

Date: 2nd March, 2023

To,
BSE Limited
Listing Department,
P.J. Tower,
Dalal Street, Fort,
Mumbai - 400 001,
Maharashtra, India.

BSE Scrip Code: 533573

To,
National Stock Exchange of India Limited
Listing Department,
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400051,
Maharashtra, India.

NSE Symbol: APLLTD

Dear Sir/Madam,

Sub: Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI LODR Regulations”)

This is to inform the exchange that the Board of Directors (“**Board**”) of Alembic Pharmaceuticals Limited (“**Company**”) at its meeting held today i.e. 2nd March, 2023, has, inter alia, approved the following:

(a) Impairment Review of the Capital Work-in-Progress (“CWIP”) lying in the books of the Company as on 1st January, 2023:

The Board noted that the Company has 3 (three) new manufacturing facilities that were under construction viz. Formulation 2 located at Panelav, Gujarat (in respect of products relating to oncology injectables and oncology oral solid dosages), Formulation 3 located at Karakhadi, Gujarat (in respect of products relating to ophthalmic and general injectables) and Formulation 4 located at Jarod, Gujarat (in respect of products relating to oral solid dosages) (collectively, the “**Manufacturing Facilities**”). The total expenditure incurred in relation to these Manufacturing Facilities is collectively shown as CWIP in the financial statements of the Company.

Due to Covid-19 pandemic, USFDA approvals process for these Manufacturing Facilities took significant prolonged period than ordinarily expected. Further, in view of the price erosion witnessed in the US generics market in recent past as well as increasing market interest rates domestically and globally, the management believed that estimates of cash generation from these Manufacturing Facilities are significantly impacted and likely to have undergone a significant downward revision. In view thereof, the carrying amount of the CWIP of these Manufacturing Facilities is higher than the recoverable amount.

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As these Manufacturing Facilities have recently started receiving specific ANDA approvals from the USFDA for certain products proposed to be manufactured at these facilities, certain manufacturing lines / components or part thereof are / will be ready for commercial operation and capable of being used in the manner as intended by the management of the Company, on or after 1st January, 2023 and accordingly, an appropriate proportion of amounts lying in CWIP with respect to these Manufacturing Facilities or part thereof, are / will be required to be transferred / capitalized to Property, Plant and Equipment in the financial statements of the Company.

In the stated background, in order to capitalize assets at their recoverable value, the management carried out a comprehensive and systematic impairment review of the CWIP pertaining to these Manufacturing Facilities to arrive at the recoverable value at which each of these Manufacturing Facilities, including part thereof, should be capitalized, as and when they are ready for commercial operation and capable of being used in the manner as intended by the management of the Company. The impairment review so carried out by the Company on the CWIP lying in the books of the Company as on 1st January, 2023 for these Manufacturing Facilities indicated an aggregate impairment amount of Rs. 1,150.43 Crores ("**Identified CWIP**").

Therefore, the Board further decided that:

- (i) in respect of the Manufacturing Facilities or part thereof, for which the commercial operation commences during the financial year 2022-23 and capable of being used in the manner as intended by the management of the Company, the amount of Identified CWIP shall be written-off to the Statement of Profit and Loss of the financial year 2022-23;
- (ii) in respect of the Manufacturing Facilities or part thereof, for which the commercial operation does not commence during the financial year 2022-23, the amount of Identified CWIP shall be provided for as provision for impairment / diminution in the value of assets to the Statement of Profit and Loss of the financial year 2022-23. An appropriate proportion (either wholly or partly) of such provision for impairment / diminution in the value of assets shall be written-off to the Statement of Profit and Loss of the subsequent financial year(s) upon the commencement of the commercial operation of the remaining Manufacturing Facilities or part thereof, subject to assessment of the recoverable amount in respect of such Manufacturing Facilities; and
- (iii) an amount, to the extent of and equivalent to the Identified CWIP transferred to the Statement of Profit and Loss of the Company of the financial year 2022-23, net of the deferred tax effect, if any, arising due to such Identified CWIP, shall be utilised from General Reserve in order to maintain the accumulated unconditional distributable profits that existed before giving

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effect of write-off / impairment of Identified CWIP, in a manner permitted under the Companies Act, 2013.

(b) Scheme of Arrangement between the Company and its shareholders:

On the recommendations of the Audit Committee and the committee of the Independent Directors of the Company, the Board has considered and approved the draft Scheme of Arrangement between the Company and its shareholders (“**Scheme**”), which provides for reorganization of General Reserve of the Company, inter alia, providing for utilization of the amounts standing to the credit of the General Reserve, pursuant to the provisions of Section 230 and other applicable provisions of the Companies Act, 2013 read with applicable rules made thereunder (“**Act**”).

The Scheme is subject to the necessary statutory and regulatory approvals of (i) National Stock Exchange of India Limited (“**NSE**”), BSE Limited (“**BSE**”) and Securities and Exchange Board of India Limited (“**SEBI**”), (ii) requisite majorities of the respective members and creditors (where applicable) of the Company, as required under the Act, or dispensing the meetings, as may be directed by the Hon'ble National Company Law Tribunal (“**NCLT**”), (iii) Registrar of Companies, Regional Director and Hon'ble NCLT, and (iv) any other statutory, contractual and regulatory approvals, as may be required.

The Draft Scheme along with supporting documents to be filed with the Stock Exchanges, shall be disclosed on the Company's website; <https://alembicpharmaceuticals.com/> in accordance with provisions of applicable law.

The detailed disclosures pursuant to Regulation 30 of the SEBI LODR Regulations, read with Schedule III thereto and the SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 (“**SEBI Circular**”) is enclosed herewith as **Annexure A**.

We request you to please take the above on record.

Thanking you.

Yours sincerely,

For Alembic Pharmaceuticals Limited

Charandeep Singh Saluja
Company Secretary

Encl.: As above.

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Annexure A

Required disclosures/details pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015.

Sr. No.	Particulars
1.	BRIEF DETAILS OF THE SCHEME
	<p>Draft Scheme of Arrangement between Alembic Pharmaceuticals Limited (“Company” or “APL”) and its shareholders (“Scheme”) which provides for reorganization of General Reserve of the Company, inter alia, providing for utilization of the amounts standing to the credit of the General Reserve, pursuant to the provisions of Section 230 and other applicable provisions of the Companies Act, 2013 read with applicable rules made thereunder.</p> <p>The Appointed date for the Scheme would be opening hours of January 1, 2023.</p>
2.	RATIONALE FOR SCHEME
	<p>a) Over the years, the Company has built up significant General Reserve through transfer of profits to the reserves in accordance with provisions of the erstwhile Companies Act, 1956 and erstwhile rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975 or on voluntarily basis whether before or after the coming into effect of the Companies Act, 2013.</p> <p>b) The Company is of the view that these reserves can be utilized to create further shareholder’s value, in such manner and to such extent, as the Board of Directors of the Company in its sole discretion, may decide, from time to time and in accordance with the provisions of the Act and other Applicable Laws.</p> <p>c) Therefore, the Board of Directors of the Company have considered and proposed the Scheme pursuant to the provisions of Section 230 and other applicable provisions of the Act for utilization of the amounts standing to the credit of General Reserve in the manner as stated in the Scheme.</p> <p>d) The Scheme is in the interest of all stakeholders of the Company.</p>

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3.	QUANTITATIVE AND/ OR QUALITATIVE EFFECT OF RESTRUCTURING / REORGANISATION
	<p>a) In terms of the Scheme, an amount of INR 1,894.34 Crores standing to the credit of the General Reserve, as on the Appointed Date, shall be utilized in accordance with the provisions of the Scheme, in the following manner:</p> <p>(i) in addition to utilisation of the General Reserve as stated in point 3 a) ii below, the balance amounts of General Reserve shall be reclassified and transferred to Retained Earnings; and</p> <p>(ii) an amount equivalent to the Identified CWIP transferred to the Statement of Profit and Loss of the Company of the financial year 2022-23, net of the deferred tax effect thereof, shall be utilised from General Reserve in order to maintain the accumulated unconditional distributable profits that existed before giving effect of write-off / impairment of Identified CWIP.</p> <p>b) There is no outflow of cash from the Company on account of the Scheme.</p> <p>c) The Scheme will not have any adverse impact on the interests of the shareholders, creditors or other stakeholders of the Company.</p>
4.	DETAILS OF BENEFIT, IF ANY, TO THE PROMOTER/PROMOTER GROUP/GROUP COMPANIES FROM SUCH PROPOSED DRAFT SCHEME
	<p>a) The Draft Scheme envisages reorganization of the General Reserve of the Company, inter alia, providing for transfer of amounts standing to the credit of the General Reserve. Pursuant to the Scheme, no shares or consideration is proposed to be issued / paid to the shareholders (promoter or public) and hence, there will be no alteration in the rights or interest of any shareholder (promoter or public).</p> <p>b) Thus, no specific benefit is intended to be derived by the promoter / promoter group / group companies pursuant to the Scheme.</p>
5.	BRIEF DETAILS OF CHANGE IN SHAREHOLDING PATTERN (IF ANY) OF ALL ENTITIES
	Pursuant to the Scheme, there shall be no change in the shareholding pattern of the Company.

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