we are very cautious in our investment approach for biosimilars and working on selected product for the US market. Enzene Biosciences, our biosimilars franchise has had a transformative year marked by significant milestones and strategic partnerships. The Company experienced remarkable growth in our existing product portfolio over the past year, and we are thrilled to announce the approval of three additional monoclonal antibodies (mAbs) in FY23 for domestic market.

The year saw us launch a unique patented technology for the treatment of Diabetic Foot Ulcer (DFU) which would help in preventing amputations in diabetic patients. We have collaborated with Rokit Healthcare Inc. to commercialise this technology in India. During the fiscal, we were accredited with 'Great Place to Work' certification for the third consecutive year, which speaks volumes about our consistent efforts toward building an employee-centric culture.

We owe our remarkable success of 50 years to our employees, valued partners, suppliers, and stakeholders for their unstinted faith and steadfast commitment. As we embark upon the next phase of our journey that lie ahead, I am reminded of a profound truth: "What got us here won't get us there." These words encapsulate the essence of our journey, the challenges we have overcome, and the transformative growth we have experienced.

As we celebrate our achievements, it is crucial to acknowledge that the world around us is constantly changing, and the strategies that brought us to this remarkable milestone may not be sufficient to carry us forward into the future. Our achievements are a testament to the hard work and dedication of each member of our team, past and present. However, we must resist the temptation to rest on our laurels and instead, focus on adapting and evolving to meet the challenges of tomorrow. To thrive in the next phase of our journey, we must embrace innovation, embrace disruption, and embrace change. We must foster a culture of continuous learning, where new ideas are celebrated, and where our people are empowered to challenge the status quo.

Let us celebrate the accomplishments of the past 50 years, but also acknowledge that future belongs to those who embrace change, challenge conventions, and forge ahead with unwavering determination. With your support, dedication, and collective efforts, I am confident that our Company will not only thrive but will shape the future of our industry for the next 50 years and beyond.

Warm regards,

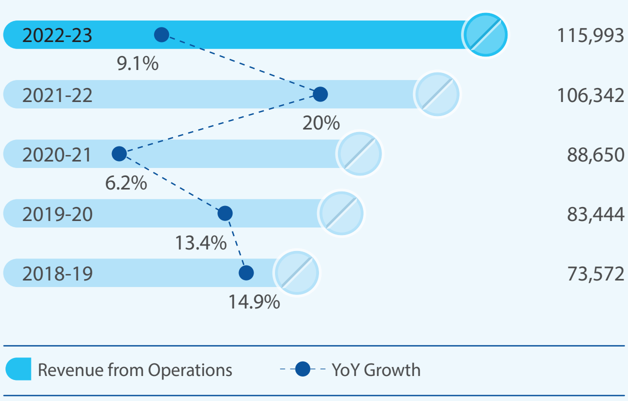
Sandeep Singh

Sandeep Singh
Managing Director

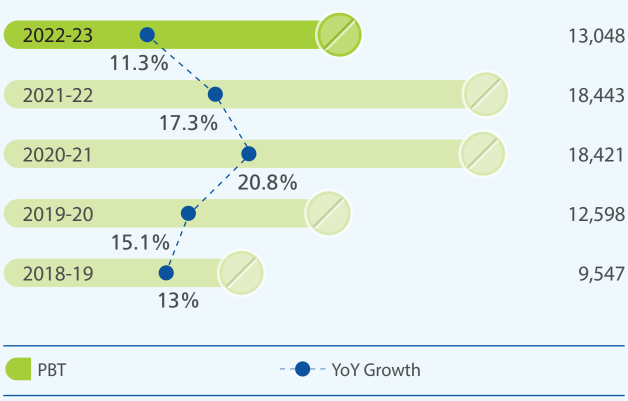
Financial Highlights

At Alkem, we have been consistently growing over the years on the back of a rich legacy, R&D finesse and vast portfolio coupled with a widespread footprint across the globe and a capable leadership team.

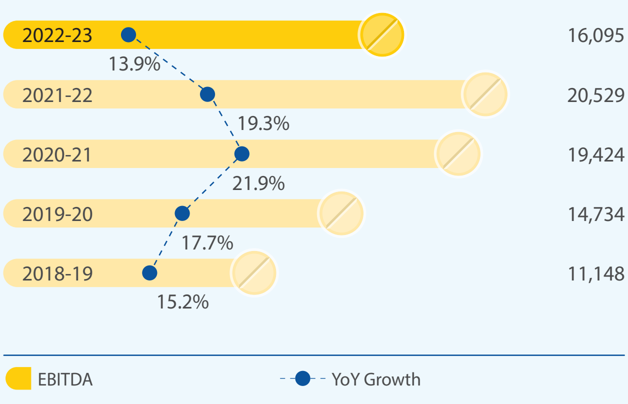
REVENUE FROM OPERATIONS



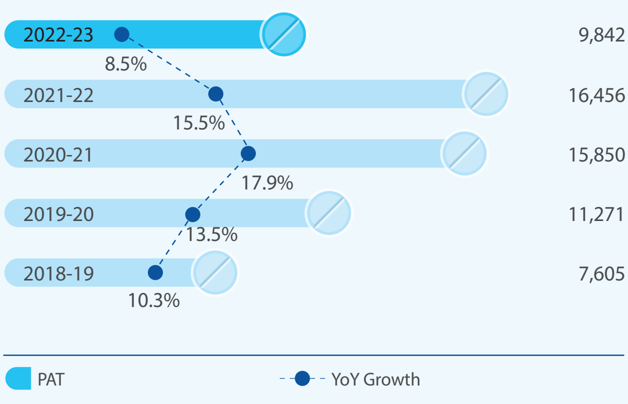
PROFIT BEFORE TAX (PBT)



EBITDA

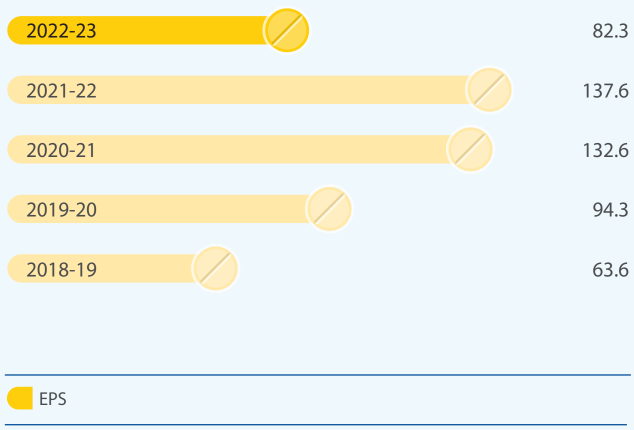


PROFIT AFTER TAX (PAT)



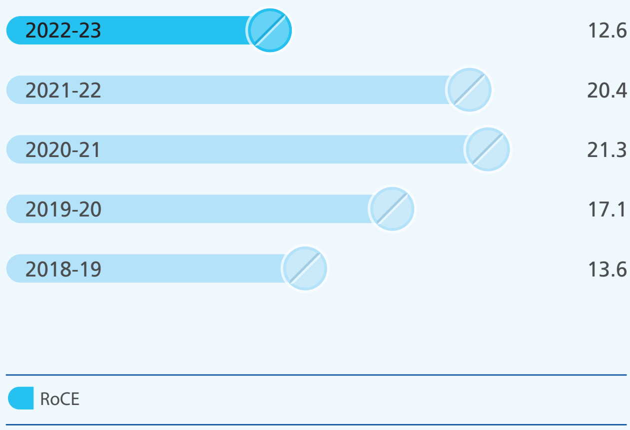
EARNINGS PER SHARE (EPS)

(₹)



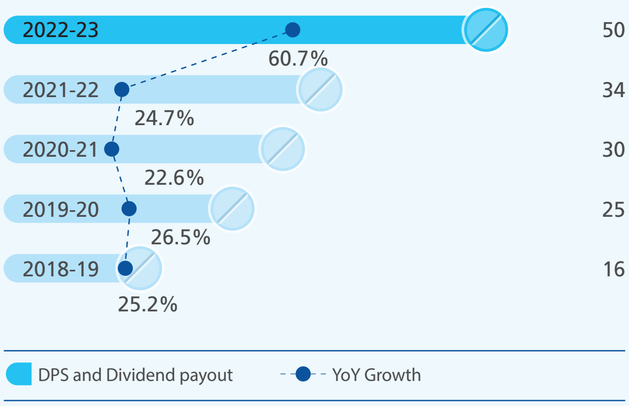
RETURN ON CAPITAL EMPLOYED (RoCE)

(RoCE %)



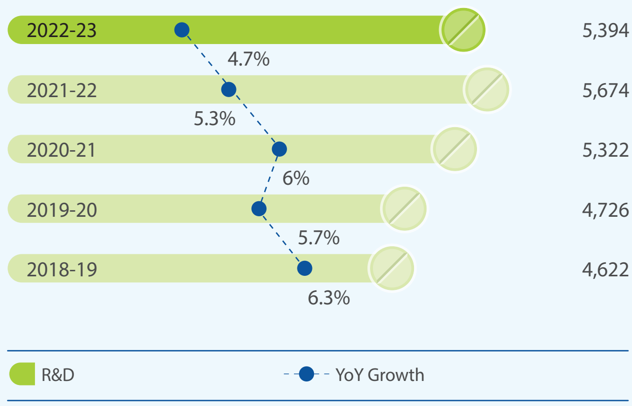
DPS AND DIVIDEND PAYOUT

(₹ Mn)



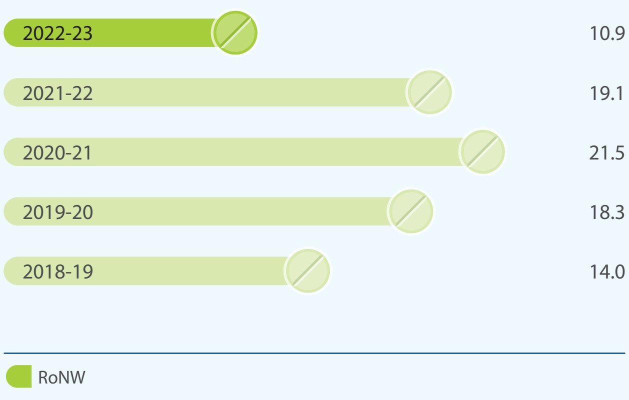
R&D SPENT

(₹ Mn)



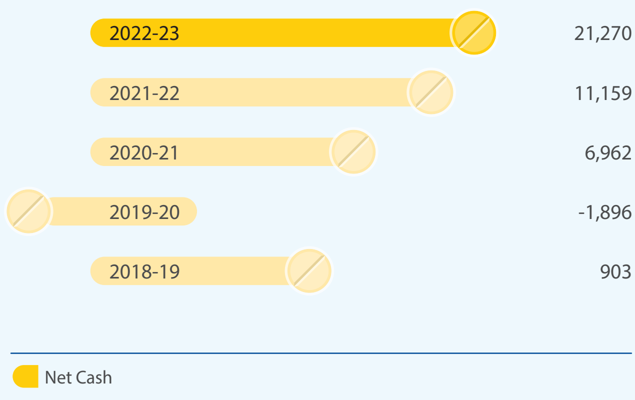
RETURN ON NET WORTH (RoNW)

(RoNW %)



NET CASH

(₹ Mn)



Staying Ahead in our EHS Priorities

At Alkem, we are cognizant of the pivotal role our people play for us, and are on a constant endeavor to ensure workforce and community safety and upliftment. In achieving this, Environment, Health and Safety (EHS) plays a crucial role, the roadmap for which is guided by our 'Zero Harm' approach, which entails zero harm to people, asset and environment.

EHS Framework

At Alkem, EHS issues are predominantly managed through an integrated system that aims to ensure that risks are identified and controlled. To stay ahead of these risks, we not only have engineering and administrative controls in place, but also have a system for monitoring these controls and both the EHS leading and lagging indicators in place. Additionally, our commitment to the environment and occupational health and safety is validated by our ISO 14001 and ISO 45001 certifications. Our corporate environment, and health and safety departments provide the Company-wide guidance on EHS related issues and affairs across all manufacturing locations. Further, our site EHS departments across the organization comprise of competent EHS professionals who oversee EHS related activities across all facilities.

Fire safety drive

EHS Risk Management

With the ideology of 'every incident is avoidable', we have adopted proactive practices to identify hazards and control associated risks. Under the purview of our all-encompassing risk control program, we conduct systematic risk assessments, self-inspections and audits coupled with proactive hazard controlling and risk mitigation measures. Our EHS objectives are also linked with targets and measured with key performance indicators across sites and functions. We also have in place a system of ensuring EHS-related statutory compliances and tracking upcoming compliance requirements.

0
Total number of fatalities in 2022-23

0
Total number of fatalities in past 3 years

1
Total number of reportable incidents in 2022-23

1
Total number of reportable incidents in last year

0
Total number of occupational ill-health incidents during 2022-23

0
Total number of occupational ill-health incidents in past 3 years

2
Total number of EHSS-related adverse notices received in 2022-23 (successfully addressed)

EHS culture, training and employee participation

We believe that safety is the result of a well-considered, well-planned and well-executed strategy that requires discipline, purpose and constant focus. However, above all, our constant strive is to augment a mindset that understands and appreciates the need for safety, and diligently executes the prescribed EHS practices across all facilities. We believe in EHS being a bottom-up approach, and hence, take inputs from the employees for enhancing the EHS culture at Alkem. Additionally, to sharpen our focus on EHS, we arranged for training and retraining session across four areas of concern – R&D, manufacturing, marketing, and depos and logistics. List of key trainings conducted across the sites are as follows:

EHS training session

OPERATIONS
Hazard and risk assessment, Aspect and impact assessment, Process safety management, and Incident management

PEOPLE
Health and hygiene, Behavioral safety, and Management of contractors

GENERAL ASPECT
Emergency preparedness, and Road safety

HIGH RISK AREAS
Electrical safety, Management of hazardous chemicals, and Electrostatic hazard management

Additionally, we also conduct off-the-job safety trainings not only to our employees but also in the communities we operate in, to promote EHS awareness. Under the purview of this focus, we conduct free EHS trainings in nearby schools, colleges, among others. In order to enhance our EHS culture and the involvement of people in EHS, various awareness events were held during the fiscal such as celebrating National Road Safety Month, National Safety Day, World Environment Day, Earth Day, Red-Cross Day, No-Tobacco Day, Energy Conservation Day, and National Fire Service Week, among others.

4,422
Total number of EHS trainings conducted across manufacturing sites in 2022-23

53
Total number of EHS committee meetings held in 2022-23

29,375.74
Total man-hours of EHS trainings across manufacturing sites conducted in 2022-23

31
Total number of mock-drills conducted in 2022-23

3,653
Total man-days of EHS trainings across manufacturing sites conducted in 2022-23

Control of exposure to hazardous chemicals and operations

Catering to varied downstream needs, we have a vast portfolio of pharmaceutical products, comprising a wide range of hazardous chemicals for synthesis and formulation of products. To ensure employee and environment protection, we have been taking proactive steps, in addition to providing personal protective equipment (PPE) as required. We also have a robust framework in place to counter risks arising from incidents involving hazardous chemicals and operations.

Event on 52nd National Safety Week

Process safety

With the goal of minimizing process risk, we have been constantly sharpening our focus on updating our safety systems for controlling process hazards. Our process risk minimization program starts from identification of hazard and ensuring an expert engineering design, to implementing well-defined procedures and protocols. Many of our processes, whether API synthesis or formulation, involve use of hazardous materials such as toxic chemicals, flammable solvents, and combustible powders. There are a number of materials we use which might not be substitutable. For such products, our process safety management program ensures appropriate mechanism for controlling the risks associated with the material.

Audits, inspections and reviews

At Alkem, we conduct periodic audits, inspections and reviews across all elements of EHS management system to stay ahead of our regulatory needs. These audits and inspections not only help us identify safety gaps but also help us bridge them. Such audits and inspections are carried out by competent internal auditors and external experts and agencies. Our Sikkim, Baddi and Daman manufacturing sites are ISO 14001 and ISO 45001 certified, which validate our compliance to environment and occupational health and safety norms. Additionally, our Ankleshwar and Mandva API manufacturing sites are also in the process of being accredited with ISO 14001 and ISO 45001 certifications by 2023-24.

1,491
Total number of EHS-related audits, inspections and reviews conducted in 2022-23

5,596
Total number of EHS-related CAPAs raised in 2022-23

4,246
Total number of EHS-related CAPAs closed in 2022-23

75.87%*
Proportion of EHS-related CAPAs closed in 2022-23

(as required long-term / short-term actions along with pre-defined target completion dates are initiated to close all EHS-related CAPAs which are reflecting as open)*

Environmental stewardship

Over the year, we have consistently sharpened our focus on environmental stewardship, under the purview of which we strive to reduce air, water and soil pollution, enrich the biodiversity, and ensure optimal and sustainable utilization of resources. All our manufacturing facilities have the applicable approvals in the form of environmental clearances, consents, authorizations and other applicable regulatory requirements. In order to meet all the regulatory requirements, our manufacturing facilities report our performance on the key performance indicators such as emissions, effluent discharge and recycling, among others. We also ensure emissions and effluent quality monitoring in reports and environment statements.

WASTE MANAGEMENT

As a part of our commitment to sustainable development, we emphasize on the 3R principle to empower environment stewardship at Alkem, which stands for reduce, reuse, and recycle. Our constant focus is on minimizing waste generated at source and ensuring we are successfully recycling the rest. Our waste management program helps us classify wastes in different categories for better handling.

Additionally, in case there are any waste that cannot be recycled, our prerogative is also to ensure responsible disposal of such waste. We have strategic tie-ups with an approved agency engaged in collection, recycling and co-processing of plastic based waste, and preventing it from reaching landfills and water channels. Details of waste handled and disposed in responsible manner are as follows:

Item	Unit	Quantity
Total quantity of hazardous waste (Solid) generated in reporting period	MT	562
Total quantity of hazardous waste (Solid) disposed through incineration in reporting period	MT	220
Total quantity of hazardous waste (Solid) disposed through landfilling in reporting period	MT	188
Total quantity of hazardous waste (Solid) disposed by coprocessing in reporting period	MT	154
% hazardous waste disposed in sustainable way	%	25.8
Total quantity of hazardous waste (Liquid) generated in reporting period	MT	81
Total quantity of hazardous waste (Liquid) disposed through incineration in reporting period	MT	0.3
Total quantity of hazardous waste (Liquid) disposed in sustainable way in reporting period	MT	80.7
% hazardous waste (Liquid) disposed in sustainable way	%	99.62
Total quantity of bio-medical waste generated in reporting period	MT	2,071
Total quantity of hazardous bio-medical waste disposed in reporting period	MT	2,071
% bio-medical waste disposed in reporting period	%	100

ENERGY

To curb greenhouse gas emissions, we are continuously upgrading our equipment and systems to use less fuel and electricity. Our HVAC (heating, ventilation and air-conditioning) system is equipped with the latest power-saving technology. We are also replacing lighting fixtures with modern LED fixtures which are more energy efficient. Additionally, automation and use of renewable energy or alternative energy sources help us cut down direct and indirect fossil fuel consumption.

EMISSIONS

We have in place a robust emissions control system in place to minimize the emission of particulate matters, SOx and NOx, among others. We use our state-of-the-art emission control devices comprising scrubbers, dust collectors, and filters to cut down emissions, which are validated by the emission parameters we track to ensure compliance with regulatory norms set by the Government.

WATER MANAGEMENT

Operating in the chemical space and dealing with hazardous chemicals, we are cognizant of the instrumental role water management plays for us. We have effluent treatment plants in place. The treated water from the effluent treatment plants is recycled back in the process, thereby, reducing fresh water consumption. Our water management program also focuses on monitoring water consumption, and creating awareness on reducing water consumption across our workforce, in addition to auditing raw, effluent and treated water consumption. We have also embarked on rainwater harvesting and utilization at some of our manufacturing facilities.

Item	Unit	Quantity
Total Water intake in reporting period FY 2022-23	KL	768756
Total Water intake in FY 2021-22	KL	772078
Total Waste Water generated in reporting period FY 2022-23	KL	628705
Total Waste Water generated in FY 2021-22	KL	628133
Total Waste Water reused in reporting period FY 2022-23	KL	568902
Total Waste Water reused in FY 2021-22	KL	573930
Total Waste Water discharged in reporting period FY 2022-23	KL	59803
Total Waste Water discharged in FY 2021-22	KL	54203
% of Manufacturing Facilities having Zero discharge	%	63

Connecting with our People

At Alkem, employee-centricity lies at the forefront of our focus. Over the years, we have nurtured a culture of excellence at Alkem, which is underpinned by integrity, ethics, inclusivity, innovation and collaboration.

Celebrations begin

On the occasion of the commencement of our Golden Jubilee year, our Executive Chairman, Mr. B.N. Singh, Managing Director, Mr. Sandeep Singh, along with the key management members and the core leadership team, proudly unveiled the 50 Years logo, marking the beginning of a grand celebration. The event was a testament to the Company's commitment to excellence and its remarkable journey of growth and achievement over the last five decades. In the coming months, we will be conducting activities to celebrate this remarkable milestone.

Best Workplaces Asia 2022

In its third consecutive year of Great Place To Work Certification, Alkem was also recognized as one of the Best Workplaces In Asia 2022 by Great Place To Work Institute. In addition to the above, Alkem also got featured amongst India's Best Workplaces in Pharmaceuticals, Healthcare and Biotech 2022. GPTW Institute undertakes a combination of meticulously designed Employee Surveys (Trust Index) and audits of HR practices (Culture Audit) to evaluate an organization. Trust Index covers the five parameters of Credibility, Respect, Fairness, Pride and Camaraderie; whereas Culture Audit covers the areas of Trust, Maximizing Human Potential, Innovation, Values and Leadership Effectiveness.

Great Place To Work. Best Workplaces™ Asia 2022

Supporting business growth and enhancing productivity

The Marketing & Sales divisions of Arise and Nex were reorganized to launch the new divisions of Nexa and Nexgen to drive better synergies in the Acute segment. A new Marketing and Sales division, Metanext was also launched in the Chronic segment and salesforce added within timelines to support the business operations. In addition, a MedTech team was formed to market the technology that we acquired from Rokit Healthcare in the sphere of management of Diabetic Foot Ulcer. In line with the organizational priority of improving cost productivity, manpower reorganization was done in manufacturing and R&D to support the business.

Nurturing a culture of recognition

We understand the importance of recognitions, and are cognizant of the motivation it brings along with it for all our employees. To facilitate instant recognition, we launched an online rewards and recognition portal, named 'Extra Mile'. We continued with our rewards and recognitions through various platforms such as Hall of Fame, Service Awards, Applaud Awards, and Star Awards, among others. Additionally, we also organized various employee events across different locations around the year to celebrate the spirit of Alkem.

Enhancing capabilities

Advanced Program in Pharmaceutical Sales Management (APSM)

The Company's capability development initiatives to support the business objectives and employees continued. In addition to the classroom methods, our Learning and Development function extensively uses digital learning to ensure employees learn continuously at their own pace & preferences. As part of the Alkepedia which is the mobile tool for anytime anywhere learning, a new digital application called Video-Based On-The-Job Training (VBOJT), has been deployed to evaluate & develop the communication proficiency of the field force involving their line managers each month.

To upskill the high-potential sales leaders with contemporary management knowledge and people practices, Alkem continued its partnership with S.P. Jain Institute of Management and Research (SPIJMR) and curated the "Advanced Program in Pharmaceutical Sales Management" (APSM), a modular 8-month program for the second year in a row. The marketing team was exposed to a highly interactive & scenario-based "Building Big Brands workshop."

After a successful launch in FY 2021-22, we have extended the benefit of the MOOC (Massive Open Online Courses) platform eDX to all middle managers and above in the current fiscal. This platform offers various functional and behavioral courses and helps employees to learn the topic of their choice. This helps them to learn & grow in the organization & enhance their engagement with Alkem.

During the year, we extended the role-based competency model to manufacturing and allied functions and launched ACME (Alkem's Competencies for Manufacturing Excellence). All roles in manufacturing and quality function underwent the highly interactive ACME workshop. Over some time, this framework will be used for the recruitment, assessment and development of employees in the manufacturing. The sales force competencies which were rolled out a few years back were also revisited to align with changing market dynamics and role expectations.

The Company launched the Technical Training Academy at its Daman site to cater to the technical capability enhancement of employees involved in manufacturing, quality and allied functions across all sites. The academy created a Role Based Training Management process for all employees involved within the Manufacturing organization in different Job Roles. Apart from training freshers and operators on Advanced Machine Learning concepts through On Job Training (OJT), it has also started using Virtual Reality (VR) computer technology to create a simulated environment where Trainee / Fresher /Operator is trained to handle the machine through 3-D technology to get the feel and actual. In addition to the entry-level program, the technical academy also has started numerous program designed for various roles like Batch Manufacturing Record Lifecycle, Boot Camp on OOS & Investigation, Auditing Skill Certification, All Time Readiness (ATR) for Any Audits, Technical Report Writing Skills and Quality Culture to name a few.

Employee connect and engagement programs

ALKEM PREMIER LEAGUE

SPORTS DAY AT DAMAN

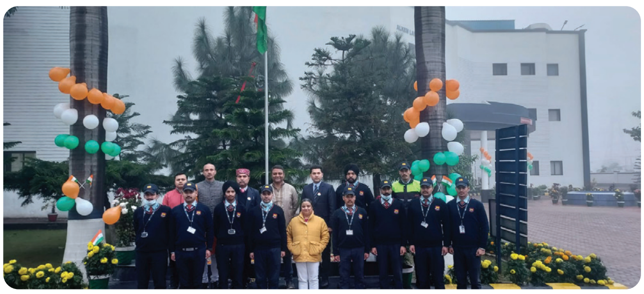
TOWNHALL MEETING AT ANKLESHWAR/MANDVA

INTERNATIONAL YOGA DAY CELEBRATIONS

CULTURAL EVENT IN SIKKIM

INTERNATIONAL WOMEN'S DAY CELEBRATIONS

REPUBLIC DAY CELEBRATION AT BADDI



Being A Responsible Corporate Citizen

At Alkem, we are on a constant endeavor to empower and uplift the communities we operate in. As a responsible corporate entity, Alkem Foundation undertakes several corporate social initiatives in areas of healthcare, education, rural development, environment, and sports across 11 states & 1 Union Territories in India.

Healthcare

Alkem Foundation extends its healthcare services with an objective to promote good health and well-being. The program offers preventive, promotive, and curative healthcare services. The Foundation not only focuses on creating awareness on the importance of good health across the communities but also on strengthening the Government infrastructure in the identified locations. During the year under review, the Foundation undertook the following measures under the purview of healthcare.

MATERNAL AND CHILD CARE INITIATIVES

Alkem Foundation spearheaded the idea of establishing baby feeding centers at identified locations in Maharashtra with the objective of providing a safe space for mothers to feed their children with full dignity and privacy. The Foundation established a baby feeding centers in 2022-23 in Sir JJ Hospital and Cama & Albless Hospital in Mumbai.

CANCER CARE

The most common forms of cancer in India are breast, cervical and oral cancer, and carves a share of almost 34% of total cancer cases. Bihar is one of the leaders in total cancer cases in India with a count of almost 1.4 lakh cases annually, of which, a mere 30,000 get treated. Alkem Foundation is cognizant of this issue, and has signed an MoU with Tata Memorial Centre for the establishment of an Advanced Radiotherapy Block in Homi Bhabha Cancer Hospital and Research Centre (HBCHRC) in Muzaffarpur with a commitment of ₹ 100 crore in a phase-wise manner. The fiscal saw the beginning of the construction of the radiotherapy block and the groundbreaking ceremony.

Home-based palliative care unit

Palliative care improves the quality of life of patients suffering from life-threatening illnesses and their families. The Foundation partnered with Tata Memorial Centre to launch the first-of-its-kind home-based palliative care for the cancer patients in Muzaffarpur. The Bihar Government not only applauded this initiative but has also given an approval to Tata Memorial Centre to establish such palliative care units in other districts of Bihar, which would be funded by Bihar Government.

Cancer awareness and early detection campaign

In partnership with Tata Memorial Centre, the Foundation runs cancer screening units in Buxar, Bhagalpur and Jehanabad districts of Bihar. Currently, the Foundation is also involved in capacity building of grassroot health workers on cancer awareness to ensure the successful implementation of our campaign 'No Tobacco Zone'. On National Cancer Day, the Foundation also extends support by organising workshops with medical professionals and dignitaries from Bihar Government to create awareness on the research and development in the field of cancer diseases.

Construction of canopy for patient seating

The Foundation helped in the construction of a canopy for patient seating at Mahamana Pandit Madan Mohan Malviya Hospital, Varanasi with the objective of enabling a comfortable seating for the patients visiting the cancer hospital.

HEALTH CENTER AND MOBILE HEALTH UNITS

In its strive to provide healthcare services at the primary level to patients coming from areas where access to health care services is a challenge, the Foundation came up with the idea of mobile health vans. With health centers and mobile health vans, the Foundation has catered to the primary health care services of the underprivileged in the states of Maharashtra, Madhya Pradesh, Sikkim, Himachal Pradesh and Gujarat.

ALKEM ANAEMIA MUKTI ABHIYAAN

National Family Health Survey-5 revealed an increase in the number of cases of anemia across most of the states, thereby, adversely impacting child and women health. To counter this issue, Alkem Foundation launched the project 'AAMA' in few identified states focusing on a few panchayats with the objective of making it an 'Anaemia Mukt Panchayat'. The pilot phase of this program was initiated during the fiscal in few states like Gujarat, Maharashtra, West Bengal, Uttar Pradesh, Bihar and Rajasthan.

SUPPORT FOR COCHLEAR IMPLANTS

A cochlear implant is an electronic medical device that replaces the function of the damaged inner ear. Unlike hearing aids which make sounds louder, cochlear implants bypass the damaged hair cells of the inner ear to cochlea to provide sound signals to the brain. Such implants help people with hearing impairment, especially for children born with hearing loss subsequently facing problems in speech development, thereby, impacting the overall development of the child adversely. This is a costly implant, and the Foundation provides support for cochlear implant surgery for underprivileged children.

SUPPORT FOR CATARACT SURGERY

Cataracts are not only limited to aged people but can also impact younger people. Additionally, if cataract is left untreated, it can lead to complete blindness. Alkem Foundation provides cataract support to identified locations in Bihar. Under the purview of this support program, the Foundation conducts free eye camps and surgeries for poor patients suffering from cataract. Patients are also provided with consultation, surgery, accommodation, spectacles, medicine, transportation and follow-up treatment.

PROJECT PRAGATI

This project is initiated by Alkem Foundation with the objective of eliminating tuberculosis (TB) from the identified locations of Sikkim. The entire project was based on detecting and treating the backward classes of the community.

STRENGTHENING OF GOVERNMENT INSTITUTIONS

In Sikkim and Daman, Alkem Foundation has supported infrastructure development at primary health centers and contributed towards enhancing the facilities at the health centers. Further, the Foundation also undertook renovation work and provided equipment needed for better treatment of the patients. Additionally, the Foundation is also engaged in providing operational and maintenance support for toilets in public spaces.

MEGA HEALTH CHECK-UP CAMPS AND DENTAL HEALTH CHECK-UPS

Alkem Foundation has been supporting multi-specialty health check-up camps in identified locations across Bihar in collaboration with non-governmental organizations and government institutions. The primary objective of this initiative was to make affordable healthcare accessible to the underprivileged. Under the purview of this focus area, the Foundation organized dental health checkup camps in government schools, in addition to spreading awareness on oral care and hygiene.

Education

Under the purview of education, Alkem Foundation has been undertaking a vast set of measures to ensure quality education among the school-going children by concentrating on irregular and weak students in identified Government Schools.

REMEDIAL CENTERS

Alkem Foundation supports remedial centers in Government Schools and Government-aided schools. The remedial centers have an innovative learning environment in place, and are taught using 'play and learn' techniques by groomed teachers who have been equipped with various Teaching Learning Methods (TLMs) devised under the guidance of trained experienced educationists.

SHRI SAMPRADA SINGH SCHOLARSHIP PROGRAM

This program was launched by Alkem Foundation with the objective to support children who are left vulnerable and with no financial support for their further education owing to a COVID-led crisis (family or financial) in their family. Such scholarships continue to support the children in their education till Graduation.

SUPPORT TO EDUCATIONAL INSTITUTES FOR CHILDREN IN SPECIAL NEED

Under the purview of this program, Alkem Foundation encourages blind children to live with their families and take an education in mainstream schools. Such students are regularly supported by the national association for the blind and are trained in the use of braille, special devices, activities of daily living, sensory integration, and social skills, among others. The Foundation is also supporting Bombay Institution For Deaf & Mutes by providing the facilities required for the growth and development of children in school. Additionally, the Foundation has also supported schools with speech software, hearing aids, and other necessary equipment required for the learning and development of these children.

ESTABLISHMENT OF SMART CLASSES: ALKEM YUVA PATHSHALA PROJECT

Alkem Foundation supported Jehanabad District of Bihar to become the first district in Bihar to equip its 15 government schools with Smart Class. Learning is a cognitive process that involves thinking, reasoning, and making sense of what is being taught. Using digital content in the form of videos and picture books, teachers can help students in visualizing what they are learning, which has the potential to create better conceptual clarity among the students. The Foundation has stepped in to support schools in Bihar in this digital transformation. Under the purview of this program, the Foundation has established15 smart classes in earmarked government schools in one go, supported digital learning and bridging the learning gap.

INFRASTRUCTURAL SUPPORT TO EDUCATIONAL INSTITUTIONS

Alkem Foundation has focused on providing infrastructural support at identified locations. During the fiscal, the Foundation supported the construction of Sainik school in Silvassa. Further, the Foundation not only aided in operation and maintenance of anganwadi centers and orphanages, but also ensured the availability of quality drinking water in schools and other common public premises.

Rural development

Alkem Foundation is on a constant endeavor to empower the rural communities by improving the quality of life and economic welfare of the people in rural areas. Under the purview of its rural development activities, the Foundation undertakes various initiatives in the field of skill development, infrastructure development, agriculture, and financial inclusion, among others. On the back of these measures, not only are the communities getting empowered by way of income generation and entrepreneurial opportunities, but rural infrastructure are also getting strengthened through measures such as construction of roads, footpath, renovation of community gardens, and construction of old age homes.

PROJECT SAKSHAM

In collaboration with USHA International, the Foundation has launched Project Saksham with the objective of making women self-sufficient. Under the purview of this program, the Foundation has not only trained women in skills of basic and advanced stitching for apron-making, but also inculcated in them entrepreneurial skills, thereby, making them financially independent. These training sessions conducted by the Foundation were aired on NDTV in their program 'Kushalta ke Kadam'. Additionally, the Foundation also runs a 'Silai Shiksha Kendra' to provide stitching training to women on a regular basis across a few identified locations.

PROJECT SWAVLAMBAN

With an aim to provide employment to 70% of the trained youth across our areas of operation, the Foundation launched Project Swavlamban. Under the purview of this program, the Foundation provides assistance to the young underprivileged youth to receiving training, ensure capacity building, and enhance their livelihood support. The training facilities will provide industry-driven training programs in the fields of nursing, fashion design, and various construction-related skills.

ALKEM AATMA NIRBHAR GRAM PROJECT

The Foundation has partnered with another organization to train the self-help groups in noodle and gyathuk making, along with training on mushroom cultivation. The Foundation embarked on this project with the objective of developing entrepreneurial skills among women and provide hand-holding support for the alternate livelihood platforms to the underprivileged.

SWACHH GRAM INITIATIVE

Alkem Foundation has initiated cleanliness campaigns in identified locations, under the purview of which, the Foundation provides door-to-door garbage collection in rural and urban households on one hand, and ensures safe disposal of the collected garbage on the other.

INFRASTRUCTURAL SUPPORT

Alkem Foundation is cognisant of the need of good quality infrastructure which makes life easier for the community. In achieving so, the Foundation partnered with the State Governments for supporting the construction of roads and make them accessible to people in identified locations. Additionally, the Foundation is also focused on construction of footpaths in localities across these identified locations. The Foundation has also been undertaking the construction of sheds for dairy animals and provide infrastructure support to old age homes in few identified locations.

Environment

Environment protection has always remained at the forefront of our focus at Alkem. The Alkem Foundation follows the 4R principle - recycle, reduce, reuse and recover. The Foundation works closely with various government and non-governmental agencies to promote environment conservation. Under the purview of environment conservations, the Foundation supports farmers from Madhya Pradesh and Maharashtra living in drought-prone regions to generate a livelihood by mass plantation of fruit-bearing plants across the region. One of the key initiatives by the Foundation is the plantation of more than one million trees in the drought-prone areas of Maharashtra and Madhya Pradesh. Additionally, Alkem Foundation has also supported a village with solar street lights, and renovated and maintained few community gardens in identified locations.

Sports

Alkem Foundation has been focused on the upliftment of all sports that lack recognition and resources. Against the backdrop of this focus, the Foundation has been consistently contributing towards more than 163 sports personalities to ensure improved training programs.

Rudrankksh Balasaheb Patil,
the youngest World Champion from India, is one of the athletes the Alkem Foundation helped coach and develop. At the ISSF shooting world championship, he won the title of world champion in 10-meter air rifle shooting and secured a quota place for India in Paris Olympics 2024.

COMMONWEALTH GAMES 2022

The Foundation supported the training of 163 athletes, of which, 23 athletes participated in the Commonwealth Games 2022. 17 of these athletes contributed to bringing medals back home for India. As a result, India competed in 16 sporting events and finished fourth in the overall medal standings at Commonwealth Games 2022 with 61 medals.

Awards & Recognition

CSR EXCELLENCE AWARD BY GLOBAL BUSINESS SCHOOL, AMITY PUNE

CSR EXCELLENCE AWARD BY 9TH NATIONAL CSR TIMES AWARD (FELICITATED BY KUMARI PRATIMA BHOUMIK, HONOURABLE MINISTER OF SOCIAL JUSTICE & WOMEN EMPOWERMENT, GOVERNMENT OF INDIA)

Employee volunteering

JOURNEY OF SMILE (SUPPORT TO MAKE INDIVIDUAL LIVES EASIER)

At Alkem, we believe in every person doing their bit for the society. This belief is backed by the integrated platform that we offer to our employees for participation in CSR activities. We encourage our employees to actively participate in such events. The fiscal saw our employees providing us with suggestions for the name of this said platform, which was named as SMILE (Support to Make Individual Lives Easier).

Support to Make Individual Lives Easier
smile
ALKEM FOUNDATION

ESTABLISHMENT OF LIBRARY IN DHARAVI SLUM

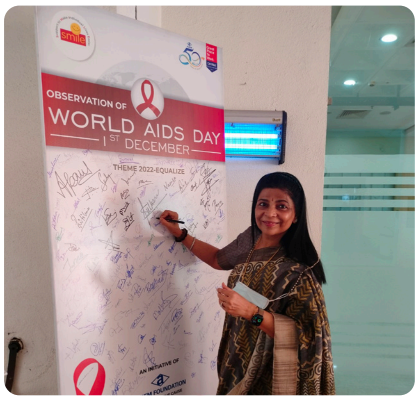
The fiscal saw our employees actively participating in a campaign to collect old and new story books, quiz books, play and learn books, and stationery in order to build a library for the children of Dharavi Slum in their remedial center.

VOLUNTARY BLOOD DONATION CAMP

On 27th July 2022, we organized blood donation camps across all our sites. The campaign was a success, with a total 957 units of blood being donated by our employee volunteers.

OTHER CAMPAIGNS

Our employees actively participated across all sites in campaigns such as 'Har Ghar Tiranga', 'Daan Utsav', 'Signature Campaign on World Aids Day', 'Mangroove Cleanup Drive', and in raising funds through procurement of donated books from established book fair. Our employees volunteered for various social causes such as training on Sahaj Yoga, facilitation in inculcation of reading habits among the students, spending time in old age homes and orphanages, participation in 'Awarathon' organized for senior citizens, and mass plantations, among others.



Management Discussion & Analysis

GLOBAL PHARMACEUTICAL INDUSTRY

The global medicine market is expected to be US$1.9 trillion through 2027 growing at CAGR of 3-6%.

Throughout 2022, the global pharmaceutical industry played a pivotal role in the fight against COVID-19 pandemic. The industry worked tirelessly to develop and distribute vaccines, treatments, and diagnostics to contain the spread of the virus and lessen its impact on public health and economies around the world. The development and distribution of COVID-19 vaccines were a top priority for the industry, and as of early 2023, over 8 billion vaccine doses have been administered globally. This achievement is a testament to the unwavering commitment and collaborative efforts of pharmaceutical companies, governments, and public health organizations in the battle against the pandemic.

The COVID-19 pandemic has accelerated the digital transformation of the global pharmaceutical industry, with companies adapting quickly to new ways of working and interacting with patients and healthcare providers. In this new environment, telemedicine, remote patient monitoring, and digital health solutions have become increasingly prevalent, offering opportunities to improve patient care and outcomes.

However, the industry also faced various challenges, including rising healthcare costs, increasing competition from generics and biosimilars, and ongoing regulatory changes. The pandemic continued to disrupt global supply chains and delay clinical trials and drug development timelines, while the industry faced growing scrutiny over issues such as drug pricing, intellectual property rights, and the ethics of clinical research.

Despite these challenges, the pharmaceutical industry has made significant contributions to global health, with the development of many life-saving and life-improving drugs and therapies. The industry has also been a critical driver of economic growth, with considerable investment in R&D, manufacturing, and distribution. Pharmaceutical companies are investing in more resilient supply chains and exploring new technologies such as blockchain to enhance supply chain visibility and traceability.

One significant performance indicator for the industry was the rate of drug approvals by regulatory agencies worldwide. Over the past year, several high-profile drugs were approved, including a new treatment for Alzheimer's disease, a breakthrough therapy for certain types of cancer, and a first-of-its-kind gene therapy for a rare genetic disorder. These approvals reflect the ongoing innovation and investment in drug development, demonstrating the potential for the industry to continue bringing new and effective treatments to patients.

Overall, despite the numerous challenges it has faced, the global pharmaceutical industry has shown resilience and adaptability during the COVID-19 pandemic's fourth year. The industry's response to the pandemic has highlighted its crucial role in safeguarding public health and promoting global well-being.

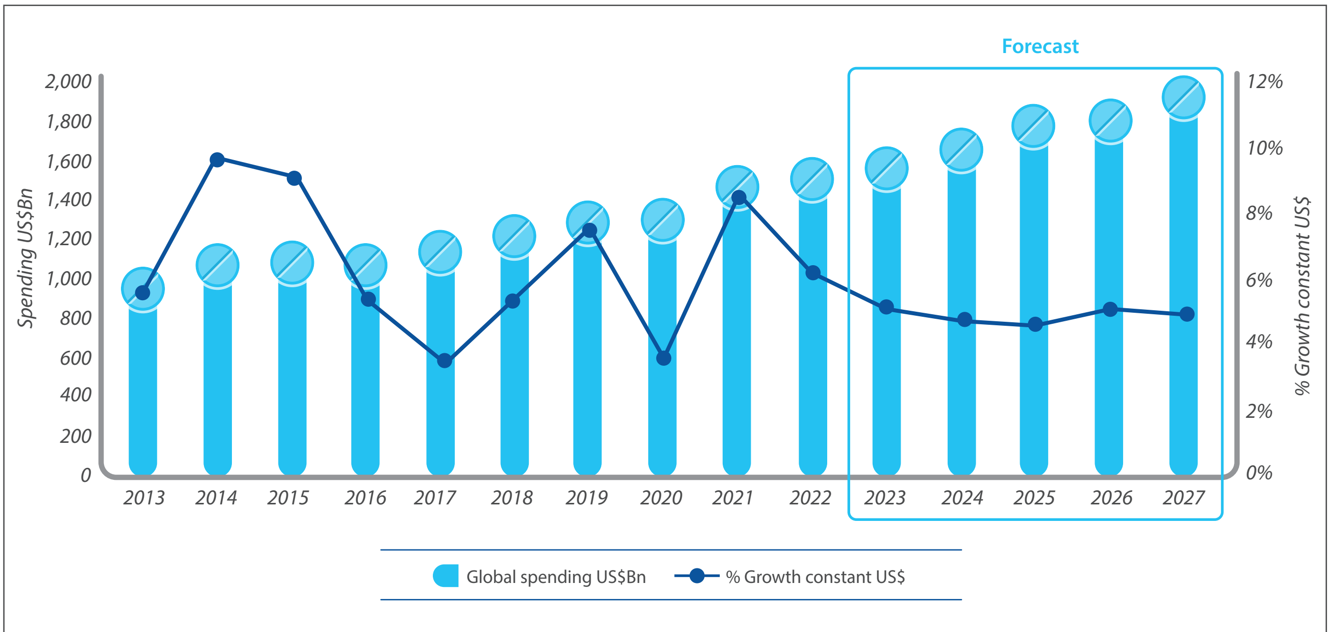
The global medicine market – using invoice price levels was valued at US$ 1.5 trillion in 2022 up from US$ 1.42 trillion in 2021. It is expected to grow to about US$1.9 trillion, at 3-6% CAGR through 2027 driven by Asia-Pacific, India, Latin America, Africa/Middle East, and China, all of which are expected to exceed global volume growth. Global spending is expected to exceed pre-pandemic outlook by US$ 497 billion in 2027 primarily due to higher spending for COVID-19 vaccines and therapeutics.

Global medicine spending and growth by product type

		ORIGINAL BRANDS	NON-ORIGINAL BRANDS	UNBRANDED GENERICS	OTHER	TOTAL
Spending 2022 US$	**Global**	**902.1**	**244.5**	**150.2**	**185.5**	**1,482.3**
	Developed	788.8	109.3	101.0	89.3	1,088.3
	10 Developed	722.4	83.9	90.8	71.9	968.9
	Other developed	66.4	25.4	10.2	17.4	119.4
	Pharmerging	105.7	124.4	47.8	93.0	370.8
	Lower-income countries	7.7	10.8	1.5	3.2	23.2
Constant dollar CAGR 2018–2022	**Global**	6.8%	6.1%	3.0%	5.2%	6.1%
	Developed	6.6%	7.6%	0.4%	3.6%	5.7%
	10 Developed	6.6%	7.7%	-0.1%	3.1%	5.7%
	Other developed	6.2%	7.2%	6.2%	5.8%	6.4%
	Pharmerging	**9.2%**	**5.0%**	**10.0%**	**6.8%**	**7.2%**
	Lower-income countries	4.4%	5.8%	9.7%	9.2%	6.0%
Spending 2027 US$	**Global**	**$1,155–1,185**	**$325–355**	**$160–190**	**$215–245**	**$1,900–1,930**
	Developed	$1,000–1,030	$150–165	$105–115	$98–108	$1,370–1,400
	10 Developed	$910–940	$117–127	$92–102	$75–85	$1,207–1,237
	Other developed	$83–103	$34–38	$12–16	$21–25	$156–176
	Pharmerging	$133–153	$157–177	$62–64	$114–134	$487–518
	Lower-income countries	$9–11	$12–16	$2-3	$2.5–5.5	$29–33
Constant dollar CAGR 2023–2027	**Global**	3–6%	5–8%	1–4%	3–6%	3–6%
	Developed	3–6%	5–8%	-1–2%	0.5–3.5%	2.5–5.5%
	10 Developed	3–6%	5–8%	-1–2%	-0.5–2.5%	2.5–5.5%
	Other developed	4–7%	5–8%	3.5–6.5%	3.5–6.5%	4–7%
	Pharmerging	5–8%	5–8%	4.5–7.5%	5–8%	5–8%
	Lower-income countries	4–7%	4–7%	6.5–9.5%	6–9%	4.5–7.5%

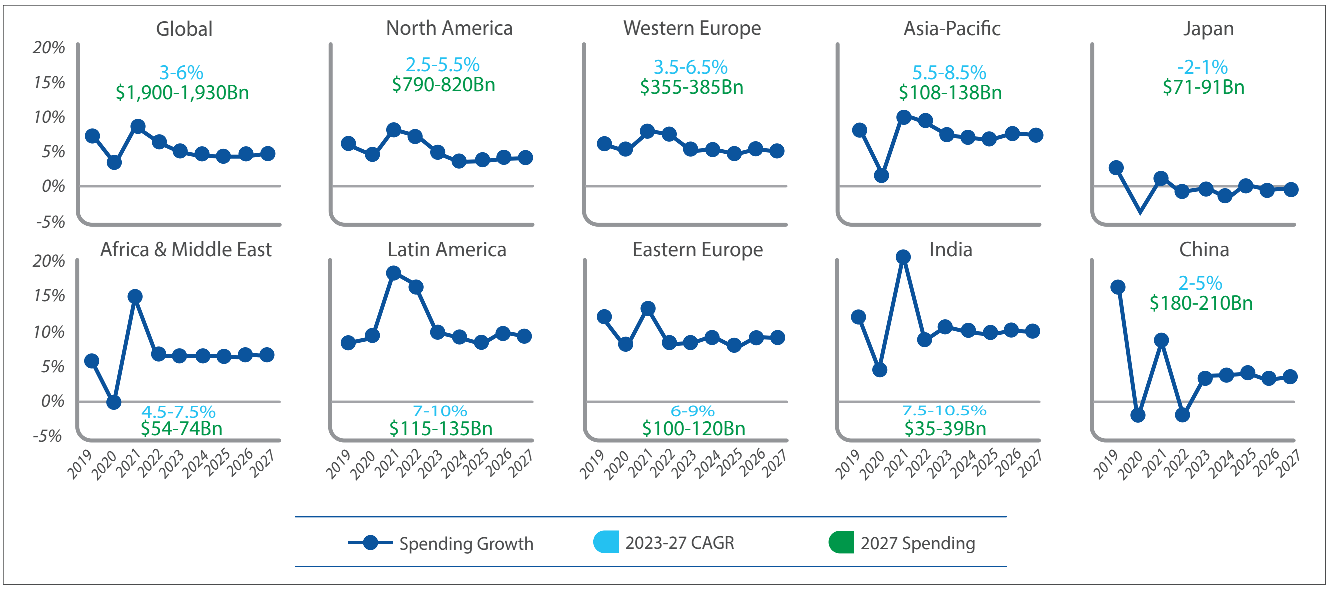
Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

Global medicine market size and growth 2013-2027



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

Spending growth globally and in 9 regions, total market, const US$ 2019-2027



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

The global pharmaceutical market can broadly be divided into developed and pharmerging markets. The developed market group majorly comprises of the United States, the top five European markets (namely Germany, France, Italy, United Kingdom, and Spain), Japan, Canada, and Australia. With a market share of ~70%, the developed markets dominate the global pharmaceutical market. The pharmerging group mainly comprises of China, India, Brazil, Russia, and South Africa, where consumption of medications is relatively low but rapidly increasing.

Market Trends in Developed and Pharmerging Markets

The developed markets are characterized by high levels of economic development, established healthcare systems, and high levels of healthcare spending. The industry in these markets is highly regulated, with strict requirements for drug approval, pricing, and reimbursement. The industry is dominated by multinational pharmaceutical companies, with a focus on high-margin specialty drugs and biologics.

Developed markets have high levels of healthcare spending, with the United States being the largest spender in the world, followed by Japan and Western Europe. The growth rate of pharmaceutical sales in developed markets is expected to be moderate to low, as these markets are more mature and have a slower rate of population growth and aging.

Growth rate: The growth rate of pharmaceutical sales in developed markets is expected to be moderate, at 4.4% CAGR over 2021-2026 led by aging population, patent expiries, and increasing pressure to reduce healthcare costs.

The pharmerging markets have significant growth potential for pharmaceuticals due to increasing demand for healthcare products and services, rising incomes, and expanding access to healthcare. These markets are characterized by a mix of local and multinational companies, with a focus on low-cost generic drugs, branded generics, and biosimilars. These markets are less regulated than the developed markets, and with lower pricing. While the developed markets are more mature and offer a stable revenue stream, the pharmerging markets offer significant growth potential.

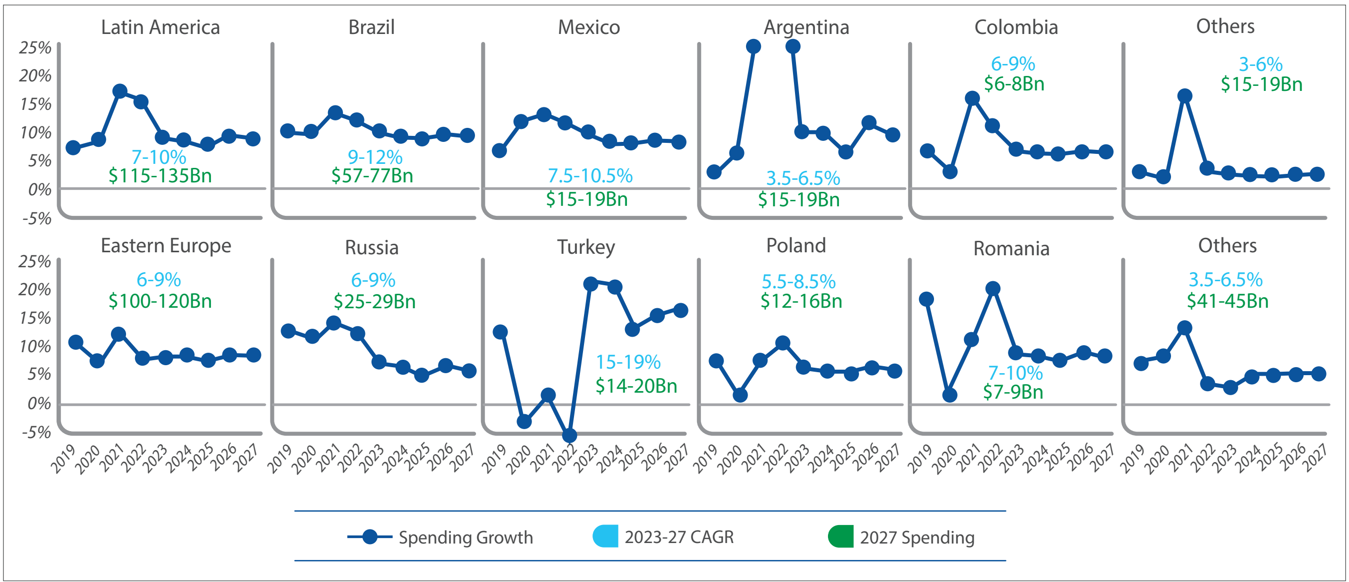
Pharmerging markets have lower levels of healthcare spending compared to developed markets, but are increasing rapidly. China, for example, has become the second-largest spender on healthcare in the world, and is expected to grow at 6% CAGR through 2026. The growth rate of pharmaceutical sales in pharmerging markets is expected to be high, driven by increasing demand for healthcare products and services, rising incomes, and expanding access to healthcare.

Growth rate: Pharmaceutical sales in pharmerging markets is expected to grow at 6.3% CAGR over 2021-2026 driven by factors such as increasing demand for healthcare products and services, rising incomes, and expanding access to healthcare.

Overall, while the developed markets continue to be the largest contributors to global pharmaceutical sales, the pharmerging markets offer significant future growth opportunities for pharmaceutical companies.

Pharmerging markets offer high growth potential for pharmaceutical industry, driven by rising demand and expanding access to healthcare.

Spending growth in select pharmerging countries 2019-2027, total market, const US$



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

KEY MARKETS

United States Pharmaceutical Market

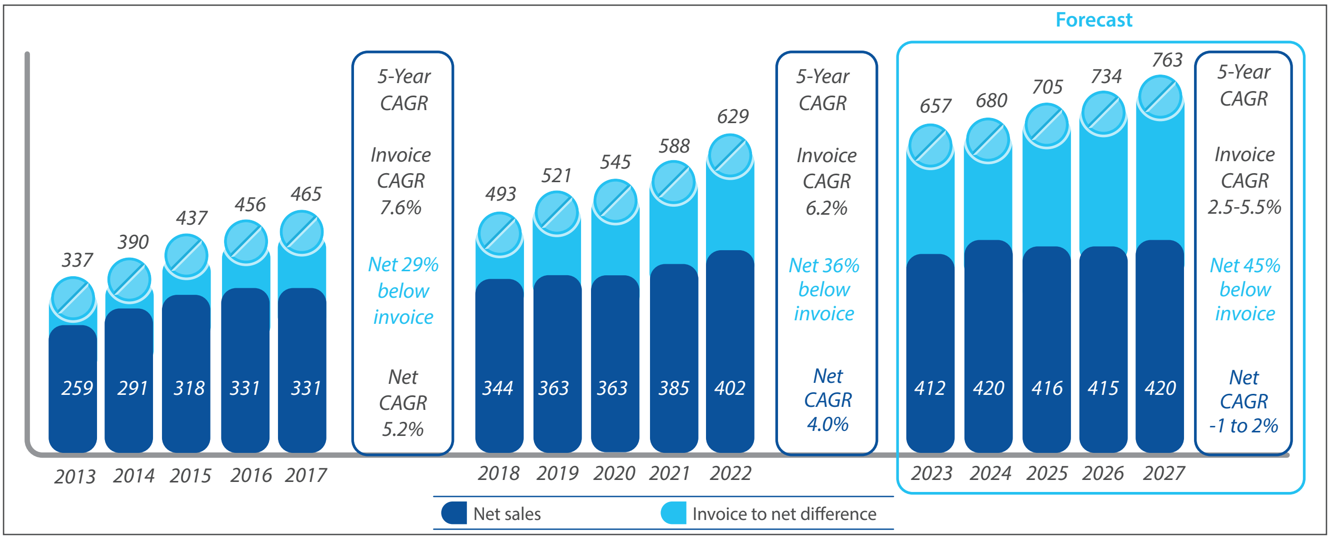
The United States boasts the world's largest pharmaceutical market, with medication spending expected to reach US$763 billion by 2027. However, the market's growth rate is anticipated to decrease from 4% CAGR over the past five years to -1 to 2% CAGR in the coming five years. This is attributed to various factors, including escalating off-invoice discounts and rebates, which are expected to be reinforced by the Inflation Reduction Act (IRA), as well as other ongoing market dynamics.

Despite the slow market growth, there are still significant opportunities for Indian pharmaceutical companies to penetrate the US market. India plays an important role in the US's generic drug market catering to ~40% of the total demand. Indian companies continued to dominate ANDA approvals with a 48% share of the total 742 approvals granted in 2022, representing a growth of 33% over the previous year. In fact, Indian companies have a strong presence in almost all therapeutic areas, including cardiovascular, anti-diabetes, and anti-cancer.

2022 saw record high of 742 ANDA approvals, Indian companies at record high of 355 capturing almost half of the market.

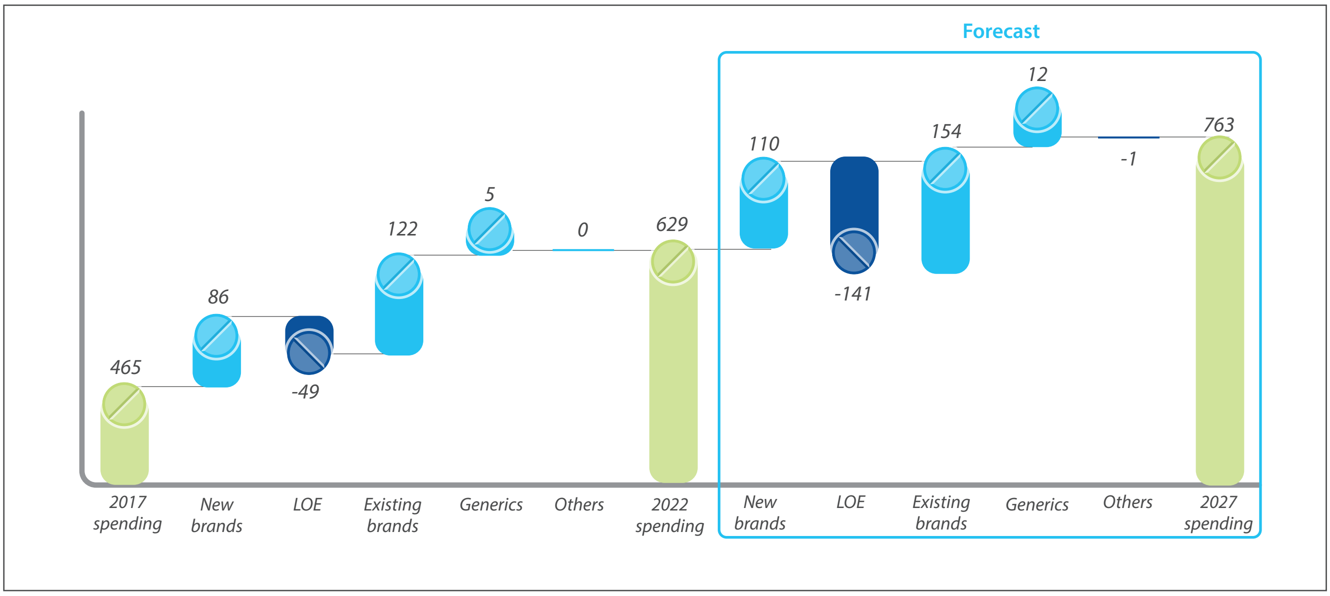
Furthermore, with a number of blockbuster drugs expected to go off-patent in the US, there is a significant opportunity for Indian pharmaceutical companies to launch generic versions of these drugs. The contribution from losses of exclusivity is expected to increase dramatically to US$141 billion from US$49 billion in the prior five years as both small molecule and biologic product exposure to LOE has increased substantially.

US medicine spending and growth at invoice-level and estimated net 2013-2027



Source: IQVIA Institute, Nov 2022

Spending and growth drivers in US 2017-2027 const US$Bn



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022

In addition, the contribution from new brands is expected to increase to US$110 billion over the next five years, as more than 250 new active substances (NASs) are expected to launch in that period. This presents a significant opportunity for Indian pharmaceutical companies to launch their own innovative products in the US market.

However, Indian pharmaceutical companies need to be aware of the challenges in the US market, which include increasing competition, regulatory hurdles, and the need to navigate complex pricing and reimbursement systems. Nevertheless, with their experience in the global pharmaceutical market, Indian companies are well-positioned to compete in the US market and capitalize on the opportunities presented by the evolving market dynamics.

Indian Pharmaceutical Market

The Indian pharmaceutical market is one of the largest in the world and has seen significant growth in recent years. With a population of over 1.3 billion, India represents a huge market for pharmaceutical companies. India's pharmaceutical industry touched US$ 49.5 billion including exports worth US$ 24.62 billion in FY 2021-22, comprising of bulk drugs, finished dosage formulations, Ayush herbals, and surgicals. In volume terms, the industry grew at ~9.4% CAGR over the last nine years and has emerged as the third largest in the world. In value terms, the Indian pharmaceutical market is the fourteenth largest in the world. By the end of 2030, the Indian pharmaceutical market is estimated to touch US$ 130 billion.

In terms of spending on healthcare, India spent 2.1% of its GDP on healthcare in FY 2022-23, against 2.2% in FY 2021-22. This is relatively low compared to other developed countries, prompting government to set a target of increasing this to 2.5% by 2025. This is expected to drive growth in the pharmaceutical market.

India's pharmaceutical industry is experiencing rapid growth due to factors such as population growth, an increase in life expectancy, and a rising burden of chronic diseases. With a highly skilled workforce and a strong scientific and technical knowledge base, India has become a major player in the global pharmaceutical industry, producing high-quality generic drugs at competitive prices.

The Indian government is actively supporting the growth of the pharmaceutical industry through initiatives such as the Make in India campaign, which aims to promote local manufacturing and reduce dependence on imports. Additionally, the government has introduced tax incentives and simplified regulatory procedures while establishing specialized institutions to support research and development. In the Union Budget 2022-23, healthcare expenditure was raised by 13%, with funds allocated for research, the Ministry of Health and Family Welfare, and the National Health Mission.

To drive further growth, Indian pharmaceutical companies are adopting digital technologies such as analytics and artificial intelligence to optimize production processes and improve supply chain management. Telemedicine and e-pharmacy services have also become increasingly popular during the COVID-19 pandemic.

Overall, the Indian pharmaceutical market presents a significant opportunity for both domestic and international players. With heavy investment in healthcare infrastructure by the Indian government, spending on healthcare is increasing, making it an attractive market for pharmaceutical companies.

India - "pharmacy of the world"

One of the Indian pharmaceutical industry's prime strengths is producing high-quality medicines at an affordable cost. The sector's ability to manufacture and export high-quality, low-cost generic medicines has earned India the moniker of "pharmacy of the world." As a result, healthcare has become more accessible and affordable to people in many countries, particularly those in developing nations. Indian generic medicines are 30-90% less expensive than branded counterparts. As per Ministry of External Affairs, during the COVID-19 pandemic, India proved to be a crucial player in vaccine development and production, exporting over 880 million vaccine doses to over 100 countries, contributing to nearly 60% of the global vaccine supply.

According to a report by the World Health Organization (WHO), India is the largest supplier of generic medicines globally, accounting for 20% of the global export volume. Indian pharmaceutical companies have also been successful in developing and manufacturing complex generic drugs such as biosimilars and oncology drugs, which require a high level of expertise and technology. The Indian generic drug industry has been able to compete with other global players by leveraging its expertise in chemistry, manufacturing, and innovation.

The Indian government has also played a significant role in promoting the growth of the pharmaceutical industry with several policies and initiatives encouraging innovation, research and development, and investment in the sector. It has also taken steps to improve the regulatory framework and streamline the approval process for new drugs.

The Indian pharmaceutical industry's contribution to the global generic drug market has been significant and has helped to make healthcare more affordable and accessible to people worldwide. The world has come to depend on India's pharmaceutical industry, and its continued growth and success are crucial for the health and well-being of people worldwide.

Therapy-wise breakup of Indian Pharmaceutical Market

Therapy Area	Sales in FY 2022-23 (₹ billion)	YoY growth in FY 2022-23	Therapy Contribution
Cardiac	243.4	8.7%	12.1%
Anti-Infectives	232.2	6.2%	11.6%
Gastro Intestinal	212.8	12.3%	10.6%
Anti-Diabetic	181.3	6.8%	9.0%
Respiratory	173.9	7.0%	8.7%
Pain / Analgesics	159.0	12.4%	7.9%
Vitamins/Minerals/Nutrients	157.0	3.5%	7.8%
Derma	139.0	6.2%	6.9%
Neuro / CNS	119.8	11.5%	6.0%
Gynecology	102.6	15.7%	5.1%
Others	284.0	8.6%	14.2%
IPM	2,005.1	7.9%	

Source: IQVIA Data, March 2023

India's Pharma Exports by Country (US$ Mn)

Rank	Country	FY 2020-21 (US$ Mn)	FY 2021-22 (US$ Mn)	YoY Growth	Contribution
1	USA	7,718.8	7,101.6	-8.0%	28.8%
2	United Kingdom	716.5	704.5	-1.7%	2.9%
3	South Africa	833.5	612.3	-26.5%	2.5%
4	Russia	590.7	597.8	1.2%	2.4%
5	Nigeria	573.2	588.6	2.7%	2.4%
6	Brazil	525.3	580.8	10.6%	2.4%
7	Germany	575.5	528.3	-8.2%	2.1%
8	France	412.8	512.2	24.1%	2.1%
9	Netherlands	375.2	460.1	22.6%	1.9%
10	Belgium	370.2	449.8	21.5%	1.8%
11	Canada	441.8	418.6	-5.3%	1.7%
12	Australia	346.7	386.9	11.6%	1.6%
13	China	371.3	343.8	-7.4%	1.4%
14	Philippines	284.4	342.3	20.4%	1.4%
15	Kenya	282.8	341.4	20.7%	1.4%
	Others	10,025.1	10,649.8	6.2%	43.3%
	Grand Total	**24,443.8**	**24,618.8**	**0.7%**	**100.0%**

Source: Pharmexcil Annual Report

Biosimilars and Biologics

The development and commercialization of biologics and biosimilars are highly complex processes requiring significant investments in research and development, clinical trials, and manufacturing capabilities. These investments can result in significant returns, as biologics and biosimilars can generate substantial revenues for pharmaceutical companies. The global market for biologics and biosimilars presents significant opportunities for pharmaceutical companies to grow their businesses and improve patient access to life-saving treatments.

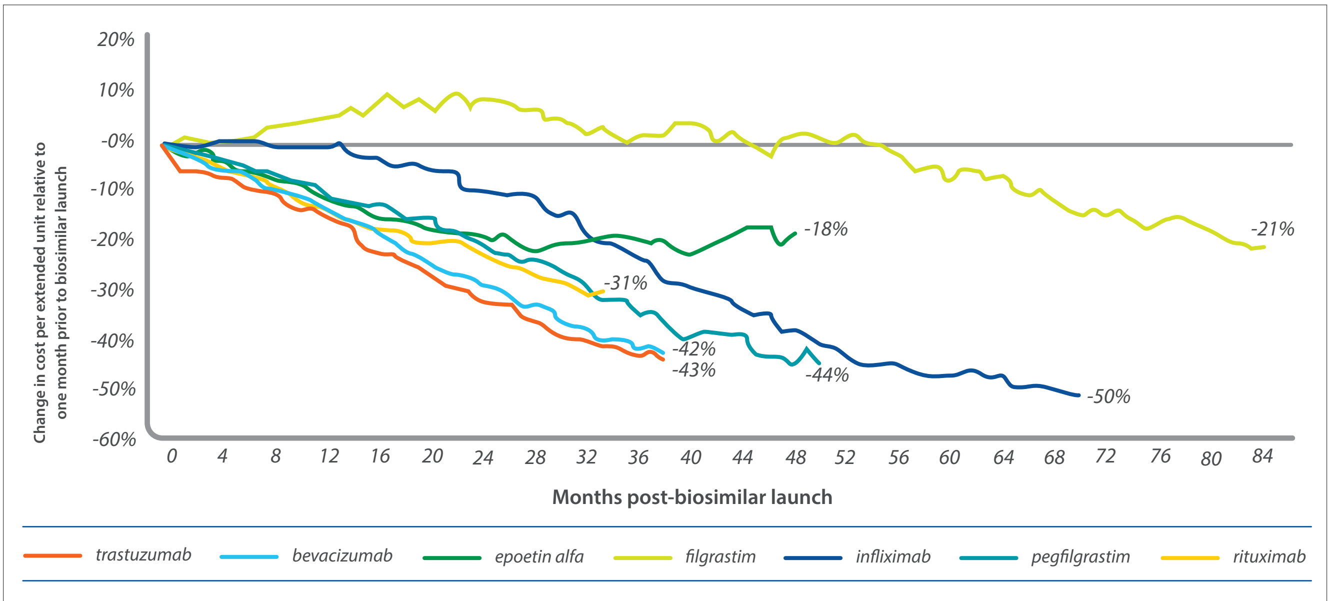
The global biosimilar market size reached US$ 16.8 billion in 2022 driven by patent expiries of blockbuster biological drugs, inherent lower prices, rising prevalence of chronic diseases, and cost-saving initiatives from governments and third-party payers.

The market is estimated to reach US$ 240 billion by 2030, with the Indian market at US$ 35 billion.

In developed markets, there has been an increasing interest in biosimilars as a means to reduce healthcare costs and increase access to biologics. The regulatory frameworks for biosimilars have become more established in these markets, leading to an increase in the number of approved biosimilars and the development of more complex biosimilars.

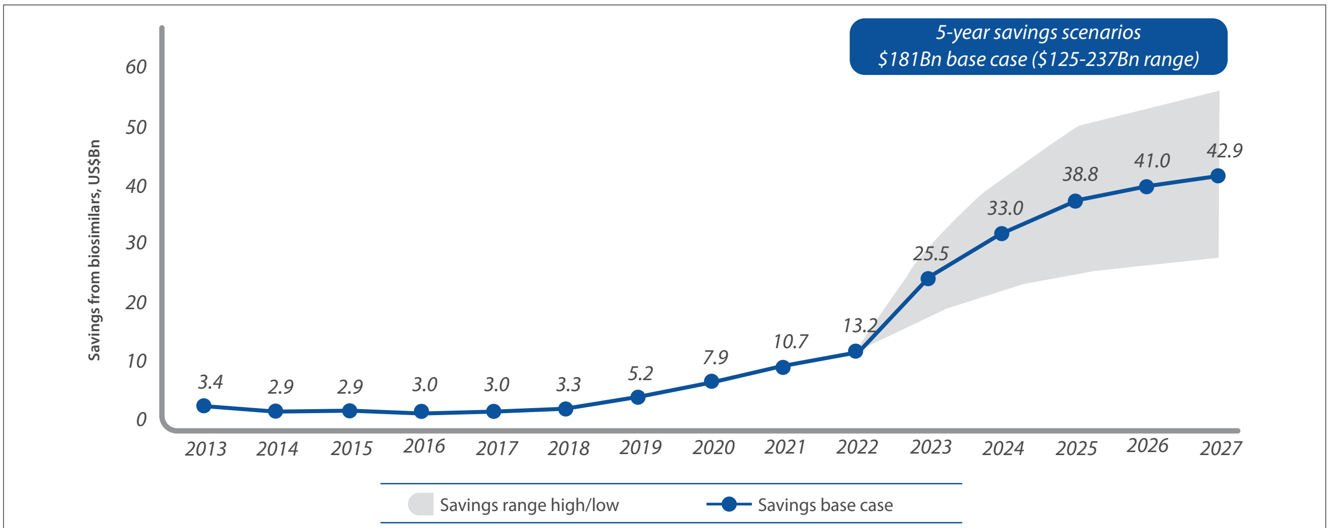
The development of interchangeable bio-similars is an important step towards increasing access to affordable biologic treatments and reducing healthcare costs.

Change in cost per extended unit following biosimilar launch relative to pre-expiry cost



Source: IQVIA National Sales Perspective, US Market Access Strategy Consulting, Dec 2022.

Biologic estimated savings from biosimilars at invoice prices



Source: IQVIA MIDAS, June 2022; IQVIA Institute, Nov 2022.

In developed markets like the United States and Europe, there has been a significant increase in the use of biosimilars in recent years. Biosimilars have been approved by regulatory agencies in these regions for various drugs resulting in increased competition and lower costs for patients. In addition to biosimilars, there has been significant progress in the development of innovative biologic therapies, particularly in the areas of gene therapy and cell therapy. These therapies offer the potential to cure diseases that were previously untreatable and represent a significant advancement in the field of medicine.

The USFDA has established specific guidelines for the approval of interchangeable biosimilars requiring additional testing and clinical data demonstrating its safety and effectiveness without the intervention of a healthcare provider. The approval of interchangeable biosimilars is expected to increase competition and reduce the cost of biologic treatments for patients as biosimilars are priced lower than their reference biologic products. Similarly, the European Medicines Agency (EMA) has also provided guidelines for the development and approval of interchangeable biosimilars, and several interchangeable biosimilars have been approved in Europe.

Company Overview

Alkem Laboratories is a well-established Indian generic pharmaceutical company that has gained a reputation as one of the largest players in the industry, operating globally for five decades. With a presence in over 40 countries, Alkem has the United States as its primary export market. It has maintained a top 10 position among domestic pharmaceutical companies for the past 20 years, operating across the value chain from product development to manufacturing and sales. Alkem's extensive distribution network spans India and international markets, offering a diversified portfolio of over 800 brands led by an experienced management team. The company has 20 advanced manufacturing facilities globally, with 18 of these in India and two in the United States. All facilities are subject to regular audits and approvals by various regulatory agencies, such as the US FDA, WHO, MHRA (UK), TGA (Australia), ANVISA (Brazil), MCC (South Africa) and regulatory agencies from other countries. The company also has five state-of-the-art R&D centers staffed by over 500 scientists, having filed over 175 ANDAs with the US FDA and over 1,100 product registrations in various international markets. Alkem has significant investments in biotechnology through its subsidiary, Enzene Biosciences.

In India, Alkem is a dominant player in acute therapy areas such as Anti-infective, Gastro-intestinal, Pain management, and Vitamins/Minerals/Nutrients. Its product portfolio also includes mega-brands such as Clavam, Pan, Pan-D, and Taxim-O, all of which rank among the top 50 pharmaceutical brands in India. In the anti-infective segment, the Company has maintained the top position for over a decade, and it is also one of the leading companies in the Indian trade generic segment. Alkem has been expanding its presence in chronic therapy areas such as Neuro/CNS, Cardiac, Anti-diabetes, and Dermatology.

Financial Highlights

Revenue from Key Markets

Business Segment	Revenues in 2022-23 (₹ million)	Contribution to total revenues	YoY growth in total revenues
Domestic Business	81,600	70.3%	8.4%
US Business	25,134	21.7%	7.9%
Other International Markets Business	9,259	8.0%	18.9%
Total	**115,993**	**100.0%**	**9.1%**

Key Profit and Loss Statement Highlights

Particulars (₹ million)	FY23	FY22	YoY Change	Comments
Revenue from Operations	115,993	106,342	9.1%	Domestic business grew by 8.4% on a large base outperforming market. The US business grew by 7.9% YoY largely attributable to the depreciation of the Indian Rupee (INR). Other International Markets registered strong growth of 18.9% led by key markets of Chile, Philippines, Kazak and UK.
Gross Profit	66,924	64,539	3.7%	Gross margin was impacted by higher API prices, NPPA price ceiling implementation, and significant price erosion in US market.
Gross Profit margin	57.7%	60.7%		
EBITDA	16,095	20,529	-21.6%	Lower gross margin and higher other expenses on account of normalisation of marketing expenses post COVID-19 restrictions led to dip in EBITDA margin and PBT margin. There was an exceptional item of ₹ 1,030 million in FY 2022-23 pertaining to impairment of fixed assets.
EBITDA margin	13.9%	19.3%		
PBT before exceptional item	14,078	18,592	-24.3%	
Exceptional Item	(1,030)	(150)		
PBT after exceptional item	13,048	18,443	-29.3%	
PBT margin	11.2%	17.3%		
PAT (After Minority Interest)	9,842	16,456	-40.2%	Tax rate in FY 2022-23 was 22.8% compared to 8.9% in FY 2021-22 due to derecognition of deferred tax assets of ₹ 1,197 million and discontinuation of tax exemption of one of the manufacturing unit which was entitled to fiscal benefit.
PAT margin	8.5%	15.5%		

Key Ratios

Ratio	Formula used	FY23	FY22	Comments
Debtors Turnover	Sale of products/Trade receivables	5.37	5.58	The Company witnessed a slight increase in receivable days due to increased business operations
Inventory Turnover	COGS/Inventory	1.88	1.39	During previous year, Company strategically decided to increase inventory in few of its select markets to mitigate supply disturbances and grow the business on account of lockdowns
Interest Coverage Ratio	EBIT/Finance cost	12.10	33.39	The Company reported a lower EBITDA margin YoY on account of higher marketing spends, increased freight cost, foreign exchange losses and increased travel cost
Return on Net Worth	PAT/Net Worth (attributable to owners of the Company)	10.9%	19.1%	
Current Ratio	Current Assets/Current Liabilities	2.35	1.76	Company generated healthy cash flows from operations during the year, which helped it bring down the net debt which further led to higher current ratio
Debt to Equity Ratio	Net Debt/Total Equity	0.11	0.27	

During the fiscal year 2022-23, the Indian pharmaceutical market emerged as a noteworthy revenue driver for the company, making a significant contribution of 70.3% to its overall revenue. With an extensive product portfolio comprising over 800 brands covering major therapy areas, coupled with a robust supply chain and distribution network of more than 7,500 stockists, company stands as one of the leading pharmaceutical companies in India.

Domestic Business

Key Highlights

₹ 81,600 mn
Revenue from Domestic Business

70.3%
Revenue Contribution

8.4% Y-o-Y
Growth in the Domestic Business

No. 5*
Rank in the Indian Pharma Market

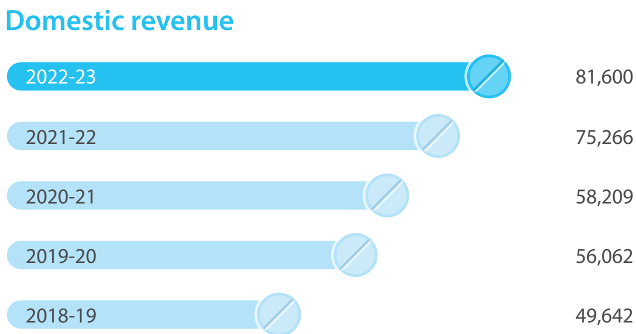
6*
No. of Brands in IPM Top 100 Brands

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

** As per IQVIA MAT March 2023 data*

Domestic revenues for the past 5 years

(₹ Mn)



Sikkim manufacturing facilities

Impressively, the Company's secondary sales performance during FY 2022-23 grew significantly by 12.8%. This growth rate surpassed the Indian Pharmaceutical Market (IPM) growth of 7.9% YoY, propelling the Company to achieve a higher market share. The exceptional performance was observed across various therapy areas, with the Company outpacing market growth rates in most segments.

The Company owes its exceptional achievements to a strong and dedicated team of more than 12,000 marketing representatives, who have played a pivotal role in its success. Their relentless dedication to excellence has resulted in remarkable growth and consolidation in the fields of anti-infectives, gastro-intestinal, and vitamins/minerals/nutrients. This steadfast commitment has enabled the Company to retain its position as the market leader in the anti-infectives segment for more than 15 years. The Company's prominent brands continue to surpass expectations in their respective markets, reflecting the strong trust and confidence healthcare professionals have in them. In addition to maintaining their top position in the anti-infectives segment, the Company also ranks among the top three companies in gastro-intestinal, pain management, and vitamins/minerals/nutrients therapies.

Furthermore, the Company expanded its presence in chronic therapy areas, including anti-diabetes, neurology/CNS, and dermatology, surpassing market growth rates and gaining market share. In addition to the success in established therapy areas, the Company made significant strides in emerging segments such as neurology, dermatology, anti-diabetes, and respiratory. Notably, Company grew at an impressive rate in excess of 2x the market growth rate in these chronic therapy areas, gaining market share and improving their rank in key segments.

The Company demonstrated importance of strategic supply chain management and the strength of its brand equity, ensuring the consistent availability of key brands to meet the growing demand. With the launch of 61 new drugs over the past two years, the Company not only filled portfolio gaps but also strengthened its product offerings to healthcare providers. With an unwavering dedication to research and development, combined with a highly skilled management team, the Company has emerged as a frontrunner in the Indian pharmaceutical industry. Its outstanding accomplishments in the Indian market are a testament to its relentless pursuit of quality, innovation, and patient welfare. Through consistent growth, dominance in crucial therapeutic segments, and strategic expansions, the Company has firmly established itself as one of the top pharmaceutical companies in India.

Performance of some of the new product launches

Brands	Molecules	Therapy Area	Launch	Rank* MAT March-23	Rank* Month March-23
Dapanorm Trio	Dapagliflozin + Metformin + Sitagliptin	Anti-Diabetic	Oct-22	1	1
Neurokem D	Duloxetine + Pregabalin	Neuro / CNS	Mar-22	4	3
Alsita-M	Metformin + Sitagliptin	Anti-Diabetic	Jul-22	4	5
Denu	Denosumab	Pain / Analgesics	Aug-21	4	3
Dydrosure	Dydrogesterone	Gynecology	Jan-22	5	5
Dapanorm M	Dapagliflozin + Metformin	Anti-Diabetic	May-21	5	5
Pulmosmart	Nebulization - Formoteral+Budesonide	Respiratory	Nov-21	5	5

**Rank in their respective molecule as reported by IQVIA data*

Alkem's Performance in key Therapeutic Segments

Therapy Area	Company's Rank	Contribution	Market Share	Company's Growth	Industry Growth
Anti-Infectives	1	37.6%	13.2%	8.6%	6.2%
Gastro-Intestinal	3	18.6%	7.1%	17.5%	12.3%
Pain / Analgesics	3	10.9%	5.6%	18.4%	12.4%
Vitamins/Minerals/Nutrients	2	10.3%	5.4%	2.5%	3.5%
Gynecology	11	4.0%	3.2%	27.7%	15.7%
Anti-Diabetic	16	4.0%	1.8%	29.4%	6.8%
Cardiac	28	2.3%	0.8%	1.3%	8.7%
Neuro / CNS	7	3.8%	2.6%	19.8%	11.5%
Respiratory	17	3.3%	1.6%	14.8%	7.0%
Dermatology	19	2.8%	1.6%	16.0%	6.2%
Urology	17	0.8%	1.6%	50.3%	17.4%
Alkem	**5**		**4.1%**	**12.8%**	**7.9%**

Performance of Alkem's Top 10 Brands

BRANDS	Molecule	Therapy Area**	Brand Sales (₹ mn)* in FY22-23	Rank in Molecule Category*	Market Share*
CLAVAM	Amoxicillin + Clavulanic Acid	AI	6,005	2	15.6%
PAN	Pantoprazole	GI	5,537	1	34.1%
PAN-D	Pantoprazole + Domperidone	GI	4,661	1	30.8%
TAXIM-O	Cefixime	AI	3,180	2	22.8%
A TO Z NS	Multivitamins	VMN	2,758	2	14.4%
XONE	Ceftriaxone	AI	2,576	2	17.9%
TAXIM	Cefotaxime	AI	1,854	1	80.3%
GEMCAL	Calcitriol	Pain / Analgesics	1,809	1	19.5%
PIPZO	Piperacillin + Tazobactam	AI	1,568	1	20.0%
ONDEM	Ondansetron	GI	1,420	1	27.4%

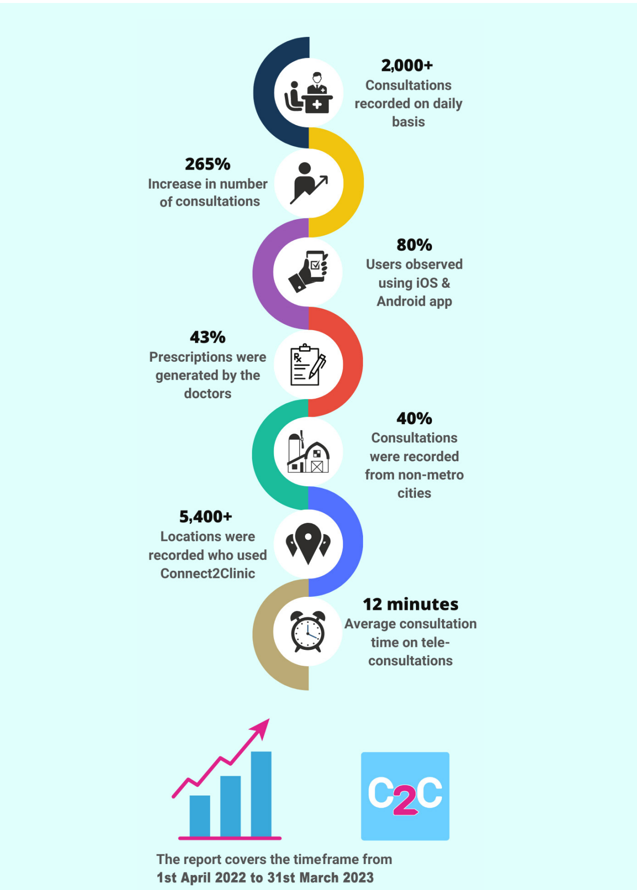
**Source: IQVIA MAT March 2023*

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

Connect2Clinic

In keeping pace with changing times, Connect2Clinic (C2C), a tele-health online solution was founded to lead the digital revolution in Indian healthcare space. It is the industry's first platform with benefits of a virtual clinic, allowing doctors to provide quality healthcare services to their patients. Both parties can interact as per their convenience in a secure manner in the comfort of their homes.

The effectiveness of the initiative is reflected in the fact that, on an average, daily 2,000 consultations have been recorded with doctors generating over 43% prescriptions through the Connect2Clinic app from 5,400+ locations. Since March 2022, 265% increase was witnessed in doctor's consultations. Almost 80% of users use C2C platform through android app and iOS app. Gynecologist/obstetrician, radiologist, dermatologist, orthopedic and general physician were the 5 top consulted specialties, accounting for 61.7% of the total consultations. Nearly 40% consultations were from non-metro cities.



Recently WhatsApp business account has been integrated allowing patients to book appointments through the WhatsApp chat. Popularity of the app is evident from 4.8-star rating on iOS app and 4.6-star rating on Google play store.

C2C offers an extremely personalized and customized digital experience allowing participating medical professionals and health care staff to communicate with their patients. C2C, a HIPAA compliant end-to-end OPD management platform, helps to provide seamless in-Clinic & online practice experience, taking into consideration future needs. Average consultation time spent on the platform is 12 minutes through a tele-consultation feature.

Outlook for Domestic Business

The domestic pharmaceutical market in India is poised for steady growth in the coming years, with projections indicating a compound annual growth rate (CAGR) of around 10-11% through FY25. Several factors contribute to this positive outlook.

Increasing healthcare expenditure in India is driving the demand for pharmaceutical products. The government's focus on improving healthcare infrastructure and accessibility, along with rising healthcare awareness among the population, is expected to enhance the affordability and availability of medications. The expanding middle-class population estimated to exceed 500 million by 2025, is another significant driver of growth. With rising incomes and improved living standards, this segment of the population has an increased ability to afford quality healthcare services and pharmaceutical products. This growing middle class is becoming more health-conscious, leading to a higher demand for medications and healthcare solutions.

The prevalence of chronic diseases and lifestyle disorders in India is on the rise. Conditions such as diabetes, cardiovascular diseases, and respiratory ailments are creating a substantial market for pharmaceutical companies to develop and provide effective treatments. The need for innovative medications and therapies to address these health conditions presents opportunities for growth within the domestic pharmaceutical market.

However, the industry also grapples with certain challenges that have emerged in this fiscal year. Fluctuating raw material prices, particularly for active pharmaceutical ingredients (APIs) and imported materials, have significantly impacted the cost structure and profitability. The unpredictable nature of these price fluctuations has compelled manufacturers to reassess their supply chain strategies and explore alternative sourcing options, including domestic suppliers, to mitigate the adverse effects on their bottom line.

Furthermore, the government's price control measures continue to play a crucial role in ensuring affordable access to essential medicines for the population. While these measures are aimed at prioritizing public health and affordability, they can pose challenges for pharmaceutical companies in maintaining profitability. Striking a delicate balance between adhering to price controls and sustaining business viability necessitates strategic planning in terms of product portfolios, cost optimization, and operational efficiency.

The Company remains optimistic about its prospects in the Indian pharmaceutical market, considering its strong position and strategic advantages. With a dominant presence in the acute segment, bolstered by market-leading mega brands, a robust field force, and an extensive supply chain and distribution network, the Company stands on solid ground within the domestic market. Additionally, its rapid growth in the chronic segment, supported by regular new product launches and forays into biosimilars, further contributes to the Company's upward trajectory and addresses portfolio gaps. Expanding into new therapies and sub-therapies also presents significant growth opportunities.

Leveraging its leading position in the trade-generic segment, a diverse product portfolio, and well-established trade relationships, the Company is well-positioned to sustain its growth momentum.

In the face of challenging circumstances, Alkem aims to capitalize on its core strengths developed over the years. The Company intends to outperform the market by harnessing its reputable brands, a substantial field force, and a resilient supply chain. Embracing agility, the Company plans to leverage new technology platforms to establish stronger connections with the medical fraternity and healthcare providers, serving as a catalyst for growth during these trying times. Ensuring optimum production levels and maintaining sufficient inventories remain key priorities to prevent any shortages of vital medicines and prioritize patient well-being. Looking ahead, the Company maintains a positive outlook for the medium to long term, expecting robust growth outperforming the Indian Pharmaceutical Market.

US Business

ASCEND Laboratories, LLC

Office of Ascend Laboratories LLC

Key Highlights

₹ 25,134 mn
Revenue from US Business

21.7%
Revenue Contribution

7.9% Y-o-Y
Growth in the US Business

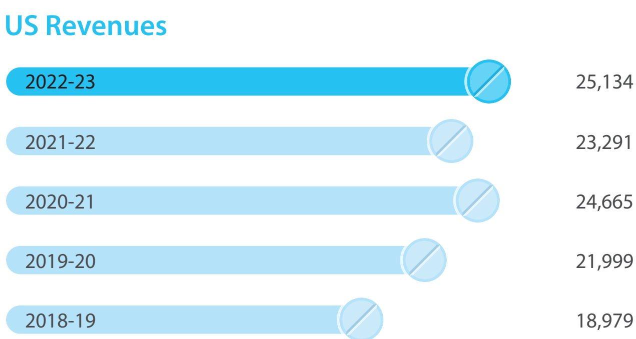
175*
Cumulative ANDAs filed

134
Cumulative ANDAs approved, including tentative approvals

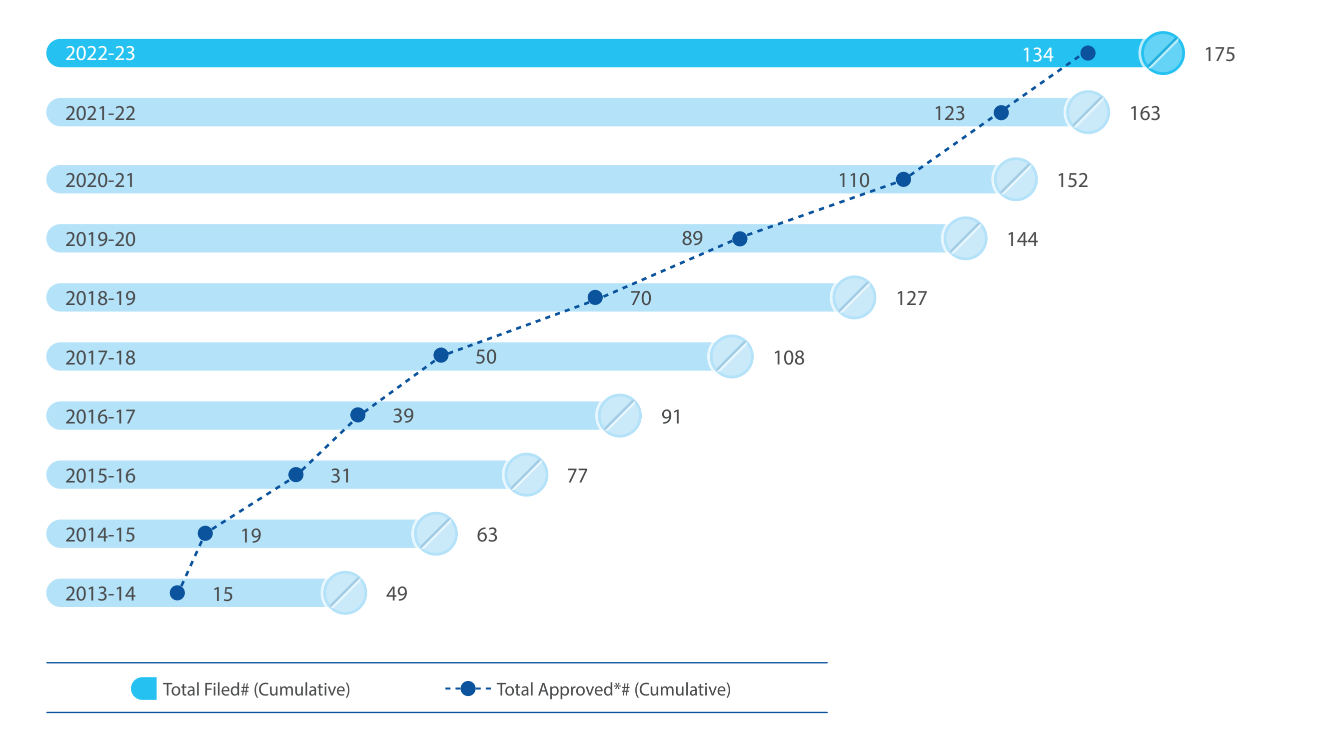
**Including NDA's*

US revenues for the past 5 years

(₹ Mn)



Alkem's ANDA filings and approvals



**Including tentative approvals*

#Including NDA

The US pharmaceutical market holds a significant position for our Company, accounting for a considerable share of our total revenue. In the fiscal year, our US business delivered revenue of ₹ 25,134 million, marking a 7.9% increase compared to the preceding year. This achievement was primarily attributed to the expansion of our market share in existing products and the successful launch of new products. Additionally, favorable exchange rates also played a role in driving year-on-year growth.

During this period, we made substantial progress in regulatory filings, submitting 12 abbreviated new drug applications (ANDAs) to the US FDA. We received approvals for 14 applications, including 7 tentative approvals. Our cumulative filings with the US FDA now stand at an impressive count of 173 ANDAs, alongside 2 new drug applications (NDA). With 132 ANDAs approved, including 17 tentative approvals, and 2 NDAs, we have solidified our presence in the US pharmaceutical market.

In recent years, our international business has seen significant growth, becoming a prominent contributor to our overall revenue. Currently, the US pharmaceutical market represents the second-largest market for our Company, contributing 21.7% to our total revenue.

We are proud of our strong presence in the US market and our commitment to providing quality generic pharmaceuticals. Despite the challenges faced in the US generic pharmaceutical market during the fiscal year 2022-23, including the impact of COVID-19 restrictions, heightened price erosion, and intensified competition, our US business remained resilient. Although our revenue increased marginally to ₹ 25,134 million, primarily due to high price erosion in existing products, we launched 12 new products, showcasing our continued dedication to innovation and growth.

Update on USFDA Inspections

During the year, the USFDA conducted inspection at the Company's manufacturing facilities located at St. Louis (US) and Indore (India). An inspection was also carried out at the Company's Bioequivalence Center located at Taloja. Post inspection outcomes were as below:

April 2022 - US FDA had conducted an inspection at Bioequivalence Center located at Taloja. The inspection was closed successfully without any observations.

June 2022 - US FDA had conducted an inspection of the Company's manufacturing facility located at St. Louis, USA. At the end of the inspection, the Company has received Form 483 with three (3) observations. Subsequently, the Company received an EIR in July 2022, thereby closing the inspection successfully.

July 2022 - US FDA had conducted a GMP and Pre-Approval inspection at the manufacturing facility located at Indore. At the end of the inspection, the Company had received Form 483 with one (1) observation with respect to ANDA filed for the products to be manufactured at Indore Plant. Subsequently, the Company received an EIR in February 2023, thereby closing the inspection successfully.

September 2022 - US FDA had conducted a Pre-Approval inspection at the manufacturing facility located at St. Louis, USA. At the end of the inspection, the Company has received Form 483 with two (2) observations. The Company has submitted a detailed corrective and prevention action plan to get a closure on the inspection.

October 2022 - US FDA had conducted Remote Regulatory Assessment of Bio-Analytical Lab of CRO at Taloja. The inspection was closed successfully without any observations.

November 2022 - US FDA had conducted a Pre-Approval inspection at the manufacturing facility located at St. Louis, USA. At the end of the inspection, the Company has received Form 483 with three (3) observations. Subsequently, the Company received an EIR in December 2022, thereby closing the inspection successfully.

The Company places a strong emphasis on delivering high-quality products and adhering to regulatory compliance. The Company invests in its people, processes, and technology to remain compliant with the evolving CGMP norms. This strategic approach positions Alkem for continued growth and success.

Status of USFDA Inspections

Facility	Capability	Last Inspection	Status Post Last Inspection
Ankleshwar (India)	API	April 2023	Successfully closed inspection without any observations.
St. Louis (US)	Formulations	November 2022	Inspection is closed. EIR received in December 2022
Taloja (India)	Bioequivalence Centre	October 2022	Successfully closed inspection without any observations.
Indore (India)	Formulations	July 2022	Inspection is closed. EIR received in February 2023
Baddi (India)	Formulations	February 2020	Inspection is closed. EIR received in March 2020
Daman (India)	Formulations	August 2019	Inspection is closed. EIR received in October 2019
California (US)	API	August 2018	Inspection is closed. EIR received in October 2018
Mandva (India)	API	September 2015	Inspection is closed. EIR received in March 2016

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

Outlook for the US Business

Due to its size and purchasing power, the US pharmaceutical market is a critical global market for pharmaceutical companies. Despite the challenges posed by intense competition and price erosion in the US pharmaceutical generics market, it remains an attractive market for growth. To maintain competitiveness in the face of intense competition and price erosion in the US pharmaceutical market, there has been an increased focus on profitability. The Company is prioritizing profitability by adopting cost-efficient measures, enhancing quality filing procedures to ensure regulatory compliance, and investing in research and development to expand its product portfolio while maintaining a profitable outlook. Additionally, with the growing demand for more affordable biologic treatments, biosimilars are expected to be the future growth engine for Alkem. The Company is investing in research and development in this area through its subsidiary, Enzene Biosciences, and has a robust pipeline of over 175 ANDAs filed with the USFDA to drive future growth in the US market.

OTHER INTERNATIONAL MARKET BUSINESS

Key Highlights

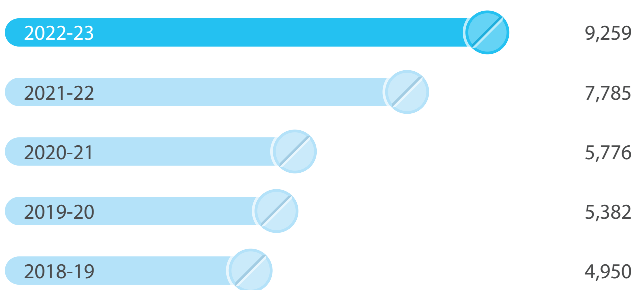
₹ 9,259 mn
Revenue from Other International Markets

8.0%
Revenue Contribution

18.9% Y-o-Y
Growth in the Other International Markets

Other International Market Revenues

(₹ Mn)



The Company has a global presence in over 40 international markets, in addition to India and the US, selling its products through its subsidiaries and partner companies. Its key markets include Australia, Chile, UK, Kazakhstan and Philippines. To continue expanding its position in international markets, the Company is focusing on select geographies, strengthening its local presence, and offering differentiated products. It is open to partnerships for in-licensing and out-licensing to capture more market share. However, volatile currency movements and evolving regulatory environments in various international markets remain a challenge.

In FY 2022-23, the Company's total operating revenues from Other International Markets business grew by 18.9% YoY to ₹ 9,259 million, with healthy growth in key markets such as Australia, Chile, the Philippines, and Kazakhstan, and steady growth in the Middle East and African markets.

The Company has filed over 1,100 dossiers and received over 750 approvals in international markets.

Outlook for Other International Market Business

Looking forward, the Company aims to maintain its growth pace in other international markets by expanding in select geographies, launching products tailored to local needs, and optimizing costs to mitigate risks from evolving regulatory environments and currency fluctuations. It plans to introduce new products, increase market share in existing products, and leverage its sales and marketing infrastructure to pursue product in-licensing and out-licensing opportunities.

Enzene Biosciences – Driving Biotech Innovation and Global Growth

ENZENE Biosciences Ltd.

Enzene is an innovation-driven biotech company and subsidiary of Alkem Laboratories Ltd. Enzene's focus lies in developing and producing biosimilars, novel biologics, synthetic peptides and phytopharmaceuticals. Enzene also offers a range of biologics CDMO and CMO services with capabilities from clone development up to GMP manufacturing supported by bio-reactor capacities ranging from 20 liters to 2,000 liters.

Enzene has set-up fully integrated biotech process development and manufacturing capabilities across multiple modalities and platforms by deploying disruptive and innovative cutting edge technologies. The Company has successfully leveraged its platform to develop a captive pipeline of biosimilars which have been out-licensed to pharmaceutical companies across global markets while also offering end-to-end contract development and manufacturing (CDMO) services to biotechnology companies.

Enzene is amongst the first movers globally to have set up an end-to-end continuous manufacturing platform for biologics. The world-class facility in India is equipped with the most advanced equipment in the field of mAb and therapeutic protein manufacturing, single use technology for drug substance manufacturing, and fully automated fill and finish machine for drug product manufacturing. The facility can deliver higher production versus a traditional biologic manufacturing facility, lower the cost of manufacturing and enable rapid movement of pre-clinical assets to the later stage of development or to the commercial stage. This is expected to facilitate the entry of biologics into price sensitive market. Manufacturing facility sites have been audited by multiple customers and regulators.

Presently, Enzene has plans to set-up an R&D and manufacturing center in the US which will replicate these capabilities, helping Enzene to expand its footprint globally. The Company raised US$ 50 million from Alkem Laboratories and leading Healthcare investors, Eight Roads Ventures and F-Prime Capital. The raised funds will be used to enhance manufacturing capabilities and drive expansion plans in the US.

Team Enzene at their Pune Headquarter

Biologic drugs have seen rapid growth across therapeutic areas leading to a US$ 300bn market. The significant increase in biologic drugs being developed has outpaced worldwide supply capabilities, creating immense opportunities for high quality contract manufacturers. In addition, the wave of patent expiries within the segment has also led to a large opportunity for biosimilar products. Enzene has commercialized four biosimilars in India and has another fourteen products in the pipeline at various stages of development. Many of its in-market and pipeline products have already been partnered for commercial rights in emerging and regulated markets.

Key highlights of FY 2022-23

- Enzene generated robust growth in revenue from product sale and CDMO.
- In terms of products launched in past (Teriparatide, Denosumab, Romiplostim), Enzene was able to see an increased offtake due to market growth and addition of commercialization Partners. Enzene was able to tap and penetrate significant portion of the market.
- Enzene received marketing authorization to commercialize three biosimilar products in India, namely, Adalimumab, Cetuximab and Bevacizumab.
- Enzene plans to launch 2 more products in FY 2023-24 in India and is in final stages of completing trials and submitting marketing authorisations.
- Enzene has been active in product development space and has few molecules which are in development / clinical trial stage.
- Global clinical trials are underway for select biosimilars and Enzene with its robust partner selection strategy have signed out-licensing & supply partnerships with market leaders across regulated and semi-regulated markets to commercialize these products in near future. These deals will generate revenue in the near term.
- Enzene also established its biologics CDMO business using novel and disruptive continuous bio manufacturing platform from pre-IND to clinical stage and executed agreements with companies across US, Europe and India which helped in generating revenues from this segment. Enzene, thus established itself as one-stop shop with "clone to vial" capabilities. It is capable of fully integrated process development capabilities across cell line development, upstream & downstream process, advanced analytical & bioanalytical characterization and drug product development.
- Enzene won ET Business Award 2022 under – Most Promising Manufacturing Brand in Biotechnology.
- Enzene was certified as "Great Place to Work - India". This certification is a testimony of culture across Enzene and supports its mission of being the most desired Biotech company to work for by creating an unparalleled work culture.

Research and Development (R&D)

The Company places great emphasis on research and development, particularly in the areas of biosimilars, brand generics, API's, nutraceuticals and apex quality generic products. In FY 2022-23, Alkem invested ₹ 5,394 million, which is 4.7% of its revenues on R&D, as compared to ₹ 5,674 million, which is 5.3% of its revenues in FY 2021-22.

Enzene Biosciences has launched 4 commercial products and has received approval for the fifth biosimilar for the Indian market. These products are expected to be a game changer in providing superior patient care. The Company has partnered with Eight Roads Ventures and F-Prime Capital to build a leading global biologics company that leverages innovation to enhance global health.

The Company's clinical research facility is currently focused on bioequivalence and bioavailability studies aimed at proving the bioequivalence of dosage forms. The facility is regularly inspected by various Indian and International regulatory agencies, such as DCGI, USFDA, UK MHRA, and NPRA-Malaysia. The Company's clinical division has successfully faced several audits and regulatory inspections, with many products being approved and marketed based on the acceptance of the submitted data by the regulatory agencies. The Company is dedicated to conducting scientifically robust and ethical clinical trials to address unmet healthcare needs and generate quality data for the development of effective and safe novel molecules.

The Company has significant experience in conducting clinical trials from phase 1 through phase 4 clinical studies across multiple therapies in accordance with ICH GCP and several other international guidelines and regulations. The R&D team has gained extensive experience and expertise in conducting clinical studies on small and large molecules, including monoclonal antibodies and biosimilars, as well as stem cell-based products for domestic and global regulatory submissions like CDSCO, USFDA, and EMEA.

The Company has extensive experience in conducting clinical studies with complex designs, such as double-blind, double-dummy, differential ratio design, integrated Phase 1 and 3 studies, interchangeability studies, and adaptive design. These studies involve complex molecules, including peptides, monoclonal antibodies (MABs), and stem cells. The molecules find applications across different therapy areas as specified, but not limited to. Enlisted below are examples including regenerative medicine:

1. Infectious disease (Methicillin Resistant Staphylococcus Aureus i.e. MRSA)
2. Oncology – Metastatic Breast Cancer, Colorectal Cancer, Head and neck cancer (locally advanced as well as metastatic setting)

3. Endocrinology - Type 2 Diabetes Mellitus and Osteoporosis
4. Hematology – Chronic Immune Thrombocytopenia
5. Rheumatology – Ankylosing Spondylitis, Osteoarthritis, rheumatoid arthritis
6. Dermatology – Acne Vulgaris, Psoriasis, Vitiligo
7. Ophthalmology – Neovascular Age related macular degeneration
8. Gastroenterology – Gastro-esophageal reflux disease, acid peptic disease
9. Surgical – 3D printing for diabetic foot ulcers

The Company has a well-established pharmacovigilance system to monitor and review the safety of medicines throughout clinical development and post-approval phases. The Company continuously evaluates the benefit/risk profile of the marketed products and is committed to transparency in communicating these benefits and risks with patients, healthcare professionals, and regulators.

All patent-related matters are handled by a dedicated Intellectual Property (IP) rights team, covering various aspects like filings and litigations for both India and global markets. The regulatory affairs team handles the product filings and approvals in India and key international markets.

Product filings in key international markets (as on 31st March 2023)

Markets	FY 2022-23	
	Filed	Approved
US (ANDA)	173	132#
US (NDA)	2	2
Australia	74	70
EU	43	24
UK	33	21
Philippines*	33	33
Chile*	244	229
Kazakhstan*	37	37
South Africa*	152	98
China	5	0
Brazil	2	2

**Includes dossier for each strength*
 # Includes Tentative Approval

Quality Assurance

The Company's commitment to manufacturing and delivering superior quality products is further strengthened by its quality systems. The Company strictly follows the concept of 'Quality by Design' (QbD) to ensure consistent quality of products developed. This approach is embedded in the Company's R&D, manufacturing units, and quality control laboratories, where employees strive to meet and exceed global standards with respect to safety, quality, and efficacy.

In addition to its well-established supply chain network, the Company's robust and mature Quality Management System (QMS) ensures that every product it develops, manufactures, and distributes complies with the applicable laws and statutes of the target country. The Company recognizes the importance of developing its employees' skills through internal and external training to ensure that it continues to meet global standards.

The Company fosters a strong quality-conscious culture to ensure that products meet the highest quality standards. It firmly believes in continuous and sustainable improvement in the overall process to build, simplify, and establish a sustainable product supply chain.

The Company's stringent Code of Conduct policy is adhered to by all stakeholders, including employees, vendors, and partners. This policy is in accordance with national and international regulatory and business standards and guidance. All of the Company's manufacturing facilities comply with the regulatory norms of their respective countries, such as Schedule M for India, various sections of Chapter 21 of Code of Federal Regulations (21CFR) for the USA, GMP requirements for the European Union (EU) as defined in Eudralex, World Health Organization guidance for GMP compliance (WHO-GMP), Orange Book guidance of UK MHRA, TGA guidance for Australia, and other relevant applicable guidance for rest of world countries.

In accordance with the relevant cGMP guidelines, various regulatory agencies of different countries periodically inspect the Company's different manufacturing facilities. The Company constantly upgrades its QMS with the current advanced technology to keep in line with the compliance to current regulatory guidance of various countries, enabling it to meet the stringent quality requirements to be the best and beyond the best.

Overall, the Company's commitment to quality is unwavering, and it strives to provide superior quality products to consumers and patients while ensuring compliance with all relevant laws and regulations. The Company's adherence to high-quality standards and its culture of continuous improvement enable it to remain competitive and exceed customer expectations.

Risk Management

The Company has a strong Enterprise Risk Management (ERM) framework in place to effectively identify, assess, and mitigate risks associated with its operations in multiple geographies. The Board of Directors has established a Risk Management Committee to oversee the management of strategic, operational, and financial risks and ensure that adequate mitigation plans are in place. The ERM team works closely with department heads to identify internal and external events that may impact the Company's objectives negatively. Additionally, the team continuously monitors changes in the internal and external environment to identify emerging threats and risks. The key identified risks and our proposed mitigation strategies have been listed below:

Competition Risk

Impact	Mitigation
Intense competition from multiple competitors poses a threat to revenue from that particular product and impacts the competitive advantage position of the Company.	• The Company's strong focus on R&D enables it to develop differentiated products that are difficult for the competitors to replicate. • The Company keeps a close watch on the prevailing market trends through its Business Development Team, and accordingly plans new drug / molecule launch.

Quality Risk

Impact	Mitigation
Inadequate control on internal processes, people, and systems which may impact product quality and adversely impact the Company's brand equity and attract undesired liabilities, fines, or penalties.	• Strong adherence to CGMP guidelines enforced by leading regulatory agencies for manufacturing processes leads to quality assurance. • Timely and regular quality control checks across manufacturing facilities for all machinery and equipment reduce quality risk significantly.

Pricing Risk

Impact	Mitigation
The Company's revenue flow and earnings may get adversely impacted in the event of adverse pricing regulations of key products.	• Strong cost control measures ensure high operational efficiency, insulating impact on earnings. • Operating leverage through a diversified portfolio and focus on high-volume growth.

R&D Risk

Impact	Mitigation
The Company invests significantly in R&D to develop molecules/drugs ahead of competition, keeping in line with current market trends. New drug development cost is very sensitive to changes in science and technology, shifts in the kinds of drugs under development and changes in the regulatory environment, impacting the Company's revenues and earnings prospects.	• Astute business planning with clear objectives in mind ensures that R&D budgets are realistic and profitable. • Adoption of cost-effective processes and methodologies enables the Company to achieve cost optimization of both existing products and new launches.

Manufacturing Facility Risk

Impact	Mitigation
Most of the domestic production is done at the Sikkim facility. Any disruption in production or supply chain, due to natural or manmade causes, may have a direct bearing of earnings.	• To ensure steady and uninterrupted production, the Company is looking to set up alternative in-house manufacturing facilities and forge contract manufacturing partnerships.

Regulatory Risk

Impact	Mitigation
The Company is governed by several rules and regulations by various governing bodies. Non-compliance or misinterpretation may lead to inadequate observance. Also, the Company needs to be prepared to follow any new rules introduced or modifications brought about in existing laws.	• Compliance and integrity form the main pillars of the Company's organizational values. • Strict adherence to all applicable rules and regulations is ensured through various policies and review mechanisms. • Strong internal control framework has earned the Company strong brand equity in terms of CGMP compliance with respect to various global regulatory guidelines.

Information Technology Risk

Impact	Mitigation
Redundancy in technology used, lack of proper technological support or lack of awareness of information security among employees may result in breach/theft of confidential data, posing a risk to business growth.	• Microsoft Active Directory enables the Company to enforce Information Security Policy. • Any data loss or leakage is closely monitored through frequent VAPT and IT audits and adequate investment in required IT tools.

People Risk

Impact	Mitigation
Human capital is a key resource for the Company's growth, thus making it imperative to attract and retain quality talent.	• Specialized pharmaceutical courses are designed and offered by the Company via strategic tie-ups with reputable institutions, enabling it to attract skilled talent. • Employee retention is attained through several learning and skill development programs and employee engagement initiatives that enable the Company to motivate the employees and increase loyalty.

Internal Control System

The Company has established a comprehensive internal control system that is appropriate for its size and industry. This system helps to promote a culture of ethics and integrity, provides reasonable assurance of efficient business operations, and ensures the protection of assets, prevention of fraud and errors, and compliance with regulatory requirements. The framework includes financial and operational controls that are regularly monitored to ensure their adequacy, effectiveness, and usefulness. The Company's policies and procedures are well-documented and designed to maintain the integrity and reliability of the internal control system.

The Company has enlisted the support of one of the Big4 and equally reputed audit firms to enhance the effectiveness of its internal control systems. Additionally, an independent Global Internal Audit Function at the corporate level carries out risk-based audits to ensure that financial, operational and compliance controls are adequate and are functioning effectively. The Audit Committee oversees and approves the annual audit plan and regularly reviews key findings to monitor the performance of the Internal Audit Function. This collaborative approach provides the Company with an extra layer of assurance that its internal controls are robust and capable of addressing any potential risks that may arise.

Human Resources

The Company recognizes the value of its workforce in driving business growth. with over 20,000 employees worldwide possessing diverse skills and expertise, the Company considers them a vital resource to facilitate growth on a global scale and achieve excellence that meets international standards. To ensure employee satisfaction and loyalty, the Company maintains a conducive and productive work environment across its plants and offices, and invests in strategic training and skill development programs for its employees. These initiatives promote a learning culture and elevate employees' skills and work attitude.

The Company's HR policies and procedures are designed to attract and retain top talent, and to enable employees to maintain a healthy work-life balance. The Company offers various employee benefits and reward & recognition programs to boost morale and enhance job satisfaction. Furthermore, the Company encourages consistent performance and fosters an innovation-led culture through various employee engagement activities. To keep up with the times, the Company has digitized its HR processes and leverages technological advancements to streamline its operations.

Cautionary Statement

The information provided in the 'Management Discussion and Analysis' regarding the Company's objectives, projections, estimates, expectations, plans or predictions or industry conditions or events are referred to as 'forward-looking statements' and are subject to applicable securities laws and regulations. Several factors, including but not limited to global and domestic economic conditions, successful execution of strategies, research and development, growth and expansion plans, technological advancements, changes in laws and regulations that apply to the Company, increasing competition, and the conditions of customers, suppliers and the overall pharmaceutical industry, are likely to impact the Company's performance and may cause the actual results to vary materially from those expressed or implied. Any subsequent development, new information or future events or otherwise that may impact any forward-looking statements, need not be publicly updated, amended, modified or revised by the Company except as required by applicable law.

Directors' Report

Dear Members,
Alkem Laboratories Limited

Your Directors are pleased to present their 49th Annual Report on the business and operations together with the Audited Financial Statements of the Company for financial year ended 31st March, 2023. 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, 2023	Year ended 31st March, 2022	Year ended 31st March, 2023	Year ended 31st March, 2022
Income from Operations	90,545.5	88,298.1	115,992.6	106,341.9
Other Income	2,662.9	1,998.9	2,160.8	1,626.5
Total Revenue	93,208.4	90,297.0	118,153.4	107,968.4
Profit before Interest, Depreciation and Tax	16,432.4	20,102.5	17,225.5	22,006.1
Less: Interest	864.0	379.0	1,073.6	523.7
Less: Depreciation	2,298.5	2,189.8	3,104.2	3,039.6
Profit before Tax	13,269.9	17,533.7	13,047.7	18,442.8
Less: Provision for Taxation (net)	1,925.2	2,121.2	2,979.6	1,639.6
Profit after Tax and before Non-Controlling Interest	11,344.7	15,412.5	10,068.1	16,803.2
Less: Non-controlling Interest	-	-	226.4	347.0
Profit for the year	**11,344.7**	**15,412.5**	**9,841.7**	**16,456.2**
Other Comprehensive Income	(21.9)	(48.6)	1,149.0	341.4
Other Comprehensive Income attributable to Non-Controlling Interest	-	-	4.1	4.1
Total Comprehensive Income attributable to owners of the Company	**11,322.8**	**15,363.9**	**10,994.8**	**16,801.7**
Balance of other Equity as of 01.04.2022	87,197.5	76,018.4	86,139.9	73,528.2
Dividend on Equity Shares	(5,260.9)	(4,184.8)	(5,260.9)	(4,184.8)
Employee Stock Option exercised	-	-	-	(5.2)
Put Option Liability recognized	-	-	1,660.1	-
Balance of other Equity as of 31.03.2023	**93,259.4**	**87,197.5**	**90,213.8**	**86,139.9**

OVERVIEW OF FINANCIAL PERFORMANCE

During financial year ended 31st March, 2023, the Company's total revenue including other income was ₹ 93,208.4 million on Standalone basis as against ₹ 90,297.0 million achieved in the previous year, registering a growth of 3.2%.

The export turnover of the Company during financial year 2022-23 was ₹ 16,444.5 million as against ₹ 19,594.3 million achieved in the previous year, which decreased by 16.1%.

During financial year ended 31st March, 2023, the Company and its subsidiaries achieved a total revenue including other income of ₹ 118,153.4 million on Consolidated basis, as against a turnover of ₹ 107,968.4 million achieved in the previous year, registering a growth of 9.4%.

During financial year ended 31st March, 2023, Standalone Profit before interest, depreciation and tax decreased by 18.3% at ₹ 16,432.4 million as against ₹ 20,102.5 million in the previous year, whereas Consolidated Profit before interest, depreciation and tax decreased by 21.7% at ₹ 17,225.5 million as against ₹ 22,006.1 million in the previous year. As a result, Standalone Profit before tax declined by 24.3% over the previous year to ₹ 13,269.9 million and Consolidated Profit before tax was ₹ 13,047.7 million, which decreased by 29.3% over the previous year.

The Standalone Net Profit after tax for financial year ended 31st March, 2023 decreased by 26.4% to ₹ 11,344.7 million over the previous year while the Consolidated Net Profit after tax decreased by 40.1% over the previous year to ₹ 10,068.1 million.

DIVIDEND

Being 50th year of incorporation of the Company, the Board of Directors at its meeting held on 10th February, 2023 declared and paid a Special Dividend of ₹ 25/- (Rupees Twenty Five only) per equity share of ₹ 2/- (Rupees Two only) each and Interim

Dividend of ₹ 15/- (Rupees Fifteen only) per equity share of ₹ 2/- (Rupees Two only) each, amounting to a total Interim Dividend of ₹ 40/- (Rupees Forty only) per equity share of ₹ 2/- each, for financial year 2022-23, being 2000% on the face value of ₹ 2/- per share of the Company. In addition, your Directors are pleased to recommend payment of ₹10/- (Rupees Ten only) per equity share of ₹ 2/- (Rupees Two only) each as Final Dividend for financial year 2022-23, for the approval of the Members at the ensuing Annual General Meeting ("AGM") of the Company. If approved, the total dividend (interim and final) for financial year 2022-23 will be ₹50/- (Rupees Fifty only) per equity share of ₹ 2/- (Rupees Two only) each as against the total dividend of ₹ 34/- (Rupees Thirty Four only) per equity share of ₹ 2/- (Rupees Two only) each paid for the previous financial year.

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

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

TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve for financial year 2022-23.

SHARE CAPITAL

The paid up equity share capital of the Company as on 31st March, 2023 was ₹ 239.1 million. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares to the Employees or Directors of the Company, under any scheme (including sweat equity shares).

DEPOSITS

The Company has not accepted any deposits from the public/ members during the year under review and accordingly no amount on account of principal or interest on public deposits was outstanding as on 31st March, 2023.

SUBSIDIARIES

As on 31st March, 2023, the Company has 25 subsidiaries. The Company does not have any joint venture / associate company(ies) within the meaning of Section 2(6) of the Companies Act, 2013 (hereinafter referred to as "the Act").

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

- Enzene Inc., incorporated as a step down subsidiary of the Company in USA on 26th May, 2022, and
- Pharmacor Limited, incorporated as a step down subsidiary of the Company in New Zealand on 01st June, 2022.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In compliance with Regulation 34 of SEBI LODR Regulations, the Business Responsibility and Sustainability 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 financial year 2022-23, the Company has addressed the requirements of local communities in the vicinity of its head office, manufacturing facilities and R&D centers through focused projects in the areas of education, health and hygiene, environment and community development, etc.

Details about the Company's CSR Policy and initiatives undertaken by the Company during financial year 2022-23 are outlined in the Report on CSR Activities annexed to this Report as Annexure C.

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments

The details of the appointments/ re-appointments during the year under review are as follows:

Re-appointment of Mr. Sandeep Singh, Managing Director of the Company:

The Board of Directors of the Company based on the recommendation of the Nomination and Remuneration & Audit Committee, approved the re-appointment of Mr. Sandeep Singh as a Managing Director of the Company for a term of 5 (five) consecutive years w.e.f. 17th October, 2022 upto 16th October, 2027, subject to the approval of the Members of the Company. The Members at the 48th AGM of the Company held on 25th August, 2022, approved the said re-appointment of Mr. Sandeep Singh as a Managing Director of the Company, liable to retire by rotation, for a period of 5 (five) consecutive years w.e.f. 17th October, 2022 upto 16th October, 2027.

Re-appointment of Mr. Mritunjay Kumar Singh, Executive Director of the Company:

The Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee & Audit Committee, approved the re-appointment of Mr. Mritunjay Kumar Singh as an Executive Director of the Company for a term of 5 (five) consecutive years w.e.f. 01st January, 2023 upto 31st December, 2027 subject to the approval of the Members of the Company. The Members of the Company through Postal Ballot on 05th January, 2023 approved the said re-appointment of Mr. Mritunjay Kumar Singh as an Executive Director of the Company, liable to retire by rotation, for a term of 5 (five) consecutive years w.e.f. 01st January, 2023 upto 31st December, 2027.

Appointment of Mr. Srinivas Singh, Executive Director of the Company:

The Board of Directors of the Company based on recommendation of the Nomination and Remuneration Committee & Audit Committee, approved the appointment of Mr. Srinivas Singh (DIN: 06744441) as an Additional Director designated as an Executive Director of the Company for a term of 5 (five) consecutive years w.e.f. 14th September, 2022 upto 13th September, 2027. The Members of the Company through Postal Ballot on 05th November, 2022 approved the appointment of Mr. Srinivas Singh as a Whole Time Director designated as an Executive Director of the Company, liable to retire by rotation, for a period of 5 (five) consecutive years w.e.f. 14th September, 2022 upto 13th September, 2027.

Appointment of Mr. Sujjain Talwar, Independent Director of the Company:

Considering the experience, expertise, proficiency and high standards of integrity possessed by Mr. Sujjain Talwar (DIN: 01756539), the Board of Directors of the Company based on recommendation of the Nomination and Remuneration Committee, approved the appointment of Mr. Sujjain Talwar (DIN: 01756539) as an Additional Director designated as an Independent Director of the Company for a term of 5 (five) consecutive years w.e.f. 05th August, 2022 upto 04th August, 2027 subject to the approval of the Members of the Company. The Members of the Company through Postal Ballot on 28th September, 2022, approved the said appointment of Mr. Sujjain Talwar as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 (five) consecutive years w.e.f. 05th August, 2022 upto 04th August, 2027.

Resignations/ Retirements/ Demise/ Completion of Tenure

Mr. Ranjal Laxmana Shenoy, Independent Director of the Company resigned w.e.f. 11th July, 2022, due to possible conflict of interest, on account of his relative becoming a partner of KPMG Advisory Services Private Limited. The Directors placed on record appreciation for the valuable contribution made by Mr. Ranjal Laxmana Shenoy during his tenure as an Independent Director in the Company.

Mr. Balmiki Prasad Singh retired from the position of the Executive Director on the Board of Directors of the Company by expressing his unwillingness to offer himself for re-appointment as a Director of the Company at the 48th AGM of the Company held on 25th August, 2022 on the grounds of his health concerns. The Directors placed on record appreciation for the valuable contribution made by Mr. Balmiki Prasad Singh during his tenure as an Executive Director of the Company.

Directors liable to retirement by rotation

Mr. Mritunjay Kumar Singh (DIN: 00881412) and Mr. Sandeep Singh (DIN: 01277984) are liable to retire by rotation at the ensuing AGM of the Company pursuant to the provisions of Section 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of the Company and being eligible they have offered themselves for re-appointment, on the recommendation of the Nomination and Remuneration Committee and the Board of Directors.

Particulars in pursuance of Regulation 36 of the SEBI LODR Regulations read with Secretarial Standard – 2 on General Meetings relating to Mr. Mritunjay Kumar Singh and Mr. Sandeep 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, 2023, in accordance with the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Independent Directors

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

Declaration of independence from Independent Directors

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

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

Familiarization Program

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

Annual Evaluation of Board's Performance

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

The Independent Directors, at a separate meeting held on 31st March, 2023, evaluated performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairperson of the Company.

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

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

Further, a statement showing the names and other particulars of top ten employees in terms of remuneration drawn and of employees drawing remuneration in excess of the limits required under Section 197(12) of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report.

However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and Annual Financial Statements are being sent by email to the Members and others entitled thereto, excluding the aforesaid information. The said information shall be provided electronically to any Member on a written request to the Company Secretary to obtain a copy of the same.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 7 (seven) times during financial year 2022-23. The details of the Board meetings and the attendance of Directors thereat are provided in the Corporate Governance Report, which forms part of this Report.

COMMITTEES OF THE BOARD

Audit Committee

As on 01st April, 2022, the Audit Committee comprised of Mr. Arun Kumar Purwar as Chairperson and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Mr. Ranjal Laxmana Shenoy, Ms. Sangeeta Singh and Mr. Narendra Kumar Aneja as Members.

The Board of Directors of the Company through circular resolution unanimously passed on 25th July, 2022, reconstituted the Audit Committee with effect from the said date to comprise of Mr. Arun Kumar Purwar as Chairperson and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Ms. Sangeeta Singh, Mr. Narendra Kumar Aneja and Dr. Dheeraj Sharma as Members.

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

Nomination and Remuneration Committee

As on 01st April, 2022, the Nomination and Remuneration Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairperson and Mr. Basudeo N. Singh, Ms. Sudha Ravi and Dr. Dheeraj Sharma as Members.

The Board of Directors of the Company through circular resolution unanimously passed on 25th July, 2022, reconstituted the Nomination and Remuneration Committee with effect from the said date to comprise of Dr. Dheeraj Sharma as Chairperson and Mr. Basudeo N. Singh, Ms. Sudha Ravi and Mr. Arun Kumar Purwar as Members.

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

Corporate Social Responsibility Committee

As on 01st April, 2022, the Corporate Social Responsibility Committee comprised of Mr. Arun Kumar Purwar as Chairperson and Mr. Basudeo N. Singh, Mr. Sandeep Singh, Mrs. Madhurima Singh, Mr. Ranjal Laxmana Shenoy and Ms. Sangeeta Singh as Members.

The Board of Directors of the Company at its meeting held on 11th November, 2022, reconstituted the Corporate Social Responsibility Committee with effect from the said date to comprise of Mr. Arun Kumar Purwar as Chairperson and Mr. Basudeo N. Singh, Mr. Sandeep Singh, Mrs. Madhurima Singh, Ms. Sangeeta Singh and Ms. Sudha Ravi as Members.

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

Stakeholders' Relationship Committee

As on 01st April, 2022, the Stakeholders' Relationship Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairperson and Mr. Basudeo N. Singh, Mr. Mritunjay Kumar Singh and Mrs. Madhurima Singh as Members.

The Board of Directors of the Company through circular resolution passed on 17th August, 2022 (unanimously passed on 18th August, 2022), reconstituted the Stakeholders' Relationship Committee with effect from the said date to comprise of Mr. Sujjain Talwar as Chairperson and Mr. Basudeo N. Singh, Mr. Mritunjay Kumar Singh and Mrs. Madhurima Singh as Members.

The Board of Directors of the Company at its Meeting held on 11th November, 2022, thereafter reconstituted the Stakeholders' Relationship Committee with effect from the said date to comprise of Mr. Sujjain Talwar as Chairperson and Mr. Mritunjay Kumar Singh, Mrs. Madhurima Singh and Mr. Srinivas Singh as Members.

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

Risk Management Committee

As on 01st April, 2022, the Risk Management Committee comprised of Mr. Mritunjay Kumar Singh as Chairperson and Mr. Sandeep Singh, Ms. Sudha Ravi, Dr. Dheeraj Sharma and Mr. Narendra Kumar Aneja as Members.

The Board of Directors of the Company at its meeting held on 11th November, 2022, reconstituted the Risk Management Committee with effect from the said date to comprise of Mr. Mritunjay Kumar Singh as Chairman and Mr. Sandeep Singh, Mr. Srinivas Singh, Ms. Sudha Ravi, Dr. Dheeraj Sharma and Mr. Narendra Kumar Aneja as Members.

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

RISK MANAGEMENT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts for financial year ended 31st March, 2023, 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, 2023 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 45th AGM of the Company held on 27th August, 2019, for another term of 5 (five) years from the conclusion of 45th AGM of the Company until the conclusion of the 50th 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 Auditors' Report for financial year ended 31st March, 2023, 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 13th May, 2022 had appointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for financial year 2022-23 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 financial year 2022-23. The Secretarial Audit Report is annexed to this Report as Annexure F. The said Report does not contain any qualification, reservation or adverse remark.

ANNUAL RETURN

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

RELATED PARTY TRANSACTIONS

All the Related Party Transactions entered into during financial year 2022-23 by the Company, were at arm's length basis and in compliance with the applicable provisions of the Act and the SEBI LODR Regulations and are in conformity with the Company's Policy on Related Party Transactions.

The disclosure of material related party transactions entered into by the Company during financial year 2022-23, as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is annexed to this Report as Annexure G. The Related Party Transactions Policy as approved by the Board is posted on the Company's website at https://www.alkemlabs.com/pdf/policies/Policy%20on%20Related%20Party%20Transactions.pdf.

PARTICULARS OF LOANS/ GUARANTEES GIVEN/ 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.

In terms of disclosures under SEBI LODR Regulations, the maximum balance outstanding during the year 2022-23 for (i) Alkem Laboratories Corporation was ₹ 96.2 million, (ii) Alkem Laboratories Korea Inc. was ₹ 1.8 million and (iii) Ascend Laboratories SDN BHD was ₹ 1.4 million.

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 employees and/ or volunteers of the Company. The said Policy encourages 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 including reporting of instances of leak or suspected leak of unpublished price sensitive information. The Policy also provides access to the Chairperson of the Audit Committee under certain circumstances. The Whistle Blower Policy is posted on the website of the Company at https://www.alkemlabs.com/pdf/policies/Whistle_Blower_Policy_new.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, depots and R&D centers to redress complaints received on sexual harassment. During financial year 2022-23, the Company has not received any complaint of sexual harassment.

DISCLOSURES UNDER THE ACT

Change in Nature of Business, if any:

During financial year 2022-23, there has been no change in the nature of business of the Company.

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

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

Significant and Material Orders:

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

Reporting of Frauds by Auditors:

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

Details on Insolvency and Bankruptcy Code:

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

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

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

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

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

During the 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
Mumbai, 19 May, 2023

Annexure A

DIVIDEND DISTRIBUTION POLICY OF ALKEM LABORATORIES LIMITED

PREAMBLE

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

OBJECTIVE

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

PHILOSOPHY

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

DEFINITIONS

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

PARAMETERS FOR DECLARATION OF DIVIDEND

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

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

External Factors

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

Circumstances under which the shareholders may or may not expect Dividend

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

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

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

Modification of the Policy

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

Disclosure

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

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Annexure B

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries

Part "A": Subsidiaries

₹ in million

Sr. No.	Name of Subsidiary	Date of incorporation / acquisition of subsidiary	Reporting period of the subsidiary (if different from the holding company's reporting period)	Reporting Currency	Exchange Rate as on the last date of relevant financial year	Share Capital	Other Equity	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Tax	Provision For Tax	Profit After Tax	Proposed Dividend	Extent of Shareholding (in %)
1	Pharmacor Pty Limited	30.06.2009	N.A.	AUD	55.0250	88.1	913.5	1,487.6	486.0	0.1	2,357.5	339.8	102.4	237.4	-	100.0%
2	Cachet Pharmaceuticals Private Limited	27.03.2015	N.A.	INR	N.A.	1.8	748.9	2,070.6	1,320.0	11.1	4,022.7	212.3	76.6	135.7	-	60.6%
3	Ascend Laboratories SpA	19.07.2011	N.A.	CLP	0.1038	281.0	424.8	4,330.7	3,624.9	42.8	3,592.9	255.4	55.2	200.2	-	100.0%
4	Enzene Biosciences Ltd.	04.11.2011	N.A.	INR	N.A.	513.1	5,965.9	7,737.5	1,258.5	0.0	1,440.0	(463.1)	(292.8)	(170.3)	-	99.8%
5	Ascend GmbH	10.11.2008	N.A.	EUR	89.4425	61.6	(212.0)	917.7	1,068.1	-	192.1	(57.6)	-	(57.6)	-	100.0%
6	Indchemie Health Specialities Private Limited	30.03.2015	N.A.	INR	N.A.	2.5	4,020.4	6,042.4	2,019.5	1,306.7	6,280.8	435.5	100.1	335.5	50.0	51.0%
7	The PharmaNetwork, LLP	14.08.2012	N.A.	KZT	0.1822	157.6	(46.5)	419.9	308.8	-	452.8	13.0	2.6	10.4	-	100.0%
8	Alkem Laboratories Korea Inc$	07.08.2012	N.A.	KRW	0.0632	0.1	(1.6)	0.5	2.0	-	-	(0.2)	-	(0.2)	-	100.0%
9	Ascend Laboratories SDN BHD$	13.12.2010	N.A.	MYR	18.6225	0.0	(0.7)	0.8	1.4	-	-	(0.2)	-	(0.2)	-	100.0%
10	S & B Holdings B.V.	17.06.2009	N.A.	EUR	89.4425	3,539.4	(1,436.3)	2,103.6	0.5	2,053.5	-	(8.8)	-	(8.8)	-	100.0%
11	Pharmacor Limited	15.05.2012	N.A.	KES	0.6197	0.1	34.3	127.6	93.2	-	201.9	(28.7)	(7.0)	(21.7)	-	100.0%
12	Alkem Laboratories Corporation	07.11.2008	N.A.	PHP	1.5102	717.4	(551.1)	286.4	120.1	-	278.7	9.7	1.8	7.9	-	100.0%
13	Ascend Laboratories (Pty) Limited	26.05.2008	N.A.	ZAR	4.6175	68.8	28.3	193.8	96.7	-	93.9	10.8	2.9	7.9	-	100.0%
14	ThePharmaNetwork, LLC	15.07.2010	N.A.	USD	82.1700	8,161.9	(1,039.0)	8,286.0	1,163.1	8,286.0	796.4	661.0	-	661.0	-	100.0%
15	Ascend Laboratories LLC	15.07.2010	N.A.	USD	82.1700	703.1	11,146.8	23,494.3	11,644.4	347.5	24,131.5	(82.9)	73.4	(156.3)	-	100.0%
16	S&B Pharma LLC	08.04.2020	N.A.	USD	82.1700	0.1	(1,876.9)	11,711.3	13,588.0	-	1,205.6	(2,133.6)	-	(2,133.6)	-	100.0%
17	Ascend Laboratories (UK) Limited	06.08.2014	N.A.	GBP	101.6475	9.9	56.4	418.0	351.7	-	421.0	13.4	2.6	10.9	-	100.0%
18	Alkem Foundation	14.12.2017	N.A.	INR	N.A.	0.1	(0.2)	0.1	0.2	-	330.9	2.1	-	2.1	-	100.0%
19	Ascend Laboratories Limited$	07.09.2017	N.A.	CAD	60.6675	1.1	(4.4)	0.8	4.1	-	-	(0.1)	-	(0.1)	-	100.0%
20	Pharma Network SpA	27.03.2018	N.A.	CLP	0.1038	12.3	(62.2)	651.0	700.8	-	151.4	(34.1)	(10.1)	(24.0)	-	100.0%
21	Ascend Laboratories SAS	04.06.2019	N.A.	COP	0.0177	21.9	12.2	103.0	68.9	-	101.7	22.0	8.3	13.7	-	100.0%
22	Connect 2 Clinic India Private Limited	12.06.2020	N.A.	INR	N.A.	15.0	11.4	46.5	20.1	-	122.0	5.9	1.9	4.0	-	100.0%
23	Ascend Laboratories S.A. DE C.V.	02.09.2021	N.A.	MXN	4.5388	38.9	(0.3)	49.0	10.4	-	-	(6.9)	(2.1)	(4.8)	-	100.0%
24	Enzene Inc$	26.05.2022	N.A.	USD	82.1700	0.0	(3.1)	31.4	34.5	-	-	(3.1)	-	(3.1)	-	100.0%
25	Pharmacor Limited$	01.06.2022	N.A.	NZD	51.2631	0.1	(1.6)	-	1.6	-	-	(1.6)	-	(1.6)	-	100.0%

$ 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

Madhurima Singh
Executive Director
DIN 09137323

M.K. Singh
Executive Director
DIN 00881412

Sarvesh Singh
Executive Director
DIN 01278229

Srinivas Singh
Executive Director
DIN 06744441

Rajesh Dubey
President - Finance & Chief Financial Officer

Manish Narang
President - Legal, Company Secretary & Compliance Officer

Mumbai
19 May 2023

Annexure C
ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

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

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

The CSR Policy of your Company outlines the framework guiding your Company's CSR activities. It sets out the CSR vision statement, guiding principles, implementation process, CSR governance structure and monitoring/ reporting mechanism.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Arun Kumar Purwar	Chairperson (Independent Director)	2	2
2	Mr. Basudeo N. Singh	Member (Executive Chairman)	2	2
3	Mr. Sandeep Singh	Member (Managing Director)	2	0
4	Mrs. Madhurima Singh	Member (Executive Director)	2	2
5	*Mr. Ranjal Laxmana Shenoy	Member (Independent Director)	1	0
6	Ms. Sangeeta Singh	Member (Independent Director)	2	2
7	#Ms. Sudha Ravi	Member (Independent Director)	1	1

* Member upto 11th July, 2022

\# Member w.e.f. 11th November, 2022

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

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

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

CSR Projects: https://www.alkemlabs.com/Corporate-Social-Responsibility-new.php

4. Provide the executive summary along with web-link(s) of Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8, if applicable:

The CSR Projects having outlays of Rupees One Crore or more have not been completed and accordingly the impact assessment study was not required to be undertaken by the Company in financial year 2022-23.

5. (a) **Average net profit of the Company as per Section 135(5):** INR 16514.11 million

(b) **Two percent of average net profit of the Company as per Section 135(5):** INR 330.28 million

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

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

(e) **Total CSR obligation for the financial year (7b+7c- 7d):** INR 330.28 million

6. (a) **Amount spent on CSR Projects (both Ongoing and other than Ongoing Project):** INR 120.46 million

(b) **Amount spent in Administrative Overheads:** INR 3.70 million

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

(d) **Total amount spent for the financial year (a+b+c):** INR 124.16 million

(e) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (in million)	Amount Unspent (in million)				
	Total amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (in million)	Date of transfer	Name of the Fund	Amount (in million)	Date of transfer
124.16	58.93	28th April, 2023	NA		
	147.37	29th April, 2023			

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

Sr. No.	Particulars	Amount (in million)
(1)	**(2)**	**(3)**
(i)	Two percent of average net profit of the Company as per section 135(5)	330.28
(ii)	Total amount spent for the financial year	124.16
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

7. Details of Unspent CSR amount for the preceding three financial years:

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sr. No.	Preceding financial year	Amount transferred to Unspent CSR Account under Section 135 (6) (in million)	Balance amount in Unspent CSR Account under Section 135 (6) (in million)	Amount spent in the reporting financial year (in million)	Amount transferred to any fund specified under Schedule VII as per Section 135(5), if any		Amount remaining to be spent in succeeding financial years (in million)	Deficiency, if any
					Amount (in million)	Date of transfer		
1.	2021-22	200.0	200.0	200.0	NA		-	-
2.	2020-21	142.24	0.99	-	NA		*0.99	-
3.	#2019-20	NA						

* The Company through M/s Alkem Foundation, a CSR arm of the Company had initiated an ongoing project titled "All Nutrition Program" in March 2020, in collaboration with M/s Collective Good Foundation in 14 villages from Panvel Block of Raigad district in Maharashtra, with a total budget outlay of INR 3.45 million spread over a period of 3 (three) years ("Project"). Out of the total budget outlay of INR 3.45 million, Company had spent an amount of INR 2.47 million towards the Project and transferred the balance amount of INR 0.99 million in the Unspent CSR account for FY 2020-21. Due to certain unavoidable reasons, the said Project could not be completed and the said amount of INR 0.99 million remains unutilized till date. The said amount shall be utilized by the Company towards another healthcare CSR project of the Company.

The concept of transfer to Unspent CSR Account under Section 135(6) and transfer to any fund specified under Schedule VII as per Section 135(5) was introduced via Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and hence was not applicable for FY 2019-20.

8. Whether any capital assets have been created or acquired through CSR amount spent in the Financial Year: No

Details relating to such asset(s) so created or acquired through CSR amount spent in the Financial Year: NA

(1)	(2)	(3)	(4)	(5)	(6)		
Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
-	-	-	-	-	-	-	-

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): The Company has unspent amount towards certain ongoing projects and the same has been transferred to the Unspent CSR Account and will be spent in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

Note: During financial year 2020-21, the Company had initiated an ongoing project by partnering with M/s Tata Memorial Centre ("TMC") for construction of an independent radiotherapy block of the Company in the 'Homi Baba Cancer Hospital & Research Centre, Muzaffarpur (Unit of Tata Memorial Centre Mumbai), a Grant-In-Aid Institute, Department of Atomic Energy, Government of India', which intends to offer state of art cancer treatment to needy cancer patients of that region.

As part of the said CSR initiatives, the Company through M/s Alkem Foundation, a CSR arm of the Company, had agreed to provide financial support of INR 700 million to TMC in phase 1 and INR 300 million in phase 2, spread over a period of five years, towards capital expenditure (including civil work) and operational expenditure, with respect to the said ongoing project.

Accordingly, the Company spent an amount of INR 150 million as part of its financial commitment to TMC as on 31st March, 2022. An amount of INR 200 million for financial year 2021-22 had been transferred to "Unspent CSR Account" of the Company and the same was spent during financial year 2022-23. Out of the financial commitment of INR 200 million for financial year 2022-23, the Company spent an amount of INR 20 million and transferred an amount of INR 180 million to the "Unspent CSR Account" in compliance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, with respect to the said ongoing project with TMC.

Mr. Sandeep Singh
Managing Director

Mr. Arun Kumar Purwar
Chairperson of 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.

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

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	% of remuneration increase in financial year ended 31st March, 2023	Ratio of the remuneration of each Director to the median remuneration of the employees
Independent Directors			
1.	*Mr. Ranjal Laxmana Shenoy, Independent Director	-54.7	2.8
2.	Mr. Arun Kumar Purwar, Independent Director	26.4	7.3
3.	Ms. Sudha Ravi, Independent Director	18.3	6.9
4.	Ms. Sangeeta Singh, Independent Director	23.9	7.5
5.	Dr. Dheeraj Sharma, Independent Director	29.1	7.2
6.	Mr. Narendra Kumar Aneja, Independent Director	17.6	7.1
7.	#Mr. Sujjain Talwar, Independent Director	NA	4.5
Executive Directors			
8.	Mr. Basudeo N. Singh, Executive Chairman	8.5	454.0
9.	$Mr. Sandeep Singh, Managing Director	11.6	350.8
10.	Mr. Mritunjay Kumar Singh, Executive Director	9.5	226.2
11.	^Mrs. Madhurima Singh, Executive Director	239.1	224.1
12.	%Late Mr. Balmiki Prasad Singh, Executive Director	-57.6	63.6
13.	Mr. Sarvesh Singh, Executive Director	8.3	102.2
14.	&Mr. Srinivas Singh, Executive Director	NA	134.8

* Resigned w.e.f. 11th July, 2022

\# Appointed w.e.f. 05th August, 2022

$ Part remuneration paid from The PharmaNetwork, LLC a subsidiary of the Company in USA

^ Remuneration for previous year was paid only for part period from the date of appointment i.e. from 20th December, 2021

% Retired w.e.f. 25th August, 2022

& Appointed w.e.f. 14th September, 2022

Sr. No.	Name of the Key Managerial Personnel and Designation	% of remuneration increase in financial year ended 31st March, 2023
1.	Mr. Rajesh Dubey, Chief Financial Officer	6.5
2.	Mr. Manish Narang, Company Secretary	8.2

i. During financial year ended 31st March, 2023, the median remuneration of employees increased/ decreased by 7%.

ii. As on 31st March, 2023, the Company had 16,871 permanent employees on its rolls.

iii. During financial year 2022-23, there was an average 7.5% increase in the salaries of employees (including KMP) other than the managerial personnel as against increase in managerial remuneration by 9%, such increase was in line with the industry pay levels.

iv. 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
Mumbai, 19 May, 2023

Annexure F

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

[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, 2023 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 2023 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 (Not applicable to the Company during the audit period);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Not applicable to the Company during the audit period);

   (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (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, 2021 (Not applicable to the Company during the audit period);

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

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

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

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

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 except for one meeting which was held on a shorter notice, 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 in December 2022 there was an inspection by officials of BSE Limited (BSE) in relation to compliance with Structural Digital Database (SDD). Pursuant to the inspection, the BSE had sought clarifications on few instances/issues which were of technical nature to assess whether the Company was compliant with the intent of the Regulations. The company has considered the clarifications sought and submitted its responses and assured compliance with the Regulations. As informed to us there has been no further communication from BSE on the said matter.

We further report that during the audit period:

1. Pharmacor NZ Ltd, was incorporated on June 1, 2022, in New Zealand, as a wholly owned subsidiary of Pharmacor Pty. Limited (a wholly owned subsidiary of the company); accordingly Pharmacor NZ Ltd became a step down wholly owned subsidiary of the company;
2. Enzene Inc. was incorporated on May 26, 2022, in the state of Delaware, USA, as a wholly owned subsidiary of Enzene Biosciences Limited (a subsidiary of the company); accordingly Enzene Inc. became a step down subsidiary of the company; and
3. the Board of Directors of the Company at their meeting held on February 10, 2023, declared a Special Dividend of ₹ 25/- (Rupees Twenty-Five only) per equity share having a face value of ₹ 2/- per share for the financial year 2022-23. In addition to the same, the Board has declared an Interim Dividend of ₹ 15/- (Rupees Fifteen only) per equity share having a face value of ₹ 2/- per share for the financial year 2022-23 amounting to a total Interim Dividend of ₹ 40/- (Rupees Forty only) per equity share aggregating to ₹ 478.27 crores.

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

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

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

Place: Mumbai
Date: May 19, 2023
UDIN: F006252E000330136

'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.

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

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

Place: Mumbai
Date: May 19, 2023
UDIN: F006252E000330136

Annexure G

FORM NO. AOC.2

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

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

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

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

    (b) Nature of contracts/arrangements/transactions

    (c) Duration of the contracts/arrangements/transactions

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

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

    (f) Date of approval by the Board

    (g) Amount paid as advances, if any

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

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

    (a) Name(s) of the related party and nature of relationship - M/s. Ascend Laboratories LLC, USA, a step down subsidiary of the Company

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

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

    (d) Salient terms of the contracts or arrangements or transactions including the value, if any: - Based on transfer pricing guidelines, value of transactions with M/s. Ascend Laboratories LLC, USA amounted to ₹ 12,256 million during financial year 2022-23

    (e) Date(s) of approval by the Board, if any - The transactions with M/s. Ascend Laboratories LLC does not require approval of the Board, since the transaction is with a step down subsidiary of the Company. However, the same have been approved by the Audit Committee

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

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310
Mumbai, 19 May, 2023

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 financial year 2022-23 are as follows:

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

(ii) Installed LED lights at Sikkim & Ankleshwar plants for power saving.

(iii) Carried out replacement of the impeller and tube cleaning at Daman plant for efficient power saving.

(iv) Installed zero loss drain trap at Daman plant.

(v) Installed motion sensor lights in different areas of Baddi plant to save electricity consumption.

(vi) Replaced old cooling tower fan motors with new motors to reduce energy consumption.

(vii) Replaced old conventional brine plant with a new highly efficient brine plant having extra automation and a Plate Heat Exchanger (PHE) system so as to reduce the electrical power consumption and operational running hours at Mandva plant.

(viii) Installed an ON-delay timer for the outdoor units of Air Handling Unit (AHU) for automation in electrical panels to control and maintain maximum contract demand at Mandva Plant.

(ix) Replaced old conventional type water cool air compressor with new high energy efficient air cooled air compressor thereby reducing electricity consumption and operational cost at Mandva plant.

(x) The effluent steam is passed through RO plant so as to reduce the load on Multi Effect Evaporator (MEE) resulting in less running hours of MEE. Accordingly, the steam generation and usage for MEE is also reduced.

(xi) Installed central air conditioner in QC lab (against traditional individual AC for each area), thereby resulting in reduction of the overall electrical load and better performance due to installation of inverter type machine at Ankleshwar plant.

(xii) The Sewage Treatment Plant (STP) has reduced upto 6 KL additional hydraulic load on Effluent Treatment Plant (ETP) on a daily basis. Water treatment cost for effluent water in ETP is high compared to sewage water in STP at Ankleshwar plant.

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

During financial year 2022-23, the Company continues to utilize the already adopted alternate sources of energy.

3. **The capital investment on Energy Conservation equipment:**

(₹ in million)

Sr. No.	Particulars	Amount
1.	Air Compressor	5.86
2.	Cooling Tower & Brine	8.72
3.	Chillers Descaling	0.15
4.	Water System	2.87
5.	Sewage Treatment Plant	0.9
6.	Variable Frequency Drive	0.66
7.	LED	0.48
8.	Automation Process	0.23
9.	Energy Efficient Motors	0.4
10.	Steam Condensate Recovery System	1.55
11.	Others	1.0
	Total	**22.82**

(B) TECHNOLOGY ABSORPTION:

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

Indigenously developing the following engineered inhalation products for the domestic market:

(i) Breath Activated Inhalation (BAI) technology used in conjunction with a pressurized metered dose inhaler (pMDI) to have a drug delivery synchronized with breath and dry powder for inhalation (DPI) with device;

(ii) Canister sealing and (pressurized) filling system, adapter valve with dip tubes, sterile isolator, stainless steel manufacturing skid for complex products, autoclave, dynamic pass box, ceiling laminar air flow, mobile laminar air flow, water for injection and pure steam generator.

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

(i) Added advancement in the treatment of pulmonary related diseases for asthmatic population by development of pMDI, pMDI with BAI, pMDI with dose counter and DPI in respiratory domain for domestic market.

(ii) Indigenous development of advanced pulmonary products resulting in cost reduction, product efficacy and patient safety.

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

(i) Filter Dryer

(a) The details of technology imported:

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

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

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

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

(ii) Static Mixer set up

(a) The details of technology imported:

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

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

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

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

(iii) Liquid chromatography-mass spectrometry (LCMSMS) setup

(a) The details of technology imported:

The Company imported this instrument from USA. The setup contains high end HPLC (High performance liquid chromatography) coupled with highly sensitive triple quadrupole mass spectrometer (MSMS). This instrument is used for identification and estimation of trace level impurities such as Nitrosamines and helps in controlling its content in the drug product/ drug substance, thereby producing best quality products and patient safety through validated methods. The acquisition of this technology shall help in reducing the cost and timelines to meet the regulatory requirements;

(b) The year of import: 2022-23;

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

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

4. Expenditure on R & D:

(₹ in million)

Sr. No.	Particulars	2022-23	2021-22
(i)	Capital	90.6	111.2
(ii)	Recurring	4617.2 (excluding depreciation of 180.2 million)	4,816.5 (excluding depreciation of 174.0 million
Total		**4,707.8**	**4,927.7**
Total R & D expenditure as percentage to total turnover		5.20%	5.58%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in million equivalent of various foreign currencies)

	2022-23	2021-22
Foreign Exchange earned	16,916.3	19,923.6
Foreign Exchange outgo	4,189.5	3,910.6

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310
Mumbai, 19 May, 2023

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 for 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 its manufacturing facilities, 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, as amended ("SEBI LODR Regulations").

(2) BOARD OF DIRECTORS

The Board has a balanced mix of Executive Directors and Non- Executive Directors with 1 (one) woman Executive Director and 2 (two) women Independent Directors having rich experience and expertise.

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

The composition of the Board of Directors during financial year 2022-2023 is in conformity with Regulation 17 of SEBI LODR Regulations read with Section 149 of the Companies Act, 2013 ("Act"). The names and categories of Directors are as follows:

Category	Name of Directors	Inter-se relationship between Directors
Promoter Executive Directors	Mr. Basudeo N. Singh (Executive Chairman)	Father of Mr. Mritunjay Kumar Singh
	Mr. Sandeep Singh (Managing Director)	Brother of Mr. Sarvesh Singh
	Mr. Mritunjay Kumar Singh (Executive Director)	Son of Mr. Basudeo N. Singh
	Mrs. Madhurima Singh (Executive Director)	Daughter in Law of Mr. Basudeo N. Singh
	*Late Mr. Balmiki Prasad Singh (Executive Director)	Father of Mr. Srinivas Singh
	Mr. Sarvesh Singh (Executive Director)	Brother of Mr. Sandeep Singh
	#Mr. Srinivas Singh (Executive Director)	Son of Late Mr. Balmiki Prasad Singh
Non-Executive Independent Directors	Mr. Arun Kumar Purwar	N.A.
	&Mr. Ranjal Laxmana Shenoy	N.A.
	Mr. Narendra Kumar Aneja	N.A.
	Ms. Sangeeta Singh	N.A.
	Ms. Sudha Ravi	N.A.
	Dr. Dheeraj Sharma	N.A.
	$Mr. Sujjain Talwar	N.A.

* Retired w.e.f. 25th August, 2022
# Appointed w.e.f. 14th September, 2022
& Resigned w.e.f. 11th July, 2022
$ Appointed w.e.f. 05th August, 2022

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 Board of 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. Mritunjay Kumar Singh, Executive Director	√	√		√	√			√
Mrs. Madhurima Singh, Executive Director	√	√	√			√		√
Mr. Sarvesh Singh, Executive Director	√	√						
Mr. Srinivas Singh, Executive 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		√		√		√	√	√
Mr. Sujjain Talwar, Independent Director			√	√			√	

The Board of Directors of the Company possess the required skills and expertise for running the operations of the Company and marks indicated hereinabove against names of the respective Board Members signify their specific skill/ expertise/ competency in the above-mentioned areas.

Non-Executive / Independent Directors

None of the Non-Executive/ Independent Directors held any equity shares of the Company as on 31st March, 2023.

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

During the year under review, following changes occurred in the constitution of Independent Directors of the Company:

(i) Mr. Ranjal Laxmana Shenoy resigned as an Independent Director of the Company w.e.f. 11th July, 2022 due to a possible conflict of interest, on account of his relative becoming partner of M/s KPMG Advisory Services Private Limited. The said firm does not serve as the Statutory Auditor of the Company, but falls within the overall KPMG group. The decision to step down was taken as a matter of abundant caution to maintain his independence and there was no other reason for his resignation.

(ii) Mr. Sujjain Talwar has been appointed as an Independent Director on the Board of Directors of the Company w.e.f. 05th August, 2022.

Board Meetings

During financial year 2022-23, a total of 7 (seven) Board meetings dated 06th April, 2022, 13th May, 2022, 05th August, 2022, 14th September, 2022, 11th November, 2022, 23rd December, 2022 and 10th February, 2023 were held.

Attendance of each Director at the Board meetings, last AGM, number and names of other Directorships and number of Chairpersonships/ Memberships of Committee(s) of each Director as on 31st March, 2023, are given below:

Name of Director	Attendance			*No. of other Committee Memberships / Chairpersonships		Directorships in other Companies		
	Number of Board meetings held during the Director's tenure	Number of Board meetings attended	Last AGM held on 25th August, 2022 through video conferencing	#Committee Memberships	#Committee Chairpersonships	*Other Directorships	Names of other listed entities where person is Director	Category of Directorship in the listed entities
Mr. Basudeo N. Singh	7	7	Yes	0	0	2	NA	NA
Mr. Sandeep Singh	7	7	Yes	1	0	2	NA	NA
Mr. Mritunjay Kumar Singh	7	7	Yes	1	0	2	NA	NA
Mrs. Madhurima Singh	7	7	Yes	0	0	0	NA	NA
$Late Mr. Balmiki Prasad Singh	3	3	No	NA	NA	NA	NA	NA
Mr. Sarvesh Singh	7	7	Yes	0	0	0	NA	NA
&Mr. Srinivas Singh	4	4	NA	0	0	0	NA	NA
Mr. Arun Kumar Purwar	7	7	Yes	2	1	3	1. IIFL Finance Limited 2. Balaji Telefilms Limited	Independent Director
%Mr. Ranjal Laxmana Shenoy	2	1	NA	NA	NA	NA	NA	NA
Mr. Narendra Kumar Aneja	7	7	Yes	0	0	1	NA	NA
Ms. Sangeeta Singh	7	7	Yes	5	0	5	1. Accelya Solutions India Limited 2. Laxmi Organics Industries Limited 3. Shaily Engineering Plastics Limited	Independent Director
Ms. Sudha Ravi	7	7	Yes	3	1	3	Goodyear India Limited	Independent Director
Dr. Dheeraj Sharma	7	7	Yes	0	0	1	NA	NA
@Mr. Sujjain Talwar	5	5	Yes	0	0	2	Carborundum Universal Limited	Independent Director

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

The Committee Memberships and Chairpersonships in other companies include Memberships and Chairpersonships of Audit and Stakeholders' Relationship Committees of public companies only.

$ Retired w.e.f. 25th August, 2022

& Appointed w.e.f. 14th September, 2022

% Resigned w.e.f. 11th July, 2022

@ Appointed w.e.f. 05th August, 2022

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

Familiarization Programme

At the time of appointment, Independent Directors are made aware of their roles, rights and responsibilities through a formal letter of appointment which also stipulates the various terms and conditions of their engagement. The terms & conditions of the appointment of Independent Directors are posted pursuant to Regulation 46(2)(b) of SEBI LODR Regulations, on the Company's website and can be accessed at https://www.alkemlabs.com/pdf/policies/Term_of_appointment-Independent_Directors.pdf At the Board and Committee meetings, Independent Directors are on a regular basis familiarized with the business model, regulatory environment in which Company operates, strategy, operations, functions, policies and procedures of the Company and its subsidiaries so that they are able to play a meaningful role in the overall governance processes of the Company. During financial year 2022-23, Independent Directors were briefed about the events including but not limited to changes in the regulatory scenario and global trends, future outlook, succession plans, internal audit, risks and mitigation measures, performance of subsidiaries, working of manufacturing facilities, employees' development, contribution to the society and business strategies of the Company. The newly appointed Director was briefed about the Company, its activities, plants, operations and products. The details of the said Familiarization Programme imparted by the Company to the Independent Directors during financial year 2022-23 have been uploaded on the Company's website, the web link for which is https://www.alkemlabs.com/Familiarization-Program.php.

(3) CODE OF CONDUCT

All the Directors and Senior Management have affirmed compliance to the Code of Conduct as approved by the Board of Directors and a declaration to that effect, signed by the Managing Director has been annexed to the Corporate Governance Report. The Code of Conduct has been uploaded on the Company's website, the web link for which is https://www.alkemlabs.com/pdf/policies/8245965949935218100CODE_OF_BUSINESS_CONDUCT_AND_ETHICS_FOR_SENIOR_MANAGEMENT.pdf

(4) CODE FOR PREVENTION OF INSIDER TRADING

As per the SEBI (Prohibition of Insider Trading) Regulations, 2015, including any amendments thereof ("Insider Trading Regulations"), Company has adopted Codes of Fair Disclosures and Conduct for Insider Trading ("Code") to prevent the insider trading in the securities of the Company based on the unpublished price sensitive information. The trading window is closed during the time of declaration of results and occurrence of any material event as per the said Code for such duration as may be decided by the Compliance Officer. The Board of Directors has 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.

(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 LODR Regulations.

Composition of the Audit Committee

As on 01st April, 2022, the Audit Committee comprised of Mr. Arun Kumar Purwar as Chairperson and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Mr. Ranjal Laxmana Shenoy, Ms. Sangeeta Singh and Mr. Narendra Kumar Aneja as Members.

The Board of Directors of the Company through circular resolution unanimously passed on 25th July, 2022, reconstituted the Audit Committee with effect from the said date to comprise of Mr. Arun Kumar Purwar as Chairperson and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Ms. Sangeeta Singh, Mr. Narendra Kumar Aneja and Dr. Dheeraj Sharma as Members.

Details of Audit Committee meetings

During financial year 2022-23, a total of 8 (eight) Audit Committee meetings dated 06th April, 2022, 12th May, 2022, 04th August, 2022, 14th September, 2022, 10th November, 2022, 11th November, 2022, 23rd December, 2022 and 09th February, 2023 which was adjourned to 10th February, 2023 were held. The intervening gap between two consecutive meetings was not more than one hundred and twenty days.

Attendance of Members at the Audit Committee meetings

Details with respect to attendance of Members at the Audit Committee meetings held during financial year under review were 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	Chairperson	8	8
Mr. Sandeep Singh	Member	8	8
Mr. Mritunjay Kumar Singh	Member	8	8
*Mr. Ranjal Laxmana Shenoy	Member	2	2
Ms. Sangeeta Singh	Member	8	8
Mr. Narendra Kumar Aneja	Member	8	8
#Dr. Dheeraj Sharma	Member	6	6

*Member upto 11th July, 2022

#Member w.e.f. 25th July, 2022

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

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

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, re-appointment and replacement, remuneration and terms of appointment of auditors of the company and the fixation of audit fee;

3. Review and monitor the statutory auditor's independence and performance and effectiveness of audit process;

4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

5. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

   i. Matters required to be included in the 'Director's Responsibility Statement' to be included in the Board's report in terms of clause (c) of sub section 3 of Section 134 of the Companies Act, 2013, as amended;

   ii. Changes, if any, in accounting policies and practices and reasons for the same;

   iii. Major accounting entries involving estimates based on the exercise of judgment by management;

   iv. Significant adjustments made in the financial statements arising out of audit findings;

   v. Compliance with listing and other legal requirements relating to financial statements;

   vi. Disclosure of any related party transactions; and

   vii. Qualifications in the draft audit report.

6. Reviewing, with the management, the quarterly and half-yearly financial statements before submission to the Board for approval;

7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

8. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

10. Discussion with internal auditors any significant findings and follow up there on;

11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

12. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

13. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

14. Review the functioning of the whistle blower mechanism;

15. Approval of appointment of the chief financial officer (i.e., the whole time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;

16. To investigate any activity within its terms of reference;

17. To seek information from any employee;

18. To obtain outside legal or other professional advice;

19. To secure attendance of outsiders with relevant expertise, if it considers necessary;

20. Approval or any subsequent modification of transactions of the company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

21. Scrutiny of inter-corporate loans and investments;

22. Valuation of undertakings or assets of the company, wherever it is necessary;

23. Evaluation of internal financial controls and risk management systems;

24. To provide recommendation to the Board of Directors of the Company for declaration of Interim Dividend to be paid to the shareholders of the Company;

25. Reviewing the utilization of loans and/or advances from/ investment to the subsidiaries exceeding Rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments;

26. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder; and

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

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 SEBI LODR Regulations.

Composition of the Nomination and Remuneration Committee

As on 01st April, 2022, the Nomination and Remuneration Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairperson and Mr. Basudeo N. Singh, Ms. Sudha Ravi and Dr. Dheeraj Sharma as Members.

The Board of Directors of the Company through circular resolution unanimously passed on 25th July, 2022, reconstituted the Nomination and Remuneration Committee with effect from the said date to comprise of Dr. Dheeraj Sharma as Chairperson and Mr. Basudeo N. Singh, Ms. Sudha Ravi and Mr. Arun Kumar Purwar as Members.

Details of Nomination and Remuneration Committee meetings

During financial year 2022-23, a total of 4 (four) Nomination and Remuneration Committee meetings dated 12th May, 2022, 03rd August, 2022, 14th September, 2022 and 10th November, 2022 were held.

Attendance of Members at the Nomination and Remuneration Committee meetings

Details with respect to attendance of Members at the Nomination and Remuneration Committee meetings held during financial year under review were as follows:

Name of the Director	Designation in the Committee	No. of meetings held during the Member's tenure	No. of meetings attended
#Dr. Dheeraj Sharma	Chairperson/ Member	4	4
*Mr. Ranjal Laxmana Shenoy	Chairperson	1	1
Mr. Basudeo N. Singh	Member	4	4
Ms. Sudha Ravi	Member	4	4
@Mr. Arun Kumar Purwar	Member	3	3

Member upto 24th July, 2022 and designated as a Chairperson w.e.f. 25th July, 2022

* Chairperson upto 11th July, 2022

@ Member w.e.f. 25th July, 2022

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

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) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

   i. use the services of an external agencies, if required;

   ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and

   iii. consider the time commitments of the candidates.

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

(d) Devising a policy on Board diversity;

(e) 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;

(f) 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;

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

(h) 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;

(i) 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;

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

(k) 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, 2021;

(l) 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

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

In accordance with the provisions of Schedule IV of the Act and Regulation 25(3) of the SEBI LODR Regulations, a separate meeting of the Independent Directors of the Company was held on 31st March, 2023, where the Independent Directors assessed the Executive Directors on the basis of the contribution made by such Directors in the achievement of business targets, development and successful execution of the business plans, their relationship with the Members of the Board of Directors and management personnel as well as creating a performance culture to drive value creation. The Board as a whole was assessed by Independent Directors taking into consideration the diversity, composition of the Board, frequency of meetings, qualification mix, regulatory compliances, corporate culture, values and interaction with the management, etc.

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

(7) 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 LODR Regulations.

Composition of the Stakeholders' Relationship Committee

As on 01st April, 2022, the Stakeholders' Relationship Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairperson and Mr. Basudeo N. Singh, Mr. Mritunjay Kumar Singh and Mrs. Madhurima Singh as Members.

The Board of Directors of the Company through circular resolution passed on 17th August, 2022 (unanimously passed on 18th August, 2022), reconstituted the Stakeholders' Relationship Committee with effect from the said date to comprise of Mr. Sujjain Talwar as Chairperson and Mr. Basudeo N. Singh, Mr. Mritunjay Kumar Singh and Mrs. Madhurima Singh as Members.

The Board of Directors of the Company at its meeting held on 11th November, 2022, thereafter reconstituted the Stakeholders' Relationship Committee with effect from the said date to comprise of Mr. Sujjain Talwar as Chairperson and Mr. Mritunjay Kumar Singh, Mrs. Madhurima Singh and Mr. Srinivas Singh as Members.

Details of Stakeholders' Relationship Committee meeting

During financial year 2022-23, 1 (one) Stakeholders' Relationship Committee meeting dated 10th November, 2022 was held.

Attendance of Members at the Stakeholders' Relationship Committee meeting

Details with respect to attendance of Members at the Stakeholders' Relationship Committee meeting held during financial year under review was as follows:

Name of the Director	Designation in the Committee	No. of meetings held during Member's tenure	No. of meetings attended
# Mr. Sujjain Talwar	Chairperson	1	1
* Mr. Ranjal Laxmana Shenoy	Chairperson	NA	NA
$ Mr. Basudeo N Singh	Member	1	0
Mr. Mritunjay Kumar Singh	Member	1	1
Mrs. Madhurima Singh	Member	1	1
% Mr. Srinivas Singh	Member	NA	NA

Chairperson w.e.f. 17th August, 2022

* Chairperson upto 11th July, 2022

$ Member upto 11th November, 2022

% Member w.e.f.11th November, 2022

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

Note: The necessary quorum was present for the meeting.

Terms of reference of Stakeholders' Relationship Committee

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

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

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

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

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

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

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

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

Details of Investor Complaints

Complaints at the beginning of FY 2022-23	Received during the year	Resolved during the year	Complaints at the end of FY 2022-23
0	0	0	0

(8) RISK MANAGEMENT COMMITTEE

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

Composition of the Risk Management Committee

As on 01st April, 2022, the Risk Management Committee comprised of Mr. Mritunjay Kumar Singh as Chairperson and Mr. Sandeep Singh, Ms. Sudha Ravi, Dr. Dheeraj Sharma and Mr. Narendra Kumar Aneja as Members.

The Board of Directors of the Company at its meeting held on 11th November, 2022, reconstituted the Risk Management Committee with effect from the said date to comprise of Mr. Mritunjay Kumar Singh as Chairperson and Mr. Sandeep Singh, Mr. Srinivas Singh, Ms. Sudha Ravi, Dr. Dheeraj Sharma and Mr. Narendra Kumar Aneja as Members.

Details of Risk Management Committee meetings

During financial year 2022-23, a total of 2 (two) Risk Management Committee meetings dated 26th September, 2022 and 23rd March, 2023 were held.

Attendance of Members at the Risk Management Committee meetings

Details with respect to attendance of Members at the Risk Management Committee meetings held during financial year under review were as follows:

Name of the Director	Designation in the Committee	No. of meetings held during Member's tenure	No. of meetings attended
Mr. Mritunjay Kumar Singh	Chairperson	2	2
Mr. Sandeep Singh	Member	2	1
*Mr. Srinivas Singh	Member	1	1
Ms. Sudha Ravi	Member	2	2
Dr. Dheeraj Sharma	Member	2	1
Mr. Narendra Kumar Aneja	Member	2	1

* Member w.e.f. 11th November, 2022

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

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;

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

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

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

   (iii) Business continuity plan.

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

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

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

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

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

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

(9) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

Composition of the Corporate Social Responsibility Committee

As on 01st April, 2022, the Corporate Social Responsibility Committee comprised of Mr. Arun Kumar Purwar as Chairperson and Mr. Basudeo N. Singh, Mr. Sandeep Singh, Mrs. Madhurima Singh, Mr. Ranjal Laxmana Shenoy and Ms. Sangeeta Singh as Members.

The Board of Directors of the Company at its meeting held on 11th November, 2022, reconstituted the Corporate Social Responsibility Committee with effect from the said date to comprise of Mr. Arun Kumar Purwar as Chairperson and Mr. Basudeo N. Singh, Mr. Sandeep Singh, Mrs. Madhurima Singh, Ms. Sangeeta Singh and Ms. Sudha Ravi as Members.

Details of Corporate Social Responsibility Committee meetings

During financial year 2022-23, a total of 2 (two) Corporate Social Responsibility Committee meetings dated 12th May, 2022 and 08th February, 2023 were held.

Attendance of Members at the Corporate Social Responsibility Committee meetings

Details with respect to attendance of Members at the Corporate Social Responsibility Committee meetings held during financial year under review were 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	Chairperson	2	2
Mr. Basudeo N. Singh	Member	2	2
Mr. Sandeep Singh	Member	2	0
Mrs. Madhurima Singh	Member	2	2
*Mr. Ranjal Laxmana Shenoy	Member	1	0
Ms. Sangeeta Singh	Member	2	2
#Ms. Sudha Ravi	Member	1	1

* Member upto 11th July, 2022

Member w.e.f. 11th November, 2022

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

Brief Terms of reference of the Corporate Social Responsibility Committee

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

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

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

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

(10) REMUNERATION OF DIRECTORS

(a) Details of pecuniary relationship or transactions of 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 financial year 2022-23 are as under:

(₹ in million)

Name	Sitting Fees	Commission	Other Perquisites	Total
Mr. Arun Kumar Purwar	0.9	2.2	-	3.1
*Mr. Ranjal Laxmana Shenoy	0.2	1.0	-	1.2
Mr. Narendra Kumar Aneja	0.8	2.2	-	3.0
Ms. Sangeeta Singh	1.0	2.2	-	3.2
Ms. Sudha Ravi	0.7	2.2	-	2.9
Dr. Dheeraj Sharma	0.9	2.2	-	3.1
# Mr. Sujjain Talwar	0.3	1.6	-	1.9

* Resigned w.e.f. 11th July, 2022

Appointed w.e.f. 05th August, 2022

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

The criteria for payment of remuneration to Non-Executive Directors (NEDs) of the Company has been placed on the Company's website and can be accessed through https://www.alkemlabs.com/pdf/policies/Criteria_for_payment_of_remuneration_to_Non_Executive_Directors.pdf

Remuneration to NEDs

Sitting Fees

Non-Executive Independent Directors were paid a sitting fee of ₹ 50,000/- 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/ Independent Directors subject to a maximum limit of 2% of the net profits of the Company for each financial year. The said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive/ Independent Directors based on their attendance and contribution to the Board and Committee meetings as well as time spent on operational matters other than at meetings.

Apart from sitting fees and commission referred to above and reimbursement of travelling and stay expenses for their attending the Board and Committee meetings, no payment by way of bonus, pension, incentives, etc. is made to any of the NEDs.

(c) Details of Remuneration to Executive Directors

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

Details of remuneration paid to Executive Directors during financial year 2022-23 are as follows:

(₹ in million)

Terms of Remuneration	Name of Directors						
	Mr. Basudeo N. Singh	Mr. Sandeep Singh	Mr. Mritunjay Kumar Singh	Mrs. Madhurima Singh	Late Mr. Balmiki Prasad Singh (upto 25th August, 2022)	Mr. Sarvesh Singh	Mr. Srinivas Singh (from 14th September, 2022)
Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	172.6	34.4	87.0	82.4	23.5	38.0	50.5
Value of perquisites u/s 17(2) of the Income Tax Act, 1961	5.1	5.1	1.5	5.5	1.6	2.5	2.9
Commission	-	40.0	-	-	-	-	-
Others (Perquisites and Employer Contribution)	14.8	3.2	7.4	7.0	1.8	2.8	3.7
Performance Linked Incentive	-	-	-	-	-	-	-
Total	**192.5**	***82.7**	**95.9**	**95.0**	**27.0**	**43.3**	**57.2**

*The said total remuneration excludes salary of USD 822,404 paid to Mr. Sandeep Singh from M/s ThePharmaNetwork, LLC, a subsidiary of the Company in USA.

Service Contracts, Notice Period and Severance Fees

The appointment and remuneration of the Executive Chairman, Managing Director and other Executive Directors are subject to the provisions of the Act and the resolutions 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 and other Executive Directors.

Employee Stock Option Scheme

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

(11) GENERAL BODY MEETINGS

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

Year	Meeting	Location/ Mode	Date	Time	Special Resolutions passed
2019-20	46th AGM	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").	18th August, 2020	11.00 a.m.	NIL
2020-21	47th AGM	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").	27th August, 2021	11.00 a.m.	Re-appointment of Dr. Dheeraj Sharma (DIN: 07683375) as an Independent Director for the second term of five (5) consecutive years w.e.f. 26th May, 2022 upto 25th May, 2027.
2021-22	48th AGM	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").	25th August, 2022	11.00 a.m.	NIL

(ii) Extraordinary General Meeting (EGM)

No Extraordinary General Meeting was held during the financial year.

(iii) Details of Special Resolution passed through Postal Ballot

During financial year 2022-23, the Company vide Postal Ballot Notice dated 05th August, 2022 proposed the Special Resolution for appointment of Mr. Sujjain Talwar (DIN: 01756539) as an Independent Director of the Company for a term of five (5) consecutive years w.e.f. 05th August, 2022 upto 04th August, 2027, which was duly passed on 28th September, 2022.

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 Mannish L. Ghia, Partner of M/s. Manish Ghia & Associates, Company Secretaries was appointed as the Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner. CS Mannish 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 LODR Regulations and Sections 108, 110 and other applicable provisions of the Act read with the rules made thereunder, the Company provided electronic voting facility to all its Members, to enable them to cast their votes electronically. The Company engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing remote e-voting facility to the Members for voting on the proposed Special Resolution.
2. The Company dispatched the Postal Ballot Notice dated 05th August, 2022 containing the draft resolution together with the explanatory statement only through electronic mode in compliance with Ministry of Corporate Affairs Circular No. 14/2020 dated 08th April, 2020, Circular No. 17/2020 dated 13th April, 2020, Circular No. 22/2020 dated 15th June, 2020, Circular No. 33/2020 dated 28th September, 2020, Circular No. 39/2020 dated 31st December, 2020, Circular No. 02/2021 dated 13th January, 2021,Circular No. 10/2021 dated 23rd June, 2021,Circular No. 20/2021 dated 08th December, 2021 and Circular No. 03/2022 dated 05th May, 2022 to those Members whose mail addresses were registered with the Company/Depository Participant and whose names were recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date i.e. Friday, 19th August, 2022. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable rules.
3. The remote e-voting facility was open for Members to vote from Tuesday, 30th August, 2022 at 9.00 a.m. to Wednesday, 28th September, 2022 at 5.00 p.m.
4. The Scrutinizer submitted his report on Thursday, 29th September, 2022, after the completion of scrutiny.
5. The result of the Postal Ballot was declared on Thursday, 29th September, 2022. The resolution, passed by requisite majority, was deemed to have been passed on the last date of remote e-voting i.e. Wednesday, 28th September, 2022.

6. Details of voting results:

Special Resolution	No. of Votes polled	Votes cast in favour of the Resolution (No. & %)	Votes cast against the Resolution (No. & %)
Appointment of Mr. Sujjain Talwar (DIN: 01756539) as an Independent Director of the Company for a period of five consecutive years w.e.f. 05th August, 2022 upto 04th August, 2027.	100038700	98309547 (98.27%)	1729153 (1.73%)

The result of the Postal Ballot is also available on the website of the Company at https://www.alkemlabs.com/pdf/notice-forms-voting/22-23/AlkemPostalBallotVotingResults29092022.pdf and being communicated to Stock Exchanges, Depository & Registrar and Share Transfer Agent.

(iv) Details of Special Resolution proposed to be conducted through Postal Ballot

Currently, there are no matters which are required to be passed as a Special Resolution through Postal Ballot.

(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 LODR 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 Lakshadeep, 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, quarterly / half yearly and yearly financial results and financial statements and press releases of the Company are also disseminated on the Company's website www.alkemlabs.com.

(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 benefit of 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 LODR Regulations including material information having a bearing on the performance / operations of the Company 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) and NSE Digital portal, 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 49th AGM of the Members of the Company will be held on Friday, 25th August, 2023 at 11.00 a.m. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").

(b) **Financial Year:** 01st April, 2022 to 31st March, 2023.

(c) **Dividend payment date:**

(i) Final Dividend for financial year 2021-22 was paid during financial year 2022-23 on and from 30th August, 2022.

(ii) Being the 50th year of incorporation of the Company, the Board of Directors at its meeting held on 10th February, 2023 had declared a Special Dividend of ₹ 25/- (Rupees Twenty-Five only) per equity share having a face value of ₹ 2/- per share for financial year 2022-23. In addition to the same, the Board declared an Interim Dividend of ₹ 15/- (Rupees Fifteen only) per equity share having a face value of ₹ 2/- per share for financial year 2022-23 amounting to a total Interim Dividend of ₹ 40/- (Rupees Forty only) per equity share (2000% on the face value of ₹ 2/- per share).

The said Interim Dividend of ₹ 40/- per equity share for financial year 2022-23 was paid on and from 01st March, 2023.

(iii) Record Date for the purpose of payment of Final Dividend for financial year ended 31st March, 2023 shall be 10th August, 2023.

(iv) Final Dividend on equity shares as recommended by the Board of Directors for the year ended 31st March, 2023, if approved at the AGM, will be paid on and from 30th August, 2023.

(d) Transfer of Unclaimed Dividend/ Unpaid Amounts to the Investor Education and Protection Fund (IEPF)

(i) Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), as amended, mandates that companies transfer dividend that has remained[$] [$]unclaimed / unencashed for a period of seven years from the unpaid dividend account to IEPF. Further, the IEPF Rules mandate that the shares on which dividend has not been claimed / encashed for seven consecutive years or more be transferred to IEPF.

In order to educate the shareholders and with an intent to protect their rights, the Company sends regular notices to shareholders to claim their unclaimed dividends / shares before it is transferred to IEPF and simultaneously publishes newspaper advertisement with respect to the same. Shareholders may note that both the unclaimed dividends and corresponding shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed from IEPF following the procedure prescribed in the IEPF Rules. No claim shall lie in respect thereof with the Company.

(ii) Due Dates for transfer of Unclaimed Dividend to IEPF:

Year	Type of Dividend	Dividend per share (in ₹)	Date of Declaration	Due for transfer to IEPF
*2015-16	Second Interim	9.7	09.03.2016	14.04.2023
2016-17	Interim	6	11.11.2016	13.12.2023
2016-17	Final	9	08.09.2017	13.10.2024
2017-18	Interim	6	09.02.2018	13.03.2025
2017-18	Final	7	31.08.2018	01.10.2025
2018-19	Interim	8	08.02.2019	13.03.2026
2018-19	Final	8	27.08.2019	01.10.2026
2019-20	Interim	22	07.02.2020	11.03.2027
2019-20	Final	3	18.08.2020	22.09.2027
2020-21	Interim	25	05.02.2021	09.03.2028
2020-21	Final	5	27.08.2021	29.09.2028
2021-22	Interim	30	04.02.2022	08.03.2029
2021-22	Final	4	25.08.2022	29.09.2029
2022-23	Interim	40	10.02.2023	15.03.2030

*An amount of ₹ 2,20,112/- was transferred by the Company to IEPF on 02nd May, 2023 in accordance with the IEPF Rules. The IEPF Authority holds 266 equity shares in the Company as on the date of this Corporate Governance Report. The voting rights on these shares shall remain frozen until the rightful owner claims the shares.

(iii) During the financial year, Company had transferred to IEPF, an amount of ₹ 7,64,400/- (Rupees Seven Lakhs Sixty-Four Thousand Four Hundred only) which was received by the Company towards application money at the time of IPO and due for refund in terms of the IEPF Rules.

(e) Listing on Stock Exchanges

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

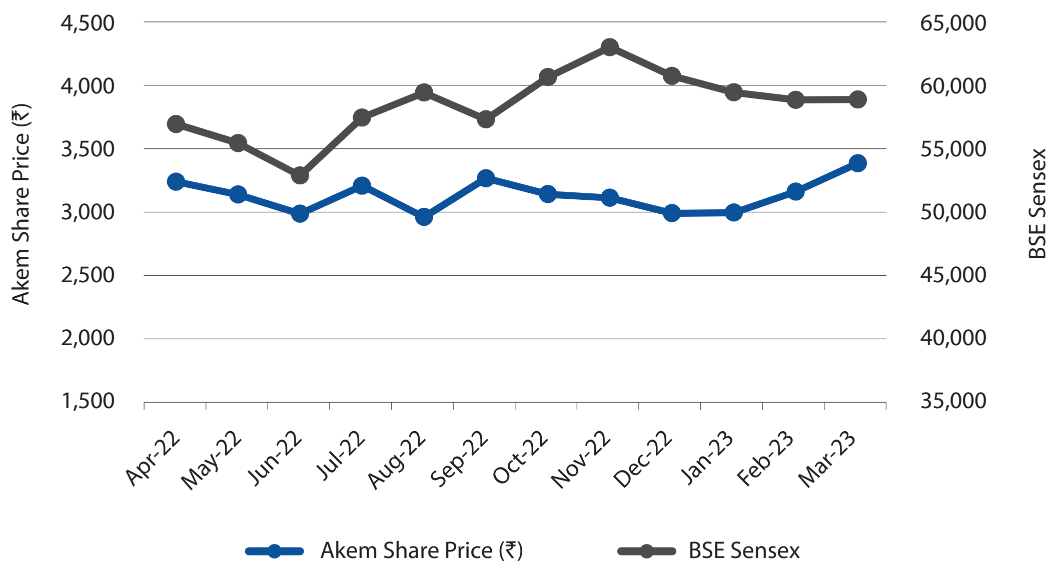
Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN for NSDL / CDSL (Dematerialized shares)
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	539523	INE540L01014
The National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai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

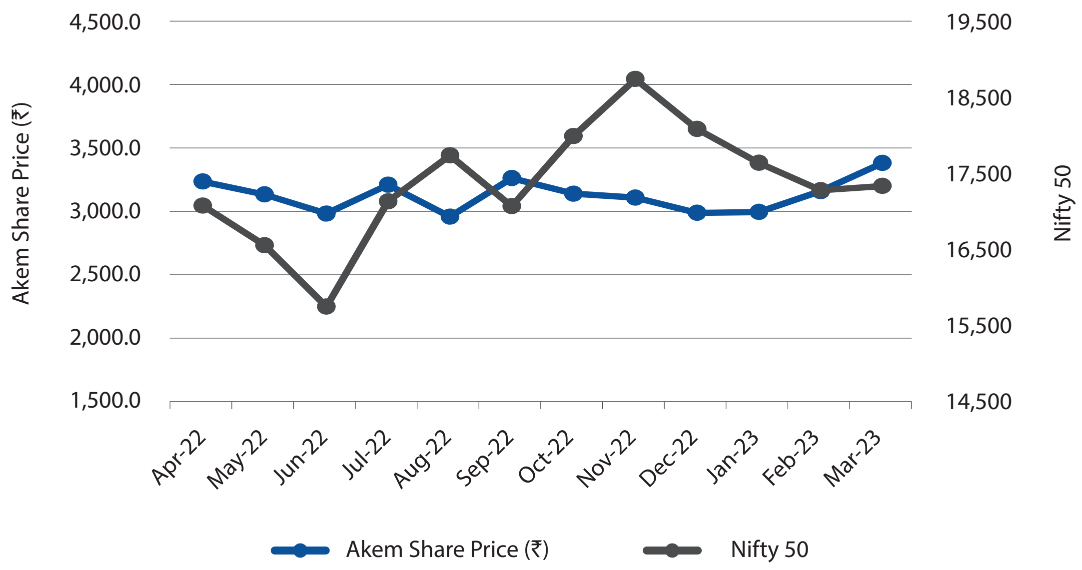
(f) Market Price data

Month	BSE			NSE		
	High Price (₹)	Low Price (₹)	Number of shares traded	High Price (₹)	Low Price (₹)	Number of shares traded
Apr-22	3,625	3,234	65,221	3,620	3,231	1,859,105
May-22	3,312	2,835	106,387	3,337	2,828	2,457,029
Jun-22	3,173	2,930	89,947	3,180	2,928	2,161,857
Jul-22	3,326	2,973	51,181	3,325	2,971	1,723,645
Aug-22	3,250	2,852	142,223	3,251	2,855	4,557,881
Sep-22	3,400	2,950	89,818	3,400	2,950	2,766,927
Oct-22	3,343	3,070	31,328	3,348	3,065	1,191,781
Nov-22	3,323	3,024	36,866	3,325	3,025	1,803,959
Dec-22	3,173	2,942	76,594	3,175	2,940	1,737,283
Jan-23	3,124	2,954	25,482	3,095	2,973	1,019,443
Feb-23	3,348	3,003	48,533	3,350	3,011	2,785,256
Mar-23	3,415	2,835	63,730	3,414	3,042	1,688,017

(g) Performance in comparison to broad based indices

Month	BSE		NSE	
	Alkem share price (₹)	S&P BSE Sensex	Alkem share price (₹)	Nifty 50
Apr-22	3,253	57,061	3,250.4	17,103
May-22	3,152	55,566	3,149.1	16,585
Jun-22	3,001	53,019	2,998.6	15,780
Jul-22	3,222	57,570	3,225.2	17,158
Aug-22	2,976	59,537	2,974.7	17,759
Sep-22	3,280	57,427	3,277.2	17,094
Oct-22	3,155	60,747	3,155.2	18,012
Nov-22	3,126	63,100	3,124.2	18,758
Dec-22	3,005	60,841	3,004.7	18,105
Jan-23	3,010	59,550	3,011.3	17,662
Feb-23	3,176	58,962	3,175.0	17,304
Mar-23	3,398	58,992	3,396.1	17,360





(h) Registrar and Share Transfer Agent

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

(i) Shares Transfer System

Regulation 40 of the SEBI LODR Regulations as amended vide SEBI Circular No. SEBI/LAD-NRO/ GN/2018/24 dated 08th 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 letter to the sole shareholder holding shares in physical form advising dematerialization of its holding. As on 31st March, 2023, the said shareholder had neither dematerialized its holding nor transferred any shares during the year under review. Thereafter, in the month of April, 2023, the said shareholder has duly dematerialized its equity shareholding in the Company.

(j) Distribution of shareholding

Distribution of shareholding as on 31st March, 2023

Shareholding of Nominal Shares	No. of Folios	% Total	Total No. of Shares	% Total
1-1000	74178	99.44	1545137	1.29
1001-2000	97	0.13	147208	0.12
2001-4000	70	0.09	210614	0.18
4001-6000	31	0.04	155648	0.13
6001-8000	18	0.02	129040	0.11
8001-10000	13	0.02	116300	0.10
10001-20000	36	0.05	528919	0.44
Above 20000	153	0.21	116732134	97.63
Total	**74596**	**100.00**	**119565000**	**100.00**
Physical Mode	**1**	***0.00**	**1**	***0.00**
Electronic Mode	**74595**	**100.00**	**119564999**	**100.00**

* Negligible

Shareholding Pattern as on 31st March, 2023

Category	Total Shares	% Total
Clearing Members	6219	0.01
Other Bodies Corporate	134177	0.11
Hindu Undivided Family	56802	0.05
Mutual Funds	12186165	10.19
Non Nationalised Banks	14	*0.00
Non Resident Indians	68028	0.06
Non Resident (Non Repatriable)	42715	0.03
Public	25634191	21.44
Promoters	68342909	57.16
Trusts	1448	*0.00
Insurance Companies	7171605	6.00
Body Corporate - Ltd Liability Partnership	6827	0.01
Foreign Portfolio Investors (Corporate) - I	5129721	4.29
Provident Funds/ Pension Funds	362502	0.30
NBFCs registered with RBI	750	*0.00
Alternate Investment Funds - III	236274	0.20
Directors and their relatives (excluding Independent Directors and Nominee Directors)	1	*0.00
Key Managerial Personnel	218	*0.00
Foreign Portfolio Investors (Corporate) - II	184434	0.15
TOTAL	**119565000**	**100**

* Negligible

(k) Dematerialization of shares and liquidity

As on 31st March, 2023, about 99.99% of the equity shares of the Company had been dematerialized. Thereafter, in the month of April, 2023, 100% of the equity shares of the Company have been dematerialized.

(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), Central Depository Services (India) Limited (CDSL) and held in physical form with the issued & listed capital. The PCS Certificate in regard to the same is submitted to BSE Limited & The National Stock Exchange of India Limited and is also placed before Stakeholders' Relationship Committee and the Board of Directors.

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

(n) Foreign Currency Hedging Activities

The Board of Directors of the Company has approved a "Treasury Policy" to manage the treasury risks of the Company within its risk appetite, which is derived from the business exigency and corporate policy. The Hedging activities of the Company shall be a mix of natural hedges, packing credit and forwards & options so that risk can be minimized while capturing opportunity wherever possible.

(o) Plant locations

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

(q) List of Credit Ratings

Credit Ratings of Company's outstanding instruments:

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

Credit Ratings of Company's outstanding facilities:

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

(14) DISCLOSURES

(a) Related Party Transactions

The Company has adequate procedures for purpose of identification and monitoring of related party transactions. The details of the materially significant transactions entered into by the Company with related party(ies) during financial year 2022-23 have been disclosed in Annexure G forming part of the Directors' Report. All contracts, arrangements and transactions entered by the Company with related parties during financial year 2022-23 were on an arm's length basis. All related party transactions are placed before the Audit Committee on a quarterly basis for review and approval and the same were approved by only the Independent Directors as per the relevant provisions of the SEBI LODR Regulations. 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/Policy%20on%20Related%20Party%20Transactions.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 Chairperson of the Audit Committee. No personnel of the Company has been denied access to either the Designated Person (as mentioned in the Whistle Blower Policy of the Company) 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/Whistle_Blower_Policy_new.pdf

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

(e) Material Subsidiary

Pursuant to the provisions of the SEBI LODR Regulations, M/s Ascend Laboratories LLC, incorporated on 02nd January, 2003 under the laws of New Jersey, USA and acquired by the Company on 15th July, 2010, is classified as a material subsidiary of the Company. M/s BSR & Co. LLP have been appointed as statutory auditors of the said subsidiary since 15th March, 2017.

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/Policy%20on%20determining%20Material%20Subsidiaries.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 LODR Regulations.

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

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

(j) Total fees of ₹ 43.2 million was paid for financial year 2022-23 for all services provided to the Company and its subsidiaries, on a consolidated basis, to M/s B S R & Co. LLP, 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 financial year: NA

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

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

(l) **Loans and Advances**

During the year under review, there were no loans and advances, in the nature of loans granted by the Company to any firms/ companies in which Directors are interested.

(15) COMPLIANCE WITH MANDATORY AND DISCRETIONARY REQUIREMENTS

The Company has complied with all mandatory requirements of Regulation 34 of the SEBI LODR Regulations and adopted the following discretionary requirements of the SEBI LODR Regulations:

i. Company has an Executive Chairperson.

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

iii. The Company's financial statement for financial year ended 31st March, 2023 does not contain any modified audit opinion.

iv. There are separate posts of Chairperson and Managing Director and they are not related to each other as per the term "Relative" defined under the Act.

v. Internal Auditors directly report to the Audit Committee.

(16) There are no equity shares of the Company in the demat suspense / 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 LODR Regulations.

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310
Mumbai, 19 May, 2023

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, 2023.

Alkem Laboratories Limited

Sandeep Singh
Managing Director

Date: 19 May, 2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1	Mr. Basudeo N. Singh	00760310	08-08-1973
2	Mr. Sandeep Singh	01277984	09-08-2013
3	Mr. Mritunjay Kumar Singh	00881412	11-02-2008
4	Mrs. Madhurima Singh	09137323	20-12-2021
5	Mr. Srinivas Singh	06744441	14-09-2022
6	Mr. Sarvesh Singh	01278229	11-11-2019
7	Mr. Arun Kumar Purwar	00026383	16-03-2015
8	Mr. Sujjain Suresh Talwar	01756539	05-08-2022
9	Ms. Sangeeta Singh	06920906	29-06-2015
10	Ms. Sudha Ravi	06764496	29-06-2015
11	Dr. Dheeraj Sharma	07683375	26-05-2017
12	Mr. Narendra Kumar Aneja	00124302	16-03-2020

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

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

CS Mannish L. Ghia
Partner
M. No. FCS 6252, C.P. No. 3531
PR 822/2020
UDIN: F006252E000330180

Place: Mumbai
Date: May 19, 2023

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

I. This certificate is issued in accordance with the terms of our engagement letter dated 29 April 2022 and addendum to the engagement letter dated 16 May 2023.

2. We have examined the compliance of conditions of Corporate Governance by Alkem Laboratories Limited ("the Company"), for the year ended 31 March 2023, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

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

Auditors' Responsibility

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

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2023.

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

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

Restriction on use

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

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No: 11140
UDIN: 23111410BGYAUR2391

Place: Mumbai
Date: 19 May 2023

Business Responsibility & Sustainability Report [BRSR]

SECTION A: GENERAL DISCLOSURE

I. Details of the Listed Entity

1	Corporate Identity Number (CIN) of the Listed Entity	L00305MH1973PLC174201
2	Name of the Listed Entity	Alkem Laboratories Limited
3	Year of incorporation	1973
4	Registered office address	Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Maharashtra, India
5	Corporate address	
6	E-mail	investors@alkem.com
7	Telephone	+91 22 3982 9999
8	Website	www.alkemlabs.com
9	Financial year for which reporting is being done	1st April 2022 to 31st March 2023
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange Limited (NSE) and Bombay Stock Exchange Limited (BSE)
11	Paid-up Capital	INR 239.1 Million
12	**Contact Person**	
	Name of the Person	Mr. Sandeep Singh
	Telephone	+91 22 3982 9999
	Email address	investors@alkem.com
13	**Reporting Boundary**	
	Type of Reporting (Standalone/Consolidated Basis)	Standalone-Basis Reporting

II. Product/Services

		S. No.	Description of Main Activity	Description of Business Activity	% Turnover of the Entity
14	**Details of business activities**	1.	Manufacturing of pharmaceutical products	Manufacturing and marketing of pharmaceutical and nutraceutical products	73%
		2.	Trade	Wholesale trading	27%

		S. No.	Product/Service	NIC Code (3 digits)	% of Total Turnover contributed
15	**Products/Services sold by the entity**	1	Manufacture and marketing of pharmaceutical and nutraceutical products	210	100%

III. Operations

16 **Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	No. of Offices	Total
National	12[1]	74	86
International	-	-	-

17 **Market served by the entity**

a. **No. of Locations**

Locations	Numbers
National (No. of States)	28 states and 8 Union Territories
International (No. of Countries)	More than 40 countries

b. **What is the contribution of exports as a percentage of the total turnover of the entity?** 18.8%

c. **A brief on types of customers** The Company develops, manufactures, and markets high-quality pharmaceutical products across all major therapeutic segments. It provides a wide range of solution offerings to its customers, who are a key stakeholder group in its business operations. It has a multi-product portfolio comprising of Branded Generics, Generic Drugs, Active Pharmaceutical Ingredients (API), Nutraceuticals, and Biosimilars. It serves patients and customers in more than 40 countries. Customers of the Company include various pharmaceutical companies, distributors, pharmacy chains and hospitals.

[1] Inclusive of the 2 Research and Development (R&D) facilities of the Company

IV. Employees

18. Details as at the end of Financial Year:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
a.	**Employees and workers (including differently-abled)**					
	Employees					
1	Permanent Employees (A)	15,074	14,698	97.5%	376	2.5%
2	Other than Permanent Employees (B)	306	277	90.5%	29	9.5%
3	Total Employees (A+B)	15,380	14,975	97.4%	405	2.6%
	Workers					
4	Permanent Workers (C)	1,797	1,769	98.4%	28	1.6%
5	Other than Permanent Workers (D)	3,229	3,085	95.5%	144	4.5%
6	Total Workers (C+D)	5,026	4,854	96.6%	172	3.4%
b.	**Differently-abled employees and workers**					
	Employees					
1	Permanent Employees (E)	5	5	100.0%	0	0.0%
2	Other than Permanent Employees (F)	0	0	-	0	-
3	Total Differently Abled Employees (E+F)	5	5	100.0%	0	0.0%
	Workers					
4	Permanent Workers (G)	0	0	-	0	-
5	Other than Permanent Workers (H)	0	0	-	0	-
6	Total Differently Abled Workers (G+H)	0	0	-	0	-

19. Participation/Inclusion/Representation of women

S. No.	Category	Total (A)	No. and % of females	
			No. (B)	% (B/A)
1	Board of Directors	12	3	25%
2	Key Management Personnel (other than Executive Directors)	2	0	NA

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Category	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	28.2%	30.6%	28.3%	19.7%	29.9%	20.0%	16.5%	22.1%	16.7%
Permanent Workers	10.5%	0.0%	10.4%	8.7%	0.0%	8.6%	10.2%	0.0%	10.2%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21 Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures	Indicate whether it is a Holding / Subsidiary / Associate / or Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Cachet Pharmaceuticals Private Limited, India	Subsidiary	60.63	No
2.	Indchemie Health Specialities Private Limited, India	Subsidiary	51.00	No
3.	Enzene Biosciences Limited, India	Subsidiary	99.72	No
4.	Alkem Foundation, India	Subsidiary	100.00	No
5.	Connect 2 Clinic Private Limited, India	Subsidiary	100.00	No
6.	S&B Holdings BV, Netherlands	Subsidiary	100.00	No
7.	The Pharma Network LLC, USA	Subsidiary	47.00	No
8.	Ascend Laboratories LLC, USA	Step Down Subsidiary	-	No
9.	S&B Pharma LLC, USA	Step Down Subsidiary	-	No
10.	Ascend Laboratories SpA, Chile	Subsidiary	100.00	No
11.	Pharma Network SpA, Chile	Step Down Subsidiary	-	No
12.	Ascend Laboratories S.A. de C.V., Mexico	Step Down Subsidiary	-	No

S. No.	Name of the holding / subsidiary / associate companies / joint ventures	Indicate whether it is a Holding / Subsidiary / Associate / or Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
13.	Ascend Laboratories Limited, Canada	Subsidiary	100.00	No
14.	Alkem Laboratories Korea Inc, Korea	Subsidiary	100.00	No
15.	Alkem Laboratories (UK) Limited, UK	Subsidiary	100.00	No
16.	Ascend Laboratories SAS, Colombia	Subsidiary	100.00	No
17.	Alkem Laboratories Corporation, Philippines	Subsidiary	100.00	No
18.	Ascend Laboratories (Pty) Limited, South Africa	Subsidiary	100.00	No
19.	Ascend Laboratories SDN BHD, Malaysia	Subsidiary	100.00	No
20.	The Pharma Network LLP, Kazakhstan	Subsidiary	100.00	No
21.	Pharmacor Pty Limited, Australia	Subsidiary	100.00	No
22.	Ascend GmBH, Germany	Subsidiary	100.00	No
23.	Pharmacor Limited, Kenya	Subsidiary	100.00	No
24.	Enzene Inc., USA (incorporated on 26th June, 2022)	Step Down Subsidiary	-	No
25.	Pharmacor Limited, New Zealand (incorporated on 1st June, 2022)	Step Down Subsidiary	-	No

VI. CSR Details

22	a.	Whether CSR is applicable as per section 135 of Companies Act, 2013:	Yes, CSR is applicable as per the section 135 of Companies Act, 2013 to the Company.
		Turnover (in ₹)	₹ 90,545.5 million
		Net worth (in ₹)	₹ 92,624.4 million

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	If yes, then provide web-link for grievance redress policy	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	Yes	Whistle Blower Policy https://www.alkemlabs.com/pdf/policies/Whistle_Blower_Policy_new.pdf	0	0	NA	1	0	NA
Investors (other than shareholders)	Yes	Whistle Blower Policy https://www.alkemlabs.com/pdf/policies/Whistle_Blower_Policy_new.pdf	15	0	NA	41[2]	2[3]	NA
Employees and workers	Yes	Whistle Blower Policy https://www.alkemlabs.com/pdf/policies/Whistle_Blower_Policy_new.pdf Code of Ethics Intranet Grievance Redressal Policy Intranet Prevention of Sexual Harassment Policy Intranet						
Communities	Yes	Whistle Blower Policy https://www.alkemlabs.com/pdf/policies/Whistle_Blower_Policy_new.pdf						
Customers	Yes	Whistle Blower Policy https://www.alkemlabs.com/pdf/policies/Whistle_Blower_Policy_new.pdf						
		Adverse Event Reporting https://www.alkemlabs.com/adverse-event-reporting.php						
Value Chain Partners	Yes	Whistle Blower Policy https://www.alkemlabs.com/pdf/policies/Whistle_Blower_Policy_new.pdf						

[2] This refers to all stakeholder complaints received in FY 21-22

[3] This refers to consumer complaints pending for resolution

24 Overview of the entity's material responsible business conduct issues

Material Issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial impact (Negative or Positive)
Resilience Business Performance	Risk / Opportunity	For a pharmaceutical company, it is important to always serve the market without being impacted by uncertainties. The strategy of the Company is to generate long-term economic growth with a focus on sustainability and value creation for all stakeholders. Prudent capital allocation is key to profitable growth.	The Company is focused on operating with stable generation of revenue through multiple streams by benefitting from sustainable supply chain, technology adoption and business continuity plan.	Positive implications due to smooth operations.
Climate Change & GHG Emissions	Risk	Due to rapidly growing focus on climate change and responsible operations, the Company is proactive towards climate change and management of their emissions, which is a complex process.	The Company's initiatives and actions are guided by its ESG policy that serves as an enabling framework to fulfill its business responsibilities and objectives. The policy drives the establishment of a robust enforcement mechanism to ensure that the Company's commitments are translated into actions.	Positive impact due to improved energy efficiencies and stakeholder output.
Biodiversity	Risk	In order to be a responsible corporate citizen, it is important for the Company to operate in a sustainable manner with respect to the community so that both aspects thrive mutually.	The Company works consistently to manage their impact on their surroundings and grow with them in a cooperative manner.	Negative implications due to cost incurred for the protection of biodiversity
Energy Management	Risk / Opportunity	Responsible management of energy and environment burden is necessary for a Company in terms of monetary impact and non-monetary as well. It is important to transit from conventional energy sources like fossil fuels towards modern and efficient fuels. Energy consumption is a significant concern for the Company's business. The Company's operations are energy-intensive and consume a high amount of fuel and electricity. Therefore, upgrading to new technologies, improving processes, increasing system efficiency, and adopting green energy sources such as bio briquettes will immensely benefit the Company's operations and profitability.	The Company is working through multiple initiatives for improved energy management, some of them are: • At some sites PNG Gas is used in boilers instead of furnace oil. • To minimize the use of non-renewable fuels, Biomass Briquette Boiler, solar panels have been installed at some sites. • Installation of Variable Frequency Drive (VFD) • Replacement of non-efficient Air Handling Unit (AHU) with new efficient AHU	Negative impact is due to cost incurred for the capex of energy efficient equipment; however, positive financial impact contemplated in long-run due to lower cost of energy.

Material Issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial impact (Negative or Positive)
Waste Management	Risk	Poor waste disposal, unsafe discharge practices, irresponsible waste handling impact adversely on the environment. In order to be compliant with regulatory norms the Company should adopt responsible waste management practices.	The Company emphasis on waste minimization is reflected in their adoption of 3R principle: Reduce, Reuse, Recycle. The Company has also tied up with an approved agency to support in the collection, recycling / co-processing of plastic base waste.	Negative impact is due to cost incurred in handling and management of waste.
Water Management	Risk	The regulatory constraints are strict on water resource due to its decreasing availability. Responsible usage and discharge ensure stakeholder entrustment and operational continuity.	The Company focus is pivoted on decreasing freshwater intake by monitoring of water consumption, educating workforce for exercises in saving in water consumption and auditing on raw, effluent, and treated water. Rainwater harvesting is adopted at Sikkim site and effluent treatment plants are adopted across all sites.	Negative impact is due to cost incurred in handling and management of water.
Occupational Health & Safety	Risk or Opportunity	Due to the nature of the industry, the workforce is exposed to hazardous chemicals and substances. The health & safety management is a continuous improvement process to mitigate ever-evolving challenges. A robust EHS management system combined with thorough hazard identification, mitigation strategies, root cause analyses of reported occurrences, and related corrective action plans will highlight the Company's strategy and persistent commitment to employee health and safety.	• The Company is focused on its 'Zero Harm' approach – Zero Harm to People, Asset and Environment. The Environment, Health & Safety (EHS) policy is applicable across the all the sites and Baddi and Daman manufacturing sites are ISO 45001 certified. • The Company carries periodic EHS audits on the sites to identify the gaps and address them. The culture of health & safety is promoted through extensive employees and workers trainings. Multiple initiatives are deployed to ensure Process safety and Control of chemical exposure.	Negative implications are due to cost incurred on safety trainings and protective gears.
Human Resource Development	Opportunity	The industry demands human capital which is knowledge and skill driven. The productivity and efficiency of the human resource provides better asset integrity and business growth.	The Company has a dynamic HR policy framework. The HR team provides strategic and skill development trainings to foster a balance of personal and professional growth of every employee.	Positive implications due to increased productivity of workforce.

Material Issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial impact (Negative or Positive)
R&D Innovation	Opportunity	Due to rapid increase in demand of healthcare, it is important to innovate solutions and products to serve the market. Further, having the advantage over R&D provides efficient and accuracy excellence in work product.	The Company has a strong team of scientists that steers the R&D operations. The R&D infrastructure has six technologically advanced and internationally accredited R&D centers spread across India and the US. The Company invests some percentage of their revenue into R&D to innovate to provide better solution.	Positive impact due to new product development
Sustainable Supply Chain	Risk	To operate with continuity and always serve the customers, it is important to decrease the dependence on single source supplier and trans-border supplier engagement and procurement. The Company can enjoy auxiliary benefits in both monetary and reputational terms due to a resilient and sustainable supply chain.	Strong inventory management, robust planning, and alternative vendor development and assessment for critical materials is supporting the Company in mitigation of risk.	Negative implications are observed due to cost incurred in suppliers' assessment.
Human Rights	Risk	It is important for a Company to promote a healthy culture of respect towards human rights. Violation of these practices harm the reputational image of the Company and trust within stakeholders.	The Company has well-structured Human Rights policy which is applicable for all employees across all grades and locations and stakeholders. The Company also have a specific code of ethics for all suppliers, vendors, and contractors to guide ethical practices.	Negative implications are found due to cost incurred to ensure strict inclusivity of fundamentals of human rights in systems and processes.
Community Engagement	Opportunity	For a Company to thrive with community entrustment, it is important to grow with the community priorities and align the business goals with them. Any violating practices can damage Company's reputation and give rise to conflicts. Establishing relationships of trust with communities and ensuring their frequent participation will help the company contribute to social development and minimize potential objections from the communities.	The Company address and support the immediate and long-term needs of the community and focus on creating major positive impact to uplift the community in diverse ways. The initiatives are impacting the community in healthcare, education, rural development, environment, and sports aspects.	Positive implication due to good will and reputation among the local communities.

Material Issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial impact (Negative or Positive)
Data Privacy and cybersecurity	Risk	With an increasing focus on data security and privacy, it is important for a Company to safeguard the data and prevent any breach that could harm their reputation and may lead to loss on both financial and non-financial ends.	The Company has enforced Information Security Policy in accordance with Microsoft Active Directory. The Company is investing adequately in IT tools for data protection. Any data loss or leakage is closely monitored through VAPT and IT audits.	Negative implications are due to cost incurred for hardware and software needed for data security management system
Availability and affordability of medicines	Risk	Being a pharmaceutical Company, it is important to provide and place product in the market where they are accessible and affordable for the customers. The medicines should be made available and affordable so that the Company can enjoy competitive edge while maintaining a suitable margin.	The Company's R&D facilities are working to innovate solutions to ensure affordability and accessibility of products without compromising the quality.	Positive implications in longer run due to increased market share and development.
Clinical Trial Conduct	Risk	The conduct of clinical trial is significant for any pharmaceutical Company to ensure safety and efficacy of their products. Violation of regulatory norms and unethical practicing in clinical trial harms the Company on both financial and non-financial ends.	The Company adheres to all protocols and regulatory constraints to incorporate ethical conduct in clinical trials.	Negative implications are due to cost incurred in adhering with regulations and ethical processing.
Product Quality and Patient Safety	Risk	With increasing regulatory restrictions and protocols, it has become significant for the Company to be compliant with them and ensure customer centricity. Non-compliance may lead to reputational damage, fines, or penalties along with loss of customers' trust.	The Company adheres to cGMP guidelines strictly which are enforced by regulatory agencies for manufacturing processes, hence, ensuring quality assurance. The Company conducts periodic quality control checks across facilities for all machinery and equipment to identify and address the non-compliance and reducing quality risk significantly.	Positive implications due to customer acceptance and loyalty.
Pharmacovig-ilance	Risk	It is important for a pharmaceutical Company to track the effects of their products upon administration and monitor any side effects elicited through them.	A dedicated portal has been established for consumers to report any adverse event through multiple options.	Negative implications are due to additional cost incurred in monitoring and tracking.
Environmen-tal Compli-ance	Risk / Opportunity	Imposition of regulations by monitoring & governing agencies have challenged the companies. It is essential for the companies to adhere to the norms to avoid getting penalized. Being compliant with all applicable regulatory requirements ensures continuous business operations without disruptions and adverse findings.	The Company is consistently operating mindfully and some of the sites are also certified with ISO 14001:2015. And comply with local laws and regulations of pollution control board as well.	Negative implication due to cost incurred on systems and processes to ensure strict compliance.

Material Issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial impact (Negative or Positive)
Corporate Governance & Business ethics	Risk / Opportunity	A smooth integration of corporate governance and business ethics in a company is essential for ensuring ethical conduct within its operations. The company relies on a standard framework and strategic guidance to navigate the ever-evolving corporate ecosystem. The primary focus of governance is on how the organization is managed and whether it adheres to best practices in terms of transparent and ethical leadership. Operating in an unethical manner not only undermines the company's reputation but also has the potential to cause significant harm, leading to potential litigation or reputational damage.	The Company has a robust corporate governance with dedicate committees and policies to steer the operations ethically and effectively.	Positive implication as good governance leads to ethical actions and stronger stakeholder relationships.
Business Continuity	Risk	It is important for a pharmaceutical Company to thrive through uncertain times like natural or man-made disasters. Well-structured business continuity plan ensures resilient operations.	The Company has adopted robust business continuity and emergency response plans for sites to deal with different scenarios.	Negative implications due to expenditure on preparedness measures.
Sales and marketing practices	Opportunity	For a Company, to impact consumer behavior, it is important to create influence on them through ethical sales and marketing practices.	The Company is working towards building skilled marketing workforce through multiple trainings and workshops. They are investing resources in effective digital marketing campaigns as well. The information disclosed on labels of the products are designed according to the regulatory norms.	Positive implications due to increased customer acquisition and retention.
Combatting counterfeit medicines	Risk	Presence of counterfeit products in market harms the Company in multiple aspects. The prevalence of spurious product impacts revenue generation and customer loyalty as well.	The Company is deploying technology interventions with Anti-counterfeiting Security features.	Negative implications are due to cost incurred in mitigation plan.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes										
1	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	Policies are available on the website of the Company at www.alkemlabs.com and the policies which are internal to the Company are available on the intranet of the Company.								
2	Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, the enlisted policies are extended to the value chain partners of the Company to the extent required.								
4	Name of the national and international codes/certifications/ labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	All our facilities adhere to the cGMP standards in addition to the accreditations from international regulatory authorities such as US FDA, WHO, MHRA(UK), TGA (Australia), ANVISA (Brazil), and MCC (South Arica) and regulatory agencies from other countries. Additionally, the manufacturing facilities at Baddi, Sikkim and Daman are ISO 14001 and ISO 45001 certified.								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Company has laid down its ESG roadmap with specific goals and targets with defined timelines and will be disclosing on its performance in the forthcoming reporting years.								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The Company has been in the process of setting its targets, so the performance will be assessed in forthcoming reporting years.								
Governance, Leadership and Oversight										
7	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements. With the intent of enhancing lives for a better tomorrow, Alkem Laboratories has focused on integration of environmental, social, and governance (ESG) aspects into its core business strategy and operations. Alkem is committed to continuously improving its business performance to create shared value for all stakeholders while contributing positively to sustainable development. To achieve this, the Company has implemented a comprehensive ESG policy that serves as a framework to fulfill its business responsibilities and objectives, with a robust enforcement mechanism to ensure its commitments are translated into action. For future risk proofing and business resilience, the Company has integrated the ESG risks into the terms of reference of the Risk Management Committee, identifying both internal and external risks on ESG parameters. In addition to ensuring long-term sustainability, the Company aims to achieve a sustainable competitive advantage through leadership and excellence in environment, health, and safety (EHS). The EHS policy adheres to Indian regulations and international standards such as ISO 14001 and ISO 45001. It emphasizes a balanced focus on EHS frameworks and risk management processes. Alkem manages EHS issues through an integrated system that involves identifying risks, establishing standard procedures, providing training, setting targets, and conducting audits The Company prioritizes ethical business conduct and considers economic, environmental, and social factors crucial for its long-term growth and support. It adheres to the guiding principles of Reduce, Reuse, Recycle, Renew, and Respect, and collaborates with government and non-government agencies to promote environmental conservation. As part of its environmental stewardship, the Alkem Foundation has planted over one million trees in drought-prone areas of Maharashtra and Madhya Pradesh. The Foundation has also set up smart classes in designated government schools and supported digital learning to bridge the education gap. Furthermore, the Company has initiated Swachh Gram Initiative for proper garbage disposal in rural and urban households in a door-to-door garbage collection mechanism.									
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Name: Mr. Sandeep Singh Designation: Managing Director DIN Number: 01277984								
9	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	The Managing Director of the Company is responsible for making decisions on sustainability-related issues. Furthermore, the Risk Management Committee of the Board of Directors of the Company oversees ESG-related issues.								

10.	Details of Review of NGRBCs by the Company:																		
	Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Performance against above policies and follow up action	The policies of the Company are reviewed periodically / on need basis by Department heads / Board Committees / Board Members, wherever applicable.																	
	Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The status of compliances with all applicable statutory requirements is reviewed by the Board of Directors on a quarterly basis.																	

11.	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
		No								

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

ESSENTIAL INDICATORS

1. **Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	4	Principle 1, 2, 3, 4, 5, 6, 7, 8, 9	100%
Key Management Personnel	2	Principle 1, 2, 3, 4, 5, 6, 7, 8, 9	100%
Employees other than BODs and KMPs	895 (Offline and Online)	The Company has a holistically planned training module for its employees to prepare them for their next step in the organization. The company conducts regular trading on topics such as Code of ethics and values, POSH, selling skills, People Management skills, Sales process management skills, Road safety and awareness on CSR through an integrated delivery model using online and off lines means.	100%
Workers	68 (Offline and Online)	Learning culture is promoted within the Company through a strategic training and skill development program for employees and workers that includes training related to skill development, Safety, EHS, Code of Conduct, POSH, Good Manufacturing Practices, and awareness on CSR. These trainings are provided to the workforce round the year through multiple delivery channels like on-line and in-person trainings.	100%

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format.**

Monetary

	NGRBC Principle	Name of the regulatory/ enforcement/agencies / judicial institutions	Amount (In INR)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty /Fine			NIL		
Settlement			NIL		
Compounding Fees			NIL		

Non-Monetary

	NGRBC Principle	Name of the regulatory/ enforcement/agencies / judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment		NIL		
Punishment		NIL		

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Not Applicable

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes, the Company has a 'Code of Conduct for Employees' and 'Code of Business Conduct and Ethics for Directors and Senior Management' in place to outline the guidance regarding ethical business conduct within the company. The codes have defined the ethical behavior expected by all employees and management ensuring no instances of corruption and bribery. Additionally, the Company has a 'Code of Ethics for suppliers, vendors, and other stakeholders' to ensure ethical practices throughout its value chain.

The policies are accessible at Company's website, at www.alkemlabs.com/policies-new.php

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. **Details of complaints with regard to conflict of interest:**

	FY 2022-23 (Current Financial Year)		FY 2021-22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

LEADERSHIP INDICATORS

1. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same**

Yes, the Company has in place a 'Code of Business Conduct and Ethics for Directors and Senior Management' which casts a duty on the Directors and Senior Management to avoid and disclose actual and apparent conflict of interest with the business of the Company. Further, the 'Code of Ethics' applicable to employees insists the employees to disclose any relationships, associations or activities that could create actual, potential or even perceived conflict of interest to their Manager or Human Resource Department.

Weblink to the Code – Alkem's Code of Business Conduct and Ethics for Directors and Senior Management

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Type	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)	Details of improvement in social and environmental aspects
Research & Development (R&D)	-	-	NA
Capital Expenditure (CAPEX)	₹ 2.2 mn	₹ 2 mn	NA

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

b. If yes, what percentage of inputs were sourced sustainably?

We ensure that all our products are sourced in a sustainable manner wherein our suppliers are evaluated as per our qualifying criteria. As per the supplier code of conduct, we assess suppliers on multiple criteria including business ethics, human rights, social impact, safety and environment.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Since the Company is engaged in the pharmaceutical sector, the Company does not reclaim products for reusing, recycling and disposing them at the end of their life. The Company prioritizes waste management as an integral part of its sustainable endeavors.

a) The Company is committed to responsibly manage its waste by working with approved third-party agencies for collecting, recycling, co-processing the plastic waste that prevents their plastic waste from reaching landfills.

b) The Company emphasizes on 3Rs (Reduce, Reuse, Recycle) of waste management to be adopted across all of its operations.

c) Responsible handling of waste is encouraged by the company; segregation of hazardous waste, biomedical waste, electronic waste, etc. is conducted in compliance with regulations.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, the Extended Producer Responsibility (EPR) is applicable to the Company, and it is registered with Central Pollution Control Board (CPCB) under EPR for collection & recycle/ disposal of plastic waste generated through sale of medicines. The waste management and collection plan are in adherence with the Ministry of Environment, Forest and Climate Change.

LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

No

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Not applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

As the Company operates in the pharmaceutical industry, it is not engaged in the recycling or reuse of input materials.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

As the Company operates in the pharmaceutical industry, it is not involved in reclaiming of product for reusing, recycling and disposing them at end of their life.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

As the Company operates in the pharmaceutical industry, it is not involved in reclaiming of product for reusing, recycling and disposing them at end of their lifecycle.

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. **Details of measures for the well-being of employees:**

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	%(C/A)	No.(D)	%(D/A)	No. (E)	%(E/A)	No. (F)	%(F/A)
Permanent Employees											
Male	14,698	14,698	100.0%	14,698	100.0%	0	NA	14,698	100%	2,269	15.4%
Female	376	376	100.0%	376	100.0%	376	100%	0	NA	78	20.7%
Total	15,074	15,074	100.0%	15,074	100.0%	376	2.5%	14,698	97.5%	2,347	15.6%
Other than Permanent Employees											
Male	277	277	100.0%	277	100.0%	0	NA	0	NA	3	1.1%
Female	29	29	100.0%	29	100.0%	0	NA	0	NA	1	3.4%
Total	306	306	100.0%	306	100.0%	0	NA	0	NA	4	1.3%

b. **Details of measures for the well-being of workers:**

Category	Total (A)	% of workers covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	%(C/A)	No.(D)	%(D/A)	No. (E)	%(E/A)	No. (F)	%(F/A)
Permanent Workers											
Male	1,769	1,769	100.0%	1,769	100.0%	0	NA	1,769	100.0%	1,711	96.7%
Female	28	28	100.0%	28	100.0%	28	100.0%	0	NA	5	17.9%
Total	1,797	1,797	100.0%	1,797	100.0%	28	1.6%	1,769	98.4%	1,716	95.5%
Other than Permanent Workers											
Male	3,085	3,085	100.0%	3,085	100.0%	0	NA	0	NA	2.397	77.7%
Female	144	144	100.0%	144	100.0%	0	NA	0	NA	83	57.6%
Total	3,229	3,229	100.0%	3,229	100.0%	0	NA	0	NA	2,480	76.8%

2. **Details of retirement benefits, for Current FY and Previous Financial Year:**

Sr. No.	Benefits	FY 2022-23 (Current FY)			FY 2021-22 (Previous FY)		
		No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/N.A.)
1	PF	100%	100%	100%	100%	100%	100%
2	Gratuity	100%	100%	100%	100%	100%	100%
3	ESI	2.59%	7.94%	10.53%	13.22%	2.97%	16.19%
4	NPS*	1.11%	0.00%	1.11%	1.05%	0.00%	1.05%

* This scheme being optional, only indicates the percentage that have chosen to avail.

3. **Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

Yes, all our manufacturing facilities are accessible to differently abled employees and workers, in accordance with the requirements of the Rights of Persons with Disabilities Act, 2016. As the Company is committed to the well-being of people, it has incorporated various measures for an inclusive premises, including, ramps at entry/exit gates and parking areas, spacious lifts available to accommodate wheelchairs, and specially abled restrooms.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Company through the 'Code of Ethics', applicable to all the employees of the Company, fosters diversity and encourages equal opportunities among its employees as per the Rights of Persons with Disabilities Act, 2016. This policy is available on the intranet of the Company.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	100%	85%	100%	88%
Female	100%	90%	-	-
Total	100%	85%	-	-

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Category	Yes/No	Details of the mechanism in brief
Permanent Workers	Yes	Yes, the Company is committed to provide safe and healthy work environment to its employees and workers and has implemented a 3-tier approach to receive and redress grievances of employees including contractual workers. • Open Door Policy: The Company believes in open communication and employees are free to raise and specify their grievances to the line manager or to their respective HR manager. • Complaints Committees: The Company has established an Internal Complaints Committee (ICC) which is focused on considering and redressing complaints of sexual harassment. • Digital Complaints: The Company encourages and enables employees and volunteers to report any actions or suspected actions taken within the Company that are illegal, fraudulent, or in violation of any adopted policy by sending an email to whistleblower@alkem.co.in.
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

No

8. Details of training given to employees and workers:

Category	FY 2022-23 (Current FY)					FY 2021-22 (Previous FY)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Permanent Employee										
Male	14,698	14,698	100%	9,890	67%	14,658	14,658	100%	7,890	54%
Female	376	376	100%	280	74%	457	457	100%	190	42%
Total	15,074	15,074	100%	10,170	67%	15,115	15,115	100%	8,080	53%
Permanent Worker										
Male	1,769	1,769	100%	1,743	99%	1,834	1,834	100%	1,395	76%
Female	28	28	100%	28	100%	17	17	100%	12	71%
Total	1,797	1,797	100%	1,771	99%	1,851	1,851	100%	1,407	76%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23 (Current FY)			FY 2021-22 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who had a career review (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who had a career review (D)	%(D/C)
Permanent Employees						
Male	14,698	14,698	100%	14,658	14,658	100%
Female	376	376	100%	457	457	100%
Total	15,074	15,074	100%	15,115	15,115	100%
Permanent Workers						
Male	1,769	1,769	100%	1,834	1,834	100%
Female	28	28	100%	17	17	100%
Total	1,797	1,797	100%	1,851	1,851	100%

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No)	Yes, the Company recognizes and accords the highest priority to the health and safety of its employees and all other stakeholders. Safety is one of its core values, and the Company's Environmental, Health and Safety Policy articulates its philosophy and commitment towards the management of key health and safety aspects. Alkem proactively maintains high standards of health and safety across all its sites.
a.1. What is the coverage of such system?	The ISO 50001 management system implemented across sites is in line with the requirements specified under the Factories Act-1948 and the rules made thereunder. Apart from this, the system also meets the requirements specified under ISO, OSHA and BSC norms, as applicable. As required, risk assessments have been carried out, and the existing OH&S management system covers the control measures required to manage the risk. The existing OH&S management system implemented across sites covers the involvement, participation, and consultation of workers engaged on the site. A safety committee is in place where workers and employees are members, enabling them to participate in decision-making processes and risk assessments. The Company also conducts EHS cultural events and technical programs, including trainings, in which workers actively participate.
b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	The Company has well-established Standard Operating Procedures (SOPs) for employees and workers to identify work-related hazards and to assess the risks on a routine and non-routine basis and the subsequent steps to mitigate them. The risk assessments cover control measures required to control the risk.
c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)	Across all sites, SOPs are in place that cover risk controlling measures and norms. Workers are trained on SOPs, and a system for conducting training and retraining on various EHS topics is in place through which workers have been educated about the norms to be observed, dos and don'ts, as well as how to remove themselves from such risks. The Company provides training to all its employees and workers on occupational health and safety modules. During the safety and emergency evacuation drills, employees are trained in dealing with emergency equipment such as fire hydrant, firefighting system, leak and spill control procedures, safety alarms among others. In addition, the proficiency of employees is periodically tested in dealing with the emergency situations. The practical trainings and online safety modules equip the employees with right procedure of reporting work-related hazards and the steps to remove themselves from such situations.
d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes, the Company provides non-occupational medical and healthcare services to its employees and workers. Across all sites, Occupational Health and Safety has been established, and a medical practitioner is available to guide employees and workers on various health-related issues. Additionally, employees and workers have access to discuss and adopt medical views on non-occupational medical issues. A medical insurance scheme is in place to address the financial aspects (up to a certain limit as applicable under policy) of medical treatment. As part of Alkem's Environment, Health, Safety and Security drive, the Company educates employees on various health-related topics and conducts programs to make them aware of good health and hygiene practices to be observed in the normal course of life. The Company also conducts awareness programs indirectly linked to the well-being of employees.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.0591	0
	Workers	0	0
Total recordable work-related injuries	Employees	1	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Company has taken various measures to ensure a safe and healthy workplace. One such measure is safety training for its employees and workers to enhance EHS performance. A culture of safety is also promoted by proactively communicating with employees and encouraging their active participation in identifying safety issues and upholding safety in the workplace. Additionally, to control exposure to chemicals, the Company has adopted proactive steps such as engineering controls, close operations, and administrative controls, along with providing necessary protective equipment. The Company has also conducted emergency response system mock drills for workers and employees in case any risks arise from hazardous and chemical operations.

The Company's safety program ensures the mitigation of risk through proactive approaches such as expert engineering design and good manufacturing practices. Implementing and updating safety systems for controlling process hazards is a continuing program at Alkem. It ensures safety in various processes that involve the use of hazardous materials. Furthermore, the Company carries out periodic audits to assess the conformity of operations with its EHS management system and address any health and safety gaps.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	NIL	NIL	NIL	NIL	NIL	NIL
Health & safety	NIL	NIL	NIL	NIL	NIL	NIL

14. Assessments for the year:

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not Applicable

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

a. Employees (Yes/No): Yes

b. Workers (Yes/No): Yes

2. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	Current FY 23	Previous FY 22	Current FY 23	Previous FY 22
Employees	0	0	0	0
Workers	0	0	0	0

3. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

   Yes. Company has provided assistance for continued employability resulting from termination of employment.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity:**

   The Company follows a dynamic and holistic procedure to identify stakeholder group that either have a significant impact on the business or are significantly impacted by Company's business and categorize them as 'key stakeholders'. The Company regularly interacts with these stakeholders to identify material topics and develop business strategy to prioritise their expectations and generate equitable value for all.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	• Annual General Meeting (AGM) • Annual reports • Investor Meets • Email • Quarterly Results • Company Website • Reports to Stock Exchange • Press Release • Public Notice in newspapers	Need Based & Quarterly	• Business operations and performance • Compliance with laws • Economic value generated & distributed • Long term value creation • Socially & Environmentally Responsible
Regulatory Bodies & Government Agencies	No	• Media releases • Emails • In-person meetings • Conferences • Membership and Associations	Need Based	• Governance • Discussion on various regulatory aspects
Financial Institutions, Bankers & Lenders	No	• Annual reports • Investor Meets • Need basis during financial discussion meeting • Emails	Need Based	• Good return on investment
Employees	No	• Direct communication in form of emails, newsletters, one-to-one discussions, and intranet	Continuous	Employees are encouraged for discussion on following but not limited to: • Diversity • Quality of Work & Life • Fair wages & Remuneration benefits • Training & Development • Career Growth • Health & Safety

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	• Video Conferencing • Emails • Customer Meets • Website and Brochures	Continuous	• Product Quality • Timely Delivery • Building Customer Relationship • Updating Company's latest product portfolio • Competitive Cost • Transparency in disclosure
Suppliers & Contractors	No	• Supplier meets • Supplier assessment • Contract discussion meetings • Performance review • Emails	Ongoing	• Product Quality • Cost • Timely delivery • Upcoming technologies or equipment • Health & Safety
Local Communities	Yes	• Regular engagement in person to understand concerns & requirement • Community engagement during CSR initiatives • Site visit • Project specific meetings	Ongoing	• Support to communities for social upliftment with a focus on health, education, sanitation and infrastructure development

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The consultation with stakeholders on various economic, environmental and social aspects have been delegated to respective business / function heads, who gathers feedback and addresses concerns. The Company strives to continue engagement with key stakeholders which helps to set expectations, thereby establishing trust and fostering open communication.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, the Company considers comprehensive stakeholder consultation, as a part of its materiality assessment to identify key material environmental, social and governance topics and develop effective strategies for effective management of identified material topics. Furthermore, the critical material topics identified and prioritized based on the materiality assessment, the Company has developed its ESG Policy which clearly highlights the policy commitments with regards to the management of identified material topics.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   The Company's CSR program aims to address the immediate and long-term needs of the community and focus on where the Company can make the major impact on vulnerable/marginalized sections of the society. During the financial year, the Company has engaged and 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. For further details, refer the Company's Annual CSR report, which is forming a part of the Annual Report.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	15,074	15,074	100%	15,115	15,115	100%
Other than permanent	306	306	100%	227	227	100%
Total Employees	15,380	15,380	100%	15,342	15,342	100%
Workers						
Permanent	1,797	1,797	100%	1,851	1,851	100%
Other than permanent	3,229	3,229	100%	3,431	3,431	100%
Total Workers	5,026	5,026	100%	5,282	5,282	100%

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Permanent Employees										
Male	14,698	783	5.3%	13,915	94.7%	14,658	42	0.3%	14,616	99.7%
Female	376	31	8.2%	345	91.8%	457	0	0	457	100%
Total	15,074	814	5.4%	14,260	94.6%	15,115	42	0.3%	15,073	99.7%
Other than Permanent										
Male	277	277	100%	0	0%	196	196	100%	0	0
Female	29	29	100%	0	0%	31	31	100%	0	0
Total	306	306	100%	0	0%	227	227	100%	0	0
Workers										
Permanent										
Male	1,769	0	0	1,769	100%	1,834	0	0	1,834	100%
Female	28	0	0	28	100%	17	0	0	17	100%
Total	1,797	0	0	1,797	100%	1,851	0	0	1,851	100%
Other than Permanent										
Male	3,085	3,085	100%	0	0	3,323	3,323	100%	0	0
Female	144	144	100%	0	0	108	108	100%	0	0
Total	3,229	3,229	100%	0	0	3,431	3,431	100%	0	0

3. **Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective categories	Number	Median remuneration/ salary/ wages of respective categories
Directors	9	2,70,00,000	3	32,00,000
KMPs	2	1,61,39,256	0	0
Employees other than BoD and KMP	14,696	4,45,056	376	4,45,056
Workers	1,769	3,47,136	28	3,47,136

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

The Company ensures and practice ethical business conduct throughout their operations and entire value chain. The robust human rights policy depicts the mechanism of identifying, managing, and assessing the risks associated with human rights impacts. The Company undertakes regular evaluation of the human rights related risks through feedback and grievances received. The complainant gets notified about actions that would be taken, to the extent reasonably possible and consistent with any privacy or confidentiality limitations. If no further investigation is proceeded, an explanation for the decision will be given to the complainant.

6. **Number of Complaints on the following made by employees and workers:**

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	NIL	NIL	NA	NIL	NIL	NA
Discrimination at workplace	NIL	NIL	NA	NIL	NIL	NA
Child Labour	NIL	NIL	NA	NIL	NIL	NA
Forced Labour/Involuntary Labour	NIL	NIL	NA	NIL	NIL	NA
Wages	NIL	NIL	NA	NIL	NIL	NA
Other human rights related issues	NIL	NIL	NA	NIL	NIL	NA

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Whistle Blower Policy ensures the protection of the concerned individual/s and safeguard them at work against any retaliation or reprisal. Furthermore, the Company is committed to creating a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. With regards to this, Alkem has adopted Policy on Prevention of Sexual Harassment of Employees in accordance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. An Internal Complaints Committee (ICC) have been set up at the head office of the Company, i.e., Central Committee (HO) has been constituted by the Management to consider and redress complaints of sexual harassment. Additionally, the Company has established committees for every location of its business operations.

8. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, the human rights requirements form a part of business agreements. The Company has a 'Code of Ethics for Suppliers, Vendors and Other Stakeholders outlining the Company's commitment towards Human Rights and is applicable to all suppliers, contractors, vendors, business partners and other stakeholders.

9. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	100% (The Company's plants are inspected by the regulatory bodies on a periodic basis)
Forced/involuntary labor	
Sexual harassment	
Discrimination at workplace	
Wages	

10. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Not applicable.

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

The Company has not received any human rights grievance/ complaints during the reporting period. Therefore, no business processes were updated during the reporting period.

2. **Details of the scope and coverage of any Human rights due diligence conducted.**

The Company has not conducted any Human Rights due diligence during the reporting period. As a part of the policy statement, the Company outlines that it will undertake human rights due diligence to identify adverse human rights impact of the business on all relevant stakeholders and correspondingly address, prevent and mitigate through corrective actions.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, manufacturing facilities are accessible to differently abled visitors, in accordance with the requirements of the Rights of Persons with Disabilities Act, 2016. As the Company is committed to the well-being of people, it has incorporated various measures for an inclusive premises, including, ramps at entry/exit gates and parking areas, spacious lifts available to accommodate wheelchairs, and specially abled restrooms.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A) (GJ)	4,29,629	4,14,702
Total fuel consumption (B) (GJ)	2,98,384	3,61,362
Energy consumption through other sources (C) (GJ) (Steam)	2,64,772	2,96,635
Total energy consumption (A+B+C) (GJ)	**9,92,785**	**10,72,700**
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees) (GJ per million INR)	10.9	12.2

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assurance has not been carried out by an external agency.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	2,00,194	1,68,720
(ii) Groundwater	5,16,460	5,34,686
(iii) Third party water	52,102	68,672
(iv) Seawater / desalinated water	0	0
(v) Others (Rainwater storage)	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**7,68,756**	**7,72,078**
Total volume of water consumption (in kilolitres)	**5,68,902**	**5,73,930**
Water intensity per rupee of turnover (Water consumed / turnover) (Kl per million INR)	6.3	6.5

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assurance has not been carried out by an external agency.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, the Company has implemented a Zero Liquid Discharge (ZLD) System covering 64% of its manufacturing units. The Company follows standard protocols for water recycling and strives to reduce freshwater intake as much as possible. During the reporting period, approximately 74% of the total wastewater generated was recycled and used for utilities.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22* (Previous Financial Year)
NOx	T/year	197	-
SOx	T/year	196	-
Particulate matter (PM)	T/year	215	-

* Due to limited availability of the data for FY 2021-22, the Company has presented the air emissions data for FY 2022-23 only.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assurance has not been carried out by an external agency.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	26,461	31,367
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	91,817	1,07,033
Total Scope 1 and Scope 2 emissions per rupee of turnover	tCO2e/INR	1.3	1.6

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assurance has not been carried out by an external agency.

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details

1. Electrical power saving of process cooling tower fan by providing on/off controller with temperature controller.
2. Electrical power saving of utility tower fan by providing on/off controller with temperature controller.
3. Reduction in the cooling tower pump frequency to achieve cooling across the entire network.
4. Old conventional water-cooled air compressor replaced with new high energy efficient air-cooled air compressor to reduce the electricity and operational cost.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	1,669	1,343
E-waste (B)	1	0
Bio-medical waste (C)	17	15
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	643	649
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	2,233	3,027
Total (A+B + C + D + E + F + G+ H)	**4,607**	**5,114**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	3,881	4,251
(ii) Re-used	0	77
(iii) Other recovery operations	0	0
Total	**3,881**	**4,328**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	232	229
(ii) Landfilling	201	163
(iii) Other disposal operations	249	315
Total	**682**	**707**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assurance has not been carried out by an external agency.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company has adopted waste management practices in such a way that it reduces the amount of waste it produces and recycles the remaining waste. Alkem has partnered with an authorized agency responsible for collecting and recycling/co-processing plastic waste. This partnership helps the Company prevent its waste from ending up in landfills. The waste is categorized as hazardous waste, biomedical waste, electronic waste, etc., and is disposed of, recycled, or co-processed in an environmentally responsible manner that complies with all relevant regulations.

As a Brand Owner under the Plastic Waste Management Rules implemented by the Indian government, EPR liabilities are to be taken on by the brand owners or producers to whom the product is being sold. Additionally, as part of its commitment to sustainable development, the Company emphasizes the 3R principle: Reduce, Reuse, Recycle.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

None of operations/offices are situated in ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

There were no impact assessments conducted for projects in the financial year 2022-23.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N).

Yes, the Company is compliant with applicable environmental laws, regulations, and guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and the Environment Protection Act and its rules.

Leadership Indicators

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources (in GJ)		
Total electricity consumption (A)	39,390	2,792
Total fuel consumption (B)	1,26,923	1,30,728
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	1,66,313	1,33,520
From non - renewable sources		
Total electricity consumption (D)	3,90,238	4,11,910
Total fuel consumption (E)	1,71,461	2,30,635
Energy consumption through other sources (F) (Steam)	2,64,772	2,96,635
Total energy consumed from non-renewable sources (D+E+F)	8,26,471	9,39,180

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assurance has not been carried out by an external agency.

2. **Provide the following details related to water discharged:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) Sent to third parties		
- With treatment [Primary – Transfer to CETP after primary treatment]	59,803	54,203
Total water discharged (in kilolitres)	**59,803**	**54,203**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assurance has not been carried out by an external agency.

3. **Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):**

No manufacturing site and offices of the Company is located water stressed areas.

4. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Not Applicable

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not applicable

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Alkem has continued to maintain well-designed effluent treatment plant, pollution control devices such as scrubbers, dust collectors etc. which are operational and discharges as well as emissions are well within consented parameters specified by authorities. Procedures and Practices which are in-line with 3R principle (Reduce, Reuse and Recycle) are in place, as applicable.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The Company has implemented a business continuity plan (BCP) that is designed to minimize the impact of both planned and unplanned interruptions. Furthermore, it has also been included in the terms of reference (TOR) of the risk committee.

To manage disaster resilience, Alkem has ensured that all their manufacturing facilities have a disaster management plan in place and are adequately equipped to handle disasters, helping the Company to be well-prepared for a quick recovery from any potential disasters.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

The value chain of the entity does not have a significant adverse impact.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impact

No assessments have been conducted on our value chain partners during the reporting year.

PRINCIPLE 7: Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a) Number of affiliations with trade and industry chambers/ associations.

The Company is a active member of five (5) trade and industry chambers/associations.

b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.

The Company has an active membership of 5 trade/industry associations.

S. no	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (state/national)
1.	Indian Drugs Manufacturer's Association (IDMA)	National
2.	Indian Pharmaceutical Alliance (IPA)	National
3.	Bombay Chamber of Commerce & Industry	National
4.	Pharmaceutical Export Promotion Council of India	National
5.	Federation of Pharma Entrepreneurs (FOPE)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities:

During the Financial Year 2022-23, the Company has not received any cases related to anti-competitive practices.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.

ESSENTIAL INDICATORS

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year-

During the financial year 2022-23, no social impact assessment was performed for the projects undertaken by the Company.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:

Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

The Company proactively meets with key stakeholder groups including civil society organizations, media, and industry, to increase awareness about the Company's business, and provide explanations of their standpoints and answer queries as well. The Company also publishes in-house journals, newsletters, share initiatives through social media platforms to engage with employees, industry, communities, and government.

S. no	Stakeholders	Frequency	Mode of Dialogues	
			Formal	Informal
1.	Local Communities	Monthly/Day to Day	Organize monthly meeting (Vaarta) with communities	On a day-to-day basis during the visit of the Company's personnel to stakeholder's place or when the stakeholder visits the Company's office
2.	Partner Agencies i.e. NGO	Monthly / Quarterly/ Annually	Organize meetings for monitoring & evaluation of the ongoing & proposed initiatives	NA
3.	Government Bodies	Monthly & As and When required	Formal meetings	NA

4. Percentage of input material (inputs to total inputs by value) sourced from local or small-scale suppliers:

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directly sourced from MSMEs/ Small producers	21.47%	12.62%
Sourced directly from within the district and neighboring districts	Not available	

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. no	State	Aspirational District	Amount spent (INR)
1.	Bihar	Muzaffarpur	a) Construction of Advance Radiotherapy Center in Muzaffarpur 20 Cr commitment (2 Crore spent & 18 crore kept in unspent account) b) Home based Palliative Care Total Project Cost – 36.02 Lacs, ₹ 29.16 lacs spent and ₹ 6.86 lacs unspent
2.	Sikkim	West Sikkim	₹ 5 Lacs in Sanitation Project, focusing on campaign on sanitation and hygiene in the Government Schools

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) –

No

(b) From which marginalized /vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

Not Applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable

6. Details of beneficiaries of CSR Projects.

Name of Project	No. of persons benefitted from CSR Projects	% Of beneficiaries from vulnerable and marginalized groups
Healthcare	31,28,523	100%
Education	43,758	100%
Rural Development	6,41,664	100%
Environment	1,90,000	100%
Sports	164	NA

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in responsible manner

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company has a robust mechanism in place to handle and redress customer grievance. It also welcomes customer concerns/ feedback and focuses to address them promptly. To work coherently with the consumers' concerns, the company has updated their website to submit an incident of adverse event reporting elicited by the company's product.

Weblink for consumer redressal for adverse event - https://www.alkemlabs.com/adverse-event-reporting.php

2. Turnover of products and/ services as a percentage of turnover from all products/services that carry information.

Information related to	As a percentage to total turnover
Environment and Social parameters relevant to product	-
Safe and responsible usage	100%
Recycling and/or safe disposal	-

3. Number of consumer complaints

	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
	Received during the year	Pending resolution at the end of year	Received during the year	Pending resolution at the end of year
Data privacy	0	0	0	0
Advertising	0	0	0	0
Cyber-security	0	0	0	0
Delivery of essential services	0	0	0	0
Restrictive Trade Practices	0	0	0	0
Unfair Trade Practices	0	0	0	0
Others (Specifications, Labelling, and Packaging)	0	0	0	0

4. Details of instances of product recalls on account of safety issues

	Number	Reason for recall
Voluntary recalls	11	Considering the patient safety and as an abundant precaution, the products are voluntary recalled by the Company. These recall incidents are investigated and corrective actions, as applicable are implemented. This ensures the highest quality of products are in the market
Forced recalls	0	NA

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Alkem has robust cyber security policy, controls, tools and services to protect data. Alkem has implemented a security strategy that involves multiple layers of protection wherein each address a specific vulnerable area or weakness to enhance overall security. This strategy ensures that data remains secure even in the event of a failure or breach within the system. If one layer fails to prevent a threat, another layer will intervene to prevent or eliminate the threat. Moreover, Alkem adheres to the ISO 27001 Information Security standard to manage its information security.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   Not Applicable

LEADERSHIP INDICATORS

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   The channels and platforms providing information on products and services of the Company are available on the website of the Company and the same can be assessed at the following web-link www.alkemlabs.com

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   The Company strongly holds the view that it is their obligation to guarantee the safety and welfare of their consumers by offering products that promote a healthy lifestyle. The Company adheres to relevant regulatory requirements by disclosing detailed information to its consumers on safe storage, usage, adverse impacts, mitigation measures and disposal. Such information is made available through appropriate channels such as website, product information leaflets, product labels, etc. Alkem is committed to consistently providing high-quality products at affordable rates to all their consumers.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   As a responsible organization, the Company is committed in ensuring transparency by keeping its consumers and stakeholders informed of any disruptions/discontinuation of its essential services by relevant means of communications during consumer engagement.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)? If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Not applicable, the Company publishes all information on the product, as required under the law.

5. **Provide the following information relating to data breaches:**

   a. Number of instances of data breaches along-with impact – Nil

   b. Percentage of data breaches involving personally identifiable information of customers – Nil

Standalone Financial Statements

Independent Auditor's 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 2023, 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 significant accounting policies and other explanatory information in which are included financial information from one branch.

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 2023, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue from operations

See Note 2.9 and 3.19 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
Revenue is recognized when the control of the products being sold has been transferred to the customer. There is a risk of revenue being overstated as management, to achieve its performance targets, may recognize revenue on sale of products though control may not have transferred to the customer. 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.	Our audit procedures included the following: • Obtained an understanding of the systems, processes and controls implemented by the Company for recording revenue from sale of goods. • Evaluated Company's revenue recognition policies by assessing compliance with applicable accounting standards. • Assessed the IT environment in which the business system operates and tested system controls involved in revenue recognition. • Tested design, implementation and operating effectiveness of the Company's controls on generating sales order, recording of revenue, creation of new customers and process of revenue cut off. • On selected statistical samples of transactions, we tested the underlying documents, which include testing contractual terms of sale contracts/ invoices, shipping documents and lag time/ proof of delivery to test evidence for transfer of control. • Performed procedures to identify and test exceptional transactions such as one off sales to customers to identify any unusual transactions. • Tested manual journal entry posted to revenue to identify unusual transactions.

Independent Auditor's Report (Continued)

Investment in subsidiaries

See Note 2.4 and 3.2 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 March 2023, the carrying amount of investment in subsidiaries is ₹ 25,502.6 million. The carrying value of investment in subsidiaries will be recovered through future cash flows and accordingly there is inherent risk that these assets may be impaired if these cash flows do not meet the Company's expectations. Refer Note 2.4 and 3.2 to the standalone financial statements for details of accounting policies on impairment of investment in subsidiaries and related disclosures. Annual impairment testing of investments is considered to be a key audit matter due to the significance of the carrying value of these investments in the standalone financial statements, inherent complexity in auditing the forward-looking assumptions applied to determine recoverable value given the significant judgements involved. The key assumptions in the cash flow models include the forecast revenue, margins, terminal growth, weighted average cost of capital (discount rate).	In view of significance of the matter we applied following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence: • Tested the operating effectiveness of controls over Company's review of impairment analysis. • Compared the inputs with historical growth trends evaluating the forecast used in prior year models to its actual performance of the business. • Compared current forecasts to the business plan approved by the Board of Directors. Using our knowledge of the Company and industry, challenged significant assumptions and judgements used by the Company in its impairment assessment, specifically in relation to forecasted revenue, margins, terminal growth rate, and discount rates with the assistance of valuation specialists. • Performed sensitivity analysis of the key assumptions, including revenue growth rates, projected gross margins, and the discount rate applied in determining the recoverable value and considering the resulting impact on the impairment testing and whether there were any indicators of management bias in the selection of these key assumptions. • Evaluated adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities and impairment adjustment recorded during the year under audit.

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 auditor's 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 Responsibilities 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 the 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,

Independent Auditor's Report (Continued)

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 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 in preparation of standalone 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 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 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 auditor's 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 (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India 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.

Independent Auditor's Report (Continued)

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 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 Auditor's 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

a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 3.26 to the standalone financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 3.42 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 3.42 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in compliance accordance with Section 123 of the Act.

As stated in Note 3.33 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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) of the Act which are required to be commented upon by us.

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

Sreeja Marar
Partner
Membership No.: 111410
ICAI UDIN: 23111410BGYAUO8104

Place: Mumbai
Date: 19 May 2023

Annexure A to the Independent Auditor's Report

on the Standalone Financial Statements of Alkem Laboratories Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has conducted physical verification covering all the property, plant and equipments. Certain discrepancies noticed on such verification were not material and the same have been properly dealt with in the books of account.

(c) 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 immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. For goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments, provided gurarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us during the year the Company has provided following guarantees to subsidiaries, loans and advance in the nature of loans to its employees.

₹ in million

Particulars	Guarantee	Loans	Advances in nature of loans
Aggregate amount granted during the year			
– Subsidiaries	4,520		
– Others		9.6	14.1
Balance outstanding as at balance sheet date in respect of above cases			
– Subsidiaries	4,520		
– Others		4.4	4.3

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

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

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans and advances in nature of loan given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not given any loans, or provided guarantees or securities, as specified under section 185 of the Companies Act, 2013 ("the Act"). Further, the Company has complied with the provisions of Section 186 of the Act in relation to loans given, investments made and guarantees given. The Company has not provided any securities during the year.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these 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, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Tax deducted at source (TDS) and Provident Fund (PF).

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount under dispute (₹ in Millions)	Amount paid under protest (₹ in Millions)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act 1944	Excise Duty and Penalty	128.6	8.6	2006-2014	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act 1944	Excise Duty and Penalty	48.1	4.0	2015	Joint Secretary proceedings concluded*
Maharashtra VAT Act, 2002	Value Added Tax	127.8	8.8	2009-2018	Joint Commissioner Of Sales Tax (Appeals)
Maharashtra VAT Act, 2002	Value Added Tax	20.3	5.5	2010-11 & 2011-12	Sales Tax Tribunal - Mazgaon
Maharashtra VAT Act, 2002	Value Added Tax	65.4	4.6	2012-14	Joint Commissioner Of Sales Tax (Appeals)
Maharashtra VAT Act, 2002	Value Added Tax	4	0.2	2017-18	Joint Commissioner of Sales Tax (Appeals)
Bihar VAT Act, 2005	Value Aded Tax	0.7	0.2	1999-2001	Sales Tax Special circle
Bihar VAT Act, 2005	Value Added Tax	22	3.2	2010-12, 2015-16	Joint commissioner of Commercial taxes (Appeals)

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

Name of the statute	Nature of the dues	Amount under dispute (₹ in Millions)	Amount paid under protest (₹ in Millions)	Period to which the amount relates	Forum where dispute is pending
Bihar VAT Act, 2005	Value Added Tax	234.4	20.4	2016-17, 2017-18	Asst. Commissioner of State Tax
Odisha VAT Act, 2004	Value Added Tax	1	0.03	2014-16	Joint commissioner of Commercial Tax
Odisha VAT Act, 2004	Value Added Tax	1.3	0.1	2015-18 & 2012-14	Odisha Sales Tax Tribunal
Gujarat VAT Act, 2003	Value Added Tax	0.07	-	2006-07	Commissioner of Commercial Taxes Gujarat
Gujarat VAT Act, 2003	Value Added Tax	2.7	-	2010-11	Dy. Commissioner of Commercial Taxes Vadodara
Central Sales Tax Act, 1956	Central Sales Tax	15	0.7	2009-10, 2014-15, 2016-17 & 2017-18	Joint Commissioner of Sales Tax(Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	4.2	1.7	2002-05	Sales Tax Special Circle
Central Sales Tax Act, 1956	Central Sales Tax	64.1	7.2	2016-17 & 2017-18	Asst. Commissioner of State Tax
Central Sales Tax Act, 1956	Central Sales Tax	0.2	0.0	2014-18	Joint commissioner of Commercial Tax
Central Sales Tax Act, 1956	Central Sales Tax	0.2	0.1	2010-11	Sales Tax Tribunal - Mazgaon
Central Sales Tax Act, 1956	Central Sales Tax	0.2	0.1	2013-14	Joint Commissioner Of Sales Tax (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	3.3	0.3	2015-16	Jt. Commissioner Commercial Tax-Central Division, Patna
Central Sales Tax Act, 1956	Central Sales Tax	0.4	0.0	2012-14	Odisha Sales Tax Tribunal,Cuttack
Central Sales Tax Act, 1956	Central Sales Tax	0.1	0.0	2014-15	Joint Commissioner of Commercial Taxes Goa
Orissa Entry Tax Act, 1999	Orissa	0.2	0.1	2012-14	Odisha Sales Tax Tribunal,Cuttack
GST Act 2017	Goods and Service Tax	64.8	2.7	2017-18	Joint Commissioner of Commercial Tax (Appeals)/ Deputy commissioner of GST & Central Excise
Finance Act, 1994	Service Tax	1.1	0.0	2015-17	Commissioner (Appeals- II),CGST
Customs Act, 1962	Custom Duty	52.8	5.3	2013-15	The Customs, Excise & Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	1,498.9	123.7	2001-02, 2002-03, 2006-07 to 2013-14, 2015-16 to 2018-19	Commissioner of Income Tax (Appeals)

* Writ petition pending to be filed before Bombay High Court

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

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

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act. The Company does not have any associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act). The Company does not have any associates or joint ventures.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the 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, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

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

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.

(b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Section 135(6) of the said Act.

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

Sreeja Marar
Partner
Membership No.: 111410
ICAI UDIN: 23111410BGYAUO8104

Place: Mumbai
Date: 19 May 2023

Annexure B to the Independent Auditor's Report on the standalone financial statements of Alkem Laboratories Limited for the year ended 31 March 2023

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 Act

(Referred to in paragraph 2(A)(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 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date in which are included internal financial controls with reference to financial information of one branch.

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 2023, 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 Responsibilities 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 Act.

Auditor's 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

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

Sreeja Marar
Partner
Membership No.: 111410
ICAI UDIN: 23111410BGYAUO8104

Place: Mumbai
Date: 19 May 2023

Standalone Balance Sheet
as at 31 March 2023

(₹ in million)

Particulars			Note no.	As at 31 March 2023	As at 31 March 2022
I.	ASSETS				
1	Non-current assets				
	(a)	Property, plant and equipment	3.1	16,725.2	17,312.2
	(b)	Right of use assets	3.1	959.9	913.9
	(c)	Capital work in progress	3.1	1,851.0	2,324.5
	(d)	Other Intangible assets	3.1	565.8	594.6
	(e)	Intangible assets under development	3.1	436.5	-
	(f)	Investment in subsidiaries	3.2	25,502.6	22,770.2
	(g)	Financial assets			
		(i) Investments	3.2	1,427.0	1,164.3
		(ii) Loans	3.3	83.4	178.5
		(iii) Other financial assets	3.4	309.4	6,282.1
	(h)	Deferred tax assets (net)	3.7C	10,849.2	10,487.4
	(i)	Non-current tax assets (net)	3.7D	381.9	330.5
	(j)	Other non-current assets	3.5	498.2	727.4
	Total non-current assets			59,590.1	63,085.6
2	Current assets				
	(a)	Inventories	3.6	17,246.6	19,757.3
	(b)	Financial assets			
		(i) Investments	3.2	3,125.9	1,351.6
		(ii) Trade receivables	3.8	17,683.4	17,682.2
		(iii) Cash and cash equivalents	3.9	50.1	818.2
		(iv) Bank balances other than (iii) above	3.10	21,588.6	22,153.9
		(v) Loans	3.3	16.8	145.3
		(vi) Other financial assets	3.4	1,683.6	1,542.2
	(c)	Other current assets	3.11	6,327.1	5,138.1
				67,722.1	68,588.8
	(d)	Non-current assets held for sale	3.41	-	17.3
	Total current assets			67,722.1	68,606.1
	TOTAL ASSETS			127,312.2	131,691.7
II.	EQUITY AND LIABILITIES				
1	Equity				
	(a)	Equity share capital	3.12A	239.1	239.1
	(b)	Other equity	3.12B	93,259.4	87,197.5
	Total Equity			93,498.5	87,436.6
2	Liabilities				
2a	Non-current liabilities				
	(a)	Financial liabilities			
		(i) Lease liabilities	3.29	450.6	378.4
	(b)	Provisions	3.14	2,841.7	2,576.3
	(c)	Other non-current liabilities	3.15	73.1	62.8
	Total non-current liabilities			3,365.4	3,017.5
2b	Current liabilities				
	(a)	Financial liabilities			
		(i) Borrowings	3.13	11,258.9	22,455.2
		(ia) Lease liabilities	3.29	107.4	104.2
		(ii) Trade payables			
		Total outstanding dues of micro enterprises and small enterprises	3.16	980.1	794.4
		Total outstanding dues of creditors other than micro and small enterprises	3.16	9,783.3	10,315.8
		(iii) Other financial liabilities	3.17	4,904.2	4,799.1
	(b)	Other current liabilities	3.18	1,170.0	828.7
	(c)	Provisions	3.14	2,159.4	1,940.2
	(d)	Current tax liabilities (net)	3.7D	85.0	-
	Total current liabilities			30,448.3	41,237.6
	Total liabilities			33,813.7	44,255.1
	TOTAL EQUITY AND LIABILITIES			127,312.2	131,691.7
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

Sreeja Marar
Partner
Membership No. 111410

Mumbai
19 May 2023

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

Madhurima Singh
Executive Director
DIN. 09137323

M.K. Singh
Executive Director
DIN. 00881412

Srinivas Singh
Executive Director
DIN. 06744441

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
19 May 2023

Standalone Statement of Profit and Loss

for the year ended 31 March 2023

(₹ in million)

	Particulars	Note no.	For the year ended 31 March 2023	For the year ended 31 March 2022
1	**Income**			
	(a) Revenue from operations	3.19	90,545.5	88,298.1
	(b) Other income	3.20	2,662.9	1,998.9
	Total income		**93,208.4**	**90,297.0**
2	**Expenses**			
	(a) Cost of materials consumed	3.21	26,297.8	28,497.5
	(b) Purchases of stock-in-trade		9,431.3	10,770.4
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.22	2,577.3	(3,609.0)
	(d) Employee benefits expense	3.23	15,162.2	14,344.9
	(e) Finance costs	3.24	864.0	379.0
	(f) Depreciation and amortisation expense	3.1	2,298.5	2,189.8
	(g) Other expenses	3.25	23,307.4	20,190.7
	Total expenses		**79,938.5**	**72,763.3**
3	**Profit before exceptional items and tax (1) - (2)**		13,269.9	17,533.7
4	**Profit before tax**		**13,269.9**	**17,533.7**
5	**Tax expense**	3.7A		
	(a) Current tax		2,275.2	3,038.2
	(b) Deferred tax credit (net)		(350.0)	(917.0)
	Total tax expenses (a + b)		**1,925.2**	**2,121.2**
6	**Profit for the year (4) - (5)**		**11,344.7**	**15,412.5**
7	**Other comprehensive income**			
	(a) (i) Items that will not be reclassified subsequently to profit or loss	3.28	(33.7)	(74.7)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	3.7A	11.8	26.1
	(b) (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total of other comprehensive income for the year, net of tax		**(21.9)**	**(48.6)**
8	**Total comprehensive income for the year (6) + (7)**		**11,322.8**	**15,363.9**
9	**Earnings per share (in ₹): Face value of ₹ 2 each**			
	Basic and diluted earnings per share	3.31	94.88	128.90
	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

Sreeja Marar
Partner
Membership No. 111410

Mumbai
19 May 2023

For and on behalf of the Board of Directors of Alkem Laboratories Limited
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Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
19 May 2023

Standalone Statement of Changes in Equity

for the year ended 31 March 2023

(a) Equity share capital

(₹ in million)

Balance as at 1 April 2022	Change in equity share capital during the year	Restated balance as at 1 April 2022	Change in equity share capital during the year	Balance as at 31 March 2023
239.1	-	239.1	-	239.1

Balance as at 1 April 2021	Change in equity share capital during the year	Restated balance as at 1 April 2021	Change in equity share capital during the year	Balance as at 31 March 2022
239.1	-	239.1	-	239.1

(b) Other Equity

Particulars	Reserves and Surplus			Items of OCI	Total other equity
	Capital reserve	General reserve	Retained earnings	Remeasurement of defined benefit plans	
Balance as at 1 April 2021	5.2	19,380.4	57,006.2	(373.4)	76,018.4
Total Comprehensive Income for the year ended 31 March 2022					
Profit for the year	-	-	15,412.5	-	15,412.5
Other comprehensive income for the year (net of tax)	-	-	-	(48.6)	(48.6)
Total comprehensive income for the year	**-**	**-**	**15,412.5**	**(48.6)**	**15,363.9**
Transactions with owners of the company					
Dividend on equity shares **(Refer Note 3.33)**	-	-	(4,184.8)	-	(4,184.8)
Balance as at 31 March 2022	**5.2**	**19,380.4**	**68,233.9**	**(422.0)**	**87,197.5**
Total comprehensive income for the year ended 31 March 2023					
Profit for the period	-	-	11,344.7	-	11,344.7
Other comprehensive income for the period (net of tax)	-	-	-	(21.9)	(21.9)
Total comprehensive income for the period	**-**	**-**	**11,344.7**	**(21.9)**	**11,322.8**
Transactions with owners of the company					
Dividend on equity shares **(Refer Note 3.33)**	-	-	(5,260.9)	-	(5,260.9)
Balance as at 31 March 2023	**5.2**	**19,380.4**	**74,317.7**	**(443.9)**	**93,259.4**

The Description of the nature and purpose of each reserve within equity:

Capital reserve: Capital reserve represents investment subsidies from state government.

General reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve and dividends distributed to shareholders.

Remeasurement of defined benefit plans: Remeasurement of defined benefit plans represents actuarial gains and losses relating to gratuity.

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
19 May 2023

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
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DIN. 01278229

Rajesh Dubey
President - Finance & Chief Financial Officer

Manish Narang
President - Legal & Company Secretary

Mumbai
19 May 2023

Standalone Statement of Cash Flow

for the year ended 31 March 2023

(₹ in million)

	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A.	Cash Flow from Operating Activities:		
	Profit before tax	13,269.9	17,533.7
	Adjustments for:		
	Depreciation and amortisation	2,298.5	2,189.8
	Unrealised (gain) / loss on fair valuation of investments (net)	(329.8)	(37.6)
	Profit on sale of investments (net)	(19.3)	(28.8)
	Loss on sale / write off of property plant and equipment (net)	123.6	12.0
	Dividend income	(36.3)	(36.8)
	Interest income	(1,471.8)	(1,095.9)
	Interest expenses	864.0	379.0
	Allowances for doubtful debts	26.1	1.1
	Liabilities no longer required, written back	(10.7)	(140.8)
	Unrealised foreign currency (gain) / loss on revaluation (net)	(155.4)	(162.1)
	Subtotal of Adjustments	**1,288.9**	**1,079.9**
	Operating profit before working capital changes	14,558.8	18,613.6
	Adjustments for changes in working capital:		
	(Increase) / Decrease in trade receivables	19.2	(1,728.6)
	(Increase) / Decrease in loans, other financial assets and other assets	(838.5)	407.9
	(Increase) / Decrease in inventories	2,510.7	(4,624.8)
	Increase / (Decrease) in trade payable, other financial liabilities and other liabilities	82.6	3,195.0
	Increase in provisions	283.0	478.8
	Subtotal of Adjustments	**2,057.0**	**(2,271.7)**
	Cash generated from operations	16,615.8	16,341.9
	Less: Income taxes paid (net of refund)	(2,241.6)	(3,348.5)
	Net cash generated from operating activities	**14,374.2**	**12,993.4**
B	Cash Flow from Investing Activities:		
	Purchases of property, plant and equipment	(1,417.8)	(2,448.7)
	Sale of property, plant and equipment	27.6	105.9
	Proceeds from sale of / (Purchase of) investments (net)	(1,687.9)	304.0
	Investments in subsidiaries	(2,732.4)	(3,999.8)
	(Investment made in) / Redemption of bank deposits having maturity of more than 3 months (net)	6,515.1	(11,538.2)
	Dividend received	36.3	36.8
	Interest received	1,229.5	846.7
	Net Cash generated from / (used in) investing activities	**1,970.4**	**(16,693.3)**
C	Cash Flow from Financing Activities:		
	(Repayment of) / Proceeds from current borrowings (net)	(11,029.5)	8,929.0
	Repayment of lease liabilities (net)	(126.2)	(121.5)
	Dividends paid	(5,260.9)	(4,184.8)
	Interest paid	(696.1)	(256.8)
	Net cash (used in)/generated from financing activities	**(17,112.7)**	**4,365.9**
D	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(768.1)**	**666.0**
E	Cash and cash equivalents as at beginning of the year (Refer Note 3.9)	**818.2**	**152.2**
F	Cash and cash equivalents as at end of the year (D+E) (Refer Note 3. 9)	50.1	818.2

Notes:

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

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

3 Debt reconciliation in accordance with Ind AS 7:

Particulars	Current borrowings
As at 1 April 2021	13,328.4
Cash flows from borrowing during the year (net)	8,929.0
Non-Cash Items (foreign exchange changes)	197.8
As at 31 March 2022 (Refer note 3.13)	22,455.2
Cash flows from borrowing during the year (net)	(11,029.5)
Non-Cash Items (foreign exchange changes)	(166.7)
As at 31 March 2023 (Refer note 3.13)	11,258.9

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
19 May 2023

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

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Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
19 May 2023

Notes

to the standalone financial statements for the year ended 31 March 2023

1 General Information

Alkem Laboratories Limited ('the Company') was incorporated in 1973 under the provisions of Companies Act, 1956 of India, as a Company with limited liability. The Company is domiciled in India with its registered office address being Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, India. The Company is engaged in pharmaceutical business with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products.

2A Significant accounting policies:

2.1 Basis of preparation of Standalone Financial Statements ("financial statements"):

a) Statement of compliance

The financial statements of the Company as at and for the year ended 31 March 2023 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.

The financial statements are prepared in Indian Rupees in Million, rounded off to the nearest one decimal except for share data and per share data, unless otherwise stated.

The financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on 19 May 2023.

b) Basis of preparation and presentation

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2B. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Company presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Basis of measurement

These financial statements are prepared under historical cost convention except for provision for defined benefit obligations and certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

d) Functional and Presentation Currency

These financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.2 Property, plant and equipment ("PPE"):

i) Recognition and Measurement

a) Items of PPE are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of PPE comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly

Notes

to the standalone financial statements for the year ended 31 March 2023

attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

b) If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

c) Any gain or loss on disposal of an item of PPE is recognised in statement of profit and loss.

d) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets.

ii) Subsequent expenditure

Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

iii) Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of PPE is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / up to the date on which is asset is ready to use / disposed off. Freehold land is not depreciated.

The estimated useful lives of Tangible assets are as follows

PPE	Useful Life
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

* For these class of assets, the useful life of assets is different than the prescribed life as per Part C of Schedule II of the Companies Act, 2013. The different useful life is based on internal technical evaluation by the Company and historical usage of assets.

2.3 Intangible Assets:

i) Recognition and measurement

Research and development	Expenditure on research activities is recognised in statement of profit or loss as incurred.
	Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in statement of profit and loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

The estimated useful lives of intangible assets are as follows:

Intangible Assets	Useful Life
Computer Software	3 Years to 6 Years
Trade Marks & Patents	5 Years

Notes
to the standalone financial statements for the year ended 31 March 2023

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 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 the statement of profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.5 Leases:

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset;

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend the lease before the end of the lease term, but the renewal aspect has not been added to the lease term since the option to renew the lease lies with both the lessor and the lessee.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using discount rates generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet.

2.6 Financial instruments:

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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

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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

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termination of the contract Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued {but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on derecognition is also recognized in the statement of profit and 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 the statement of profit and 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.

Derivative liability

Derivative liability on account of put options exercisable on the Company have been recorded at fair value of the option considering the probability of the contingencies being met using a suitable valuation model at inception. All subsequent changes in fair value of the option value are recorded through the statement of profit and loss.

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.

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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 selling price of finished goods 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 is 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 towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

b) Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

c) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

d) Revenue (including in respect of insurance or other claims, etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.

e) Income from research and product registration (dossiers) services are deferred and allocated to the sales price of the product based on the best estimate of the sales that will be made by the contracting party over the contract period.

f) Interest income is recognized using the effective interest rate (EIR) method.

g) Dividend from investment is recognised as revenue when right to receive dividend is established.

Assets and liabilities arising from right to return:

The Company has contracts with customers which entitles them the unconditional right to return.

Right to return assets:

A right of return gives an entity a contractual right to recover the goods from a customer (return asset), if the customer exercises its option to return the goods and obtain a refund. The asset is measured at the carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Refund liabilities:

A refund liability is the obligation to refund part or all of the consideration received (or receivable) from the customer. The Company has therefore recognised refund liabilities in respect of customer's right to return. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimate of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Company has presented its right to return assets and refund liabilities as required under Ind AS 115 in the financial statements.

2.10 Foreign currency transactions and translations

Transactions in foreign currencies are translated into the functional currency of the Company by applying the appropriate fortnightly rate which best approximates the actual rate of the transaction.

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Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in the statement of profit and loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

2.11 Employee Benefits:

a) Post Employment Benefits and Other Long Term Benefits:

i) Defined Contribution Plan:

Company's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss. The Company's contribution towards provident fund are considered to be defined contribution plan for which the Company makes contribution on monthly basis.

ii) Defined Benefit and Other Long Term Benefit Plans:

Company's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of Other Comprehensive income in the period of occurrence of such gains and losses for gratuity. In respect of compensated absences, actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

b) Short term Employee Benefits:

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

2.12 Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates and tax laws enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is resonable evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence, it is presented as Deferred Tax Asset.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. However, deferred tax is not recognised :

- in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit

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- in case of temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised
- in case of temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.13 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

2.14 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

2.15 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

2.16 Government Grants:

Grants related to depreciable assets are treated as deferred income which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of its being received.

2.17 Non-current assets held for sale:

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sale. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the statement of profit and loss.

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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 statement of cash flows comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

2.19 Business Combinations:

Business combinations between entities under common control is accounted using pooling of interest method of accounting. Under pooling of interest method of accounting, none of the assets or liabilities is restated to their fair values. Instead, the acquirer incorporates carrying values from the date on which the business combination between entities under common control occurred.

2.20 Exceptional items:

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

2.21 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

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.

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Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Statement of Profit and Loss and tax payments.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

b. Recognition of MAT credit entitlement

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. This requires significant management judgement in determining the expected availment of the credit based on business plans and future cash flows of the Company.

c. Estimation of useful life

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset based on its technical expertise. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit and Loss.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

d. Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Due to inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

e. Impairment loss in investments carried at cost:

The Company conducts impairment reviews of investments in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which is based on future cash flows and a suitable discount rate in order to calculate the present value.

f. Fair value measurements and valuation processes

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

g. Defined Benefit Plans:

The cost of the defined benefit gratuity plan and other post-employment benefits and present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

h. Provision for anticipated sales return:

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

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3.1 Property, Plant and Equipment, Intangible Assets and Right of use assets

(₹ in million)

Particulars	Property plant and equipment								Intangible assets			Right of use
	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total	Computer software	Trade Mark & patents	Total	Land and Buildings
As at 1 April 2021	**1,179.7**	**526.2**	**6,115.7**	**13,125.2**	**419.1**	**301.6**	**902.1**	**22,569.6**	**357.8**	**1,237.8**	**1,595.6**	**653.7**
Additions	-	21.1	800.3	2,147.2	49.2	22.1	199.5	3,239.4	127.2	4.3	131.5	129.2
Adjustments **(Refer note 5 below)**	-	(547.3)	-	205.4	15.8	-	1.3	(324.8)	-	-	-	547.3
Deletions	-	-	(47.3)	(167.5)	(0.9)	(22.9)	(33.2)	(271.8)	-	-	-	-
As at 31 March 2022	**1,179.7**	**-**	**6,868.7**	**15,310.3**	**483.2**	**300.8**	**1,069.7**	**25,212.4**	**485.0**	**1,242.2**	**1,727.1**	**1,330.2**
Additions	68.9		148.4	999.6	32.9	18.2	167.3	1,435.3	127.8	96.7	224.5	202.7
Adjustments **(Refer note 5 below)**	-	-	-	84.4	-	-	1.1	85.4	-	-	-	-
Deletions			(37.5)	(348.7)	(20.6)	(47.7)	(352.9)	(807.3)	(22.4)	(65.4)	(87.8)	-
As at 31 March 2023	**1,248.6**	**-**	**6,979.6**	**16,045.5**	**495.5**	**271.3**	**885.2**	**25,925.8**	**590.4**	**1,273.5**	**1,863.8**	**1,532.9**
Depreciation and Amortisation												
As at 1 April 2021	-	32.8	684.5	4,448.7	189.2	145.4	583.0	6,083.6	292.3	612.9	905.2	246.5
Depreciation/amortisation for the year	-	8.5	204.6	1,385.6	45.0	33.7	156.5	1,834.0	64.8	162.5	227.3	128.5
Adjustments **(Refer note 5 below)**	-	(41.3)	-	161.0	15.6	-	1.2	136.5	-	-	-	41.3
Deductions	-	-	(2.8)	(107.2)	(0.6)	(16.3)	(27.0)	(153.9)	-	-	-	-
As at 31 March 2022	**-**	**-**	**886.3**	**5,888.1**	**249.2**	**162.8**	**713.7**	**7,900.2**	**357.1**	**775.4**	**1,132.5**	**416.3**
Depreciation/amortisation for the year	-	-	208.7	1,439.5	43.3	33.0	163.9	1,888.4	81.7	171.7	253.4	156.7
Adjustments **(Refer note 5 below)**	-	-	-	67.3	-	-	0.9	68.2	-	-	-	-
Deductions	-	-	(18.3)	(250.6)	(18.4)	(38.2)	(330.7)	(656.2)	(22.4)	(65.4)	(87.8)	-
As at 31 March 2023	**-**	**-**	**1,076.7**	**7,144.3**	**274.1**	**157.6**	**547.8**	**9,200.6**	**416.4**	**881.7**	**1,298.0**	**573.0**
Net Book Value												
As at 31 March 2022	1,179.7	-	5,982.4	9,422.2	234.0	138.0	356.0	17,312.2	127.9	466.7	594.6	913.9
As at 31 March 2023	**1,248.6**	**-**	**5,902.9**	**8,901.3**	**221.4**	**113.7**	**337.4**	**16,725.2**	**174.0**	**391.7**	**565.8**	**959.9**

Notes:

1. Addition to Property, Plant and Equipment includes items aggregating ₹ **90.6 Million** (For the year ended 31 March 2022 ₹111.2 Million) located at Research and Development Centres of the Company.

2. Capital work in progress comprises expenditure in respect of various plants in the course of construction/expansion. Total amount of Capital work in progress is ₹ **1,851.0 Million** as at 31 March 2023 (31 March 2022: ₹2,324.5 million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **19.8 Million** (For the year ended 31 March 2022: ₹5.9 Million).

3. **Refer Note 3.26(b)(1)** for contractual commitments with respect to property, plant and equipments.

4. Exclusive charge by way of hypothecation over the whole of the movable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable assets, both present and future subject to a maximum 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 $ 20.0 million** advanced by Banco de Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company and **US $ 5.0 million** advanced to PharmaNetwork SpA, Chile, a wholly owned subsidiary of Ascend Laboratories SpA, Chile.

5. During the year ended 31 March 2023 and 31 March 2022, certain assets, which were categorised as assets held for sale previously have been reclassified to Property, Plant and Equipment and the balance of leasehold land has been transferred to Right of use asset pursuant to IND AS 116.

Notes
to the standalone financial statements for the year ended 31 March 2023

6. Depreciation and amortisation expense:

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation expense	1,888.4	1,834.0
Amortisation expense	410.1	355.8
Total	**2,298.5**	**2,189.8**

Capital work-in-progress

Capital work-in-progress ageing schedule for the year ended 31 March 2023 and 31 March 2022 is as follows: (₹ in million)

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progess	509.2	671.6	218.5	451.7	1,851.0
	(1,363.8)	(287.8)	(242.6)	(430.3)	(2,324.5)
Projects temporarily suspended	-	-	-	-	-
	-	-	-	-	-

For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan the project wise details of when the project is expected to be completed is given below as of 31 March 2023 and 31 March 2022: (₹ in million)

Particulars	To be completed in				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project 1	20.4	-	-	-	20.4
	(27.1)	(-)	(-)	(-)	(27.1)
Project 2	1,031.7	-	-	-	1,031.7
	(-)	(-)	(-)	(-)	(-)
Project 3	313.4	-	-	-	313.4
	(-)	(-)	(-)	(-)	(-)
Project 4	-	-	-	-	-
	(17.4)	(-)	(-)	(-)	(17.4)

Intangible assets under development

Intangible assets under development ageing schedule for the year ended 31 March 2023 and 31 March 2022 is as follows: (₹ in million)

Particulars	Amount in Intangible assets under development for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progess	436.5	-	-	-	436.5
	(-)	(-)	(-)	(-)	(-)
Projects temporarily suspended	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)

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

Notes

to the standalone financial statements for the year ended 31 March 2023

3.2 Investments:

Particulars	Units as at 31 March 2023	Units as at 31 March 2022	Face Value	As at 31 March 2023 (₹ in Million)	As at 31 March 2023 (₹ in Million)	As at 31 March 2022 (₹ in Million)	As at 31 March 2022 (₹ in Million)
Non-Current Investments							
In Equity Shares Unquoted: [at cost]							
A) Investment in Subsidiaries:							
Ascend Laboratories (Pty) Limited	49,960	49,960	Rand 10	68.8		68.8	
Alkem Laboratories Corporation, Philippines **[Refer Note 2 (a)]** (Including 5 shares held by the nominees)	5,139,682	3,567,622	Peso 100	717.4		485.0	
Ascend GmbH, Germany (One share of Euro 250, second share of Euro 24,750 and third share of Euro 751,880)	3	3	NA	160.9		160.9	
Ascend Laboratories Sdn. Bhd., Malaysia (₹ 91)	2	2	Ringgit 1	0.0		0.0	
S & B Holdings B.V., Netherlands	42,964,652	42,964,652	Euro 1	4,682.3		4,682.3	
Alkem Laboratories Korea Inc., South Korea	15,000	15,000	Korean Won 100	0.1		0.1	
Ascend Laboratories SpA, Chile (1,000 Nominative Shares, without par value)	5,427	5,427	NA	281.0		281.0	
Pharmacor Limited, Kenya	1,000	1,000	KES 100	0.1		0.1	
Pharmacor Pty Limited, Australia (without par value)	68,313,954	68,313,954	NA	224.7		224.7	
Ascend Laboratories (UK) Limited, UK (issued capital 250,000 shares of 1 GBP of which 40 Pence is called up & paid)	250,000	250,000	GBP 1	9.9		9.9	
The Pharma Network, LLC	59,674,767	59,674,767	NA	7,583.0		7,583.0	
Cachet Pharmaceuticals Private Limited, India	10,813	10,813	INR 100	925.8		925.8	
Indchemie Health Specialities Private Limited, India	127,500	127,500	INR 10	1,640.7		1,640.7	
Enzene Biosciences Limited, India **[Refer Note 2 (b)]**	47,085,843	40,724,500	INR 10	9,140.0		6,640.0	
Ascend Laboratories SAS, Colombia	1,123,329	1,123,329	COP 1,000	21.9		21.9	
Ascend Laboratories Limited, Canada	20,000	20,000	CAD 1	1.1		1.1	
Alkem Foundation, India	10,000	10,000	INR 10	0.1		0.1	
Connect 2 Clinic Private Limited, India	1,499,994	1,499,994	INR 10	15.0	25,472.8	15.0	22,740.4
Investment in Limited Liability Partnership Firm: Unquoted: [at cost]							
The Pharma Network LLP, Kazakhstan					157.6		157.6
Investment in Subsidiaries					25,630.4		22,898.0
Provision for impairment in value of investments (Refer note 5 below)					(127.8)		(127.8)
Investment in Subsidiaries - Sub total (A)					**25,502.6**		**22,770.2**

Notes

to the standalone financial statements for the year ended 31 March 2023

	Particulars	As at 31 March 2023		As at 31 March 2022	
		(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
B)	**Other Non-Current Investments:**				
	In Equity Shares of Other Companies and Limited Liability Partnership Firm: Unquoted [at fair value through profit and loss] (Refer note 3 below)		408.7		408.6
	In Preference Shares of Other Companies : Unquoted [at fair value through profit and loss] (Refer note 4 below)		150.0		-
	Investment In Venture Capital Fund :Unquoted (Non Trade) [at fair value through profit and loss]		712.0		599.4
	Non Convertible Debentures [at amortised cost]:				
	Quoted		156.3		156.3
	Other Non Current Investments - Sub total (B)		**1,427.0**		**1,164.3**
	Total (A+B)		**26,929.6**		**23,934.5**

Notes:

1) Details of The PharmaNetwork LLP, Kazakhstan:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Profit Sharing Ratio	Capital Accounts	Profit Sharing Ratio	Capital Accounts
Alkem Laboratories Limited	100.00%	157.6	100.00%	157.6
Total	**100.00%**	**157.6**	**100.00%**	**157.6**

2) **During the year, the Company has contributed by way of capital contribution:**

a) **₹232.4 Million** in wholly owned subsidiary in Philippines viz, "Alkem Laboratories Corporation".

b) **₹2,500.0 Million** in subsidiary in India viz, "Enzene Biosciences Limited".

3) During the previous year, the Company had invested **₹400.0 million** in ABCD Technologies LLP with an objective to digitize healthcare infrastructure in India towards facilitating good distribution practices, inter alia, in support of the National Digital Health Mission of Government of India. As at 31 March 2023, the Company had a 6.45% share of profit/loss and voting rights.

4) During the current year, the Company has invested ₹ **150.0 million** in Eyestem Research Private Limited with an objective to create a global and scalable cell therapy platform to treat opthalmic diseases.

5) Provision for impairment in value of investments relates to impairment loss of ₹ **127.8 Million** with respect to investment in Alkem Laboratories Corporation, Philippines.

C. Current Investments

(₹ in Million)

Particulars	As at 31 March 2023	As at 31 March 2022
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 note 5 below**	1,042.6	1,073.3
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]	266.2	270.2
4) Non Convertible Debentures : - Quoted (at amortised cost)	1,809.0	-
Total	**3,125.9**	**1,351.6**

Notes

to the standalone financial statements for the year ended 31 March 2023

Notes:

(₹ in Million)

	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Quoted investments	2,231.5	2,231.5	426.5	426.5
2) Aggregate value of Unquoted investments	27,824.0	N.A.	24,859.5	N.A.
3) Aggregate amount of impairment in the value of Investments	(127.8)		(127.8)	
4) All Investments in Shares & Securities are fully paid up. (Except **Refer Note 3.26(b)-2**)				

5) During the year ended 31 March 2016, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Company in order to focus on its core business activities and for other commercial reasons, restructured its investment in Avenue Venture Real Estate Fund ("Fund") by entering into an Option Agreement with Mr. Tushar Kumar, which was in force for a period of 2 years from the execution date i.e 10 March 2016, 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. The Option Agreement was subsequently renewed for a period of 2 years by executing First Supplementary agreement and Second Supplementary agreement till 9 March 2020 and 9 March 2022 respectively. During the previous year, the Company had renewed the said Option Agreement, by executing a Third Supplementary Agreement, as approved in its Board meeting held on 4 February 2022 for a further period of 2 years valid till 9 March 2024.

3.3 Loans

(₹ in Million)

Particulars	As at 31 March 2023	As at 31 March 2022
A. Non-current loans		
Loans to subsidiary companies **(Refer note 3.35)**	3.2	98.3
Less: Loss allowance	-	-
	3.2	**98.3**
Other receivables	80.2	80.2
Total	**83.4**	**178.5**
B. Current loans		
Loans to employees	16.8	145.3
Total	**16.8**	**145.3**
Break-up of loans		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	100.2	323.8
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**100.2**	**323.8**
Less: Loss allowance	-	-
Total loans	**100.2**	**323.8**

Notes
to the standalone financial statements for the year ended 31 March 2023

3.4 Other financial assets

(₹ in Million)

Particulars	As at 31 March 2023	As at 31 March 2022
A. Other non current financial assets		
(Unsecured, considered good unless otherwise stated)		
In deposit Accounts:		
Bank deposits with maturity beyond 12 months	61.7	6,011.5
Interest on deposits, accrued but not due	1.8	96.3
Balances with government authorities	245.9	174.3
Total	**309.4**	**6,282.1**
B. Other current financial assets		
(Unsecured, considered good unless otherwise stated)		
Interest on deposits, accrued but not due	849.1	512.4
Other receivables	279.6	34.9
Incentive receivable from government	460.6	903.1
Security deposits	94.3	91.8
Total	**1,683.6**	**1,542.2**

3.5 Other non-current assets

(₹ in Million)

Particulars	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good unless otherwise stated)		
Capital advances	51.5	256.5
Balances with government authorities	444.4	468.7
Other advances	2.3	2.2
Total	**498.2**	**727.4**

3.6 Inventories

(₹ in Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Raw and packing materials	6,447.4	6,346.9
Goods-in-transit	94.4	128.3
	6,541.8	**6,475.2**
Work-in-progress	1,246.0	1,063.5
Finished goods	5,362.5	6,517.7
Goods-in-transit	1,992.1	2,529.9
	7,354.6	**9,047.7**
Stock-in-trade	2,030.1	3,104.9
Goods-in-transit	74.1	66.0
	2,104.2	**3,170.9**
Total	**17,246.6**	**19,757.3**

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 2023 is ₹ **604.4** Million (31 March 2022: ₹462.9 Million)

Notes

to the standalone financial statements for the year ended 31 March 2023

3.7 Income tax

(A) Components of Income Tax Expenses

(i) Tax Expense recognised in profit and loss

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Current tax		
Current year tax	2,275.2	3,038.2
	2,275.2	**3,038.2**
Deferred tax credit (net)		
Minimum Alternate Tax (MAT) credit entitlement	(421.5)	(1,519.1)
Origination and reversal of temporary differences	71.6	602.1
	(350.0)	**(917.0)**
Tax expense for the year	**1,925.2**	**2,121.2**

(ii) Tax recognised in other comprehensive income

(₹ in million)

Particulars	For the year ended 31 March 2023			For the year ended31 March 2022		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans	(33.7)	11.8	(21.9)	(74.7)	26.1	(48.6)
	(33.7)	**11.8**	**(21.9)**	**(74.7)**	**26.1**	**(48.6)**

(B) Reconciliation of effective tax rate

(₹ in million)

Particulars	(%)	For the year ended 31 March 2023	(%)	For the year ended 31 March 2022
Profit before tax		13,269.9		17,533.7
Tax using the Company's applicable tax rate (Current year 34.9% and Previous Year 34.9%)	34.9%	4,636.5	34.9%	6,126.3
Tax effect of:				
Long term capital gains taxable at lower rate / exempt under income tax	0.0%	2.3	-0.1%	(10.7)
Deferred tax reversal during tax holiday period	0.6%	79.7	-0.1%	(17.8)
Additional deduction allowed under Income Tax Act	-29.1%	(3,868.1)	-29.1%	(5,102.1)
Utilisation of previously written off MAT Credit	0.0%	-	-0.4%	(67.8)
Permanent disallowance - current year	4.2%	557.7	1.9%	341.5
Permanent disallowance - prior years	2.8%	365.0	5.6%	978.3
Others	1.1%	152.1	-0.7%	(126.5)
	14.5%	**1,925.2**	**12.1%**	**2,121.2**

Notes
to the standalone financial statements for the year ended 31 March 2023

(C) Movement in deferred tax assets and liabilities

(₹ in million)

Particulars	Net balance 1 April 2022	Recognised in profit or loss	Recognised in OCI	Net balance 31 March 2023
Deferred Tax Liabilities:				
Property, plant and equipment and Intangible assets	(1,824.1)	36.2	-	(1,787.9)
Investments	(175.1)	(115.2)	-	(290.3)
Deferred Tax Assets:				
Employee benefits	1,028.4	70.1	11.8	1,110.4
Trade receivables	121.4	(4.8)	-	116.6
Deferred Government Grant	24.9	3.3	-	28.2
Impairment of investment in subsidiary	29.8	-	-	29.8
Other items	331.9	(61.1)	-	270.8
MAT credit entitlement	10,950.2	421.5	-	11,371.7
Net Deferred Tax Assets / (Liabilities)	**10,487.4**	**350.0**	**11.8**	**10,849.2**

(₹ in million)

Particulars	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	Net balance 31 March 2022
Deferred Tax Liabilities:				
Property, plant and equipment and Intangible assets	(1,710.7)	(113.4)	-	(1,824.1)
Investments	(180.1)	5.0	-	(175.1)
Deferred Tax Assets:				
Employee benefits	911.8	90.5	26.1	1,028.4
Trade receivables	119.1	2.3	-	121.4
Deferred Government Grant	28.1	(3.2)	-	24.9
Impairment of investment in subsidiary	29.8	-	-	29.8
Other items	172.5	159.4	-	331.9
MAT credit entitlement	10,173.8	776.4	-	10,950.2
Net Deferred Tax Assets / (Liabilities)	**9,544.3**	**917.0**	**26.1**	**10,487.4**

The company offsets tax assets and liabilities only if it has a legally enforceable right to set off tax assets and tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets.

(D) Tax assets and liabilities

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Non Current tax assets (net)	381.9	330.5
Current tax liabilities (net)	85.0	-

(E) Unrecognised deferred tax assets

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Unrecognised MAT Credit Entitlement	810.0	742.2

Notes

to the standalone financial statements for the year ended 31 March 2023

3.8 Trade receivables

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
(Unsecured)		
Considered good	17,964.3	17,967.8
Credit impaired	-	-
Less: Loss allowance	(280.9)	(285.6)
Total	**17,683.4**	**17,682.2**

Note:

1. Above trade receivables include amount due from related parties ₹**11,155.4 Million** (31 March 2022: ₹12,423.1 Million) - **Refer Note 3.35**
2. **Refer note 3.36** for information about credit risk and market risk of trade receivables

Trade receivables ageing schedule for the year ended 31 March 2023 and 31 March 2022

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months-1 Year	1-2 Years	2-3 Years	More than 3 years	Total
i) Undisputed Trade receivables - considered good	11,331.8	5,642.0	497.1	199.5	23.5	178.7	17,872.6
	(14,807.0)	*(2,421.3)*	*(284.8)*	*(72.5)*	*(89.4)*	*(234.3)*	*(17,909.3)*
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
iv) Disputed Trade receivables - considered good	-	-	6.2	56.5	23.4	5.6	91.7
	-	*(12.9)*	*(19.2)*	*(4.3)*	*(0.0)*	*(22.1)*	*(58.5)*
v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

The Company does not have any transactions or balances with struck off Companies

3.9 Cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	3.7	3.6
Cheques and drafts on hand	28.2	615.7
Balance with banks:		
In current accounts	18.2	191.9
In Unspent CSR account	-	1.0
In Benevolent fund account	-	6.0
Total	**50.1**	**818.2**

Notes
to the standalone financial statements for the year ended 31 March 2023

3.10 Bank balances other than cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Unpaid dividend account	2.0	1.8
Unspent CSR account	1.0	-
Benevolent fund account	3.9	-
Bank deposits with maturity within 12 months	21,581.7	22,152.1
Total	**21,588.6**	**22,153.9**

Note:

Bank deposits of ₹ **16,360.5** Million (31 March 2022: ₹13,438.0 Million) are under lien with banks against Overdraft facilities availed.

3.11 Other current assets

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good unless otherwise stated)		
Balances with government authorities	4,749.0	4,103.0
Advance to suppliers and employees:		
Considered good	1,142.5	502.4
Considered doubtful	124.1	133.1
	1,266.6	**635.5**
Less: Loss allowance	(124.1)	(133.1)
	1,142.5	**502.4**
Prepaid expenses	290.5	391.8
Right of return asset	145.1	140.9
Total	**6,327.1**	**5,138.1**

3.12A Equity share capital

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised:		
250,000,000 equity shares of ₹2 each (31 March 2022: 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 2022: 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 2023		As at 31 March 2022	
	Number of shares	(₹ in Million)	Number of shares	(₹ in Million)
At the commencement of the year	119,565,000	239.1	119,565,000	239.1
At the end of the year	**119,565,000**	**239.1**	**119,565,000**	**239.1**

Notes
to the standalone financial statements for the year ended 31 March 2023

(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:

Name of the shareholders:	As at 31 March 2023		As at 31 March 2022	
	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%
Legal heir of Late Dhananjay Kumar Singh	9,518,565	7.96%	9,518,565	7.96%
Mr. Basudeo Narain Singh	8,695,360	7.27%	8,662,100	7.24%
Mr. Mritunjay Kumar Singh	7,682,000	6.42%	7,630,000	6.38%

(d) Aggregate Number of bonus shares issued for the consideration other than cash during the period of five years immediately preceeding the reporting date:

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

(e) Promoters shareholding

Promoter name	No. of shares as at 31 March 2023	No. of shares as at 31 March 2022	% of total shares	% change during the year
Sarandhar Singh (shares held on behalf of Samprada & Nanhamati Singh Family Trust)	25,205,800	25,205,800	21.08%	0%
Basudeo Narain Singh	8,695,360	8,662,100	7.27%	0%
Mritunjay Kumar Singh	7,682,000	7,630,000	6.42%	1%
Legal heir of Late Dhananjay Kumar Singh	9,518,565	9,518,565	7.96%	0%
Jayanti Sinha	5,138,220	5,138,220	4.30%	0%
Madhurima Singh	948,194	908,694	0.79%	4%
Seema Singh	2,937,740	2,937,740	2.46%	0%
Archana Singh	2,394,050	2,394,050	2.00%	0%
Divya Singh	1,208,971	1,208,971	1.01%	0%
Meghna Singh	1,208,650	1,208,650	1.01%	0%
Aniruddha Singh	1,208,971	1,208,971	1.01%	0%
Shrey Shree Anant Singh	1,195,650	1,195,650	1.00%	0%
Raj Kumar Singh	538,038	538,038	0.45%	0%
Sandeep Singh	97	112,357	0.00%	-100%
Srinivas Singh	102,695	81,100	0.09%	27%
Sarandhar Singh	79,800	79,800	0.07%	0%
Sarvesh Singh	79,800	79,800	0.07%	0%
Legal heir of Late Balmiki Prasad Singh	100,516	122,111	0.08%	-18%
Satish Kumar Singh	71,934	71,934	0.06%	0%
Inderjit Kaur Arora	7,800	7,800	0.01%	0%
Madhurima Singh (shares held on behalf of Dhananjay and Madhurima Singh Trust)	20,055	3,055	0.02%	556%
Annapurna Singh	3,041	1	0.00%	304000%
Manju Singh	1	1	0.00%	0%
Premlata Singh	1	1	0.00%	0%

Notes
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3.12 B Other equity

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Capital reserve	5.2	5.2
General reserve	19,380.4	19,380.4
Retained earnings	74,317.7	68,233.9
Other comprehensive income	(443.9)	(422.0)
Total	**93,259.4**	**87,197.5**

3.13 Borrowings

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Current borrowings		
Secured		
Loans repayable on demand from banks	1,193.1	10,100.7
	1,193.1	**10,100.7**
Unsecured		
Working capital loan from banks	10,065.8	12,354.5
	10,065.8	**12,354.5**
Total	**11,258.9**	**22,455.2**

Notes:

Secured:

Loans repayable on demand from Banks include:

1. Overdrafts from banks ₹ **1,193.1 Million** (31 March 2022: ₹10,100.7 Million) are secured against pledge of fixed deposits with the banks.
2. Overdraft Facilities carry a rate of interest ranging between 5.25% to 8.20% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.

Unsecured:

3. Packing Credit in Foreign Currencies of ₹ **10,065.8.Million** (31 March 2022: ₹12,354.5 Million) are repayable on demand carries Interest rate in the range of 0.30% to 5.97%.

3.14 Provisions

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
A. Non-current provisions		
Provisions for employee benefits		
- Gratuity **(Refer note 3.28)**	1,397.1	1,279.1
- Compensated absences	830.3	782.8
Provision for anticipated sales returns **(Refer note.3.32)**	614.3	514.4
Total	**2,841.7**	**2,576.3**
B. Current provisions		
Provision for employee benefits:		
- Gratuity **(Refer note 3.28)**	688.9	670.2
- Compensated absences	260.9	210.7
Provision for anticipated sales returns **(Refer note.3.32)**	1,209.6	1,059.3
Total	**2,159.4**	**1,940.2**

Notes

to the standalone financial statements for the year ended 31 March 2023

3.15 Other non-current liabilities

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred income on government grant **(Refer note 3.40)**	73.1	62.8
Total	**73.1**	**62.8**

3.16 Trade payables

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises **(Refer note 3.27)**	980.1	794.4
Total outstanding dues of creditors other than micro and small enterprises	9,783.3	10,315.8
Total	**10,763.4**	**11,110.2**

Note:-

Due to related parties ₹**1,599.5 Million** (31 March 2022: ₹1,659.6 Million) **(Refer note 3.35)**

Trade payables ageing schedule for the year ended 31 March 2023 and 31 March 2022

(₹ in million)

Particulars	Outstanding for following periods from due date of payment					
	Not due	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
i) MSME	189.6	790.5	-	-	-	980.1
	(717.7)	*(75.7)*	*(0.5)*	*(0.1)*	*(0.4)*	*(794.4)*
ii) Others	7,053.5	2,351.0	190.2	33.7	146.7	9,775.1
	(7,082.5)	*(2,982.3)*	*(48.5)*	*(79.5)*	*(123.0)*	*(10,315.8)*
iii) Disputed dues - MSME	-	-	-	-	-	-
	-	-	-	-	-	-
iv) Disputed dues - Others	-	-	-	-	8.2	8.2
	-	-	-	-	-	-

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

Relationship with struck off companies:

(₹ in million)

Name of Struck off company	Nature of Transactions	Transactions during the year 31 March 2023	Balance o/s. at the end of the year as at 31 March 2023	Transactions during the year 31 March 2022	Balance o/s. at the end of the year as at 31 March 2022	Relationship with the Struck off company, if any, to be disclosed
Piccadily Holiday Resorts Ltd	Payables	0.6	-	0.6	*	Vendor
Shakun And Company (Services) Pvt Ltd	Payables	*	-	*	-	Vendor
Great Eastern Trading Co.	Payables	0.1	-	-	-	Vendor

* Less than 1 lakh

Notes

to the standalone financial statements for the year ended 31 March 2023

3.17 Other financial liabilities

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Other current financial liabilities		
Employee payables	1,619.7	1,785.2
Security deposits	272.7	180.2
Accrual for expenses	3,009.8	2,831.9
Unpaid dividend*	2.0	1.8
Total	**4,904.2**	**4,799.1**

Notes:-

* Amounts due for payment to the Investor education and protection fund ("IEPF") under Section 125 of the Companies Act, 2013 ₹ **0.2 Million** (31 March 2022: ₹Nil). The same has been deposited within the statutory timelines.

3.18 Other current liabilities

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Due to statutory authorities*	882.8	592.5
Advances from customers	279.0	227.1
Deferred income on government grant **(Refer note 3.40)**	8.2	9.1
Total	**1,170.0**	**828.7**

Notes:-

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

3.19 Revenue from operations

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of products- (A)	88,941.6	87,100.6
Other operating revenues:		
Export incentives	150.3	165.7
Scrap sales	179.2	168.7
Budgetary support benefit under GST	748.7	765.0
Miscellaneous income	525.7	98.1
Total other operating revenue: - (B)	**1,603.9**	**1,197.5**
Total (A) + (B)	**90,545.5**	**88,298.1**

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 2023	For the year ended 31 March 2022
Revenue from contract with customers as per contracted price	93,569.7	91,706.3
Adjustments made to contract price on account of:		
Less: Sales return	1,471.0	1,667.7
Less: Discounts	3,157.1	2,938.0
Revenue from contract with customers	88,941.6	87,100.6
Other operating revenue	1,603.9	1,197.5
Revenue from operations	**90,545.5**	**88,298.1**

Notes

to the standalone financial statements for the year ended 31 March 2023

b) Disaggregation of revenue from contracts with customers based on geography (at a point in time):

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from Operations:		
Country of Domicile - India	74,101.0	68,703.8
United States of America	12,300.3	15,190.3
Other Countries	4,144.2	4,404.0
	90,545.5	**88,298.1**

3.20 Other income

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income on		
- Bank deposits	1,377.4	1,037.1
- Bonds, debentures and loans at amortised cost	94.4	58.8
Dividend income on equity securities	36.3	36.8
Foreign currency transactions and translation gain (net)	412.4	337.2
Gain on fair value of investments through profit and loss	329.8	37.6
Liabilities/provisions no longer required, written back	10.7	140.8
Rental income	21.4	22.8
Profit on sale of investments at FVTPL (net)	19.3	28.8
Profit on sale of brand (net)	-	34.0
Miscellaneous income *	361.2	265.0
	2,662.9	**1,998.9**

* Includes freight income recovered from subsidiaries **(Refer note 3.35)**

3.21 Cost of materials consumed

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw material consumed	21,663.0	22,978.6
Packing material consumed	4,634.8	5,518.9
	26,297.8	**28,497.5**

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

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening stock:		
Finished goods	9,047.7	6,527.5
Stock-in-trade	3,170.9	2,298.8
Work-in-progress	1,063.5	846.8
	13,282.1	**9,673.1**
Less: Closing stock:		
Finished goods	7,354.6	9,047.7
Stock-in-trade	2,104.2	3,170.9
Work-in-progress	1,246.0	1,063.5
	10,704.8	**13,282.1**
	2,577.3	**(3,609.0)**

Notes
to the standalone financial statements for the year ended 31 March 2023

3.23 Employee benefits expense

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	14,046.5	13,228.2
Contribution to provident and other funds **(Refer note 3.28)**	730.5	665.8
Employees' welfare expenses	385.2	450.9
	15,162.2	**14,344.9**

3.24 Finance costs

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expenses on		
- Bank overdraft and others	684.3	237.0
- Defined benefit liabilities **(Refer note 3.28)**	108.3	81.4
Other borrowing cost	71.4	60.6
	864.0	**379.0**

3.25 Other expenses

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Consumption of stores and spare parts	572.2	781.7
Power and fuel	1,263.2	1,295.3
Processing charges	488.1	614.4
Contract labour charges	835.8	854.8
Rent **(Refer note 3.29(iii))**	28.7	16.5
Rates and taxes	370.7	222.1
Insurance	270.2	229.6
Marketing, advertisement and promotions	7,049.4	5,188.8
Selling and distribution expenses	2,886.4	2,808.2
Legal and professional Fees	2,587.1	2,396.0
Sales commission	626.2	632.1
Travelling and conveyance	2,523.3	1,925.3
Repairs:		
- Buildings	107.7	69.7
- Plant and machineries	480.1	462.8
- Others	248.2	195.9
Loss on sale / write off of property, plant and equipments (net)	123.6	12.0
Commission to directors	13.0	10.8
Donation *	158.9	3.0
Communication and printing expenses	100.6	99.5
Vehicle expenses	216.6	190.1
Clinical and analytical charges	879.1	1,018.7
Allowances for doubtful debts	26.1	1.1
Corporate Social Responsibility (CSR) expenditure **(Refer note 3.39)**	330.5	277.0
License, registration & technology fees	724.9	632.5
Miscellaneous expenses	396.8	252.8
	23,307.4	**20,190.7**

*Includes ₹**150.0 Mn** (31 March 2022: ₹ Nil) contribution to electoral bonds and ₹**2.5 Mn** (31 March 2022: ₹ Nil) paid to a political party.

Notes

to the standalone financial statements for the year ended 31 March 2023

3.26 Contingent Liabilities and Commitments

a) Contingent Liabilities not provided for

(₹ in million)

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
Claims against the Company not acknowledged as debt:			
(i)	Central Excise and service tax demands disputed in appeal {advances paid in dispute ₹ **12.6 Million** (31 March 2022: ₹8.3 Million)}	177.8	181.8
(ii)	Sales Tax / Goods and Service tax demands disputed in appeal {advances paid in dispute ₹ **61.4 Million** (31 March 2022: ₹57.6 Million)}	632.3	554.7
(iii)	Custom duty demand disputed in appeal {advances paid in dispute ₹ **5.3 Million** (31 March 2022: ₹5.3 Million)}	52.8	52.8
(iv)	Income Tax demands disputed in appeal {advances paid in dispute ₹ **123.7 Million** (31 March 2022: ₹123.7 Million)}	39.5	39.5
(v)	Other matters: a. In relation to purchase commitments : ₹ **968.1 Million** (31 March 2022: ₹968.1 Million) b. Supply of Goods: ₹ **0.5 Million** (31 March 2022: ₹0.5 Million) c. In relation to CCI: ₹**746.3 Million** (31 March 2022: ₹746.3 Million)	1,714.9	1,714.9
	Total	**2,617.4**	**2,543.7**

Management considers that service tax, excise duty, sales tax/ Goods and service tax, custom duty and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial statements.

b) Commitments

(₹ in million)

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advance paid ₹ **7.8 Million** (31 March 2022: ₹23.0 Million)	320.5	850.4
2	Calls in Respect of Partly paid up shares issued by a subsidiary Company	15.2	14.9
3	Uncalled/ Unpaid contribution towards investment in funds **(Refer note.3.2)**	203.7	192.8
4	Other Commitments: Commitment towards research and development - **EUR 0.0625 Million** (31 March 2022: EUR 0.0625 Million)	5.6	5.3
5	Pending Export Obligation under advance licence / EPCG Scheme	**74.2**	**12.7**

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.

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to the standalone financial statements for the year ended 31 March 2023

(₹ in million)

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
a)	Principal amount remaining unpaid to any supplier as at the year end	980.1	794.4
	Interest due thereon	38.5	30.1
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.	-	4.2
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.	38.5	30.1
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.	38.5	30.1

The above information regarding Micro and Small Enterprises has been determined on the basis of information available with the Company basis the details provided by the enterprises.

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

i) Defined contribution plans:

The Company makes contributions towards provident fund. The Company is required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance, which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds. Both the employees and the Company make monthly contribution to the said funds plan equal to a specific percentage of the covered employee's salary. The Company has no obligations other than to make the specified contributions.

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

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
- Contribution to Provident Fund	712.8	644.5
- Contribution to Employee state insurance corporation	17.7	21.3
Total	**730.5**	**665.8**

ii) Defined benefit plan:

The Company earmarks liability towards unfunded 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 2023 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.

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to the standalone financial statements for the year ended 31 March 2023

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 2023:

(₹ in million)

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	213.6	168.1
	Past Service Cost	-	176.4
	Interest Cost	108.3	81.4
	Actuarial (gain) / loss	33.7	74.7
	Benefits paid	(218.9)	(189.7)
	PVO at the beginning of the year	1,949.3	1,638.4
	PVO at end of the year	2,086.0	1,949.3
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	2,086.0	1,949.3
	Fair Value of planned assets at end of year	-	-
	Funded status	(2,086.0)	(1,949.3)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset / (liability) recognised in the balance sheet	(2,086.0)	(1,949.3)
III)	**Net cost for the year**		
	Current Service cost	213.6	168.1
	Past Service Cost	-	176.4
	Interest cost	108.3	81.4
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	33.7	74.7
	Net cost	355.6	500.6
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.32	6.71
	Attrition rate (%)	10% - 20%	10% - 20%
	Mortality rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
	Salary escalation rate (%)	10% in Next one year and 8% thereafter	10% in Next one year and 8% thereafter

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Maturity profile of defined benefit obligation

(₹ in million)

Projected benefits payable in future years from the date of reporting	As at 31 March 2023	As at 31 March 2022
1st following year	670.1	688.9
2nd following year	202.2	248.6
3rd following year	199.8	217.8
4th following year	179.6	211.1
5th following year	172.2	186.7
Sum of years 6th to 10th	620.6	699.8
Sum of years 11th and above	774.9	860.5

Notes
to the standalone financial statements for the year ended 31 March 2023

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:

Particulars	31 March 2023		31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(83.7)	92.7	(76.0)	84.0
Future salary growth (1% movement)	81.0	(74.5)	81.0	(74.4)

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is **5.87** years (Previous year: 6.08 years)

3.29 Leases

Leases as lessee

i. Right of use assets

Right of use assets related to leased properties.

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	913.9	407.2
Amortisation charge for the year	(156.7)	(128.5)
Additions / Adjustments of right of use assets (net)	202.7	635.2
Closing Balance	**959.9**	**913.9**

ii. Lease liability

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Maturity analysis of lease liability - undiscounted contractual cash flows		
Less than one year	189.1	160.7
One to three years	330.0	243.7
More than three years	210.6	255.2
Total undiscounted cash flows	**729.7**	**659.6**
Current (Discounted)	107.4	104.2
Non-current (Discounted)	450.6	378.4

iii. Amount recognised in profit or loss

(₹ in million)

Particulars	For the year ended 31 March 2023	For the Year ended 31 March 2022
General and administrative expenses		
Short-term lease rent expense	28.7	16.5
Amortisation and impairment losses		
Amortisation of right of use lease asset	156.7	128.5
Finance cost		
Interest expense on lease liability	57.1	52.1
	242.5	**197.1**

iv. Amount recognised in statement of cash flows

(₹ in million)

Particulars	For the year ended 31 March 2023	For the Year ended 31 March 2022
Cash outflow for short-term leases	28.7	16.5
Principal component of cash outflow for long-term leases	126.2	121.5
Interest component of cash outflow for long-term leases	57.1	52.1
Total cash outflow for leases	**212.0**	**190.1**

Notes
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3.30 The aggregate amount of revenue expenditure incurred during the period on Research and Development and shown in the respective heads of account is ₹**4,797.4 Million** (Previous year: ₹ 4,990.5 Million).

3.31 Earnings per share (EPS)

(₹ in million)

Particulars			For the year ended 31 March 2023	For the Year ended 31 March 2022
Profit / (Loss) after tax attributable to equity shareholders	₹ in Million	A	11,344.7	15,412.5
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)	94.88	128.90

3.32 Disclosure as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as under:

Provision for anticipated sales return:

The Company as a trade practice, accepts sales return from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns on the basis of historical experience, market conditions and specific contractual terms.

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Carrying amount at the beginning of the year	1,573.7	1,231.5
Add: Provision made during the year	1,768.5	1,346.4
Less: Amount utilized during the year	1,518.3	1,004.2
Carrying amount at the end of the year	1,823.9	1,573.7

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Non-current provision	614.3	514.4
Current provision	1,209.6	1,059.3
Total	**1,823.9**	**1,573.7**

3.33 Dividend paid and proposed:

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

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2023	Dividend Per Equity Share (₹)	For the year ended 31 March 2022
Dividend on equity shares	44.00	5,260.9	35.00	4,184.8
Total		**5,260.9**		**4,184.8**

After the reporting date, the following dividend was proposed by the Board of Directors in its meeting held on 19 May 2023 (previous year: in the Board meeting held on 13 May 2022) subject to the approval at the annual general meeting. Proposed dividend has not been recognised as a liability.

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2023	Dividend Per Equity Share (₹)	For the year ended 31 March 2022
Final dividend on equity shares	10.00	1,195.7	4.00	478.3
Total		**1,195.7**		**478.3**

Notes
to the standalone financial statements for the year ended 31 March 2023

3.34 Segment Reporting

The Company has presented data relating to its segments in its consolidated financial statements. Accordingly, in terms of paragraph 4 of the Indian Accounting Standard 108 (IND AS-108) "Segment Reporting", no disclosures related to segments are presented in the standalone financial statements.

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures.

The Company's prinicipal related parties consist of its subsidiaries (**Refer list below**), Key Managerial Personnel ("KMP"), relatives of KMP and entities in which KMP and their relatives have significant influence ("Affiliates"). The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.

List of Subsidiaries and Step down Subsidiaries

A)	Subsidiaries and Step down Subsidiaries	Principal Place of Business	% Shareholding and Voting Power	
			As at 31 March 2023	As at 31 March 2022
	Ascend Laboratories (Pty) Ltd	South Africa	100%	100%
	Ascend 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 (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	99.76%	99.72%
	Alkem Laboratories Korea Inc.	South Korea	100%	100%
	Pharmacor Limited	Kenya	100%	100%
	S & B Pharma Inc. (wholly owned subsidiary of The PharmaNetwork, LLC from 4 October 2021 till 5 January 2022), dissolved on 5 January 2022	United States of America	NA	NA
	The Pharmanetwork, LLP	Kazakhstan	100%	100%
	Ascend Laboratories, LLC (Wholly owned subsidiary of The PharmaNetwork, LLC)	United States of America	100%	100%
	Ascend Laboratories SAS	Colombia	100%	100%
	Ascend Laboratories (UK) Limited	United Kingdom	100%	100%
	Cachet Pharmaceuticals Private Limited	India	60.63%	60.63%
	Indchemie Health Specialities Private Limited	India	51%	51%
	Ascend Laboratories Limited	Canada	100%	100%
	Pharma Network SpA (Wholly owned subsidiary of Ascend Laboratories SpA)	Chile	100%	100%
	Alkem Foundation	India	100%	100%
	Connect 2 Clinic Private Limited	India	100%	100%
	Ascend Laboratories S.A. DE. CV (Wholly owned subsidiary of Ascend Laboratories SpA) (w.e.f 2 September 2021)	Mexico	100%	NA
	Enzene Inc (Wholly owned subsidiary of Enzene Biosciences Limited) (w.e.f 26 May 2022)	United States of America	100%	NA
	Pharmacor Limited (Wholly owned subsidiary of Pharmacor Pty Limited) (w.e.f 1 June 2022)	New Zealand	100%	NA
	S & B Pharma LLC (Wholly owned subsidiary of The PharmaNetwork, LLC)	United States of America	100%	100%

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to the standalone financial statements for the year ended 31 March 2023

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

B) **Key Managerial Personnel ("KMP")**

Mr. Basudeo Narain Singh	Executive Chairman
Late Mr. Balmiki Prasad Singh (upto 25 August 2022)	Executive Director
Late Mr. Dhananjay Kumar Singh (upto 28 October 2021)	Joint Managing Director
Mr. Mritunjay Kumar Singh	Executive Director
Mr. Sandeep Singh	Managing Director
Mr. Sarvesh Singh	Executive Director
Mr. Srinivas Singh (w.e.f 14 September 2022)	Executive Director
Mrs. Madhurima Singh (w.e.f 20 December 2021)	Executive Director
Mr. A.K.Purwar	Independent Director
Mr. R.L.Shenoy (upto 11 July 2022)	Independent Director
Mr. Sujjain Talwar (w.e.f 05 August 2022)	Independent Director
Ms. Sangeeta Singh	Independent Director
Ms. Sudha Ravi	Independent Director
Mr. Dheeraj Sharma	Independent Director
Mr. Narendra Kumar Aneja	Independent Director
Mr. Rajesh Dubey	President - Finance & Chief Financial Officer
Mr. Manish Narang	President - Legal & Company Secretary

C) **Relatives of Key Managerial Personnel ("KMP") with whom transactions have taken place during the year**

Mr. Satish Kumar Singh	Father of Sandeep Singh and Sarvesh Singh
Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Sarandhar Singh	Son of Late Balmiki Prasad Singh and Brother of Srinivas Singh
Mr. Srinivas Singh (upto 25 August 2022)	Son of Late Balmiki Prasad Singh
Mrs. Manju Singh	Wife of Late Balmiki Prasad Singh and Mother of Srinivas Singh
Mrs. Premlata Singh	Mother of Sandeep Singh and Sarvesh Singh
Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Divya Singh	Daughter of Madhurima Singh
Mr. Aniruddha Singh	Son of Madhurima Singh
Ms. Meghna Singh	Daughter of Mritunjay Kumar Singh
Mr. Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Ms.Inderjit Arora	Wife of Sandeep Singh
Mrs. Annapurna Singh	Wife of Sarvesh Singh
Mr. Nawal Kishore Singh (upto 25 August 2022)	Brother of Late Balmiki Prasad Singh
Mr. Sreejan Shandilya	Husband of Madhurima Singh's Daughter

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 (upto 25 August 2022)., M/s. Samprada and Nanhamati Singh Family Trust, Legal heirs of Late Mr. Balmiki Prasad Singh, Legal heirs of Late Mr. Dhananjay Kumar Singh, Sureet Propkem Private Limited

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to the standalone financial statements for the year ended 31 March 2023

3.35 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	For the year ended 31 March 2023				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of KMP	Affiliates	Total
		A	B	C	D	
1	Remuneration*	-	733.8	152.4	-	886.2
		-	(660.6)	(145.3)	-	(805.9)
2	Consultancy fees paid	-	-	3.0	-	3.0
		-	-	(3.0)	-	(3.0)
3	Licensing fees paid	139.7	-	-	-	139.7
		(222.3)	-	-	-	(222.3)
4	Purchase of stock in trade	2,252.4	-	-	122.7	2,375.1
		(2,564.3)	-	-	(575.2)	(3,139.5)
5	Sale of finished goods	15,682.0	-	-	-	15,682.0
		(18,943.0)	-	-	-	(18,943.0)
6	Sale of raw and packing materials (March 2022: ₹6,822)	28.0	-	-	5.0	33.0
		(54.5)	-	-	(0.0)	(54.5)
7	Purchase of raw and packing materials	-	-	-	-	-
		(35.8)	-	-	-	(35.8)
8	Services received	1,501.6	-	-	-	1,501.6
		(1,723.0)	-	-	-	(1,723.0)
9	Services rendered (March 2023: ₹ 45,642)	0.0	-	-	-	0.0
		(0.4)	-	-	-	(0.4)
10	Rental income	16.6	-	-	1.6	18.2
		(16.9)	-	-	(3.8)	(20.7)
11	Rent expenses	-	3.0	1.1	-	4.1
		(0.1)	(1.7)	(2.2)	-	(4.0)
12	Investments made	2,732.4	-	-	-	2,732.4
		(3,999.8)	-	-	-	(3,999.8)
13	Dividend paid	-	427.9	426.4	1,908.6	2,762.9
		-	(655.7)	(461.5)	(1,168.5)	(2,285.7)
14	Loans and advances given to	-	3.8	-	-	3.8
		(1.1)	(2.0)	-	-	(3.1)
15	Loans and advances repaid by	90.0	2.2	-	-	92.2
		(163.9)	(2.0)	-	-	(165.9)
16	Donation given to	330.9	-	-	-	330.9
		(214.5)	-	-	-	(214.5)
17	Purchase of PPE	-	-	-	68.9	68.9
		(0.1)	-	-	-	(0.1)
18	Royalty expenses	0.6	-	-	-	0.6
		(0.8)	-	-	-	(0.8)
19	Guarantee commission	10.9	-	-	-	10.9
		(6.2)	-	-	-	(6.2)
20	Royalty income	118.4	-	-	-	118.4
		(73.6)	-	-	-	(73.6)
21	Reimbursement of expenses to	197.8	-	-	-	197.8
		(316.6)	-	-	-	(316.6)

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to the standalone financial statements for the year ended 31 March 2023

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Sr. No.	Particulars	For the year ended 31 March 2023				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of KMP	Affiliates	Total
		A	B	C	D	
22	Reimbursement of expenses from	270.1	29.7	4.3	-	304.1
		(53.7)	-	-	-	(53.7)
23	Interest income on loans given	1.0	0.1	-	-	1.1
		(11.1)	-	-	-	(11.1)
24	Advance received	55.0	-	-	-	55.0
		-	-	-	-	-
25	Dividend received	35.7	-	-	-	35.7
		(35.7)	-	-	-	(35.7)
26	Corporate guarantee given for subsidiary	4,108.5	-	-	-	4,108.5
		(500.0)	-	-	-	(500.0)
27	Freight income	291.9	-	-	-	291.9
		(219.7)	-	-	-	(219.7)
28	Scrap sale (March 2022: ₹ 23,600)	-	-	-	-	-
		-	-	-	(0.0)	(0.0)

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

*Key managerial personnel remuneration

Key managerial personnel remuneration comprise the following :

(₹ in million)

Particulars	For the year ended 31 March 2023	For the Year ended 31 March 2022
Short term employee benefits	639.3	602.5
Post-employment benefits	62.1	49.7
Other long-term benefits #	14.0	(6.7)
Commission/sitting fees to Independent Directors	18.4	15.1
Total	**733.8**	**660.6**

For March 2022, reduced due to increase in discount rate.

Based on the recommendation of the Nomination and Remuneration Committee, all decisions relating to the remuneration of the directors are taken by the Board of Directors of the Company, is in accordance with shareholders' approval.

All related party transactions are made in the normal course of business and on terms equivalent to those that prevail in an arm's length transactions.

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to the standalone financial statements for the year ended 31 March 2023

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Significant Related party transactions

(₹ in million)

Sr. No.	Transactions	Related Party relation	For the year ended 31 March 2023	For the Year ended 31 March 2022
1	Purchase of stock in trade			
	Cachet Pharmaceuticals Private Limited	Subsidiary	1,110.3	1,462.3
	Indchemie Health Specialities Private Limited	Subsidiary	706.2	878.1
	Galpha Laboratories Limited	Affiliate	122.7	575.2
2	Sale of Finished Goods			
	Ascend Laboratories, LLC	Step Down Subsidiary	12,256.3	15,086.5
3	Services received			
	ThePharmaNetwork, LLC	Wholly owned subsidiary	735.8	-
	S&B Pharma Inc., USA (till 5 January 2022)	Wholly owned subsidiary	-	692.2
	S&B Pharma LLC, USA	Step Down Subsidiary	-	284.8
	Indchemie Health Specialities Private Limited	Subsidiary	407.5	501.9
4	Investments made			
	ThePharmaNetwork, LLC *	Step Down Subsidiary	-	7,583.0
	S&B Holdings B.V.	Wholly owned subsidiary	-	1,785.1
	S&B Pharma Inc., USA (till 5 January 2022) *	Wholly owned subsidiary	-	(6,120.1)
	Enzene Biosciences Limited, India	Subsidiary	2,500.0	700.0

* For the year ended 31 March 2022, ₹1,462.9 Million in wholly owned subsidiary in United States of America viz, "S&B Pharma Inc.". Subsequently, the entire investment of ₹7,583.0 Million has been transferred to The PharmaNetwork LLC pursuant to restructuring of US business.

Balance due from / to the related Parties

(₹ in million)

Sr. No.	Particulars	As at 31 March 2023				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
1	Outstanding receivables	11,155.4	-	-	-	11,155.4
2	Outstanding payables	1,599.5	-	-	-	1,599.5
3	Investments	25,630.3	-	-	-	25,630.3
4	Security deposits payable	2.5	-	-	-	2.5
5	Loans receivable	3.3	1.6	-	-	4.9

(₹ in million)

Sr. No.	Particulars	As at 31 March 2022				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
1	Outstanding receivables	12,423.1	-	-	-	12,423.1
2	Outstanding payables	1,570.7	-	-	88.9	1,659.6
3	Investments	22,898.0	-	-	-	22,898.0
4	Loans receivable	98.3	-	-	-	98.3

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to the standalone financial statements for the year ended 31 March 2023

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Note:

1 **Disclosures pursuant to 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 2023	As at 31 March 2022
i	Alkem Laboratories Corporation	Wholly Owned Subsidiary	-	95.4
ii	Alkem Laboratories Korea Inc.	Wholly Owned Subsidiary	1.8	1.6
iii	Ascend Laboratories SDN BHD.	Wholly Owned Subsidiary	1.4	1.2

* 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 6.5% to 9% p.a. for foreign subsidiaries.

b) **Details of investments made under section 186 of the Act are given in Note 3.2A "Investment in Subsidiaries".**

c) **Value of assets pledged against loan taken by subsidiaries ****

(₹ in million)

Sr. No.	Related party	Related Party relation	As at 31 March 2023	As at 31 March 2022
i	Ascend Laboratories SpA, Chile	Wholly Owned Subsidiary	2,150.0	-
ii	PharmaNetwork SpA, Chile	Wholly Owned Subsidiary		2,150.0

** The assets pledged are against loans taken by subsidiaries for the purpose of meeting working capital requirements.

d) The Company has issued corporate guarantee to its wholly owned subsidiary, Pharmacor Pty Limited, Australia amounting to ₹**275.1 Million** (AUD 5 Million) (31 March 2022: ₹283.7 Million (AUD 5 Million)), Ascend Laboratories SpA, Chile amounting to ₹**164.3 Million** (USD 2 Million) (31 March 2022: ₹151.6 Million (USD 2 Million)), Pharma Network SpA (Wholly owned by Ascend Laboratories SpA), Chile amounting to ₹**205.4 Million** (USD 2.5 Million) (31 March 2022: ₹189.5 Million (USD 2.5 Million)) and Enzene Biosciences Limited amounting to ₹**500.0 Million** (31 March 2022: ₹500.0 Million) in respect of loan taken to meet working capital requirements and Ascend Laboratories LLC amounting to ₹**4,108.5 million** (USD 50.0 Million) (31 March 2022: ₹ Nil (USD Nil)).

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

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to the standalone financial statements for the year ended 31 March 2023

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

(₹ in million)

Particulars	As at 31 March 2023							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	50.1	50.1	-	-	-	-
Other Bank Balances	-	-	21,588.6	21,588.6	-	-	-	-
Non-current investments *	1,262.0	-	156.3	1,418.3	-	1,262.0	-	1,262.0
Current investments	1,308.8	-	1,817.1	3,125.9	266.2	-	1,042.6	1,308.8
Non-current loans	-	-	83.4	83.4	-	-	-	-
Current loans	-	-	16.8	16.8	-	-	-	-
Trade receivables	-	-	17,683.4	17,683.4	-	-	-	-
Other Non-current financial assets	-	-	309.4	309.4	-	-	-	-
Other Current financial assets	-	-	1,683.6	1,683.6	-	-	-	-
	2,570.8	**-**	**43,388.7**	**45,959.5**	**266.2**	**1,262.0**	**1,042.6**	**2,570.8**
Financial liabilities								
Current borrowings	-	-	11,258.9	11,258.9	-	-	-	-
Trade payables	-	-	10,763.4	10,763.4	-	-	-	-
Lease liabilities	-	-	557.9	557.9	-	-	-	-
Other Current financial liabilities	-	-	4,904.2	4,904.2	-	-	-	-
	-	**-**	**27,484.4**	**27,484.4**	**-**	**-**	**-**	**-**

* It excludes fair value information for financial assets not measured at fair value, if carrying amount is a reasonable approximation of fair value.

(₹ in million)

Particulars	As at 31 March 2022							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	818.2	818.2	-	-	-	-
Other Bank Balances	-	-	22,153.9	22,153.9	-	-	-	-
Non-current investments*	999.5	-	156.3	1,155.8	-	999.5	-	999.5
Current investments	1,343.5	-	8.1	1,351.6	270.2	-	1,073.3	1,343.5
Non-current loans	-	-	178.5	178.5	-	-	-	-
Current loans	-	-	145.3	145.3	-	-	-	-
Trade receivables	-	-	17,682.2	17,682.2	-	-	-	-
Other Non-current financial assets	-	-	6,282.1	6,282.1	-	-	-	-
Other Current financial assets	-	-	1,542.2	1,542.2	-	-	-	-
	2,343.0	**-**	**48,966.8**	**51,309.8**	**270.2**	**999.5**	**1,073.3**	**2,343.0**
Financial liabilities								
Current borrowings	-	-	22,455.2	22,455.2	-	-	-	-
Trade payables	-	-	11,110.2	11,110.2	-	-	-	-
Lease liabilities	-	-	482.6	482.6	-	-	-	-
Other Current financial liabilities	-	-	4,799.1	4,799.1	-	-	-	-
	-	**-**	**38,847.1**	**38,847.1**	**-**	**-**	**-**	**-**

* It excludes fair value information for financial assets not measured at fair value, if carrying amount is a reasonable approximation of fair value.

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to the standalone financial statements for the year ended 31 March 2023

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 are 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 2023 and 31 March 2022 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.

(₹ in million)

Particulars	
Opening Balance (1 April 2021)	**1,288.3**
Net change in fair value (unrealised)	7.0
Repayment	(222.0)
Closing Balance (31 March 2022)	**1,073.3**
Net change in fair value (unrealised)	293.8
Repayment	(324.5)
Closing Balance (31 March 2023)	**1,042.6**

Transfer out of Level 3

There has been no transfer out of Level 3 during the year.

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.

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to the standalone financial statements for the year ended 31 March 2023

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

(₹ in million)

Significant unobservable inputs	31 March 2023 Profit or loss		31 March 2022 Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	32.6	(32.6)	54.7	(54.7)
Cost of Construction - 5%	(14.2)	14.2	(10.3)	10.2
Absorption Timelines - 1 Year	(74.6)	(6.0)	(126.4)	150.0

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 have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors have established a 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.

At 31 March 2023, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

(₹ in million)

Particulars	31 March 2023	31 March 2022
India	6,290.8	4,896.3
US	8,251.3	9,396.4
Other regions	3,141.3	3,389.5
	17,683.4	**17,682.2**

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to the standalone financial statements for the year ended 31 March 2023

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

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

(₹ in million)

Particulars	31 March 2023	31 March 2022
Stockists/distributors	6,528.0	5,259.1
Subsidiaries	11,155.4	12,423.1
	17,683.4	**17,682.2**

At 31 March 2023, the carrying amout of the Company's most significant customer (Ascend Laboratories LLC, its wholly owned step-down subsidiary) is ₹**8,107.0 million** (31 March 2022: ₹9,255.2 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.

Refer note 3.8 for ageing of trade receivables that were not impaired.

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

(₹ in million)

Particulars	For the year ended 31 March 2023	For the Year ended 31 March 2022
Balance as at the beginning of the year	285.6	284.5
Impairment loss recognised	26.1	1.1
Amounts written off	(30.8)	-
Balance as at the end of the year	**280.9**	**285.6**

Loans to subsidiaries

The Company has an exposure of ₹**3.2 million** as at 31 March 2023 (31 March 2022: ₹98.3 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 2023 or 31 March 2022. The Company has no collateral in respect of these loans.

Investments, Cash and Cash Equivalents and Bank Deposits

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.

Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in subsidiaries, mutual funds, venture capital funds, investment in equity of other companies /LLP, quoted bonds and non-convertible debentures. These mutual funds and counterparties have low credit risk.

Total non-current and current investments as at 31 March 2023 is ₹**30,055.5 million** (31 March 2022: ₹25,286.0 million)

Debt securities

The Company has an exposure of ₹**1,973.3** million as at 31 March 2023 (31 March 2022: ₹164.4 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 2023.

Notes

to the standalone financial statements for the year ended 31 March 2023

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

Credit Rating of debt securities is given below:

(₹ in million)

Particulars	31 March 2023	31 March 2022
AAA	1,965.3	156.3
Not Rated	8.1	8.1
Total	**1,973.4**	**164.4**

The Company did not have any debt securities that were past due but not impaired at 31 March 2023 or 31 March 2022. The Company has no collateral in respect of these investments.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The majority of the Company's trade receivables are due for maturity within 21 - 60 days from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 - 60 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Company. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in million)

31 March 2023	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							
Lease liabilities	558.0	999.0	2.8	189.2	170.6	334.7	301.7
Working capital loans from banks	11,258.9	11,258.9	11,258.9	-	-	-	-
Trade payables	10,763.4	10,763.4	10,763.4	-	-	-	-
Other Current financial liabilities	4,904.2	4,904.2	4,904.2	-	-	-	-
Total	**27,484.5**	**27,925.5**	**26,929.3**	**189.2**	**170.6**	**334.7**	**301.7**

(₹ in million)

31 March 2022	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							
Lease liabilities	482.6	931.9	2.8	160.8	136.8	287.9	343.6
Working capital loans from banks	22,455.2	22,455.2	22,455.2	-	-	-	-
Trade payables	11,110.2	11,110.2	11,110.2	-	-	-	-
Other Current financial liabilities	4,799.1	4,799.1	4,799.1	-	-	-	-
Total	**38,847.1**	**39,296.3**	**38,367.2**	**160.8**	**136.8**	**287.9**	**343.6**

Notes

to the standalone financial statements for the year ended 31 March 2023

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

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The functional currency of the Company is Indian Rupee. The Company has exposure to EUR, GBP, USD, AUD, CAD, KES, CNY, NPR, AED 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 2023, 31 March 2022 in there respective currencies are as below (absolute values):

(₹ in million)

Particulars	31 March 2023									
	EUR	GBP	USD	AUD	CNY	CAD	KES	NPR	AED	CHF
Financial assets										
Non-current loans	-	-	39,579	-	-	-	-	-	-	-
Trade and other receivables	801,287	3,093,505	134,210,186	6,062,225	-	159,312	-	-	-	-
Cash and cash equivalents	-	-	9	-	-	-	42,351	294,185	-	-
	801,287	**3,093,505**	**134,249,774**	**6,062,225**	**-**	**159,312**	**42,351**	**294,185**	**-**	**-**
Financial liabilities										
Short term borrowings	-	-	122,500,000	-	-	-	-	-	-	-
Trade and other payables	1,764,493	317,810	22,849,555	2,861,071	438,047	4,555	-	-	15,750	12,431
Other Current financial liabilities	-	-	-	-	-	-	-	-	-	-
	1,764,493	**317,810**	**145,349,555**	**2,861,071**	**438,047**	**4,555**	**-**	**-**	**15,750**	**12,431**
Net foreign currency exposure as at 31 March 2023	**(963,206)**	**2,775,695**	**(11,099,781)**	**3,201,154**	**(438,047)**	**154,757**	**42,351**	**294,185**	**(15,750)**	**(12,431)**

Particulars	31 March 2022									
	EUR	GBP	USD	AUD	CNY	CAD	KES	NPR	AED	CHF
Financial assets										
Non-current loans	-	-	1,296,553	-	-	-	-	-	-	-
Trade and other receivables	1,680,098	3,132,275	155,724,632	12,201,130	-	164,365	-	-	-	-
Cash and cash equivalents	-	-	32,966	-	-	-	9	-	-	-
	1,680,098	**3,132,275**	**157,054,151**	**12,201,130**	**-**	**164,365**	**9**	**-**	**-**	**-**
Financial liabilities										
Short term borrowings	-	-	163,000,000	-	-	-	-	-	-	-
Trade and other payables	1,731,954	185,551	22,120,453	2,043,015	-	218	-	-	-	7,659
Other Current financial liabilities	-	-	-	-	-	-	-	-	-	-
	1,731,954	**185,551**	**185,120,453**	**2,043,015**	**-**	**218**	**-**	**-**	**-**	**7,659**
Net foreign currency exposure as at 31 March 2022	**(51,857)**	**2,946,724**	**(28,066,302)**	**10,158,115**	**-**	**164,147**	**9**	**-**	**-**	**(7,659)**

Notes
to the standalone financial statements for the year ended 31 March 2023

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

iii. Market risk (Continued)

For the purpose of financial statement reporting, the currency exposure are measured at the following year-end exchange rates.

(₹ in million)

INR	Year-end spot rate	
	31 March 2023	31 March 2022
EUR	89.44	84.22
GBP	101.65	99.46
USD	82.17	75.79
AUD	55.03	56.74
CNY	11.95	11.94
CAD	60.67	60.49
KES	0.62	0.66
NPR	0.62	0.61
AED	22.37	20.64
CHF	89.58	82.03

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.

(₹ in million)

Effect ₹ in Million	Profit or (loss) before tax	
	Strengthening	Weakening
10% movement		
31 March 2023		
EUR	(8.6)	8.6
GBP	28.2	(28.2)
USD	(91.2)	91.2
AUD	17.6	(17.6)
CNY	(0.0)	0.0
CAD	0.9	(0.9)
KES	0.0	(0.0)
NPR	0.0	(0.0)
AED	(0.0)	0.0
CHF	(0.1)	0.1
	(53.2)	**53.2**

(₹ in million)

Effect ₹ in Million	Profit or (loss) before tax	
	Strengthening	Weakening
10% movement		
31 March 2022		
EUR	(0.4)	0.4
GBP	29.3	(29.3)
USD	(212.7)	212.7
AUD	57.6	(57.6)
CAD	1.0	(1.0)
KES	0.0	(0.0)
CHF	(0.1)	0.1
	(125.3)	**125.3**

Notes

to the standalone financial statements for the year ended 31 March 2023

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

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments, borrowings and loans because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments, borrowings and loans will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Company to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments is as follows:

(₹ in million)

Particulars	31 March 2023	31 March 2022
Fixed-rate instruments		
Financial assets	22,670.5	29,174.0
Financial liabilities	1,751.0	10,583.5
Total	**20,919.5**	**18,590.5**
Variable-rate instruments		
Financial liabilities	10,065.8	12,354.2
Total	**10,065.8**	**12,354.2**

Interest rate sensitivity - fixed rate instruments

The Company's fixed rate borrowings and fixed rate bank deposits are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

Interest rate sensitivity - variable rate instruments

A reasonably possible change of 5% in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in million)

Particulars	Profit or loss			
	31 March 2023		31 March 2022	
	5% increase	5% decrease	5% increase	5% decrease
Variable-rate instruments	(19.3)	19.3	(2.4)	2.4
Cash flow sensitivity (net)	(19.3)	19.3	(2.4)	2.4

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)

	As at 31 March 2023	As at 31 March 2022
Total Borrowings	11,258.9	22,455.2
Less : Cash and cash equivalents	50.1	818.2
Net debt	**11,208.8**	**21,637.0**
Total equity	**93,498.5**	**87,436.6**
Net debt to equity ratio	**0.12**	**0.25**

Notes

to the standalone financial statements for the year ended 31 March 2023

3.38 Payment to auditors (excluding GST)

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
As Auditor		
Audit fees	27.0	23.1
In other capacity		
In any other services such as certification, etc.	12.0	12.0
Reimbursement of out of pocket expenses	2.2	1.4
Total	**41.2**	**36.5**

3.39 The gross amount required to be spent by the Company on Corporate Social Responsibility ("CSR") as per section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 during the year is ₹ **330.5 million** (Previous Year : ₹276.0 million) The Company has spent an amount of ₹**124.2 Million** (Previous year: ₹ 77.0 Million) towards the CSR obligation of the Company and an amount of ₹**206.3 Million** (Previous Year: ₹ 200.0 Million) was transferred to the "Unspent CSR Account" towards the ongoing projects initiated by the Company towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

Above spend includes a transfer of ₹**130.9 million** (Previous Year : ₹73.2 million) to Alkem Foundation, a subsidiary of the Company, which is a Section 8 registered company under Companies Act, 2013, with the main objectives of working in the areas of social, economic and environmental issues such as healthcare, women empowerment, education, sanitation, conservation of environment, rural development and enable the less privileged segments of the society to improve their livelihood by enhancing their means and capabilities to meet the emerging opportunities.

Amount spent during the year on other than ongoing projects:

(₹ in million)

	Particulars	In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset	-	-	-
		(-)	(-)	(-)
ii)	On purposes other than (i) above	69.0	-	69.0
		(59.6)	-	(59.6)

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

Amount spent during the year on ongoing projects under Section 135(6) of the Act:

(₹ in million)

Balance as on 1 April 2022			Amount spent during the year		Balance as on 31 March 2023	
With the Company	In Separate CSR Unspent Account	Amount required to be spent during the year	From the Company's bank account	From separate CSR Unspent account	With the Company	In Separate CSR Unspent Account
-	1.0	261.5	55.2	200.0	-	1.0
		(216.4)	(17.4)	(141.2)	-	(1.0)

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

Subsequent to 31 March 2023, an amount of ₹**206.3 million** (Previous year: 200.0 million has been transferred to the separate CSR Unspent account on 29 April 2023 (Previous year: 28 April 2022) in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 rules.

Notes

to the standalone financial statements for the year ended 31 March 2023

3.40 Government Grant

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in FY 2014-15 amounted to ₹ **72.4 million** with respect to the Kumrek facility. The factory has been constructed and in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹**122.1 million** for which the Company has received the claim amount in FY 2018-19. The factory has been constructed and in operation since October, 2012. The third grant is with respect to AHS-3 facility in Sikkim amounting to ₹ **30.6 million** for which the Company has received the approval but yet to receive the amount as on 31 March 2023. These grants, recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion to the related depreciation expense. The unamortised grant as on 31 March 2023 amounts to ₹**81.3 million** (Previous year: ₹71.9 million), the breakup of which is as below:

(₹ in million)

	As at 31 March 2023	As at 31 March 2022
Non-current	73.1	62.8
Current	8.2	9.1
Total	**81.3**	**71.9**

3.41 Non-current assets held for sale

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Plant and equipment	-	17.1
Office Equipments	-	0.2
Furniture and Fixtures	-	-
Total	**-**	**17.3**

3.42 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

3.43 Ratios

Sr. No	Ratios	Numerator	Denominator	Mar-23	Mar-22	% Variance	Reason for variance
a)	Current Ratio	Current Assets	Current liabilities	2.22	1.66	34%	Due to decrease in OD utilisation during the year
b)	Debt-equity Ratio	Total Debt	Shareholder's equity	0.1	0.26	-53%	Due to decrease in OD utilisation during the year
c)	Debt service coverage Ratio	Earnings available for debt service	Debt service	1.46	0.90	63%	Due to decrease in OD utilisation during the year
d)	Return on equity Ratio	Net profit after taxes	Average shareholder's equity	12.5%	18.8%	-33%	Due to increase in other expenses during the year
e)	Inventory turnover Ratio	Cost of goods sold or sales	Average inventory	2.07	2.04	1%	
f)	Trade receivables turnover Ratio	Net credit sales	Average accounts receivable	5.03	5.24	-4%	
g)	Trade payables turnover Ratio	Net credit purchases	Average trade payables	3.50	3.46	1%	
h)	Net capital turnover Ratio	Net sales	Working capital	2.39	3.18	-25%	

Notes

to the standalone financial statements for the year ended 31 March 2023

Sr. No	Ratios	Numerator	Denominator	Mar-23	Mar-22	% Variance	Reason for variance
i)	Net profit Ratio	Net profit after taxes	Net sales	12.8%	17.7%	-28%	Due to increase in other expenses during the year
j)	Return on capital employed	Earnings before interest and taxes	Capital employed	13.5%	18.3%	-26%	Due to increase in other expenses during the year
k)	Return on investment						
	- Quoted			9.0%	11.2%	-20%	
	- Unquoted			7.0%	5.4%	30%	Due to increase in interest rate on fixed deposits.

Earnings available for debt service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.

Debt service = Interest & Lease Payments + Principal Repayments

Net credit sales consist of gross credit sales minus sales return.

Net credit purchases consist of gross credit purchases minus purchase return

Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
19 May 2023

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

Madhurima Singh
Executive Director
DIN. 09137323

M.K. Singh
Executive Director
DIN. 00881412

Srinivas Singh
Executive Director
DIN. 06744441

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
19 May 2023

Consolidated Financial Statements

Independent Auditor's Report

To the Members of

Alkem Laboratories Limited

Report on the Audit of the 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 2023, 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 in which are included financial information from one branch of the Holding Company (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 the other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, 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 reports of the other auditors referred to in paragraph (a) of the "Other Matters" section 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, and based on the consideration of reports of other auditors on separate financial statements of components audited by them, 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.

Revenue from operations

See Note 2.10 and 3.19 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
• Revenue is recognized when the control of the products being sold has been transferred to the customer. There is a risk of revenue being overstated as management, to achieve its performance targets, may recognize revenue on sale of products though control may not have transferred to the customer. 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 and Note 3.19 in for disclosure of revenue in the consolidated financial statements.	Our audit procedures included the following: • Obtained an understanding of the systems, processes and controls implemented by the group for recording revenue from sale of goods. • Evaluated Group's revenue recognition policies by assessing compliance with applicable accounting standards. • Assessed the IT environment in which the business system operates and tested system controls involved in revenue recognition. • Tested design, implementation, and operating effectiveness of the Group's controls over generating sales order, recording of revenue, creation of new customers, development of assumption of expected sales returns based on experience and computation of discounts, rebates, chargebacks and similar allowances and their accruals and process of revenue cut off.

Independent Auditor's Report (Continued)

The key audit matter	How the matter was addressed in our audit
	• Tested the adequacy of accruals for unsettled obligations in respect of reductions from gross sales on account of chargebacks, rebates, medicaid allowances and supply penalties. • On selected statistical samples of transactions, we tested the underlying documents, which include testing contractual terms of sale contracts/ invoices, shipping documents and lag time/ proof of delivery to test evidence for transfer of control. • Performed procedures to identify and test exceptional transactions such as one off sales to customers to identify any unusual transactions. • Tested manual journal entry posted to revenue to identify unusual transactions.

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 auditor's 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 audit reports 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 the 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 Board of 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 are 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.

Independent Auditor's Report (Continued)

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 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 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 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 the 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 paragraph (a) of the section titled "Other Matters" in this audit report.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a. We did not audit the financial statements / financial information of 20 subsidiaries, whose financial statements/ financial information reflect total assets (before consolidation adjustments) of ₹18,031 million as at 31 March 2023, total revenues (before consolidation adjustments) of ₹18,365 million and net cash flows (before consolidation adjustments) amounting to ₹600 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 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 Holding Company's management has

Independent Auditor's Report (Continued)

converted the financial statements/financial information 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 Holding 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 reports of other auditors and the conversion adjustments prepared by the management of the Holding 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India 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, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 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 2023 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 and its subsidiary companies incorporated in India 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 Auditor's 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 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:

a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group. Refer Note 3.26 to the consolidated financial statements.

b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2023.

c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2023.

d (i) The management of the Holding Company and its subsidiary companies incorporated in India whose financial statements/financial information have been audited under the Act have represented to us and the other auditors of such subsidiary companies incorporated in India that, to the best of their knowledge and belief, as disclosed in

Independent Auditor's Report (Continued)

the Note 3.44 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or its subsidiary companies incorporated in India ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management of the Holding Company and its subsidiary companies incorporated in India whose financial statements/ financial information have been audited under the Act have represented to us and the other auditors of such subsidiary companies incorporated in India that, to the best of their knowledge and belief, as disclosed in the Note 3.44 to the consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary companies incorporated in India whose financial statements/ financial information have been audited under the Act, nothing has come to our or other auditors notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

(iv) The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in compliance accordance with Section 123 of the Act.

As stated in Note 3.35 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

(v) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or its subsidiary companies incorporated in India only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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 and 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 and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Sreeja Marar
Partner
Membership No.: 111410
ICAI UDIN:23111410BGYAUP7678

Place: Mumbai
Date: 19 May 2023

Annexure A to the Independent Auditor's Report

on the Consolidated Financial Statements of Alkem Laboratories limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) In our opinion and according to the information and explanations given to us, following company incorporated in India and included in the consolidated financial statements, have unfavourable remarks given by their under the Companies (Auditor's Report) Order, 2020 (CARO):

Name of the entities	CIN	Relationship	Clause number of the CARO report which is unfavourable or qualified or adverse
Alkem Laboratories Limited	L00305MH1973PLC174201	Holding company	3 vii (a)

The above does not include comments, if any, in respect of the following entities as the CARO report relating to them has not been issued by its auditor till the date of principal auditor's report.

Name of the entities	CIN	Relationship
Enzene Biosciences Limited	U24232PN2006PLC165610	Subsidiary

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

Sreeja Marar
Partner
Membership No.: 111410
ICAI UDIN:23111410BGYAUP7678

Place: Mumbai
Date: 19 May 2023

Annexure B to the Independent Auditor's Report

on the consolidated financial statements of Alkem Laboratories limited for the year ended 31 March 2023

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 Act

(Referred to in paragraph 2(A)(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 Alkem Laboratories limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company in which are included internal financial controls with reference to financial information of one branch and such companies incorporated in India under the Act which are its subsidiary companies, as of that date.

In our opinion and based on the consideration of reports of the other auditors on internal financial controls with reference to financial statements of subsidiary companies, as were audited by the other auditors, 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 financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to 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 Responsibilities for Internal Financial Controls

The respective 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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 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 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 consolidated 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

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

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.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the consolidated financial statements insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of above matter.

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

Sreeja Marar
Partner
Membership No.: 111410
ICAI UDIN:23111410BGYAUP7678

Place: Mumbai
Date: 19 May 2023

Consolidated Balance Sheet

as at 31 March 2023

(₹ in million)

Particulars			Note no.	As at 31 March 2023	As at 31 March 2022
I.	ASSETS				
1	Non-current assets				
	(a)	Property, plant and equipment	3.1	20,654.0	22,871.0
	(b)	Right of use assets	3.1	1,378.5	1,393.5
	(c)	Capital work in progress	3.1	3,102.7	3,394.8
	(d)	Goodwill	3.36	4,131.7	4,030.9
	(e)	Other intangible assets	3.1	664.1	721.9
	(f)	Intangible assets under development	3.1	129.7	-
	(g)	Financial assets			
		(i) Investments	3.2	3,046.1	2,316.7
		(ii) Loans	3.3	80.2	80.2
		(iii) Other financial assets	3.4	2,952.5	7,106.7
	(h)	Deferred tax assets (net)	3.7C	13,025.0	13,092.6
	(i)	Non-current tax assets (net)	3.7D	575.4	533.1
	(j)	Other non-current assets	3.5	529.6	796.2
	Total non-current assets			50,269.5	56,337.6
2	Current assets				
	(a)	Inventories	3.6	26,075.3	30,055.3
	(b)	Financial assets			
		(i) Investments	3.2	3,172.1	1,393.1
		(ii) Trade receivables	3.8	21,321.8	18,846.0
		(iii) Cash and cash equivalents	3.9	2,738.0	2,321.8
		(iv) Bank balances other than (iii) above	3.10	23,430.9	23,464.0
		(v) Loans	3.3	67.7	202.5
		(vi) Other financial assets	3.4	1,897.5	1,731.5
	(c)	Other current assets	3.11	7,360.9	6,322.8
				86,064.2	84,337.0
	(d)	Non-current assets held for sale	3.43	1,232.6	17.3
	Total current assets			87,296.8	84,354.3
	TOTAL ASSETS			137,566.3	140,691.9
II.	EQUITY AND LIABILITIES				
1	Equity				
	(a)	Equity share capital	3.12A	239.1	239.1
	(b)	Other equity	3.12B	90,213.8	86,139.9
	Equity attributable to owners of the Company			90,452.9	86,379.0
	(c)	Non-controlling interest	3.37	3,897.1	2,094.3
	Total Equity			94,350.0	88,473.3
2	Liabilities				
2a	Non-current liabilities				
	(a)	Financial liabilities			
		(i) Borrowings	3.13	-	93.8
		(ia) Lease liabilities	3.29	703.3	664.7
		(ii) Other financial liabilities	3.17	1,660.1	-
	(b)	Provisions	3.14	3,693.6	3,327.5
	(c)	Other non-current liabilities	3.15	88.0	79.2
	Total non-current liabilities			6,145.0	4,165.2
2b	Current liabilities				
	(a)	Financial liabilities			
		(i) Borrowings	3.13	13,071.5	25,707.4
		(ia) Lease liabilities	3.29	192.0	216.0
		(ii) Trade payables			
		Total outstanding dues of micro enterprises and small enterprises	3.16	1,104.6	924.2
		Total outstanding dues of creditors other than micro and small enterprises	3.16	10,545.7	10,809.6
		(iii) Other financial liabilities	3.17	6,326.9	5,993.8
	(b)	Other current liabilities	3.18	1,868.9	1,503.2
	(c)	Provisions	3.14	3,727.5	2,736.0
	(d)	Current tax liabilities (net)	3.7D	234.4	163.2
	Total current liabilities			37,071.5	48,053.4
	Total liabilities			43,216.5	52,218.6
	TOTAL EQUITY AND LIABILITIES			137,566.5	140,691.9
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

Sreeja Marar
Partner
Membership No. 111410

Mumbai
19 May 2023

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

Madhurima Singh
Executive Director
DIN. 09137323

M.K. Singh
Executive Director
DIN. 00881412

Srinivas Singh
Executive Director
DIN. 06744441

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
19 May 2023

Consolidated Statement of Profit and Loss

for the year ended 31 March 2023

(₹ in million)

	Particulars		Note no.	For the year ended 31 March 2023	For the year ended 31 March 2022
1	**Income**				
	(a)	Revenue from operations	3.19	115,992.6	106,341.9
	(b)	Other income	3.20	2,160.8	1,626.5
	Total income			**118,153.4**	**107,968.4**
2	**Expenses**				
	(a)	Cost of materials consumed	3.21	30,569.2	32,260.6
	(b)	Purchases of stock-in-trade		13,875.5	14,897.1
	(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.22	4,623.7	(5,354.8)
	(d)	Employee benefits expense	3.23	21,313.5	19,627.1
	(e)	Finance costs	3.24	1,073.6	523.7
	(f)	Depreciation and amortisation expense	3.1	3,104.2	3,039.6
	(g)	Other expenses	3.25	29,516.2	24,382.7
	Total expenses			**104,075.9**	**89,376.0**
3	**Profit before exceptional items and tax (1) - (2)**			**14,077.5**	**18,592.4**
4	**Exceptional items**		3.44 & 3.2	**(1,029.8)**	**(149.6)**
5	**Profit before tax (3) + (4)**			**13,047.7**	**18,442.8**
6	**Tax expense**		3.7A		
	(a)	Current tax		2,739.0	3,619.8
	(b)	Deferred tax charge/(credit) (net)		240.6	(1,980.2)
	Total tax expenses (a + b)			**2,979.6**	**1,639.6**
7	**Profit for the year (5) - (6)**			**10,068.1**	**16,803.2**
8	**Profit attributable to Non-Controlling Interest**		3.37	226.4	347.0
9	**Profit attributable to Owners of the Company (7) - (8)**			9,841.7	16,456.2
10	**Other comprehensive income**				
	(a)	(i) Items that will not be reclassified subsequently to profit or loss	3.28	(48.7)	(90.9)
		(ii) Income tax relating to items that will not be reclassified to profit or loss	3.7A	16.1	33.2
	(b)	(i) Items that will be reclassified to profit or loss		1,181.6	399.1
		(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total of Other Comprehensive Income/(Loss) for the year, net of tax			**1,149.0**	**341.4**
11	**Other Comprehensive Income/(Loss) attributable to Non-Controlling Interest**		3.37	**(4.1)**	**(4.1)**
12	**Other Comprehensive Income/(Loss) attributable to Owners of the Company (10) - (11)**			**1,153.1**	**345.5**
13	**Total Comprehensive Income for the year (7) + (10)**			**11,217.1**	**17,144.6**
14	**Total Comprehensive Income/(Loss) attributable to Non-Controlling Interest (8) + (11)**		3.37	**222.3**	**342.9**
15	**Total Comprehensive Income/(Loss) attributable to Owners of the Company (13) - (14)**			**10,994.8**	**16,801.7**
16	**Earnings per share (in ₹): Face value of ₹ 2 each**				
	Basic and diluted earnings per share		3.33	82.31	137.63
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

Sreeja Marar
Partner
Membership No. 111410

Mumbai
19 May 2023

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
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Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance & Chief Financial Officer

Manish Narang
President - Legal & Company Secretary

Mumbai
19 May 2023

Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

(a) Equity share capital

(₹ in million)

Balance as at 1 April 2022	Change in equity share capital during the year	Restated balance as at 1 April 2022	Change in equity share capital during the year	Balance as at 31 March 2023
239.1	-	239.1	-	239.1

Balance as at 1 April 2021	Change in equity share capital during the year	Restated balance as at 1 April 2021	Change in equity share capital during the year	Balance as at 31 March 2022
239.1	-	239.1	-	239.1

(b) Other Equity

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	Gross obligation to non-controlling interest under put option	Employee stock option outstanding account	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit plans			
Balance as at 1 April 2021	5.2	-	11.2	19,872.5	53,667.5	372.8	(401.0)	73,528.2	1,812.8	75,341.0
Total comprehensive income for the year ended 31 March 2022										
Profit for the year	-	-	-	-	16,456.2	-	-	16,456.2	347.0	16,803.2
Other comprehensive income for the year (net of tax)	-	-	-	-	-	403.2	(57.7)	345.5	(4.1)	341.4
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**16,456.2**	**403.2**	**(57.7)**	**16,801.7**	**342.9**	**17,144.6**
Dividend on equity shares **(Refer Note 3.35)**	-	-	-	-	(4,184.8)	-	-	(4,184.8)	(34.3)	(4,219.1)
NCI dilution	-	-	-	-	-	-	-	-	(27.1)	(27.1)
Employee stock option exercised	-	-	(5.2)	-	-	-	-	(5.2)	-	(5.2)
Balance as at 31 March 2022	**5.2**	**-**	**6.0**	**19,872.5**	**65,938.9**	**776.0**	**(458.7)**	**86,139.9**	**2,094.3**	**88,234.2**
Total comprehensive income for the year ended 31 March 2023										
Profit for the year	-	-	-	-	9,841.7	-	-	9,841.7	226.4	10,068.1
Other comprehensive income for the year (net of tax)	-	-	-	-	-	1,185.8	(32.6)	1,153.2	(4.1)	1,149.1
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**9,841.7**	**1,185.8**	**(32.6)**	**10,994.9**	**222.3**	**11,217.2**
Dividend on equity shares **(Refer Note 3.35)**	-	-	-	-	(5,260.9)	-	-	(5,260.9)	(34.3)	(5,295.2)
Compulsorily convertible preference shares issued to NCI	-	-	-	-	-	-	-	-	1,614.8	1,614.8
Recognition of put option liability during the year	-	(1,660.1)	-	-	-	-	-	(1,660.1)	-	(1,660.1)
Employee stock option exercised	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	**5.2**	**(1,660.1)**	**6.0**	**19,872.5**	**70,519.7**	**1,961.8**	**(491.3)**	**90,213.8**	**3,897.1**	**94,111.1**

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 provisions of Companies Act 1956 applicable to Company and its Indian subsidiaries. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings: Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve and dividends distributed to shareholders.

Foreign currency translation reserve: Foreign currency translation reserve represents exchange differences arising on account of conversion of foreign operations to Company's functional currency.

Remeasurement of defined benefit plans: Remeasurement of defined benefit plans represents actuarial gains and losses relating to gratuity.

Gross obligation to non-controlling interest under put option: The amount that may become payable under the option on exercise is initially recognised at fair value within other financial liabilities with a corresponding charge directly to equity. The charge to equity is recognised separately as gross obligation to non-controlling interest under put option in other equity.

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
19 May 2023

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

Madhurima Singh
Executive Director
DIN. 09137323

M.K. Singh
Executive Director
DIN. 00881412

Srinivas Singh
Executive Director
DIN. 06744441

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
19 May 2023

Consolidated Statement of Cash Flow

for the year ended 31 March 2023

(₹ in million)

	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A.	Cash Flow from Operating Activities:		
	Profit before tax	13,047.7	18,442.8
	Adjustments for:		
	Depreciation and amortisation expense	3,104.2	3,039.6
	Liabilities no longer required written back	(17.5)	(160.1)
	Profit on sale of investments	(21.6)	(33.8)
	Unrealised (gain) / loss on fair valuation of investments (net)	(287.0)	69.0
	Profit on sale of property plant and equipment (net)	123.6	14.3
	Unrealised foreign currency (gain) / loss on revaluation (net)	(118.8)	(177.0)
	Dividend Income	(1.9)	(1.9)
	Impairment loss on property, plant and equipment	1,051.5	11.2
	Interest Income	(1,711.4)	(1,226.8)
	Interest expenses	1,073.6	523.7
	Allowances for doubtful debts	48.8	27.8
	Subtotal of Adjustments	**3,243.5**	**2,086.0**
	Operating profit before working capital changes	16,291.2	20,528.8
	Adjustments for changes in working capital:		
	(Increase) in trade receivables	(1,347.1)	(2,217.5)
	(Increase) / Decrease in loans, other financial assets and other assets	(770.1)	(435.8)
	(Increase) Decrease in inventories	4,734.1	(6,731.4)
	Increase / (Decrease) in trade payable, other financial liabilities and other liabilities	145.1	3,344.9
	Increase in provisions	505.7	590.2
	Subtotal of adjustments	**3,267.7**	**(5,449.6)**
	Cash generated from operations	19,558.9	15,079.2
	Less: Income taxes paid (net of refund)	(2,733.9)	(3,969.0)
	Net Cash generated from operating activities	**16,825.0**	**11,110.2**
B	Cash Flow from Investing Activities:		
	Purchases of property, plant and equipment	(2,329.1)	(3,388.8)
	Sale of property, plant and equipment	32.0	109.0
	(Purchase of) / Proceeds from sale of investments (net)	(2,175.3)	(409.3)
	(Investment made in) / Redemption of bank deposits having maturity of more than 3 months (net)	4,129.8	(11,641.8)
	Dividend received	1.9	1.9
	Interest received	1,469.1	977.7
	Net cash generated from / (used in) investing activities	**1,128.4**	**(14,351.3)**
C	Cash Flow from Financing Activities:		
	Repayment of non-current borrowings (net)	(95.0)	(192.9)
	Proceeds from current borrowings (net)	(12,689.8)	8,820.7
	Proceeds from issue of compulsory convertible preferance shares	1,614.8	-
	Dividends paid	(5,295.2)	(4,219.1)
	Repayment of lease liabilities (net)	(238.4)	(211.7)
	Interest paid	(904.6)	(401.3)
	Net cash (used in)/generated from financing activities	**(17,608.2)**	**3,795.7**
D	Net (decrease)/increase in cash and cash equivalents (A+B+C)	345.2	554.6
E	Cash and cash equivalents as at beginning of the year	2,321.8	1,742.2
	Add/Less: Effect of exchange difference on foreign currency cash and cash equivalents	71.0	25.0
F	Cash and cash equivalents as at end of the year (D+E) (Refer Note 3. 9)	**2,738.0**	**2,321.8**

Notes:

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

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

3 Debt reconciliation in accordance with Ind AS 7:

Particulars	Non-current borrowings	Current borrowings
As at 1 April 2021	279.3	16,727.9
Cash flows from borrowing during the year (net)	(192.9)	8,820.7
Non-Cash Items (foreign exchange changes)	7.5	158.7
As at 31 March 2022 (Refer note 3.13)	93.8	25,707.4
Cash flows from borrowing during the year (net)	(95.0)	(12,689.8)
Non-Cash Items (foreign exchange changes)	1.2	53.9
As at 31 March 2023 (Refer note 3.13)	-	13,071.5

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

For and on behalf of the Board of Directors of Alkem Laboratories Limited
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Rajesh Dubey
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Chief Financial Officer

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President - Legal &
Company Secretary

Mumbai
19 May 2023

Mumbai
19 May 2023

Notes

to the Consolidated financial statements for the year ended 31 March 2023

1 General Information

Alkem Laboratories Limited ('the Company') was incorporated in 1973 under the provisions of Companies Act, 1956 of India, as a Company with limited liability. The Company is domiciled in India with its registered office address being, Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, India. The Company is engaged in pharmaceutical business with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group').

2A SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation of Consolidated Financial Statements ("financial statements"):

a) Statement of compliance

The financial statements of the Group as at and for the year ended 31 March 2023 have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.

The financial statements are prepared in Indian Rupees in Million, rounded off to the nearest one decimal except for share data and per share data, unless otherwise stated.

The financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on 19 May 2023.

b) Basis of preparation and presentation

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2B. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Basis of measurement

These financial statements are prepared under historical cost convention except for provision for defined benefit obligations and certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

d) Functional and Presentation Currency

These financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.2 Basis of consolidation

The financial statements incorporate the financial statements of the Company and the entities it controls, both unilaterally and jointly.

Notes

to the Consolidated financial statements for the year ended 31 March 2023

(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.

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 2023	% of Shareholding and voting power As at 31 March 2022
Alkem Laboratories Corporation	Philippines	100%	100%
Ascend Laboratories Pty Ltd	South Africa	100%	100%
S & B Holdings B.V	Netherlands	100%	100%
Ascend 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%
Enzene Biosciences Limited	India	99.76%	99.72%
Ascend Laboratories, LLC**	USA	100%	100%
Alkem Laboratories, Korea Inc	South Korea	100%	100%
Pharmacor Ltd.	Kenya	100%	100%
The PharmaNetwork, LLP	Kazakhstan	100%	100%
Ascend Laboratories (UK) Limited	United Kingdom	100%	100%
Ascend Laboratories SAS	Colombia	100%	100%
Cachet Pharmaceuticals Private Limited	India	60.63%	60.63%
Indchemie Health Specialities Private Limited	India	51%	51%
Connect 2 Clinic Private Limited	India	100%	100%
S & B Pharma LLC	USA	100%	100%
Ascend Laboratories Ltd.	Canada	100%	100%
Pharma Network SpA ###	Chile	100%	100%
Ascend Laboratories S.A. DE. CV ****	Mexico	100%	100%
Alkem Foundation	India	100%	100%
Pharmacor Limited #	New Zealand	100%	NA
Enzene Inc ##	USA	100%	NA

*Ownership interest held through S & B Holdings B.V., Netherlands

** Ownership interest held through The PharmaNetwork LLC

*** Wholly owned subsidiary of The PharmaNetwork, LLC from 4 October 2021 till 5 January 2022), dissolved on 5 January 2022

**** Ownership interest held through Ascend Laboratories SpA with effect from 2 September 2021

Ownership interest held through Pharmacor Pty Ltd with effect from 1 June 2022

Ownership interest held through Enzene Biosciences Limited with effect from 26 May 2022

Ownership interest held through Ascend Laboratories SpA

Notes

to the Consolidated financial statements for the year ended 31 March 2023

(b) Non-controlling interests (NCI)

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Company's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance. Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of consideration received and the fair value of any retained interest, and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e., reclassified to profit or loss) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(c) Loss of control

When the Group losses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary, any related NCI and other component of equity. Any interest retained in the form of subsidiary is measured at fair value at the date control is lost. Any resulting gain or loss is recognised in profit or loss.

(d) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Business Combination

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment **(see Note 3.36)**. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

Business combination between entities under common control is accounted using pooling of interest method of accounting. Under pooling of interest method of accounting, none of the assets or liabilities are restated to their fair values. Instead, the acquirer incorporates carrying values from the date on which the business combination between entities under common control occurred.

Notes

to the Consolidated financial statements for the year ended 31 March 2023

2.3 Property, plant and equipment ("PPE")

i) Recognition and measurement

a) Items of PPE are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of PPE comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

b) If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

c) Any gain or loss on disposal of an item of PPE is recognised in statement of profit and loss.

d) Cost of Items of PPE not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of PPE outstanding at each balance sheet date are disclosed as capital advance under other non-current assets.

ii) Subsequent expenditure

Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

iii) Depreciation:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of PPE is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / upto the date on which is asset is ready to use / disposed off. Freehold land is not depreciated.

The estimated useful lives of Tangible assets are as under:-

PPE	Company and Subsidiaries in India	Subsidiaries in USA	Subsidiary in Australia	Subsidiary in Philippines and United Kingdom	Subsidiary in South Africa	Subsidiaries in Chile and Kenya	Subsidiary in Kazakhstan	Subsidiary in Germany
Buildings	5-59 years	5 - 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	7 years	-
Office equipment	3 - 6 years	5 years	2.5 - 5 years	3 years	3 years	3 - 10 years	3 - 10 years	5-10 years
Vehicles	8 years	5 years	-	3 years	-	8 years	4 years	-

2.4 Intangible Assets:

I. Recognition and measurement

Research and development	Expenditure on research activities is recognised in statement of profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.
Goodwill	Goodwill is initially recognised based on the accounting policy for business combinations **(refer note 2.2 (e))**. These assets are not amortised but are tested for impairment annually.

Notes
to the Consolidated financial statements for the year ended 31 March 2023

II. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

III. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in Statement of profit and loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible Assets	Company and Subsidiaries in India	Subsidiaries in 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	2.5 years	3 years	2 - 6 years	-
Trademark and patents	5 years	5 years	-	-	5 years	5 years
Technology	-	15 years	-	-	-	-
Right of use	Over the period of lease					-

2.5 Impairment of non-financial assets:

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful life are tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

2.7 Financial instruments

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Notes

to the Consolidated financial statements for the year ended 31 March 2023

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI -debt investment;
- FVOCI -equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. 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

Notes

to the Consolidated financial statements for the year ended 31 March 2023

termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued {but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers not retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when it terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Put option

The Group in accordance with Ind AS has accounted for the gross obligation on account of put option liability through Other equity on initial recognition and has an accounting policy choice of recognising subsequent changes through equity or through the consolidated statement of profit and loss. The Group has opted to account for subsequent measurements through Other equity.

In the event that the put option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

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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 towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. 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.

A chargeback is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the company. Chargeback, rebates, returns and medicaid payments are variable consideration that is recognised and recorded based on historical experience, market conditions and specific contractual terms. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices historical trends, past experience and projected market conditions.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Group monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

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.

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Assets and liabilities arising from right to return:

The Group has contracts with customers which entitles them the unconditional right to return.

Right to return assets:

A right of return gives an entity a contractual right to recover the goods from a customer (return asset), if the customer exercises its option to return the goods and obtain a refund. The asset is measured at the carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Refund liabilities:

A refund liability is the obligation to refund part or all of the consideration received (or receivable) from the customer. The Group has therefore recognised refund liabilities in respect of customer's right to return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimate of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Group has presented its right to return assets and refund liabilities as required under Ind AS 115 in the financial statements.

2.11 Foreign currencies

i. Foreign exchange transactions:

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

ii. Foreign operations:

The assets and liabilities of foreign subsidiaries including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR by applying the appropriate monthly average rate which best approximates the actual rate of the transaction.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant portion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in a joint venture while retaining significant influence or joint control, the relevant proportion of cumulative amount is reclassified to profit or loss.

2.12 Employee Benefits:

a) Post-employment benefits and other long term benefits:

i) Defined contribution plan:

Group's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss. The Group's contribution towards provident fund are considered to be defined contribution plan for which the Group makes contribution on monthly basis.

ii) Defined benefit and other long term benefit plans:

Group's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of other comprehensive income in the period of occurrence of such gains and losses for gratuity. In respect of compensated absences, actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

b) Short term employee benefits:

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service

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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 liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.14 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those assets, which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

2.15 Leases

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

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(i) the contract involves the use of an identified asset;

(ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend the lease before the end of the lease term, but the renewal aspect has not been added to the lease term since the option to renew the lease lies with both the lessor and the lessee.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using discount rates generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet.

2.16 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

2.17 Government Grants:

Grants related to depreciable assets are treated as deferred income, which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of it being received.

2.18 Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

2.19 Employee stock option scheme

Equity-settled share-based payments to employees are measured by reference to the fair value of the equity instruments at the grant date using Black Scholes Model.

The excess of fair value of shares over the exercise price determined at the grant date of the equity-settled share-based payments, is charged to Statement of Profit and Loss on the straight-line basis over the vesting period of the option, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The employee stock option outstanding account is shown net of unamortised deferred employee compensation expenses.

2.20 Segment reporting

The Group operates in one reportable business segment i.e. "Pharmaceuticals".

2.21 Non-current assets held for sale:

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the statement of profit and loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

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2.22 Exceptional items:

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

2.23 Recent accounting pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the Group's financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statement.

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 functional currency of foreign operations

Judgement is required to determine the functional currency of foreign operations, which requires evaluation of the primary economic environment in which the foreign operations operate. Factors that are considered in such evaluation include :-

(i) the currency that mainly influences sales price for goods;

(ii) the currency of the country whose competitive forces and regulations mainly determine the the sales price of goods;

(iii) the currency that mainly influences labour, material and other costs of providing goods or services;

(iv) the currency in which funds from financing activities;

(v) the currency in which receipts from operating activities are usually retained.

(vi) whether the activities of the foreign operation are carried out as an extension of the reporting entity;

(vii) whether transactions with the reporting entity are a high or a low proportion of the foreign operation's activities;

(viii) whether cash flows from the activities of the foreign operation directly affect the cash flows of the reporting entity and are readily available for remittance to it; and

(ix) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the reporting entity.

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Differing conclusions around these judgements may materially impact how foreign exchange differences arising on translation of these foreign operations are reported in the consolidated financial statements.

b. **Estimate of current and deferred tax**

The Group tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/ losses and/or cash flows.

The complexity of the Group structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Consolidated Statement of Profit and Loss and tax payments.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

c. **Recognition of MAT credit entitlement**

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company along with its Indian subsidiaries will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. This requires significant management judgement in determining the expected availment of the credit based on business plans and future cash flows of the Company and its Indian subsidiaries.

d. **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.

e. **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.

f. **Fair value measurements and valuation processes**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

g. **Defined benefit plans:**

The cost of the defined benefit gratuity plan and other post-employment benefits and present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves

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making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

h. Provision for anticipated sales return:

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

i. Chargebacks, rebates and discount:

Provisions for chargeback, rebates, discounts, other deductions and medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Group. Provisions for such chargebacks, rebates and discounts are accrued and estimated based on historical average rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler.

j. Percentage of completion :

Revenue for fixed price contracts is recognised using percentage of completion method. The Group uses judgement to estimate the future cost to completion of the contracts which is used to determine degree of completion of the performance obligation.

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3.1 Property, plant and equipment, Intangible Assets and Right of use assets

(₹ in million)

Particulars	Property plant and equipment								Intangible assets				Right of use
	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total	Computer software	Trade Mark & patents	Technology	Total	Land & Buildings
As at 1 April 2021	**1,223.2**	**790.5**	**8,807.3**	**17,508.1**	**531.1**	**398.0**	**1,294.1**	**30,552.5**	**555.1**	**1,198.4**	**178.2**	**1,931.7**	**1,250.6**
Additions	-	21.1	868.5	2,431.9	58.4	60.8	228.0	3,668.7	133.5	4.3	8.2	146.1	244.3
Adjustments **(Refer note 5 below)**	137.7	(804.5)	-	203.1	15.8	(5.8)	0.8	(452.9)	-	-	-	-	666.8
Deletions	-	-	(47.3)	(177.1)	(0.9)	(32.9)	(33.2)	(291.4)	-	-	-	-	(21.4)
Foreign Exchange Differences on account of foreign operations	2.4	2.1	43.2	69.5	0.8	(1.4)	5.1	121.7	4.3	0.4	5.8	10.5	(1.8)
As at 31 March 2022	**1,363.3**	**9.2**	**9,671.7**	**20,035.5**	**605.2**	**418.7**	**1,494.8**	**33,598.6**	**692.9**	**1,203.1**	**192.2**	**2,088.3**	**2,138.5**
Additions	68.9	-	197.3	1,341.4	41.9	38.4	248.4	1,936.3	134.4	96.7	-	231.0	275.4
Adjustments **(Refer note 5 below)**	-	-	-	85.2	-	0.0	1.1	86.3	-	-	-	-	-
Deletions	-	-	(37.5)	(358.0)	(20.3)	(60.9)	(350.1)	(826.8)	(22.4)	(65.4)	-	(87.7)	(66.3)
Reclassification to non-current assets held for sale **(Refer note 3.43)**	(83.7)	-	(1,146.5)	(1,947.6)	(15.0)	-	(27.6)	(3,220.4)	(142.6)	-	-	(142.6)	-
Foreign Exchange Differences on account of foreign operations	10.4	0.8	101.0	145.7	1.7	4.5	26.9	291.0	9.5	0.8	21.4	31.8	37.6
As at 31 March 2023	**1,358.9**	**10.2**	**8,786.0**	**19,302.2**	**613.5**	**400.7**	**1,393.5**	**31,864.8**	**671.8**	**1,235.2**	**213.6**	**2,120.6**	**2,385.2**
Depreciation and Amortisation													
As at 1 April 2021	0.1	46.9	978.2	5,931.9	238.7	190.8	826.8	8,213.2	409.4	592.3	85.6	1,087.3	458.4
Depreciation/amortisation for the year	-	9.9	280.3	1,921.5	56.3	48.6	204.1	2,520.7	103.7	152.9	16.1	272.7	246.2
Adjustments **(Refer note 5 below)**	-	(53.8)	-	159.1	15.6	(4.4)	1.2	117.7	-	-	-	-	53.8
Deductions	-	-	(2.8)	(114.4)	(0.6)	(23.8)	(27.0)	(168.6)	-	-	-	-	(15.6)
Foreign Exchange Differences on account of foreign operations	-	0.1	5.8	33.8	0.5	(1.4)	5.8	44.6	3.3	-	3.0	6.3	2.2
As at 31 March 2022	**0.1**	**3.1**	**1,261.5**	**7,931.9**	**310.5**	**209.8**	**1,010.9**	**10,727.6**	**516.4**	**745.2**	**104.7**	**1,366.2**	**745.0**
Depreciation/amortisation for the year	-	0.6	303.4	1,896.8	53.9	48.9	210.8	2,514.4	118.1	165.6	17.3	300.9	288.9
Adjustments (Refer note 5 below)	-	-	-	68.1	-	-	0.9	69.0	-	-	-	-	-
Deductions	-	-	(18.3)	(265.1)	(18.6)	(49.6)	(334.1)	(685.7)	(22.4)	(65.4)	-	(87.8)	(50.2)
Reclassification to non-current assets held for sale (Refer note 3.43)	-	-	(167.2)	(1,344.7)	(7.7)	-	(24.8)	(1,544.4)	(141.2)	-	-	(141.2)	-
Foreign Exchange Differences on account of foreign operations	-	0.3	15.0	88.0	1.7	3.1	21.6	129.7	7.9	0.9	9.4	18.2	23.0
As at 31 March 2023	**0.1**	**4.0**	**1,394.4**	**8,375.0**	**339.8**	**212.2**	**885.3**	**11,210.8**	**478.8**	**846.3**	**131.4**	**1,456.4**	**1,006.7**
Net Book Value													
As at 31 March 2022	1,363.2	6.1	8,410.2	12,103.6	294.6	208.9	483.9	22,871.0	176.5	457.9	87.5	721.9	1,393.5
As at 31 March 2023	**1,358.8**	**6.0**	**7,391.6**	**10,927.2**	**273.7**	**188.5**	**508.2**	**20,654.0**	**193.0**	**389.0**	**82.2**	**664.2**	**1,378.6**

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Notes:

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 ₹**141.4 million** (31 March 2022: ₹184.7 million) located at Research and Development Centres of the Group.

2. Capital work in progress comprises expenditure in respect of various plants in the course of construction/expansion. Total amount of Capital work in progress is ₹**3,102.7 million** (31 March 2022: ₹3,394.8 million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **19.8 million** (31 March 2022: ₹5.9 million).

3. **Refer Note 3.27(1)** for contractual commitments with respect to property, plant and equipments.

4. Exclusive charge by way of hypothecation over the whole of the movable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable assets, both present and future subject to a maximum 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 $ 20.0 million** advanced by Banco de Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company and **US $ 5.0 million** advanced to PharmaNetwork SpA, Chile, a wholly owned subsidiary of Ascend Laboratories SpA, Chile.

5. During the year ended 31 March 2023 and 31 March 2022, certain assets, which were categorised as assets held for sale previously have been reclassified to Property, Plant and Equipment and the balance of leasehold land has been transferred to Right of use asset pursuant to IND AS 116.

6. Depreciation and amortisation expense:

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation expense	2,514.4	2,520.7
Amortisation expense	589.8	518.9
Total	**3,104.2**	**3,039.6**

Capital work-in-progress

Capital work-in-progress ageing schedule for the year ended 31 March 2023 and 31 March 2022 is as follows:

(₹ in million)

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progess	1,130.6	887.0	635.8	449.3	3,102.7
	(1,644.9)	(711.0)	(264.3)	(774.5)	(3,394.8)
Projects temporarily suspended	-	-	-	-	-
	-	-	-	-	-

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For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan the project wise details of when the project is expected to be completed is given below as of 31 March 2023 and 31 March 2022:

(₹ in Million)

Particulars	To be completed in				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project 1	365.2	-	-	-	365.2
	(293.8)	-	-	-	(293.8)
Project 2	322.3	-	-	-	322.3
	(284.9)	-	-	-	(284.9)
Project 3	-	-	-	-	-
	(344.3)	-	-	-	(344.3)
Project 4	20.4	-	-	-	20.4
	(27.1)	-	-	-	(27.1)
Project 5	1,031.7	-	-	-	1,031.7
	-	-	-	-	-
Project 6	313.4	-	-	-	313.4
	-	-	-	-	-
Project 7	-	-	-	-	-
	(17.4)	-	-	-	(17.4)

Intangible assets under development

Intangible assets under development ageing schedule for the year ended 31 March 2023 and 31 March 2022 is as follows:

(₹ in Million)

Particulars	Amount in Intangible assets under development for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progess	129.7	-	-	-	129.7
	(-)	(-)	(-)	(-)	(-)
Projects temporarily suspended	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)

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

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3.2 Investments:

Particulars	As at 31 March 2023		As at 31 March 2022	
A. Non-Current Investments				
1) **In equity shares: [at fair value through profit and loss] Unquoted: (Refer sub note 6 of Note 3.2)**		409.9		409.9
2) **In preference shares: [at fair value through profit and loss] Unquoted: (Refer sub note 7 of Note 3.2)**		150.0		-
3) **Investment In venture capital funds: Unquoted [at fair value through profit and loss]**		1,059.5		856.0
4) **Non convertible debentures :[at amortised cost]:**				
Quoted		156.3		156.3
5) **Bonds: Quoted [at amortised cost]**		1,270.4		894.5
Total		**3,046.1**		**2,316.7**
B. Current Investments:				
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)**		1,042.6		1,073.3
2) **Equity shares: Quoted [at fair value through profit and loss]**		35.2		37.2
3) **Equity shares: Unquoted [at fair value through profit and loss]**	170.4		153.9	
Less: Provision for impairment in value of investments **(Refer sub note 5 of Note 3.2)**	(170.4)	-	(149.6)	4.3
4) **Investment In mutual funds: Quoted: [at fair value through profit and loss]**		277.2		270.2
5) **Preference shares: (Unquoted) : [at amortised cost]**		8.1		8.1
6) **Non convertible debentures : - Quoted [at amortised cost]**		1,809.0		-
Total		**3,172.1**		**1,393.1**

Notes:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Quoted investments	3,548.1	3,548.1	1,358.2	1,358.2
2) Aggregate value of Unquoted investments	2,670.1	N.A.	2,351.6	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, which was in force for a period of 2 years from the execution date i.e 10 March 2016, 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. The Option Agreement was subsequently renewed for a period of 2 years by executing First Supplementary agreement and Second Supplementary agreement till 9 March 2020 and 9 March 2022 respectively. During the previous year ended 31 March 2022, the Company had renewed the said Option Agreement, by executing a Third Supplementary Agreement, as approved in its Board meeting held on 4 February 2022 for a further period of 2 years valid till 9 March 2024.

5) During the previous year, the Group had fair valued one of its investments in the USA and considering the contingencies on business projections of the investee company an amount of ₹**149.6 million** had been debited to the Statement of Profit and Loss and disclosed as an exceptional item.

6) During the year ended 31 March 2021, the Company had invested ₹**400 million** in ABCD Technologies LLP with an objective to digitize healthcare infrastructure in India towards facilitating good distribution practices, inter alia, in support of the National Digital Health Mission of Government of India. As at 31 March 2023, the Company had a 6.45% share of profit/loss and voting rights.

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7) During the current year, the Company has invested ₹ **150 million** in Eyestem Research Private Limited with an objective to create a global and scalable cell therapy platform to treat opthalmic diseases.

3.3 Loans

(₹ in Million)

Particulars	As at 31 March 2023	As at 31 March 2022
A. Non-current loans		
(Unsecured, considered good unless otherwise stated)		
Other receivables	80.2	80.2
Total	**80.2**	**80.2**
B. Current loans		
Loans to employees	67.7	202.5
Total	**67.7**	**202.5**
Break-up of loans		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	147.9	282.7
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**147.9**	**282.7**
Less: Loss allowance	-	-
Total	**147.9**	**282.7**

3.4 Other financial assets

(₹ in Million)

Particulars	As at 31 March 2023	As at 31 March 2022
A. Other non current financial assets		
(Unsecured, considered good unless otherwise stated)		
In Deposit accounts:		
Bank deposits with maturity beyond 12 months	2,600.1	6,789.8
Interest on deposits, accrued but not due	66.7	101.8
Balances with government authorities	245.9	174.3
Security deposits	39.8	40.8
Total	**2,952.5**	**7,106.7**

Note:

Bank deposits of ₹**397.5 Million** (31 March 2022: ₹303.9 Million) are under lien with the Banks against Overdraft facility.

(₹ in Million)

Particulars	As at 31 March 2023	As at 31 March 2022
B. Other current financial assets		
(Unsecured, considered good unless otherwise stated)		
Interest on deposits, accrued but not due	902.5	566.2
Other receivables	286.5	70.7
Incentive receivable from government	592.8	970.0
Security deposits	115.7	124.6
Total	**1,897.5**	**1,731.5**

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3.5 Other non-current assets

(₹ in Million)

Particulars	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good unless otherwise stated)		
Capital advances	82.9	325.2
Balances with government authorities	444.4	468.8
Other advances	2.3	2.2
Total	**529.6**	**796.2**

3.6 Inventories

(₹ in Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Raw and packing materials	8,058.4	7,899.7
Goods-in-transit	94.4	128.3
	8,152.8	**8,028.0**
Work-in-progress	1,639.9	1,343.4
Finished goods	10,082.5	13,440.8
Goods-in-transit	1,992.2	2,536.2
	12,074.7	**15,977.0**
Stock-in-trade	4,110.4	4,597.4
Goods-in-transit	97.5	109.5
	4,207.9	**4,706.9**
Total	**26,075.3**	**30,055.3**

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 **₹931.8 Million** (31 March 2022: ₹1,212.7 Million)
2. **Refer note 3.13** on Borrowings, for the details related to charge on inventories lying with the Group.

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 2023	For the year ended 31 March 2022
Current tax		
Current year tax	2,739.0	3,619.8
	2,739.0	**3,619.8**
Deferred tax credit (net)		
Minimum Alternate Tax (MAT) credit entitlement	(421.5)	(1,519.1)
Origination and reversal of temporary differences	662.1	(461.2)
	240.6	**(1,980.2)**
Tax expense for the year	**2,979.6**	**1,639.6**

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(ii) Amounts recognised in other comprehensive income

(₹ in Million)

Particulars	For the year ended 31 March 2023			For the year ended31 March 2022		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans	(48.7)	16.1	(32.6)	(90.9)	33.2	(57.8)
	(48.7)	**16.1**	**(32.6)**	**(90.9)**	**33.2**	**(57.8)**

B. Reconciliation of effective tax rate

(₹ in Million)

Particulars	(%)	For the year ended 31 March 2023	(%)	For the year ended 31 March 2022
Profit before tax		13,047.7		18,442.8
Tax using the Company's applicable tax rate	34.9%	4,558.9	34.9%	6,443.9
Tax effect of:				
Additional deduction allowed under Income Tax Act	-30.3%	(3,958.0)	-28.4%	(5,238.3)
Expense not deductible for tax purposes	0.3%	40.0	0.3%	55.7
Deferred tax assets written off	9.2%	1,197.2	0.0%	-
Utilisation of previously written off MAT Credit #	0.0%	-	-0.4%	(67.8)
Unrecognised deferred tax asset in subsidiaries	1.0%	130.3	1.0%	193.4
Deferred tax assets on brought forward losses not recognised earlier	-2.2%	(292.8)	-5.2%	(956.2)
Permanent disallowance - prior years	2.8%	365.0	5.3%	978.3
Permanent disallowance - current year	4.3%	557.7	1.9%	341.5
Deferred tax reversal during tax holiday period	0.6%	79.7	-0.1%	(17.8)
Others	2.3%	301.6	-0.5%	(93.2)
	22.8%	**2,979.6**	**8.9%**	**1,639.6**

During the year ended 31 March 2023, the Group has utilized Minimum Alternate Tax ("MAT") credit amounting to ₹**Nil** (31 March 2022: ₹67.8 million) which was written off in the year ended 31 March 2016. The current tax charge for the year ended 31 March 2023 is after utilizing MAT credit of said amount.

C. Movement in deferred tax assets and liabilities

(₹ in million)

Particulars	Net balance 1 April 2022	Recognised in profit or loss	Recognised in OCI	Exchange rate difference	Net balance 31 March 2023	Deferred tax asset	Deferred tax liability
Deferred tax liabilities							
Property, plant and equipment and intangible assets	(2,052.0)	337.9	-	-	(1,714.1)	-	1,714.1
Investments	(134.6)	(109.2)	-	-	(243.9)	-	243.9
Deferred tax assets							
Inventories	562.9	47.5	-	-	610.4	610.4	-
Employee benefits	1,179.2	89.7	16.1	-	1,285.0	1,285.0	-
Trade receivable	164.9	76.7	-	-	241.6	241.6	-
Deferred government grant	30.1	2.7	-	-	32.8	32.8	-
Other items	747.8	(7.9)	-	156.9	896.8	896.8	-
Tax losses carried forward	1,606.3	(1,099.5)	-	-	506.8	506.8	-
MAT credit entitlement	10,988.1	421.5	-	-	11,409.7	11,409.7	-
Tax assets / (liabilities)	**13,092.6**	**(240.6)**	**16.1**	**156.9**	**13,025.0**	**14,983.0**	**1,958.0**
Offsetting of deferred tax assets and deferred tax liabilities						(1,958.0)	(1,958.0)
Net tax assets	**13,092.6**	**(240.6)**	**16.1**	**156.9**	**13,025.0**	**13,025.0**	**-**

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(₹ in million)

Particulars	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	Exchange rate difference	Net balance 31 March 2022	Deferred tax asset	Deferred tax liability
Deferred tax liabilities							
Property, plant and equipment and intangible assets	(1,562.3)	(489.7)	-	-	(2,052.0)	-	2,052.0
Investments	(178.3)	43.7	-	-	(134.6)	-	134.6
Deferred tax assets							
Inventories	847.3	(284.4)	-	-	562.9	562.9	-
Employee benefits	1,035.0	110.9	33.2	-	1,179.2	1,179.2	-
Trade receivable	171.4	(6.5)	-	-	164.9	164.9	-
Deferred government grant	33.0	(3.0)	-	0.1	30.1	30.1	-
Other items	488.9	258.9	-	-	747.8	747.8	-
Tax losses carried forward	32.4	1,573.9	-	-	1,606.3	1,606.3	-
MAT credit entitlement	10,211.7	776.4	-	-	10,988.1	10,988.1	-
Tax assets (liabilities)	**11,079.1**	**1,980.1**	**33.2**	**0.1**	**13,092.6**	**15,279.2**	**2,186.6**
Offsetting of deferred tax assets and deferred tax liabilities						(2,186.6)	(2,186.6)
Net tax assets	**11,079.1**	**1,980.1**	**33.2**	**0.1**	**13,092.6**	**13,092.6**	**-**

The Group offsets tax assets and liabilities only if it has a legally enforceable right to set off tax assets and tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets. The recoverability of deferred tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred tax assets will be recovered.

D. Tax assets and liabilities

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Non Current tax assets (net)	575.4	533.1
Current tax liabilities (net)	234.4	163.2

E. Unrecognised deferred tax assets

A deferred tax liability in respect of temporary differences related to undistributed profit in subsidiaries has not been recognised amounting to ₹**1,808.9 Million** (31 March 2022: ₹2,448.0 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 2023		As at 31 March 2022	
	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Deductible temporary differences	35.9	9.3	25.5	6.6
Tax Losses	9,269.7	2,202.3	4,633.5	1,204.7
Unrecognised MAT credit entitlement	-	811.6	-	743.8
Total	**9,305.7**	**3,023.2**	**4,659.0**	**1,955.1**

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Tax Losses carried forward

(₹ in million)

Particulars	Expiry Date (Financial Year)	As at 31 March 2023	Expiry Date (Financial Year)	As at 31 March 2022
Brought forward losses (allowed to carry forward for specified period)	2024-2031	971.6	2023-2030	971.6
Brought forward losses (allowed to carry forward for specified period)	2033-2037	210.8	NA	-
Brought forward losses and unabsorbed depreciation (allowed to carry forward for infinite period)		1,019.9		233.1
Total		**2,202.3**		**1,204.7**

3.8 Trade receivables (Unsecured)

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Considered good	21,760.0	19,310.4
Credit impaired	-	-
Less: Loss allowance	(438.2)	(464.4)
Total	**21,321.8**	**18,846.0**

Note:

1. **Refer note 3.38** for information about credit risk and market risk of trade receivables.

Trade receivables ageing schedule for the year ended 31 March 2023 and 31 March 2022

(₹ in million)

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months- 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
i) Undisputed Trade receivables - considered good*	14,353.2	6,343.1	282.2	305.0	133.7	249.1	21,666.2
	(15,018.4)	*(3,364.3)*	*(376.3)*	*(71.6)*	*(101.9)*	*(318.0)*	*(19,250.5)*
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
iv) Disputed Trade receivables - considered good	-	115.3	8.1	58.1	25.2	7.7	214.4
	-	*(12.9)*	*(19.7)*	*(5.1)*	*(14.4)*	*(41.5)*	*(93.6)*
v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

* Includes unbilled revenue amounting to ₹ **120.6 million** (Previous year : ₹ 33.7 million) **(Refer note 3.11)**.

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

The Group does not have any transactions or balances with Struck off parties.

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3.9 Cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	7.6	7.2
Cheques and drafts on hand	28.2	615.7
Balance with banks:		
In current accounts	1,960.1	1,661.9
In Unspent CSR account	-	1.0
In Benevolent fund account	-	6.0
In Deposit accounts:		
Deposit with original maturity within three months	742.1	30.0
Total	**2,738.0**	**2,321.8**

3.10 Bank balances other than cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Unpaid dividend account	2.0	1.8
Unspent CSR account	1.0	-
Benevolent fund account	3.9	-
Bank deposits with maturity within 12 months	23,424.0	23,462.2
Total	**23,430.9**	**23,464.0**

Note:

Bank deposits of ₹**17,902.5 Million** (31 March 2022: ₹14,046.8 Million) are under lien with banks against Overdraft facilities availed.

3.11 Other Current Assets:

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good unless otherwise stated)		
Balances with government authorities	5,361.3	4,923.2
Advance to suppliers and employees:		
Considered good	1,214.0	574.8
Considered doubtful	124.1	133.1
	1,338.1	**707.9**
Less: Loss allowance	(124.1)	(133.1)
	1,214.0	**574.8**
Prepaid expenses	443.9	564.4
Right of return asset	221.1	226.7
Unbilled revenue	120.6	33.7
Total	**7,360.9**	**6,322.8**

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3.12A Equity Share Capital:

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised:		
250,000,000 equity shares of ₹2/- each (31 March 2022: 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 2022: 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 year:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	(₹ in Million)	Number of shares	(₹ in Million)
At the commencement of the year	119,565,000	239.1	119,565,000	239.1
At the end of the year	**119,565,000**	**239.1**	**119,565,000**	**239.1**

(b) Rights, preferences and restrictions attached to equity shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholders:	As at 31 March 2023		As at 31 March 2022	
	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%
Legal heir of Late Dhananjay Kumar Singh	9,518,565	7.96%	9,518,565	7.96%
Mr. Basudeo Narain Singh	8,695,360	7.27%	8,662,100	7.24%
Mr. Mritunjay Kumar Singh	7,682,000	6.42%	7,630,000	6.38%

(d) Aggregate number of bonus shares issued for the consideration other than cash during the period of five years immediately preceeding the reporting date:

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

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(e) Promoters shareholding

Promoter name	No. of shares as at 31 March 2023	No. of shares as at 31 March 2022	% of total shares	% change during the year
Sarandhar Singh (shares held on behalf of Samprada & Nanhamati Singh Family Trust)	25,205,800	25,205,800	21.08%	0%
Basudeo Narain Singh	8,695,360	8,662,100	7.27%	0%
Mritunjay Kumar Singh	7,682,000	7,630,000	6.42%	1%
Legal heir of Late Dhananjay Kumar Singh	9,518,565	9,518,565	7.96%	0%
Jayanti Sinha	5,138,220	5,138,220	4.30%	0%
Madhurima Singh	948,194	908,694	0.79%	4%
Seema Singh	2,937,740	2,937,740	2.46%	0%
Archana Singh	2,394,050	2,394,050	2.00%	0%
Divya Singh	1,208,971	1,208,971	1.01%	0%
Meghna Singh	1,208,650	1,208,650	1.01%	0%
Aniruddha Singh	1,208,971	1,208,971	1.01%	0%
Shrey Shree Anant Singh	1,195,650	1,195,650	1.00%	0%
Raj Kumar Singh	538,038	538,038	0.45%	0%
Sandeep Singh	97	112,357	0.00%	-100%
Srinivas Singh	102,695	81,100	0.09%	27%
Sarandhar Singh	79,800	79,800	0.07%	0%
Sarvesh Singh	79,800	79,800	0.07%	0%
Legal heir of Late Balmiki Prasad Singh	100,516	122,111	0.08%	-18%
Satish Kumar Singh	71,934	71,934	0.06%	0%
Inderjit Kaur Arora	7,800	7,800	0.01%	0%
Madhurima Singh (shares held on behalf of Dhananjay and Madhurima Singh Trust)	20,055	3,055	0.02%	NA
Annapurna Singh	3,041	1	0.00%	NA
Manju Singh	1	1	0.00%	0%
Premlata Singh	1	1	0.00%	0%

3.12 B Other equity

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Capital reserve	5.2	5.2
Employee stock options outstanding account:	6.0	6.0
General reserve	19,872.5	19,872.5
Retained earnings	70,519.7	65,938.9
Other comprehensive income	1,470.5	317.3
Gross obligation to non-controlling interest under put option	(1,660.1)	-
Total	**90,213.8**	**86,139.9**

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3.13 Borrowings

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
A. Non-current borrowings		
Secured		
Term loans		
- from other parties	-	0.3
Unsecured		
Term loans		
- from related parties **(Refer note 3.31)**	-	86.5
- from other parties	-	7.0
Total	**-**	**93.8**

Notes:

Cachet Pharmaceuticals Private Limited ('CPPL')

Secured term loan from other parties consists of hire purchase loans from finance companies secured against the respective assets financed by them. The loan carries interest at the range of 8.75% to 10.87%. The same is repayable under 12 months.

Unsecured loan from related parties has been repaid during the year.

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
B. Current borrowings		
Secured		
Loans repayable on demand from banks	3,005.4	13,351.7
Term loan from banks	0.3	1.2
	3,005.7	**13,352.9**
Unsecured		
Working capital loan from banks	10,065.8	12,354.5
	10,065.8	**12,354.5**
Total	**13,071.5**	**25,707.4**

Notes :

Secured:

The Company:

Loans repayable on demand from Banks include:

1. Overdrafts from banks ₹**1,193.1 Million** (31 March 2022: ₹10,100.7 Million) are secured against pledge of fixed deposits with the banks.

2. Overdraft Facilities carry a rate of Interest ranging between 5.25% to 8.20% 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 ₹**25.3 Million** (31 March 2022: ₹27.1 Million) are secured against fixed deposits placed with respective banks. This facility carries interest in the range of 5.25% to 7.00%.

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to the Consolidated financial statements for the year ended 31 March 2023

Cachet Pharmaceuticals Private Limited ('CPPL')

Secured term loan from other parties ₹0.3 Mn (31 March 2022: 1.2 Mn) consists of hire purchase loans from finance companies secured against the respective assets financed by them. The loan carries interest at the range of 9.38%.

Enzene Biosciences Limited

1. Overdraft from banks ₹**155.5 Million** (31 March 2022: ₹322.7 Million) are secured against fixed deposits placed with respective banks
2. Overdraft facilities carry a rate of interest ranging between 5.45% to 7.50% p.a computed on a monthly basis on the actual amount utilised, and are repayable on demand.

Ascend Laboratories SpA, Chile

1. Loan facilities of ₹ **768.9 Million (CLP 7,407.4 Million)** (31 March 2022: ₹62.4 Million (CLP 649.1 Million)) by Banco de Chile are comprised by a fund based facility (overdraft/working capital credits) with a limit of **CLP 10,000.0 Million**. The interest rate is Tab30+0.083% monthly.
2. Loan from Banco de Chile amounting to ₹ Nil **(CLP Nil)** (31 March 2022: ₹577.2 Million (CLP 6,000.0 Million)). The same has been repaid during the year.

For security details refer subnote 4 of note 3.1.

The PharmaNetwork, LLC, USA

1. Working Capital loan of ₹ **862.6 Mn (USD 10.5 Mn)** (31 March 2022 ₹2,261.5 Mn (USD 30 Mn) from bank includes revolving credit line taken on 3 November 2012 ('closing date') by the Company are secured upto USD 50,000,000 (31 March 2022 USD 30,000,000) by issue of ABF Revolving Credit Facility by JP Morgan Chase (31 March 2022: 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 of the Company. Interest on this Revolving Credit Facility is payable monthly in arrears on the first business day of each month at a rate equal to SOFR + 1.25%.

Unsecured:

The Company:

1. Packing Credit in Foreign Currencies of ₹**10,065.8 Million** (31 March 2022: ₹12,354.5 Million) and are repayable on demand carries Interest rate in the range of 0.30% to 5.97%.

3.14 Provisions

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
A. Non-current provisions		
Provisions for employee benefits		
- Gratuity (**Refer note 3.28**)	1,701.6	1,552.3
- Compensated absences	969.9	906.1
Provision for anticipated sales returns (**Refer note.3.34**)	1,022.1	869.1
Total	**3,693.6**	**3,327.5**
B. Current provisions		
Provision for employee benefits:		
Gratuity (**Refer note 3.28**)	747.1	707.4
Compensated absences	364.7	321.5
Provision for rebates (**Refer note.3.34**)	1,012.9	386.5
Provision for anticipated sales returns (**Refer note.3.34**)	1,602.8	1,320.6
Total	**3,727.5**	**2,736.0**

Notes
to the Consolidated financial statements for the year ended 31 March 2023

3.15 Other non-current liabilities

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred income on government grant **(Refer note 3.43)**	88.0	79.2
Total	**88.0**	**79.2**

3.16 Trade payables

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	1,104.6	924.2
Total outstanding dues of creditors other than micro and small enterprises	10,545.7	10,809.6
Total	**11,650.3**	**11,733.8**

Note:-

Due to related parties ₹ **Nil** (31 March 2022: ₹92.9 Million) (**Refer note 3.31**)

Trade payables ageing schedule for the year ended 31 March 2023 and 31 March 2022

(₹ in million)

Particulars	Outstanding for following periods from due date of payment					
	Not due	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
i) MSME	261.8	838.6	4.2	-	-	1,104.6
	(826.1)	*(97.1)*	*(0.5)*	*(0.1)*	*(0.4)*	*(924.2)*
ii) Others	8,063.4	2,296.5	108.6	14.8	54.2	10,537.5
	(7,502.7)	*(3,153.0)*	*(1.7)*	*(96.0)*	*(56.2)*	*(10,809.6)*
iii) Disputed dues - MSME	-	-	-	-	-	-
	-	-	-	-	-	-
iv) Disputed dues - Others	-	-	-	-	8.2	8.2
	-	-	-	-	-	-

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

Relationship with struck off companies:

(₹ in million)

Name of Struck off company	Nature of Transactions	Transactions during the year 31 March 2023	Balance o/s. at the end of the year as at 31 March 2023	Transactions during the year 31 March 2022	Balance o/s. at the end of the year as at 31 March 2022	Relationship with the Struck off company, if any, to be disclosed
Piccadily Holiday Resorts Ltd	Payables	0.6	-	0.6	*	Vendor
Shakun And Company (Services) Pvt Ltd	Payables	*	-	*	-	Vendor
Great Eastern Trading Co.	Payables	0.1	-	-	-	Vendor

* Less than 1 lakh

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3.17 Other financial liabilities

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Non Current		
Put option liability	1,660.1	-
Total	**1,660.1**	-

Notes:-

During the current year, the Company and Enzene Biosciences Limited ('Enzene') have entered into an agreement with Eight Roads Ventures India Healthcare IV, L.P. ("Eight Roads Ventures") and F-Prime Capital Partners Life Sciences Fund VI LP ("F-Prime Capital") ('Investors') whereby the Investors have infused ₹**1,614.8 million** towards subscription of 4,108,973 Compulsorily Convertible Preference Shares ('CCPS') and 20 Equity Shares. The transaction involved the investment of ₹ **1,614.8 million** and issuance and allotment of CCPS and equity shares having a face value of ₹ 10 each, by Enzene to Investors in lieu of such investment. The investment towards CCPS and equity shares received on 27 January 2023 is convertible into a fixed number of equity shares of Enzene and hence has been classified as equity in the financial statements of Enzene.

In these consolidated financial statements, CCPS has been reflected as part of non-controlling interests. As per the Shareholders Agreement dated 23 December 2022, the Company will be required to provide various options to enable the Investor to exit over a period of time. In case such exit events do not occur, the Investor may require the Company, to buy them out at certain prices agreed under the arrangement. As of 31 March 2023, the CCPS have been recognized as a financial liability,the fair value of which is ₹**1,660.1 million**. CCPS is convertible into equity shares at any time but not later than nineteen years, at the option of the Investors, and is convertible compulsorily and automatically at the agreed conversion date, which is linked to meeting one of the agreed conditions.

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Interest accrued but not due on borrowings	-	2.0
Employee payables	2,377.7	2,433.1
Security deposits	321.0	228.5
Accrual for expenses	3,626.1	3,328.4
Unpaid dividend*	2.0	1.8
Total	**6,326.9**	**5,993.8**

*Amounts due for payment to the Investor education and protection fund ("IEPF") under Section 125 of the Companies Act, 2013 ₹ **0.2 Million** (31 March 2022: ₹Nil). The same has been deposited within the statutory timelines.

3.18 Other current liabilities

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Due to statutory authorities*	1,119.1	762.1
Unearned revenue	0.4	-
Advances from customers	739.3	728.7
Deferred income on government grant (**Refer note 3.43**)	10.1	12.4

Notes:-

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

Notes

to the Consolidated financial statements for the year ended 31 March 2023

3.19 Revenue from operations

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of products- (A)	113,887.7	104,539.6
Sale of services- (B	515.8	580.7
Other operating revenues:		
Export incentives	161.1	172.6
Scrap sales	196.3	183.3
Budgetary support benefit under GST	820.8	837.2
Miscellaneous income	410.9	28.5
Total other operating revenue: - (C)	**1,589.1**	**1,221.6**
Total (A) + (B) + (C)	**115,992.6**	**106,341.9**

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 2023	For the year ended 31 March 2022
Revenue from contract with customers as per contracted price	177,801.5	151,526.9
Adjustments made to contract price on account of:		
Less: Sales return	2,571.3	2,747.8
Less: Discounts / Rebates / Chargebacks	60,826.8	43,658.8
Revenue from contract with customers	114,403.5	105,120.3
Other operating revenue	1,589.1	1,221.6
Revenue from operations	115,992.6	106,341.9

b) Disaggregation of revenue from contracts with customers: Refer note 3.30(a):

3.20 Other income

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income on		
- Bank deposits	1,541.3	1,140.9
- Bonds, debentures and loans at amortised cost	170.1	85.9
Liabilities/provisions no longer required written back	17.5	160.1
Profit on sale of investments at FVTPL (net)	21.6	33.8
Gain on fair value of investments through profit and loss	287.0	80.7
Profit on sale of brand (net)	-	34.0
Miscellaneous income	123.3	91.1
Total	**2,160.8**	**1,626.5**

3.21 Cost of materials consumed

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw material consumed	25,315.1	26,115.5
Packing material consumed	5,254.1	6,145.1
	30,569.2	**32,260.6**

Notes

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

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening stock:		
Finished goods	15,977.0	11,604.9
Stock-in-trade	4,707.0	3,785.9
Work-in-progress	1,343.4	1,087.1
	22,027.4	**16,477.9**
Less: Closing stock:		
Finished goods	12,074.7	15,977.0
Stock-in-trade	4,207.9	4,707.0
Work-in-progress	1,639.9	1,343.4
	17,922.5	**22,027.4**
Effect of foreign exchange translation	**518.8**	**194.7**
Total	**4,623.7**	**(5,354.8)**

3.23 Employee benefits expense

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	19,613.9	17,970.0
Contribution to provident and other fund	1,018.2	915.8
Employees' welfare expenses	681.4	741.3
Total	**21,313.5**	**19,627.1**

3.24 Finance costs

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expenses on		
- Bank overdraft and others	809.2	308.9
- Defined benefit liabilities	128.3	99.5
Other borrowing cost	136.1	115.3
Total	**1,073.6**	**523.7**

Notes
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3.25 Other expenses

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Consumption of stores and spare parts	673.7	885.0
Power and fuel	1,639.4	1,629.6
Processing charges	585.2	567.9
Contract labour charges	1,094.6	1,116.2
Rent **(Refer note 3.29)**	97.8	64.3
Rates and taxes	687.3	462.8
Insurance	504.9	414.3
Marketing, advertisement and promotions	8,185.8	5,968.2
Selling and distribution expenses	4,288.2	3,833.4
Legal and professional Fees	2,283.7	1,867.9
Sales commission	676.8	688.7
Travelling and conveyance	3,449.8	2,591.2
Repairs:		
- Buildings	163.5	113.4
- Plant and machineries	595.0	571.7
- Others	380.4	318.4
Loss on sale / write off of property, plant and equipments (net)	123.6	14.3
Commission to directors	13.0	10.8
Donation *	159.9	3.3
Communication and printing expenses	202.8	193.6
Vehicle expenses	248.0	210.7
Clinical and analytical charges	896.1	1,063.6
Allowances for doubtful debts	48.8	27.8
Corporate Social Responsibility (CSR) expenditure	345.3	286.7
Royalty expenses	81.1	145.0
License, registration & technology fees	917.9	771.1
Impairment loss on property, plant and equipments	21.7	11.2
Foreign currency transactions and translation loss (net)	188.6	16.5
Miscellaneous expenses	963.3	535.1
Total	**29,516.2**	**24,382.7**

*Includes ₹**150.0 Mn** (31 March 2022: ₹ Nil) contribution to electoral bonds and ₹**2.5 Mn** (31 March 2022: ₹ Nil) paid to a political party.

3.26 Contingent Liabilities

(₹ in million)

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
Claims against the Group not acknowledged as debt:			
(i)	Central Excise and service tax demands disputed in appeal {advances paid in dispute ₹**12.6 Million** (31 March 2022: ₹8.3 Million)}	177.8	181.8
(ii)	Sales Tax / Goods and service tax demand disputed in appeal {advances paid in dispute ₹**73.0 Million** (31 March 2022: ₹69.3 Million)}	660.4	586.9
(iii)	Custom duty demand disputed in appeal {advances paid in dispute ₹**5.3 Million** (31 March 2022: ₹5.3 Million)}	55.3	55.2
(iv)	Income Tax demand disputed in appeal {advances paid dispute in ₹**136.1 Million** (31 March 2022: ₹128.8 Million)}	237.3	147.5
(v)	Other matters: a. In relation to purchase commitments : ₹ **968.1 Million** (31 March 2022: ₹968.1 Million) b. Supply of Goods: ₹ **0.5 Million** (31 March 2022: ₹ 0.5 Million) c. In relation to CCI: ₹**746.3 Million** (31 March 2022: ₹ 746.3 Million)	1,714.9	1,714.9
	Total	**2,845.7**	**2,686.3**

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to the Consolidated financial statements for the year ended 31 March 2023

Management considers that the above service tax, excise duty, sales tax / Goods and service tax, custom duty and income tax demands received from the authorities are not tenable against the Group, and therefore no provision for these tax contingencies have been made.

The Group has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material adverse effect on its financial statements.

3.27 Commitments

(₹ in million)

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advances paid ₹**32.4 Million** (31 March 2022: ₹67.5 Million)	649.7	1,166.3
2	Uncalled / Unpaid contribution towards investment in funds **(Refer Note.3.2)**	392.2	388.4
3	Other Commitments: Commitment towards research and development - **EUR 0.0625 Million** (31 March 2022: EUR 0.0625 Million)	5.6	5.3
4	Pending Export Obligation under advance licence / EPCG Scheme	209.4	12.7

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

The Company and its Indian subsidiaries:

i) Defined contribution plans:

The Company and its Indian subsidiaries makes contributions towards provident fund. The Company and its Indian subsidiaries is required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance, which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds. Both the employees and the Company and its indian subsidiaries make monthly contribution to the said funds plan equal to a specific percentage of the covered employee's salary. The Company and its indian subsidiaries has no obligations other than to make the specified contributions.

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

(₹ in million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
- Contribution to Provident Fund	888.7	786.8
- Contribution to Employee state insurance corporation	32.1	34.7
Total	**920.8**	**821.5**

ii) Defined benefit plan:

The Company and its Indian subsidiaries earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at 31 March 2023 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.

Notes
to the Consolidated financial statements for the year ended 31 March 2023

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's and its Indian subsidiaries financial statements as at 31 March 2023:

(₹ in million)

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	244.9	197.3
	Past Service Cost	-	176.4
	Interest Cost	128.3	99.5
	Actuarial (gain) / loss	48.7	89.4
	Benefits paid	(233.8)	(207.3)
	PVO at the beginning of the year	2,255.6	1,900.3
	PVO at end of the year	2,443.7	2,255.6
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	2,443.7	2,255.6
	Fair Value of planned assets at end of year	-	-
	Funded status	(2,443.7)	(2,255.6)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(2,443.7)	(2,255.6)
III)	**Net cost for the year**		
	Current Service cost	244.9	197.3
	Past Service Cost	-	176.4
	Interest cost	128.3	99.5
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	48.7	89.4
	Net cost	421.9	562.6
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.31% - 7.44%	6.09% - 7.10%
	Attrition rate (%)	10% - 20%	10% - 20%
	Mortality rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
	Salary escalation rate (%)	5% - 10%	5% - 10%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Maturity profile of defined benefit obligation

(₹ in million)

Projected benefits payable in future years from the date of reporting	As at 31 March 2023	As at 31 March 2022
1st following year	708.7	743.1
2nd following year	231.1	276.3
3rd following year	222.7	250.3
4th following year	207.8	239.0
5th following year	195.0	211.0
Sum of years 6th to 10th	732.3	842.5
Sum of years 11th and above	1,205.8	1,328.9

Notes

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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 2023		31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(110.5)	123.8	(100.7)	112.9
Future salary growth (1% movement)	109.4	(99.6)	107.7	(97.9)

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is **3.96 - 10.02 years** (Previous year: 3.96 - 10.86 years)

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 2023 and 2022, ALC post - employment defined benefit obligation amounted to ₹ **5.0 Million (PHP 3,363,533)** and ₹ 4.3 Million (PHP 2,865,872), respectively.

In determining the amounts of the retirement benefit obligation, the following significant actuarial assumptions were used:

Discount rate - **5.62%**

Expected salary increase rate - **3.00%**

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
Current Service Cost	0.7	0.4
Actuarial (gain) / loss	-	1.5
PVO at the beginning of the year	4.3	2.4
PVO at end of the year	5.0	4.3

3.29 Leases

Leases as lessee

i. Right of use assets

Right of use assets related to leased properties.

(₹ in million)

Particulars	As at 31 March 2023 Land and Buildings	As at 31 March 2022 Land and Buildings
Opening balance	1,393.5	792.2
Amortisation charge for the year	(288.9)	(300.0)
Additions / Adjustments to right of use assets	275.5	911.1
Derecognition of right of use assets	(16.1)	(5.8)
Foreign exchange differences	14.6	(4.0)
Closing balance	**1,378.6**	**1,393.5**

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ii. Lease liability

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Maturity analysis of lease liability - undiscounted contractual cash flows		
Less than one year	292.8	290.8
One to three years	474.2	397.2
More than three years	369.5	444.6
Total undiscounted cash flows	**1,136.5**	**1,132.6**
Current (Discounted)	192.0	216.0
Non-current (Discounted)	703.3	664.7

iii. Amount recognised in profit or loss

(₹ in million)

Particulars	For the year ended 31 March 2023	For the Year ended 31 March 2022
General and administrative expenses		
Short-term lease rent expense	97.8	64.3
Amortisation and impairment losses		
Amortisation of right of use lease asset	288.9	246.2
Foreign exchange difference	23.0	2.2
Finance cost		
Interest expense on lease liability	77.0	75.7
	486.7	**388.4**

iv. Amount recognised in statement of cash flows

(₹ in million)

Particulars	For the year ended 31 March 2023	For the Year ended 31 March 2022
Cash outflow for short-term leases	97.8	64.3
Principal component of cash outflow for long-term leases	238.4	211.7
Interest component of cash outflow for long-term leases	77.0	75.7
Total cash outflow for leases	**413.2**	**351.7**

3.30 Segment Reporting

Basis for Segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

The operating segments are reported in a manner consistent with the internal reporting provided to the Company's Chief Operating Decision Maker (CODM). The CODM has been identified as the Executive Chairman of the Company who reviews the internal management reports prepared based on an aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments etc.) on a periodic basis.

Entity-wide disclosures

The below information analyses the group's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographic location of the assets.

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(₹ in million)

Sr. No	Particulars	For the year ended 31 March 2023	For the Year ended 31 March 2022
a)	**Revenue from Operations:**		
	Country of Domicile - India	81,599.7	75,266.4
	United States of America	25,133.5	23,290.7
	Other Countries	9,259.4	7,784.8
		1,15,992.6	**1,06,341.9**
b)	**Non-current assets (Refer note below)**		
	Country of Domicile - India	25,580.8	25,903.0
	United States of America	3,965.4	5,990.3
	Other Countries	515.4	518.8
	Total cash outflow for leases	**30,061.6**	**32,412.1**

Note:-

Non-current assets for this purpose consist of Property, Plant and Equipments, Capital work in progress, Intangibles,Intangible assets under development and Goodwill.

c) The Group did not have any external revenue from a particular customer which exceeded 10% of total revenue during the year.

3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures

The Group's prinicipal related parties consist of Key Managerial Personnel ("KMP"), relatives of KMP and entities in which KMP and their relatives have significant influence ("Affiliates"). The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enter into transactions in the ordinary course of business.

A. Key Managerial Personnel

Mr. Basudeo Narain Singh	Executive Chairman
Late Mr Balmiki Prasad Singh (upto 25 August 2022)	Executive Director
Late Mr. Dhananjay Kumar Singh (upto 28 October 2021)	Joint Managing Director
Mr. Mritunjay Kumar Singh	Executive Director
Mr. Sandeep Singh	Managing Director
Mr. Sarvesh Singh	Executive Director
Mrs. Madhurima Singh (w.e.f 20 December 2021)	Executive Director
Mr. Srinivas Singh (w.e.f 14 September 2022)	Executive Director
Mr. A.K.Purwar	Independent Director
Mr. R.L.Shenoy (upto 11 July 2022)	Independent Director
Ms. Sangeeta Singh	Independent Director
Ms. Sudha Ravi	Independent Director
Mr. Dheeraj Sharma	Independent Director
Mr. Narendra Kumar Aneja	Independent Director
Mr Sujjain Talwar (w.e.f 05 August 2022)	Independent Director
Mr. Rajesh Dubey	President - Finance & Chief Financial Officer
Mr. Manish Narang	President - Legal & Company Secretary

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3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

B. Relatives of Key Managerial Personnel with whom transaction have taken place during the year

Mr. Satish Kumar Singh	Father of Sandeep Singh and Sarvesh Singh
Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Sarandhar Singh	Son of Late Balmiki Prasad Singh and Brother of Srinivas Singh
Mr. Srinivas Singh (upto 25 August 2022)	Son of Late Balmiki Prasad Singh
Mrs. Manju Singh	Wife of Late Balmiki Prasad Singh and Mother of Srinivas Singh
Mrs. Premlata Singh	Mother of Sandeep Singh and Sarvesh Singh
Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Divya Singh	Daughter of Madhurima Singh
Mr. Aniruddha Singh	Son of Madhurima Singh
Ms. Meghna Singh	Daughter of Mritunjay Kumar Singh
Mr. Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Ms.Inderjit Arora	Wife of Sandeep Singh
Mrs. Annapurna Singh	Wife of Sarvesh Singh
Mr. Nawal Kishore Singh (upto 25 August 2022)	Brother of Late Balmiki Prasad Singh
Mr. Sreejan Shandilya	Husband of Madhurima Singh's Daughter

C. Entities in which Key Managerial Personnel's and their relatives have significant influence and with whom transactions have taken place during the year ("Affiliates"):

M/s Galpha Laboratories Ltd., M/s. Samprada and Nanhamati Singh Family Trust, Legal heirs of Late Mr. Balmiki Prasad Singh, Legal heirs of Late Mr. Dhananjay Kumar Singh, Sureet Propkem Private Limited

Details of Transactions with Related Parties

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2023			
		Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	C	
1	Remuneration*	799.7	152.4	-	952.2
		(682.0)	(145.3)	-	(827.3)
2	Consultancy fees paid	-	3.0	-	3.0
		-	(3.0)	-	(3.0)
3	Loans repaid	-	91.5	-	91.5
		-	(5.4)	-	(5.4)
4	Interest expense on loans taken	-	4.9	-	4.9
		-	(4.4)	-	(4.4)
5	Purchase of stock in trade	-	-	126.2	126.2
		-	-	(661.1)	(661.1)
6	Sale of raw and packing materials	-	-	5.0	5.0
	(March 2022: ₹ 6,822)	-	-	(0.0)	(0.0)
7	Purchase of raw and packing materials	-	-	2.0	2.0
		-	-	(4.5)	(4.5)
8	Services rendered	-	-	0.7	0.7
		-	-	(1.4)	(1.4)
9	Rental income	-	-	1.6	1.6
		-	-	(3.8)	(3.8)
10	Rent expenses	3.0	1.1	-	4.2
		(1.7)	(2.2)	-	(3.9)
11	Dividend paid	435.7	439.3	1,908.6	2,783.6
		(679.6)	(471.8)	(1,168.5)	(2,319.9)

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3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2023			
		Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	C	
12	Loan given	3.8	-	-	3.8
		(2.0)	-	-	(2.0)
13	Repayment of loan given	2.2	-	-	2.2
		(2.0)	-	-	(2.0)
14	Interest income on loans given	0.1	-	-	0.1
		(0.0)	-	-	(0.0)
15	Reimbursement of expenses from	29.7	4.3	-	34.0
		-	-	-	-
16	Purchase of PPE		-	68.9	68.9
	(March 2022: ₹23,600)		-	(0.0)	(0.0)

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

*Key managerial personnel remuneration

Key managerial personnel remuneration comprise the following :

(₹ in million)

Particulars	For the year ended 31 March 2023	For the Year ended 31 March 2022
Short term employee benefits	705.3	623.9
Post-employment benefits	62.1	49.7
Other long-term benefits #	14.0	(6.7)
Commission/sitting fees to Independent Directors	18.4	15.1
Total	**799.7**	**682.0**

For March 2022, reduced due to increase in discount rate.

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	For the year ended 31 March 2023			
		Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
			A	B	
1	Loan receivable	1.6	-	-	1.6

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3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2022			
		Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
			A	B	
1	Outstanding payables	-	-	92.9	92.9
2	Loan payable	-	86.5	-	86.5

3.32 The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is ₹**5,394.1 Million** (31 March 2022: ₹5,674.3 Million).

3.33 Earnings per share (EPS)

Particulars			Year ended 31 March 2023	Year ended 31 March 2022
Profit for the year attributable to Owners of the Parent	₹in Million	A	9,841.7	16,456.2
Weighted average number of equity shares outstanding	Nos.	B	11,95,65,000	11,95,65,000
Basic and diluted earnings per equity share (₹) - Face value of ₹2 per share	₹	(A / B)	82.31	137.63

3.34 Disclosure as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as under:

Provision for anticipated sales return:

The Group as a trade practice, accepts sales return from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns and rebates on the basis of historical experience, market conditions and specific contractual terms.

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Carrying amount at the beginning of the year	2,189.7	1,780.7
Add: Provision made during the year	3,197.9	2,571.1
Less: Amount utilized during the year	2,762.7	2,162.1
Carrying amount at the end of the year	2,624.9	2,189.7

Provision for rebates:

The Group provides the rebate to the customers based on the contractual agreement executed between the group and the insurance agencies. Provision is made in the books for the rebates amounts based on the details of sales made to the customers and actual liability arises on account of rebate invoices received from the insurance agencies.

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Carrying amount at the beginning of the year	386.5	-
Add: Provision made during the year	1,411.8	386.5
Less: Amount utilized during the year	785.4	-
Carrying amount at the end of the year	1,012.9	386.5

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to the Consolidated financial statements for the year ended 31 March 2023

3.34 Disclosure as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as under: (Continued)

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Non-current provision	1,022.1	869.1
Current provision	2,615.7	1,707.1
Total	**3,637.8**	**2,576.2**

3.35 Dividend paid and proposed:

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

Particulars	Dividend Per Equity Share (₹)	Year ended 31 March 2023 (₹in Million)	Dividend Per Equity Share (₹)	Year ended 31 March 2022 (₹in Million)
Dividend on equity shares	44.00	5,260.9	35.00	4,184.8
Total		**5,260.9**		**4,184.8**

After the reporting date, the following dividend was proposed by the Board of Directors in its meeting held on 19 May 2023 (previous year: in the Board meeting held on 13 May 2022) subject to the approval at the annual general meeting. Proposed dividend has not been recognised as a liability.

Particulars	Dividend Per Equity Share (₹)	Year ended 31 March 2023 (₹in Million)	Dividend Per Equity Share (₹)	Year ended 31 March 2022 (₹in Million)
Final Dividend on Equity Shares	10.00	1,195.7	4.00	478.3
Total		**1,195.7**		**478.3**

3.36 Impairment testing for cash generating unit (CGU) containing goodwill

The goodwill at each CGU level and goodwill acquired separately are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount is less than its carrying value. The recoverable amount is based on a value-in-use calculation using the discounted cash flow method. The value-in-use calculation is made using pre-tax Budgeted EBITDA projections of the next five years and the Terminal Value at the end of the fifth year (after considering the relevant long-term growth rate) which is considered by the Board as a reasonable period given the long development and life cycle of medicine.

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 2023	As at 31 March 2022
The PharmaNetwork LLC, United States of America	2,464.6	2,358.5
Pharmacor Pty Ltd, Australia	172.9	178.2
Enzene Biosciences Limited, India	106.0	106.0
Cachet Pharmaceuticals Private Limited ("CPPL"), India	487.9	487.9
Indchemie Health Specialities Private Limited ("IHSPL"), India	900.3	900.3
Total	**4,131.7**	**4,030.9**

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The table below shows the key assumptions used in the value in use calculations for goodwill at each CGU level:

Particulars	The Pharma Network LLC	Enzene Biosciences Limited	Pharmacor Pty Ltd	CPPL	IHSPL
Pre-tax adjusted discount rate (in %)	12.0%	22.0%	12.0%	12.0%	12.0%
Long-term growth rate (in %)	2.0%	0.0%	1.0%	3.0%	3.0%

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, goodwill acquired seperately in manufacturing plant located at St. Louis a unit under S & B Pharma LLC, USA, a subsidiary has been impaired amounting to ₹**108.2 million (Refer note 3.43)**. Apart from above no impairment was identified for any of the CGU and for goodwill acquired separately as at 31 March 2023 and 31 March 2022 as the recoverable value of the CGU and goodwill acquired separately exceeded the carrying value.

The Group has also performed sensitivity analysis calculations on the projections used and discount rate applied. Group has concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

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3.37 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has non-controlling interest, before any intra-group eliminations.

31 March 2023

(₹ in million)

Particulars	CPPL	IHSPL	EBL	Total
Non-controlling interest percentage	**39.4%**	**49.0%**	**0.24%**	
Non- current assets	786.7	3,471.5	4,187.3	8,445.5
Current assets	1,284.0	2,570.8	3,571.3	7,426.1
Non-current liabilities	142.7	762.6	38.4	943.8
Current liabilities	1,177.3	1,256.8	1,244.3	3,678.4
Net assets	**750.7**	**4,022.9**	**6,475.9**	**11,249.4**
Net assets attributable to the non-controlling interest	295.6	1,971.2	15.5	2,282.3
Add: Transactions with NCI **(Refer Note no. 3.17)**	-	-	1,614.8	1,614.8
Total attributable to NCI	**295.6**	**1,971.2**	**1,630.3**	**3,897.1**
Revenue from operations	4,022.7	6,280.8	1,439.8	11,743.2
Profit after tax	135.7	335.5	(173.4)	297.8
Other comprehensive income (net of tax)	(2.4)	(6.3)	(1.9)	(10.6)
Total comprehensive income	**133.3**	**329.2**	**(175.3)**	**287.2**
Profit/(loss) allocated to non-controlling interest	**53.4**	**164.4**	**(0.4)**	**217.4**
Changes in proportion held by non-controlling interest	-	-	9.0	9.0
Profit attributable to Non-Controlling Interest (a)	**53.4**	**164.4**	**8.6**	**226.4**
Other comprehensive income allocated to non-controlling interest (b)	(1.0)	(3.1)	(0.0)	(4.1)
Total comprehensive income allocated to non-controlling interest (a + b)	**52.4**	**161.3**	**8.6**	**222.3**
Cash flows from operating activities	273.4	393.0	(473.2)	193.1
Cash flows from investing activities	(134.6)	(261.9)	(2,754.0)	(3,150.5)
Cash flows from financing activities	(119.8)	(139.2)	3,923.7	3,664.7
Net increase (decrease) in cash and cash equivalents	**19.0**	**(8.1)**	**696.5**	**707.3**

31 March 2022

(₹ in million)

Particulars	CPPL	IHSPL	EBL	Total
Non-controlling interest percentage	**39.4%**	**49.0%**	**0.28%**	
Non- current assets	749.6	2,420.6	2,312.0	5,482.2
Current assets	1,217.5	3,041.9	1,251.9	5,511.3
Non-current liabilities	223.6	688.8	31.3	943.7
Current liabilities	1,126.1	1,010.1	996.2	3,132.4
Net assets	**617.4**	**3,763.6**	**2,536.4**	**6,917.4**
Net assets attributable to the non-controlling interest	243.1	1,844.2	7.1	2,094.3
Revenue from operations	4,308.1	5,620.9	872.2	10,801.2
Profit after tax	110.2	577.0	(700.5)	(13.3)
Other comprehensive income (net of tax)	(4.5)	(4.8)	1.2	(8.1)
Total comprehensive income	**105.7**	**572.2**	**(699.3)**	**(21.4)**
Profit/(loss) allocated to non-controlling interest	43.4	282.7	(2.0)	324.1
Changes in proportion held by non-controlling interest	(9.3)	-	32.2	22.9
Profit attributable to Non-Controlling Interest (a)	34.1	282.7	30.2	347.0
Other comprehensive income allocated to non-controlling interest (b)	(1.8)	(2.4)	0.1	(4.1)
Total comprehensive income allocated to non-controlling interest (a + b)	**32.3**	**280.3**	**30.3**	**342.9**
Cash flows from operating activities	269.6	813.7	(557.1)	526.2
Cash flows from investing activities	(232.7)	(685.6)	(100.3)	(1,018.6)
Cash flows from financing activities	(23.7)	(122.3)	637.7	491.7
Net increase (decrease) in cash and cash equivalents	**13.2**	**5.8**	**(19.7)**	**(0.7)**

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3.38 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The Group uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

Level 1: Observable prices in active markets for identical assets and liabilities;

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities;

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities

(₹ in million)

Particulars	As at 31 March 2023							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	2,738.0	2,738.0	-	-	-	-
Other bank balances	-	-	23,430.9	23,430.9	-	-	-	-
Non-current investments*	1,609.5	-	1,426.7	3,036.2	-	1,609.5	-	1,609.5
Current investments *	1,355.0	-	1,817.1	3,172.1	312.4	-	1,042.6	1,355.0
Non-current loans	-	-	80.2	80.2	-	-	-	-
Current loans	-	-	67.7	67.7	-	-	-	-
Trade receivables	-	-	21,321.8	21,321.8	-	-	-	-
Other non-current financial assets	-	-	2,952.5	2,952.5	-	-	-	-
Other current financial assets	-	-	1,897.5	1,897.5	-	-	-	
	2,964.5	**-**	**55,732.5**	**58,697.0**	**312.4**	**1,609.5**	**1,042.6**	**2,964.5**
Financial liabilities								
Current borrowings	-	-	13,071.5	13,071.5	-	-	-	-
Trade payables	-	-	11,650.2	11,650.2	-	-	-	-
Lease liabilities			895.3	895.3				-
Other current financial liabilities	-	-	6,326.9	6,326.9	-	-	-	-
	-	**-**	**31,943.9**	**31,943.9**	**-**	**-**	**-**	**-**

* It excludes fair value information for financial assets not measured at fair value, if carrying amount is a reasonable approximation of fair value.

The above table excludes other non-current financial liabilities amounting to ₹**1,660.1 million** valued using the fair value methodology (Level 3). The changes in fair value has been accounted directly through other equity.

(₹ in million)

Particulars	As at 31 March 2022							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	2,321.8	2,321.8	-	-	-	-
Other bank balances	-	-	23,464.0	23,464.0	-	-	-	-
Non-current investments*	1,256.0	-	1,050.8	2,306.8	-	1,256.0	-	1,256.0
Current investments*	1,380.7	-	8.0	1,388.7	307.4	-	1,073.3	1,380.7
Non-current loans	-	-	80.2	80.2	-	-	-	-
Current loans	-	-	202.5	202.5	-	-	-	-
Trade receivables	-	-	18,846.0	18,846.0	-	-	-	-
Other non-current financial assets	-	-	7,106.7	7,106.7	-	-	-	-
Other current financial assets	-	-	1,731.5	1,731.5	-	-	-	-
	2,636.7	**-**	**54,811.5**	**57,448.2**	**307.4**	**1,256.0**	**1,073.3**	**2,636.7**

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to the Consolidated financial statements for the year ended 31 March 2023

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

(₹ in million)

Particulars	As at 31 March 2022							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial liabilities								
Other non current financial liabilities	-	-	93.8	93.8	-	-	-	-
Current borrowings	-	-	25,707.4	25,707.4	-	-	-	-
Trade payables	-	-	11,733.8	11,733.8	-	-	-	-
Lease liabilities	-	-	880.7	880.7	-	-	-	-
Other current financial liabilities	-	-	5,993.8	5,993.8	-	-	-	-
	-	**-**	**44,409.5**	**44,409.5**	**-**	**-**	**-**	**-**

* It excludes fair value information for financial assets not measured at fair value, if carrying amount is a reasonable approximation of fair value.

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 following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Details about the methods used to determine the amount of fair value change attributable to change in credit risk including an explanation of why the method is appropriate.

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).
Compulsorily convertible preference shares	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.		

There have been no transfers between Level 1 and Level 2 during the year.

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to the Consolidated financial statements for the year ended 31 March 2023

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

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.

(₹ in million)

Particulars	
Opening Balance (1 April 2021)	**1,288.3**
Net change in fair value (unrealised)	7.0
Repayment	(222.0)
Closing Balance (31 March 2022)	**1,073.3**
Net change in fair value (unrealised)	293.8
Repayment	(324.5)
Closing Balance (31 March 2023)	**1,042.6**

Transfer out of Level 3

There has been no transfer out of Level 3 during the year.

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)

Particulars	31 March 2023 Profit or loss		31 March 2022 Profit or loss	
Significant unobservable inputs	**Increase**	**Decrease**	**Increase**	**Decrease**
Sale Price - 5%	32.6	(32.6)	54.7	(54.7)
Cost of Construction - 5%	(14.2)	14.2	(10.3)	10.3
Absorption Timelines - 1 Year	(74.6)	(6.0)	(126.4)	150.0

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.

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

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk from its operating activites (primarily trade receivables) and from its financing/ investing activities, including investments in debt securities, deposits with banks, equity securities and venture capital and mutul fund investments. The Group has no significant concentration of credit risk with any counterparty.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly.

The maximum exposure to credit risk for trade receivables by geographic region is as follows:

(₹ in million)

Particulars	Carrying amount	
	31 March 2023	31 March 2022
India	7,377.6	5,932.0
US	10,770.2	10,731.7
Other regions	3,174.0	2,182.3
	21,321.8	**18,846.0**

At 31 March 2023 the Group had exposure to only one type of counter party. No single customer's balance was more than 10% of the total receivables. (Nil as at 31 March 2022)

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.

Refer note 3.8 for ageing of trade receivables that were not impaired.

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

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

(₹ in million)

Particulars	For the year ended 31 March 2023	For the Year ended 31 March 2022
Balance as at the beginning of the year	464.4	512.2
Impairment loss recognised	48.8	27.8
Amounts written back / written off	(75.0)	(75.6)
Balance as at the end of the year	**438.2**	**464.4**

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to the Consolidated financial statements for the year ended 31 March 2023

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

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 2023 is ₹6,218.2 million** (31 March 2022: ₹3,709.8 million)

Debt securities

The Group has an exposure of **₹3,243.8 million** as at 31 March 2023 (31 March 2022: ₹1,058.9 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 2023.

Credit Rating of debt securities is given below:

(₹ in million)

Credit Rating	31 March 2023	31 March 2022
A	55.0	35.0
A +	35.4	-
AA	418.5	176.3
AA +	593.4	534.4
AAA	2,133.4	305.1
Not Rated	8.1	8.1
Total	**3,243.8**	**1,058.9**

The Group did not have any debt securities that were past due but not impaired at 31 March 2023, 31 March 2022. The Group has no collateral in respect of these investments.

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's trade receivables are due for maturity within one to four months from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 - 60 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Group. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

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to the Consolidated financial statements for the year ended 31 March 2023

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

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 2023	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							
Lease liabilities	895.3	1,442.8	14.9	280.8	264.7	509.1	373.3
Current borrowings	13,071.5	13,071.5	13,071.5	-	-	-	-
Trade Payables	11,650.3	11,650.3	11,650.3	-	-	-	-
Other Non current Financial Liabilities	1,660.1	1,660.1	-	-	-	-	1,660.1
Other Current Financial Liabilities	6,326.9	6,326.9	6,326.9	-	-	-	-
	31,944.0	**32,491.4**	**31,063.6**	**280.8**	**264.7**	**509.1**	**373.3**

(₹ in million)

31 March 2022	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							
Lease liabilities	880.7	1,405.0	2.8	290.9	220.0	456.1	435.2
Non current borrowings	93.8	93.8	-	-	0.3	93.5	-
Current borrowings	25,707.4	25,707.4	25,707.4	-	-	-	-
Trade Payables	11,733.8	11,733.8	11,733.8	-	-	-	-
Other Current Financial Liabilities	5,993.8	5,993.8	5,993.8	-	-	-	-
	44,409.5	**44,933.8**	**43,437.8**	**290.9**	**220.3**	**549.6**	**435.2**

iii. Market risk

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, CNY, AED, CHF, NPR and KES. The Group has formulated hedging policy for monitoring its foreign currency exposure.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2023, 31 March 2022 in there respective currencies are as below (absolute values):

Particulars	31 March 2023									
	EUR	GBP	USD	AUD	CAD	CNY	AED	CHF	NPR	KES
Financial assets										
Trade Receivables	1,843,840	-	9,921,899	88,733	91,968	-	-	-	-	-
Cash and cash equivalents	-	-	9	-	-	-	-	-	294,185	42,351
	1,843,840	**-**	**9,921,909**	**88,733**	**91,968**	**-**	**-**	**-**	**294,185**	**42,351**
Financial liabilities										
Short Term Borrowings	-	-	122,500,000	-	-	-	-	-	-	-
Trade Payables	1,942,420	40,994	16,365,721	9,774	4,555	438,047	15,750	12,431	-	-
Other Current financial liabilities	-	-	-	-	-	-	-	-	-	-
	1,942,420	**40,994**	**138,865,721**	**9,774**	**4,555**	**438,047**	**15,750**	**12,431**	**-**	**-**
Net foreign currency exposure as at 31 March 2023	**(98,580)**	**(40,994)**	**(128,943,812)**	**78,959**	**87,413**	**(438,047)**	**(15,750)**	**(12,431)**	**294,185**	**42,351**

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

Particulars	31 March 2022									
	EUR	GBP	USD	AUD	CAD	CNY	AED	CHF	NPR	KES
Financial assets										
Trade Receivables	1,197,224	-	9,114,410	8,588	164,365	-	-	-	-	-
Cash and cash equivalents	-	-	32,966	-	-	-	-	-	-	9
	1,197,224	**-**	**9,147,376**	**8,588**	**164,365**	**-**	**-**	**-**	**-**	**9**
Financial liabilities										
Short Term Borrowings	-	-	163,000,000	-	-	-	-	-	-	-
Trade Payables	1,639,236	97,230	13,992,844	8,373	218	-	-	7,659	-	-
Other Current financial liabilities	-	-	-	-	-	-	-	-	-	-
	1,639,236	**97,230**	**176,992,844**	**8,373**	**218**	**-**	**-**	**7,659**	**-**	**-**
Net foreign currency exposure as at 31 March 2022	**(442,012)**	**(97,230)**	**(167,845,468)**	**215**	**164,148**	**-**	**-**	**(7,659)**	**-**	**9**

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 2023	31 March 2022
EUR	89.44	84.22
GBP	101.65	99.46
USD	82.17	75.79
AUD	55.03	56.74
CAD	60.67	60.49
CNY	11.95	11.94
AED	22.37	20.64
KES	0.62	0.66
NPR	0.62	0.61
CHF	89.58	82.03

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.

(₹ in million)

Effect 31 March 2023	Profit or (loss) before tax	
	Strengthening	Weakening
10% movement		
EUR	(0.9)	0.9
GBP	(0.4)	0.4
USD	(1,059.5)	1,059.5
AUD	0.4	(0.4)
CAD	0.5	(0.5)
KES	0.0	(0.0)
CNY	(0.5)	0.5
AED	(0.0)	0.0
NPR	0.0	(0.0)
CHF	(0.1)	0.1
	(1,060.5)	**1,060.5**

(₹ in million)

Effect 31 March 2022	Profit or (loss) before tax	
	Strengthening	Weakening
10% movement		
EUR	(3.7)	3.7
GBP	(1.0)	1.0
USD	(1,272.1)	1,272.1
AUD	0.0	(0.0)
CAD	1.0	(1.0)
KES	0.0	(0.0)
CHF	(0.1)	0.1
	(1,275.9)	**1,275.9**

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Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments, borrowings and loans because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments, borrowings and loans will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Group to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments is as follows.

(₹ in million)

Particulars	31 March 2023	31 March 2022
Fixed-rate instruments		
Financial assets	12,673.3	37,236.2
Financial liabilities	3,038.4	12,066.2
Total	**9,635.0**	**25,170.0**
Variable-rate instruments		
Financial liabilities	10,928.4	14,615.7
Total	**10,928.4**	**14,615.7**

Interest rate sensitivity - fixed rate instruments

The Company's fixed rate borrowings and fixed rate bank deposits are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

Interest rate sensitivity - variable rate instruments

A reasonably possible change of 5% in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in million)

Particulars	Profit or loss			
	31 March 2023		31 March 2022	
	5% increase	5% decrease	5% increase	5% decrease
Variable-rate instruments	(21.9)	21.9	(3.6)	3.6
Cash flow sensitivity (net)	(21.9)	21.9	(3.6)	3.6

3.39 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a ratio of 'net debt' to 'total equity'. For this purpose, net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents.

The Group's net debt to equity ratio was as follows.

(₹ in million)

Particulars	As at 31 March 2023	As at 31 March 2022
Total Borrowings	13,071.5	25,801.2
Less : Cash and cash equivalent	2,738.0	2,321.8
Net debt	**10,333.5**	**23,479.4**
Total equity	**94,350.0**	**88,473.3**
Net debt to equity ratio	**0.11**	**0.27**

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to the Consolidated financial statements for the year ended 31 March 2023

3.40 Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III to the Companies Act, 2013

(₹ in million)

Name of the enterprises	31 March 2023							
	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	99%	93,498.3	115%	11,344.0	-2%	(21.9)	103%	11,322.1
Subsidiaries								
Indian								
Enzene Biosciences Limited & Subsidiary (Enzene Inc)	7%	6,475.9	-2%	(173.4)	0%	(1.9)	-2%	(175.3)
Cachet Pharmaceuticals Private Limited	1%	750.7	1%	135.7	0%	(2.4)	1%	133.3
Indchemie Health Specialities Private Limited	4%	4,022.9	3%	335.5	-1%	(6.3)	3%	329.1
Alkem Foundation	0%	(0.0)	0%	2.1	0%	-	0%	2.1
Connect 2 Clinic Private Limited	0%	26.3	0%	4.0	0%	(0.1)	0%	4.0
Foreign								
Ascend Laboratories (Pty) Ltd	0%	97.7	0%	7.9	-1%	(11.7)	0%	(3.7)
Ascend GmbH	0%	(150.6)	-1%	(57.6)	-1%	(9.6)	-1%	(67.2)
Alkem Laboratories Corporation	0%	166.1	0%	7.9	0%	2.2	0%	10.1
S & B Holdings B.V	2%	2,102.9	0%	(8.8)	0%	2.9	0%	(5.8)
Pharmacor Pty Ltd & Subsidiary (Pharmacor Limited)	1%	1,001.8	2%	237.4	-2%	(24.1)	2%	213.2
The PharmaNetwork LLC & Subsidiaries	13%	11,915.0	-25%	(2,467.5)	97%	1,113.0	-12%	(1,354.5)
Ascend Laboratories SDN BHD.	0%	(0.5)	0%	(0.2)	0%	(0.0)	0%	(0.2)
Ascend Laboratories SpA & Subsidiaries (Pharma Network SpA and Ascend Laboratories S.A. DE C.V.)	1%	632.6	2%	165.9	5%	57.6	2%	223.4
Alkem Laboratories, Korea Inc	0%	(1.5)	0%	(0.2)	0%	(0.0)	0%	(0.2)
Pharmacor Ltd.	0%	34.3	0%	(21.7)	0%	(1.5)	0%	(23.2)
S&B Pharma Inc.	0%	-	0%	-	0%	-	0%	-
The PharmaNetwork, LLP	0%	111.1	0%	10.4	1%	11.7	0%	22.2
Ascend Laboratories (UK) Limited	0%	66.5	0%	10.9	0%	1.9	0%	12.7
Ascend Laboratories Ltd	0%	(3.2)	0%	(0.1)	0%	(0.0)	0%	(0.1)
Ascend Laboratories SAS	0%	33.7	0%	13.7	0%	(3.1)		10.6
Total Eliminations	-32%	(30,327.1)	5%	522.2	4%	42.3	5%	564.1
Non Controlling Interest	4%	3,897.1	-2%	(226.4)	0%	4.1	-2%	(222.3)
	100%	**94,350.0**	**100%**	**9,841.7**	**100%**	**1,153.1**	**100%**	**10,994.4**

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(₹ in million)

Name of the enterprises	31 March 2022							
	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	99%	87,436.6	94%	15,412.4	-14%	(48.6)	91%	15,363.8
Subsidiaries								
Indian								
Enzene Biosciences Limited	3%	2,525.6	-4%	(700.5)	0%	1.2	-4%	(699.3)
Cachet Pharmaceuticals Private Limited	1%	617.4	1%	110.2	-1%	(4.5)	1%	105.7
Indchemie Health Specialities Private Limited	4%	3,763.7	4%	577.0	-1%	(4.8)	3%	572.1
Alkem Foundation	0%	(2.1)	0%	(2.3)	0%	-	0%	(2.3)
Connect 2 Clinic Private Limited	0%	22.3	0%	4.0	0%	0.1	0%	4.1
Foreign								
Ascend Laboratories Pty Ltd	0%	101.5	0%	1.2	2%	5.8	0%	7.0
Ascend GmbH	0%	(83.4)	0%	(71.3)	1%	2.1	0%	(69.2)
Alkem Laboratories Corporation	0%	(76.4)	0%	13.6	1%	2.1	0%	15.7
S & B Holdings B.V	2%	2,108.7	-4%	(708.1)	-5%	(16.0)	-4%	(724.0)
Pharmacor Pty Ltd	1%	788.6	2%	330.7	6%	19.4	2%	350.1
The PharmaNetwork LLC & Subsidiaries	15%	13,269.5	7%	1,096.6	112%	387.1	9%	1,483.8
Ascend Laboratories SDN BHD.	0%	(0.3)	0%	(0.2)	0%	(0.0)	0%	(0.2)
Ascend Laboratories SpA & Subsidiaries	0%	409.2	1%	140.4	-3%	(9.6)	1%	130.8
Alkem Laboratories, Korea Inc	0%	(1.3)	0%	(0.6)	0%	0.0	0%	(0.5)
Pharmacor Ltd.	0%	57.5	0%	12.0	0%	(0.9)	0%	11.1
S&B Pharma Inc.	0%	-	0%	-	0%	-	0%	-
The PharmaNetwork, LLP	0%	89.0	0%	(0.9)	-2%	(5.5)	0%	(6.4)
Ascend Laboratories (UK) Limited	0%	53.8	0%	5.8	0%	(0.9)	0%	4.9
Ascend Laboratories Ltd	0%	(3.0)	0%	(4.1)	0%	(0.1)	0%	(4.1)
Ascend Laboratories SAS	0%	23.1	0%	2.7	0%	1.4	0%	4.1
Total Eliminations	-28%	(24,721.0)	4%	584.6	4%	12.9	4%	597.4
Non Controlling Interest	2%	2,094.3	-2%	(347.0)	1%	4.1	-2%	(342.9)
	100%	**88,473.3**	**100%**	**16,456.2**	**100%**	**345.5**	**100%**	**16,801.7**

Notes

to the Consolidated financial statements for the year ended 31 March 2023

3.41 Employee Stock option Scheme

ENZENE BIOSCIENCES LIMITED (Subsidiary)

As at 31 March 2023, 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	Shall be 2 years from the date of respective vesting. The board in its meeting on 9 November 2022 have approved the following changes: i. The Exercise Period, for the unexercised Options as on 9 November 2022, shall be until liquidity event from the date of respective vesting of Options. ii. This shall not apply to the Options that have been already Exercised or have lapsed or not Granted as on 9 November 2022. iii. The Options shall be deemed to have been exercised when an Employee makes an application in writing to the Company or by any other means as decided by the Board, for the issuance of Equity Shares against the Options vested in him, subject to Applicable Laws. - Liquidity event is defined as a. An IPO b. Strategic sale of part of business / vertical to third party c. Substantial change in shareholding / management d. Merger with another entity
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%**

Notes
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Date of Grant	27 January 2017
Exercise price per Option	₹10
Number of Options granted	56,400
Exercise period	Shall be 2 years from the date of respective vesting. The board in its meeting on 9 November 2022 have approved the following changes: i. The Exercise Period, for the unexercised Options as on 9 November 2022, shall be until liquidity event from the date of respective vesting of Options. ii. This shall not apply to the Options that have been already Exercised or have lapsed or not Granted as on 9 November 2022. iii. The Options shall be deemed to have been exercised when an Employee makes an application in writing to the Company or by any other means as decided by the Board, for the issuance of Equity Shares against the Options vested in him, subject to Applicable Laws. - Liquidity event is defined as a. An IPO b. Strategic sale of part of business / vertical to third party c. Substantial change in shareholding / management d. Merger with another entity
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	18000
Exercise period	Shall be 2 years from the date of respective vesting. The board in its meeting on 9 November 2022 have approved the following changes: i. The Exercise Period, for the unexercised Options as on 9 November 2022, shall be until liquidity event from the date of respective vesting of Options. ii. This shall not apply to the Options that have been already Exercised or have lapsed or not Granted as on 9 November 2022. iii. The Options shall be deemed to have been exercised when an Employee makes an application in writing to the Company or by any other means as decided by the Board, for the issuance of Equity Shares against the Options vested in him, subject to Applicable Laws. - Liquidity event is defined as a. An IPO b. Strategic sale of part of business / vertical to third party c. Substantial change in shareholding / management d. Merger with another entity
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 2023

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%**

ESOP 2022

Enzene Employee Stock Option Plan ("ESOP 2022")

ESOP 2022 is established with effect from 24 February 2023, on which the Shareholders have approved the plan by way of a Special Resolution and shall continue to be in force until its termination by the Board/ EBL/ the Committee. The plan entitles the employees who as may be decided by the Committee at its own discretion to participate in this option plan to purchase shares in EBL at the stipulated exercise price, subject to compliance with vesting conditions. All exercised options shall be settled by crediting the shares in their Demat account.

Reconciliation of outstanding share options

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Forfeited during the year	53,208	106,416
Exercised during the year	-	(53,208)
Expired during the year	-	-
Outstanding at 31 March	53,208	53,208

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:

Particulars	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	31.93%	31.93%	31.93%

3.42 Government Grant

The Company:

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in 2014-15 amounted to ₹**72.4 million** with respect to the Kumrek facility. The factory has been constructed and in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹**122.1 million** for which the Company has subsequently received the claim amount in FY 2018-19. The factory has been constructed and in operation since October, 2012. The third grant is with respect to AHS-3 facility in Sikkim amounting to ₹ **30.6 million** for which the Company has received the approval but yet to receive the amount as on 31 March 2023. 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.

Notes

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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 ₹**Nil** (31 March 2022 ₹ 1.9 million) Government Grant (Revenue in nature) during the year.

EBL is also eligible for government grants which are against Capital expenditure incurred by EBL on the specific purchase of assets. These grants, recognized as deferred income, are being amortized over the useful life of the assets in proportion in which the related depreciation expense is recognised.

EBL is also eligible for government grants which are against Capital expenditure incurred by EBL on the specific purchase of assets. These grants, recognized as deferred income, is being amortized over the useful life of the assets in proportion in which the related depreciation expense is recognised.The unamortised grant as on 31 March 2023 amount to ₹ **4.2 million** (31 March 2022 ₹ 5.1 million).

Indchemie Health Specialities Private Limited ("IHSPL")

IHSPL is eligible for government grant which is conditional upon construction of new factory in the Sikkim region under the capital investment subsidy scheme of North East Industrial and Investment Promotion Policy (NEIIPP) 2007. One of the grant is with respect to Kumrek facility in Sikkim [Unit-IV] amounting to ₹ 10.7 million received in FY 2016-17. The factory has been constructed and in operation since 27 August 2007. The second grant is with respect to Kumrek facility in Sikkim [Unit-V] amounting to ₹23.4 million received in FY 2019-20. The factory has been constructed and in operation since 9 May 2016. 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 2023 amounts to ₹**12.7 million** (Previous year: ₹ 14.5 million), the breakup of which is as below:

The unamortised grant as on 31 March 2023 of the Group amounts to ₹**98.1 million** (Previous year: ₹91.5 million), the breakup of which is as below:

Particulars	As at 31 March 2023	As at 31 March 2022
Non current	88.0	79.2
Current	10.1	12.4
Total	**98.1**	**91.6**

3.43 Non-current assets held for sale:

The Group considered indicators of impairment of cash generating units for decline in operational performance, changes in the outlook of future profitability and weaker market conditions, among other potential indicators. In respect of one of the manufacturing plant located at St. Louis a unit under S & B Pharma LLC, USA, a subsidiary, where indicators of impairment were identified, the Company estimated the recoverable amount of the assets based on the fair value less costs to sell. The fair value of the land and building is based on the valuation received from an independent valuation expert and the remaining assets are valued based on management assessment. The balance written down of these assets to their fair values were thus classified as 'Non-current assets held for sale'

The outcome of the above exercise as on 31 March 2023 resulted in the Group recognizing an impairment loss of ₹ 1,029.7 million shown as exceptional item in the financial statement.

Notes
to the Consolidated financial statements for the year ended 31 March 2023

(₹ in million)

Particulars	Net Book value of assets (1)		Recoverable amount as (2)		Exchange rate difference (3)		Impairment loss recognized in the statement of profit and loss (1)- (2) - (3)	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Plant and equipment	616.9	17.1	90.4	17.1	12.0	-	514.6	-
Office Equipments	2.9	0.2	-	0.2	0.1	-	2.8	-
Freehold Land	85.7	-	85.7	-	-	-	-	-
Buildings	1,002.1	-	892.2	-	2.5	-	107.4	-
Capital work in progress	459.3	-	164.3	-	6.7	-	288.2	-
Furniture and Fixtures	7.4	-	-	-	0.2	-	7.2	-
Computer software	1.4	-	-	-	0.0	-	1.3	-
Goodwill **(Refer note 3.36)**	110.7	-	-	-	2.5	-	108.2	-
Total	**2,286.4**	**17.3**	**1,232.6**	**17.3**	**24.0**	**-**	**1,029.7**	**-**

3.44 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai
19 May 2023

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

Madhurima Singh
Executive Director
DIN. 09137323

M.K. Singh
Executive Director
DIN. 00881412

Srinivas Singh
Executive Director
DIN. 06744441

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
19 May 2023

ALKEM

ALKEM LABORATORIES LIMITED

CIN: L00305MH1973PLC174201

Registered Office: 'AlkemHouse', Senapati Bapat Marg, Lower Parel, Mumbai 400 013

Phone: +91 22 3982 9999 **Fax:** +91 22 2495 2955

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

Notice

NOTICE is hereby given that the Forty Ninth (49th) Annual General Meeting ("AGM") of the Members of Alkem Laboratories Limited (the "Company") will be held on Friday, 25th August, 2023 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 financial year ended 31st March, 2023 and the Reports of the Board of Directors and Auditors thereon; and

   (b) the Audited Consolidated Financial Statements of the Company for financial year ended 31st March, 2023 and the Report of Auditors thereon.

2. To confirm the payment of interim dividend and to declare final dividend on equity shares for financial year ended 31st March, 2023.

3. To appoint a Director in place of Mr. Mritunjay Kumar Singh (DIN: 00881412), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Sandeep Singh (DIN: 01277984), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modifications the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, the circulars, notifications, regulations, rules, guidelines, if any, issued by the Government of India for the time being in force), and subject to such other necessary approvals of the statutory or governmental authority(ies), if any, the consent of the Shareholders of the Company be and is hereby accorded for substituting Schedule I and Schedule II of the Articles of Association of the Company with the following Schedules:

SCHEDULE I

LIST OF PERSONS FORMING PART OF SHAREHOLDER GROUP I

Sr. No.	Name of person forming part of Shareholders' Group I	Nationality	Residence
1.	Manju Singh	Indian	West More 2, Flat 101, Sir Pochkhanwala Road, Worli, Mumbai – 400 030
2.	Sarandhar Singh	Indian	West More 2, Flat 101, Sir Pochkhanwala Road, Worli, Mumbai – 400 030
3.	Srinivas Singh	Indian	West More 2, Flat 101, Sir Pochkhanwala Road, Worli, Mumbai – 400 030
4.	Satish Kumar Singh	Indian	403/404, Richoux Society, Jn. of St. Joseph Road and Kantwadi Road, Bandra (West), Mumbai – 400050
5.	Premlata Singh	Indian	403/404, Richoux Society, Jn. of St. Joseph Road and Kantwadi Road Bandra (West), Mumbai – 400050
6.	Sarvesh Singh	Indian	403/404 & 503/504, Richoux Society, Jn. of St. Joseph Road and Kantwadi Road, Bandra (West), Mumbai – 400050
7.	Annapurna Singh	Indian	403/404, Richoux Society, Jn. of St. Joseph Road and Kantwadi Road, Bandra (West), Mumbai – 400050
8.	Sandeep Singh	Indian	403/404, Richoux Society, Jn. of St. Joseph Road and Kantwadi Road, Bandra (West), Mumbai – 400050
9.	Inderjit Kaur Arora	Indian	403/404, Richoux Society, Jn. of St. Joseph Road and Kantwadi Road, Bandra (West), Mumbai – 400050
10.	Samprada & Nanhamati Singh Family Trust	Indian	West More 2, Flat 101, Sir Pochkhanwala Road, Worli, Mumbai – 400 030

SCHEDULE II

LIST OF PERSONS FORMING PART OF SHAREHOLDERS' GROUP II

Sr. No.	Name of person forming part of Shareholders' Group II	Nationality	Residence
1.	Basudeo N. Singh	Indian	Artesia Tower, Flat No. 1802, Metal Box Compound, Hind Cycle Marg, Worli, Mumbai - 400030
2.	Madhurima Singh	Indian	Artesia Tower, Flat No. 1802, Metal Box Compound, Hind Cycle Marg, Worli, Mumbai - 400030
3.	Divya Singh	Indian	Artesia Tower, Flat No. 1802, Metal Box Compound, Hind Cycle Marg, Worli, Mumbai - 400030
4.	Aniruddha Singh	Indian	Artesia Tower, Flat No. 1802, Metal Box Compound, Hind Cycle Marg,Worli, Mumbai - 400030
5.	Mritunjay Kumar Singh	Indian	Flat No. 41/42, Lords Apartments, 6th Road, Almeida Park, Bandra (West), Mumbai – 400050
6.	Seema Singh	Indian	Flat No. 41/42, Lords Apartments, 6th Road, Almeida Park, Bandra (West), Mumbai - 400050
7.	Meghna Singh	Indian	Flat No. 41/42, Lords Apartments, 6th Road, Almeida Park, Bandra (West), Mumbai - 400050
8.	Shrey Shreeanant Singh	Indian	Flat No. 41/42, Lords Apartments, 6th Road, Almeida Park, Bandra (West), Mumbai - 400050
9.	Archana Singh	Indian	House No. E-47, Sector-40, Noida, GautamBudh Nagar, Uttar Pradesh
10.	Dhananjay and Madhurima Singh Trust	Indian	Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013

RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and is hereby authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient, in the best interest of the Company, to accede to such modifications and alterations to the aforesaid resolution as may be suggested by the Registrar of Companies or such other Authority arising from or incidental to the said amendment.

RESOLVED FURTHER THAT a copy of the above resolution certified by any one of the Directors or Company Secretary be submitted to the concerned authorities and they be requested to act upon the same."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, as amended, read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014, as amended, the remuneration, as approved by the Board of Directors, amounting to ₹ 12,00,000/- (Rupees Twelve 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 financial year ended 31st March, 2023, be and is hereby ratified.

RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and is hereby authorized to sign, execute, submit and file the relevant forms, documents etc. and to do all acts, deeds and things as may be deemed necessary to give effect to this resolution."

Notes:

1. **In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular dated 05th May, 2020 read with General Circulars dated 08th April, 2020, 13th April, 2020, 28th September, 2020, 31st December, 2020, 13th January, 2021, 08th December, 2021, 05th May, 2022 and 28th December, 2022 as amended (collectively referred to as "MCA General Circulars") permitted the holding of the AGM through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI LODR Regulations"), MCA General Circulars and subsequent circulars issued by SEBI, the AGM of the Company is being held through VC/OAVM. The venue of the meeting shall be deemed to be the Registered office of the Company situated at "ALKEM HOUSE", Senapati Bapat Marg, Lower Parel, Mumbai – 400013.**

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 through VC/OAVM, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to the Notice.

3. Members can login and join 30 minutes prior to the scheduled time of meeting and window for joining shall be kept open till the expiry of 15 minutes after the scheduled time. Members are allowed to participate on first come-first served basis, as participation through video conferencing is limited upto 1000 Members only. However, the participation of Members holding 2% or more, Promoters, Institutional Investors, Directors, Auditors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, etc. are not restricted on first come first served basis.

4. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

5. The Explanatory Statement pursuant to Section 102 of the Act relating to the Special Business covered under Item Nos. 5 and 6 to be transacted at the AGM is annexed hereto. In respect of resolutions proposed at Item Nos. 3 and 4, a statement giving additional information on the Directors seeking re-appointment is annexed hereto as required under SEBI LODR Regulations, 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 with their respective Depository Participants.

8. The final dividend on equity shares as recommended by the Board of Directors, if approved at the AGM, will be paid on or after 30th August, 2023 to those Members or their mandates whose names appear:

a) as Members in the Register of Members of the Company on the record date i.e. 10th August, 2023, 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. 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 Investor Education and Protection Fund ("IEPF"). The details of unpaid or unclaimed dividend(s), along with the due dates for transfer to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 124 of the Act are provided in point no. 13(d) of Corporate Governance Report, which forms part of the Board of Directors Report.

10. 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 with the Depository Participants with whom they maintain their demat accounts.

11. In case, the Company is unable to pay the dividend to any Member by electronic mode, due to non-availability of details of the bank account, the Company shall dispatch dividend warrants to such Members by post.

12. Non-resident Indian Members are requested to immediately inform their Depository Participants 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.

13. Members may note that in terms of the provisions of the Income-Tax Act, 1961 ("the IT Act") as amended by and read with the Finance Act, 2020, with effect from 01st April, 2020, dividend distributed or paid by a Company shall be taxable in the hands of the Members and the Company shall be therefore required to deduct tax at source (TDS) from dividend paid to the Members at the applicable rates. 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 IT Act.

(i) **For Resident Members:** TDS shall be made under Section 194 of the IT Act @ 10% on the amount of dividend declared and paid by the Company during financial year 2023-24 unless exempt under any of the provisions of the IT Act, provided PAN is registered by the Member. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during financial year 2023-24 does not exceed ₹ 5,000/-.

TDS shall not be deducted in cases where a Member provides Form 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met. Form 15G and 15H can be downloaded from the following link https://web.linkintime.co.in/client-downloads.html. Members are requested to click on General Tab, wherein all the forms are available under the head "Form 15G/15H/10F". Please note that all fields are mandatory and Company may at its sole discretion reject any such form that does not fulfil the requirement of law.

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 IT 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 IT Act and they are established as Category I or Category II AIF under the SEBI Regulations. Copy of registration documents (self-attested) should be provided.

d) **Other Non-Individual shareholders** who are holding certificate issued by the Income- Tax Department u/s. 197 of the IT Act for lower / nil rate or exempt from TDS under provisions of Section 194 of the IT Act or who are covered u/s 196 of the IT Act, are required to submit an attested copy of the PAN along with the documentary evidence in relation to the exemption/ lower rate.

Needless to mention, valid PAN will be mandatorily required.

Section 206AB of the IT Act - Rate of 10% is subject to provisions of Section 206AB effective 01st July, 2021 which introduced special provision for TDS for non-filers of income-tax return whereby tax has to be deducted at twice the rate specified in the relevant provision of the IT Act if conditions specified in the section is fulfilled.

Where sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at the higher rate between both the said sections.

Government has prescribed the mechanism to determine applicability of Section 206AB using the reporting portal. Company shall determine applicability of Section 206AB and TDS deducted in accordance with said provision shall be final. Company shall not refund or adjust the amount of TDS.

As per Section 139AA of the IT Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid/inoperative and tax shall be deducted at the rate of 20% as per the provisions of Section 206AA of the IT Act. The Company will be using functionality of the Income-tax department for the same.

(ii) For Non-Resident Members: Tax is required to be withheld in accordance with the provisions of Section 195 of the IT Act at applicable rates in force. As per the relevant provisions of the IT Act, tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the IT 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 documents:

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 2023-24);

c) Self-declaration in Form 10F in the digital format as prescribed by the Government

d) Self-declaration by the Non-Resident member of having no permanent establishment in India in accordance with the applicable Tax Treaty;

e) Self-declaration by Non-Resident member of Meeting treaty eligibility requirement and satisfying beneficial ownership requirement under the treaty as modified by the multilateral convention to implement tax treaty related measures to prevent base erosion and profit shifting;

f) In case of Foreign Institutional Investors and Foreign Portfolio Investors, copy of SEBI registration certificate;

g) In case of shareholder being tax resident of Singapore, proof of satisfying requirement of Article 24 – Limitation of Relief should be provided.

It is recommended that Members should independently satisfy its eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA.

The documents referred to in point nos. (c) to (e) above can be downloaded from the following link https://web.linkintime.co.in/client-downloads.html. Members are requested to click on General Tab, wherein all the forms are available under the head "Form 15G/15H/10F".

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident Members.

14. Accordingly, in order to enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the details and documents as mentioned above not later than Friday, 04th August, 2023.

15. Kindly note that the aforesaid documents, duly completed and signed are required to be uploaded on the following link https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before Friday, 04th August, 2023 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 Friday, 04th August, 2023.

16. 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.

17. 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 consultants with respect to specific tax implications arising out of receipt of dividend.

18. The Securities and Exchange Board of India has mandated the submission of the 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).

19. In compliance with the aforesaid MCA General Circulars and SEBI Circular dated 12th May, 2020, 15th January, 2021, 13th May, 2022 and 05th January, 2023, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories.

    Process for registration of e-mail id for obtaining Notice of the AGM along with Annual Report is as follows:

    If your e-mail address is not registered with the Company/Depository Participant, you may register on or before 5:00 p.m. (IST) on Friday, 18th August, 2023 to receive this Notice of AGM along with the Annual Report 2022-23 by completing the process for registration of e-mail address as under:

    (a) **For permanent registration for demat shareholders:**

    It is clarified that for permanent registration of e-mail address, the Members are requested to register their e-mail address, in respect of demat holdings with the respective Depository Participant LODR by following the procedure prescribed by the Depository Participant.

    (b) **For temporary registration for demat shareholders:**

    The Members of the Company holding equity shares of the Company in demat Form and who have not registered their e-mail addresses may temporarily get their e-mail addresses registered with M/s. Link Intime India Private Limited ("LIIPL") by clicking the link: https://linkintime.co.in/emailreg/email_register.html on their website www.linkintime.co.in at the Investor Services tab by choosing the e-mail registration heading and follow the registration process as guided therein. The Members are requested to provide details such as Name, DPID, Client ID/ PAN, mobile number and email ID.

20. Members may note that the Notice and Annual Report 2022-23 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 also be available on the website of CDSL www.evotingindia.com.

21. 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.

22. The Registers of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of Act, and all other documents referred to in the Annual Report, will be available for inspection in electronic mode during the AGM. Members may inspect the same by sending an email to investors@alkem.com.

23. Pursuant to Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI LODR Regulations, the Company is providing facilities for remote e-voting (refer instructions at point no. 24) and voting during the AGM by electronic means (refer instructions at point no. 27) to all Members in proportion to their shareholding as on the cut-off date i.e 18th August, 2023 (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).

24. The instructions for shareholders for remote e-voting are as under:

    (i) The voting period begins on Tuesday, 22nd August, 2023 at 9.00 a.m. and ends on Thursday, 24th August, 2023 at 5.00 p.m. During this period, shareholders of the Company, as on the cut-off date 18th August, 2023 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on 24th August, 2023. The e-voting rights of the Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. 18th August, 2023.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09th December, 2020, under Regulation 44 of SEBI LODR Regulations, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09th December, 2020 on e-voting facility provided by listed entities, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.

Pursuant to abovesaid SEBI Circular, login method for e-voting and joining virtual meetings for individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with **CDSL**	1) Users who have opted for CDSL's Easi / Easiest facility, can login through their existing user ID and password. Option will be made available to reach e-voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. Additionally, there are links provided to access the system of all e-voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration 4) Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile & email as recorded in the demat Account. After successful authentication, user will be able to see the e-voting option where e-voting is in progress and also able to directly access the system of all e-voting service providers.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

Type of shareholders	Login Method
	3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), password/OTP and a verification code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider's website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-voting and joining virtual meeting for shareholders other than individual shareholders & physical shareholders

- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on "Shareholders" module.
- Now Enter your User ID
  a. For CDSL: 16 digits beneficiary ID
  b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company
- Next enter the Image Verification as displayed and click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For Shareholders holding shares in demat form other than individual and physical form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/LIIPL or contact LIIPL.
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the Depository or Company, please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction.

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Click on the EVSN for 'Alkem Laboratories Limited' on which you choose to vote.

(viii) 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.

(ix) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.

(x) 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.

(xi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xii) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

(xiii) 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.

(xiv) Note for Non–Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same. The authorization in respect of representative(s) of the Corporation shall be received by the scrutiniser /Company before close of e-voting.

- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Company at the email address 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.

25. 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 demat shareholders – please update your email ID & Mobile No. with your respective Depository Participant (DP).

(ii) For Individual demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-voting & joining virtual meetings through Depository.

26. The details of the process and manner for participating in AGM through VC/OAVM are explained herein below:

(i) The procedure for attending meeting & e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

(ii) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.

(iii) Shareholders who have voted through remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

(iv) Shareholders are encouraged to join the meeting through Laptops / IPads having audio/video facility for better experience and internet with a good speed to avoid any disturbance during the meeting.

(v) Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

(vi) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request via email at investors@alkem.com in advance atleast 3 (three) days prior to the date of meeting i.e. on or before 21st August, 2023 mentioning your name, demat account number/folio number, email id, mobile number. The shareholders who do not wish to speak during the AGM but have queries may send their queries via email at investors@alkem.com in advance atleast 5 (five) days prior to the date of meeting i.e. on or before 19th August, 2023 mentioning their name, demat account number/folio number, email id, mobile number. These queries will be replied to by the Company suitably by email.

(vii) Only those shareholders who have registered themselves as speakers will be allowed to express their views/ask questions during the meeting.

27. 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

28. If you have any queries or issues regarding attending AGM & e-voting from the e-voting system, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi - Sr. Manager, 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 at toll free no. 1800 22 55 33.

29. Details of Scrutinizer and result of e-voting:

(i) The Company has appointed CS Mannish 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 in a fair and transparent manner.

(ii) The Scrutiniser shall submit his report to the Chairman of the meeting or any person authorised by him within two working days of the conclusion of the AGM. The results declared along with the report of Scrutiniser shall be placed on the website of the Company www.alkemlabs.com and on website of CDSL immediately after declaration of results by the Chairman or person authorised by him in this behalf. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

(iii) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of AGM.

Registered Office:
"ALKEM HOUSE",
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013.

For and on behalf of the Board

Basudeo N. Singh
Executive Chairman
DIN: 00760310
Mumbai, 19 May, 2023

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 5

In terms of the existing Shareholders' Agreement dated 13th July, 2015, and Amended and Restated Shareholders Agreement dated 29th March, 2017 ("Shareholders Agreement") entered between the Company and the promoters of the Company, the promoters of the Company are classified under two groups viz. Shareholders' Group I – Mr. Samprada Singh and Family & Shareholders' Group II – Mr. Basudeo N. Singh and Family.

The Board of Directors of the Company at their meeting held on 19th May, 2023, have approved to enter into an Amendment Agreement to the Shareholders Agreement to amend certain provisions of the Shareholders Agreement as set out herein to include the Dhananjay and Madhurima Singh Trust ("DMS Trust") (a trust settled by Mr. Dhananjay Kumar Singh for the benefit of his family members) as a member of Shareholders' Group II, and to update the list of members in Shareholders' Group I and Shareholders' Group II to reflect the changes in the constituents thereof since the date of the Shareholders Agreement.

In view of the above, the Company and the members of Shareholders' Group I and Shareholders' Group II have entered into an Amendment Agreement to the Shareholders Agreement on 19th May, 2023 to include the DMS Trust as a member in Shareholders' Group II, and to update the list of members in Shareholders' Group I and Shareholders' Group II to reflect the changes in the constituents thereof since the date of the Shareholders Agreement. Accordingly, the Articles of Association of the Company is proposed to be amended to align it with the Shareholders Agreement.

The Board of Directors at the said meeting have, subject to the approval of the members and other applicable laws, approved the alteration to the existing Articles of Association of the Company as mentioned above.

A copy of the proposed alterations to Articles of Association of the Company and other relevant documents would be available for inspection at the Registered office of the Company during business hours on any working day upto the date of the AGM.

The Board recommends the Special Resolution as set out in item no. 5 of the Notice for approval of the Members.

Except Mr. Basudeo N. Singh, Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Mrs. Madhurima Singh, Mr. Srinivas Singh and Mr. Sarvesh Singh and their respective relatives, none of the other Directors, Key Managerial Personnel and their respective relatives (as defined in the Companies Act, 2013) are concerned or interested in the proposed resolution.

ITEM NO. 6

The Board of Directors at its meeting held on 13th May, 2022, 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 financial year ended 31st March, 2023 at a remuneration of ₹ 12,00,000/- (Rupees Twelve Lakh Only) plus applicable taxes and re-imbursement at actuals subject to a limit of ₹ 10,000/- (Rupees Ten Thousand Only) towards out of pocket expenses at actuals incurred for the purpose of the above audit.

In accordance with Section 148 and other applicable provisions, if any, of the 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, the Board of Directors recommends for your approval the Ordinary Resolution set out in item no. 6 of the Notice for ratification of remuneration payable to Cost Auditor for financial year 2022-23.

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 the proposed resolution.

Registered Office:
"ALKEM HOUSE",
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013.

For and on behalf of the Board

Basudeo N. Singh
Executive Chairman
DIN: 00760310
Mumbai, 19 May, 2023

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 LODR Regulations, read with Secretarial Standard – 2 on General Meetings)

Name of Director	Mr. Mritunjay Kumar Singh	Mr. Sandeep Singh
DIN	00881412	01277984
Date of Birth	04th November, 1963	23rd July, 1982
Age (in years)	59 years	40 years
Qualifications	Bachelor of Science and a Diploma in administration management	Bachelor's degree in Commerce
Experience	Over 33 years	Over 18 years
Expertise in specific functional areas	Pharmaceutical (Business Development & Strategy and Production Planning, Marketing and Sales for domestic business), Risk Management and Supply Chain	Pharmaceutical (Domestic and International), Finance, Regulatory Compliance & Governance and Risk Management
Brief Profile	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 of over 33 years. He is also the Managing Director of the Company's subsidiary, Indchemie Health Specialities Private Limited. Mr. Mritunjay Kumar Singh heads Aura, Nexa, Nexgen, Altis, Alphamax, Diabetology, Aspiria, Metabolics, Metanext, Imperia, Hospicare (Intenza and Critica) and Eyecare divisions of the Company's domestic business. Additionally, he looks after the Strategy & Business Development and Procurement functions for the domestic business of the Company.	Mr. Sandeep Singh joined the Board in the year 2013; currently, he is serving the organization as its Managing Director. Mr. Singh has over 18 years of experience in the pharmaceutical industry. He spearheads the domestic as well as the international operations of the organization. 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. In the year 2021, he was featured by 'ET AND SPENCER STUART 40 under 40".
Date of Appointment on the Board	Original Appointment: 11th February, 2008 Appointment at current designation: 01st April, 2008	Original Appointment: 09th August, 2013 Appointment at current designation: 17th October, 2017
Terms and conditions of appointment	On such terms and conditions as mentioned in the resolution passed on 05th January, 2023 through postal ballot	On such terms and conditions as mentioned in the resolution passed in the 48th Annual General Meeting held on 25th August, 2022
Remuneration drawn for FY 2022-23	₹ 95.9 million	₹ 82.7 million (including commission) from the Company and USD 822,404 from The PharmaNetwork, LLC, a step- down subsidiary of the Company in USA
Number of shares held in the Company as on 31st March, 2023	76,82,000 Equity Shares of ₹ 2/- each	97 Equity Shares of ₹ 2/- each
List of Directorships held in other listed companies	NIL	NIL
List of Directorships in listed companies from which the person has resigned in the past three years	NIL	NIL
Chairmanship/ Membership of Audit and Stakeholders' Relationship Committees across Public Companies including Alkem Laboratories Limited	1. Member of the Audit Committee and Stakeholders' Relationship Committee of Alkem Laboratories Limited 2. Member of the Audit Committee of Indchemie Health Specialities Private Limited	1. Member of Audit Committee of Alkem Laboratories Limited 2. Member of Audit Committee of Enzene Biosciences Limited
Relationship between Directors inter se	Son of Mr. Basudeo N. Singh, Executive Chairman of the Company	Brother of Mr. Sarvesh Singh, Executive Director of the Company
Number of Board Meetings attended during the year 2022-23 (out of total 7 Board Meetings held)	7	7

ALKEM

Registered Office:

Alkem House, Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013, Maharashtra, India.

CIN: L00305MH1973PLC174201
Telephone: +91 22 3982 9999
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